

The Effect Of Performance Appraisal System Towards Employee Performance, Employee Motivation And Employee Satisfaction

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Abstract: Human resources management (HRM) practices such as performance appraisal system (PAS) will affect the employees in a positive and negative ways from the aspects of performance, motivation and satisfaction. Thus, the purpose of this research is to measure the level of employee performance, motivation and satisfaction and to determine the effect of performance appraisal system towards employee performance, motivation and satisfaction at ABC Sdn. Bhd. that located at Selangor. Quantitative research approach along with cross-sectional research design has been used to collect data from 177 employees in the target population through a self-administered and online platform. The return rate of this research from the respondents was 98.30%. The results of the current study provide empirical evidence on key issues related to PAS of employees at ABC Sdn. Bhd. Main finding of this research showed that the employee performance, motivation and satisfaction were in a high and moderate level and there is positive relationship between the performance appraisal system and employee performance ($r=0.719$), motivation ($r=0.836$) as well as satisfaction ($r=0.683$). This study also proved that performance appraisal system has significant effect towards employee performance ($r^2=0.508$), motivation ($r^2=0.663$) and satisfaction ($r^2=0.522$). This research gives clear directions to stakeholders on the existing performance appraisal system for improvement of the employee performance, motivation and satisfaction at LSF or other private sectors.

Keywords: Performance Appraisal System, Employee performance, Employee Motivation, Employee Satisfaction.

1. Introduction

Human Resource Management (HRM) is one of the methods that designed to improve the efficiency of a company and resolve the personnel or organizational issues systematically. According to Azwir and Kalinggo (2019), human capital plays an important in determining how the organizations operate in order to achieve their objectives. There are study shows that performance appraisal system plays a vital roles in human resource management practices as it is designed to monitor, motivate and enhance employees' performance in the future (Kampkötter, 2016). Moreover, the performance, motivation and satisfaction level of the employees will be affected by the performance appraisal system that will be conducted by the supervisors. Based on Wahjono, Marina, Perumal and Wardhana (2016), the supervisors play an important in evaluating the performance and behaviors of the employees. Supervisors who are responsible for the performance appraisal should be observed fairly towards all the employees and they should provide the results and feedback to the employees in a good manner.

The manufacturing sector was presented as a framework for the Malaysian economy as the driver for the growth of the economic, a tool to alleviate poverty since 1980 (Perumal, Sinniah, Kumar, Haji, Kok and Murthy 2018). The size of employment in manufacturing sector was increased by 120% in the year of 1960 (816,000) to 2012 (1,807,000). According to Chikabwi, Chidoko and Mudzingiri (2017), manufacturing sector can be played as an important vehicle for the development of economic. The latest evidence indicates that the manufacturing sector constitutes a larger share of GDP among those emerging and developed economies. It can be said that the economy of Malaysia was then depended on agriculture sector and now depended on manufacturing sector (Awad, Yussof, & Khalid, 2018).

As for ABC Sdn. Bhd., it is a manufacturing organization that acts as the primary supplier for Toyota Auto Body Malaysia in year 2007, Perodua Malaysia in year 2012 and also Proton Malaysia in year 2015. The capital of ABC Sdn. Bhd. has approximately 26.5 million-ringgit Malaysia, which is also equal to about 658.5 million yen.

A biased performance appraisal system that happens in a manufacturing organization will affect the employees from different aspects, which including their work performance, motivation and employee job satisfaction. Past study by Javidmehr and Ebrahimpour (2016) showed that eighty percent of the managers are most likely being biased while conducting the appraisal of the employees. According to Al-qahtani and Gadhoun (2016), biased performance appraisal system and the negative feedback can increase the employee turnover rate in a manufacturing company. Higher rate of employee turnover and lower level of commitment are some of the negative impacts due to the dissatisfaction from the employees towards the unfairness performance appraisal. Past study by Hee and Jing (2018) stated that improper implementation of performance appraisal system in a manufacturing company will cause the decreasing in the productivity. Moreover, a biased and unfairness performance appraisal system will influence the employee motivation.

According to the director of ABC Sdn. Bhd., Miss Lee Pooi Yee, the average of employee turnover rate in ABC Sdn. Bhd. was once reached until 0.11%. One of the reasons that caused the high rate of employee turnover was because of the performance appraisal system in the company. Self-appraisal was the only type of performance appraisal system that conducted at that time. A fair and unbiased self-appraisal will be conducted by the employees themselves if the employees understand the goals that they expect to reach and the standards that they are about to evaluate (Badreddine & Aoun, 2019; Imran et al., 2021). Soon, the top management was able to identify that some of the employees were not being honest and fair during the process of self-appraisal. Poor performance of some employees, lower satisfaction level of employees and increasing in employee turnover rate were some of the issues that happened due to the unfairness of the appraisal system in ABC Sdn. Bhd. Top-down approach is then implemented for appraising the performance of the employees in ABC Sdn. Bhd. A top-down approach involves a formal review by supervisor for the evaluation of the employee performance in an organization (Rosinski, Klich, Filipkowska, & Pettinger, 2014). It means that after conducting the self-appraisal by employees themselves, there will be another top-down approach to conduct by the top management to prove that there is no any biased in the both appraisal process.

The combination of both appraisal methods in evaluating the employee performance led to the situation where the average employee turnover rate was dropped until 0.07% as in year 2018. However, 0.07% of average employee turnover rate is still an issue for ABC Sdn. Bhd. to continue eliminating as they expect there will be lower employee turnover rate.

1.4 Research Objectives

- (i) To measure the level of employee performance, motivation and satisfaction at ABC Sdn. Bhd.
- (ii) To determine the effect of performance appraisal system towards employee performance, motivation and satisfaction at ABC Sdn. Bhd.

Literature Review

According to Megira (2017), performance appraisal system can be defined as a formal system that used to appraisal and rate the performance of an individual or group of the employees by their managers or supervisors. This performance assessment of the employees of an organization can be monthly or annually, which will depend on the organization policy. While Haile (2017) stated that performance appraisal system is categorized as one of the most crucial in human resource management (HRM) practices. It involves the actions of setting the standards of the employee, comparing the actual performance of the employees by evaluating them against the standards that have been set based on the outcomes.

- (a) Trust in Supervisor. Past study by Wahjono et al. (2016) showed that employees in an organization are usually rely on the supervisors who are experienced in performance

appraisal, have high-quality of knowledge and responsible to appraise their performance. Birkenmeier and Sanséau (2016) stated that the trust is crucial for a social relationship to be stabilized and it will affect how an individual treats or reacts in the relationship with one another.

- (b) Perceived Fairness in the Performance Appraisal System. The level of fairness that exists in the performance appraisal system has significant impact towards the employee's performance commitment, satisfaction and motivation as well. The supervisors in an organization play the role where they are experienced and more familiar with the overall performance and attitudes of the employees (Wahjono et al., 2016).

According to Groen, Wouters and Wilderom (2017), employee performance can be referred as the degree to which the job requirements are met by the employees, which based on the evaluation from their supervisors. It represents the expected values of what the employees have done in an organization which have significant relationship in enhancing the effectiveness of the organization (Tabiu, Pangil & Othman, 2016; Imran et al., 2021).

- (a) Task Performance. For the past study by Badreddine and Aoun (2019) implied that the task performance is performed when the employee possess the behavior to complete his/her responsibilities that were included in the job description.
- (b) Contextual Performance. Based on the past study by Pradhan and Jena (2017), contextual performance or organizational citizenship behavior (OCB) is the actions that carried out voluntarily by the employees which will be contributed to the organization.

Several past studies showed that there is a positive relationship, as well as significant effect between performance appraisal system and employee performance (Khan, Mdyusoff, Ismail, Hussain, & Yunus, 2018; Ahmad, Danish, Ali, Ali, & Humayon, 2019; Badreddine & Aoun, 2019; Jain & Adlakha, 2019; Al-jedaia & Mehrez, 2020; Chahar, 2020).

The motivation of an employee can be referred as a driving force that within an employee for reinforcing and providing the guidance to the behavior and boosting the tendency of the employee for persistence (Bulto & Markos, 2017; Imran & Ismail 2021). When an individual has the desire to pursuit his/her goals in life, there will be a driving or impulsive force is then produced that will cause the individual's willingness to apply those power in performing the tasks and responsibilities to achieve that particular goals or objectives in terms of intrinsic and extrinsic rewards (Bulto, 2017).

- (a) Intrinsic Motivation. Based on the past study by Bulto (2017), intrinsic motivation is referred as a force that stimulate the internal factors which will drive a person to embrace or alter his/her behavior for satisfying and fulfilling himself/herself so that his/her job or tasks can be accomplished effectively.

- (b) **Extrinsic Motivation.** Extrinsic motivation is referred as the urge of an employee to accomplish the tasks or jobs with the purpose of achieving positive outcomes such as rewards or to prevent negative outcomes such as penalty (Kuvaas et al., 2017).

Several past studies by Bulto and Markos (2017), Idowu (2017), Haile (2017), TESFAYE MOLLA (2017), Aydın and Tiryaki (2018) and Ndegwa (2018) showed that there is a positive relationship, as well as significant effect between performance appraisal system and employee motivation.

2.4 Employee Satisfaction

According to Tizikara and Mugizi (2017), employee satisfaction can be defined as the state or level of pleasurable emotional of an individual which results from the outcomes of his/her tasks. The satisfaction of an employee in an organization is all related to the feeling of an employee has about the tasks that he/she performed in an organization.

- (a) **Training and Development.** Based on the past study by Walters and Rodriguez (2017), training and development can be referred as one of the functions from Human Resources Management (HRM) to resolve the gaps that occurred between the expected and actual performance of an employee.
- (b) **Employee Compensation.** According to past study by Nwachukwu and Chladková (2017), employee compensation can be referred as the pay or rewards that are distributed by the organization to the employee in all kinds of forms such as bonus, salary, commissions or non-cash rewards such as promotion.

Several past studies by Agyare, Yuhui, Mensah, Aidoo and Ansah (2016), Subekti and Setyadi (2016), Wahjono et al. (2016), Abadi (2017), Meaza (2017), Sumayya and Raziq (2019) showed that there is a positive relationship, as well as significant effect between performance appraisal system and employee motivation..

Research Methodology

In this study, quantitative method will be applied and conducted in order to identify the effect of performance appraisal system towards employee performance, motivation and satisfaction at ABC Sdn. Bhd. Online interview with the director of ABC Sdn. Bhd. was conducted to obtain the preliminary data. Next, primary data has been collected by the researcher for obtaining the outcomes. A set of self-administrated questionnaire with closed-ended and open-ended questions that adapted from several past studies was designated for collecting the data from the respondents. Google Form was used by the researcher in order to distribute the questionnaire to the respondents of this research, who are employees that currently works at

ABC Sdn. Bhd. Therefore, the researcher was able to collect the data from 177 respondents from the population of 300, which exceed the expected number based on the sample size table by Krejcie and Morgan (1970).

IBM Statistical Package for Social Sciences (SPSS) Version 22 has been chosen by the researcher for analyzing the collected data from the survey in this study. It has been widely used for analyzing statistical data in social science (Mohamad, 2016). Moreover, descriptive analysis was conducted for obtaining the mean score of each variable to measure the level of employee performance, employee motivation and employee satisfaction. Spearman correlation coefficient was used to identify the relationship (Schober, Boer, & Schwarte, 2018) while linear regression analysis was conducted to identify the effect between the independent variable (performance appraisal system) and dependent variables (employee performance, motivation and satisfaction). (Mohamad, 2016).

Findings and Discussions

Based on Table 4.1, it is shown that among 177 of the respondents, 95 respondents (53.7%) are male while the rest 82 respondents are female, which was 46.3%. As for the race categories, 91 out of 177 respondents are Chinese, which equal to 51.4%. Followed by Malay respondents, which are 45 respondents (25.4%), and Indian respondents, which are 41 respondents (23.3%). Majority of the respondents in this research are between 26 to 25 years old, which is 69 respondents (39.0%) from the overall. It is followed by the respondents who are aged between 36 to 45 years old, which are 57 respondents (32.2% and 25 years old and below, which are 38 respondents (21.5%). There are only 13 out of 177 respondents (7.3%) are aged between 46 years old and above. For the working position in ABC Sdn. Bhd., 42.4% of the respondents are currently working as executives, operators and other position, which is the highest number of respondents in this research. It was followed by supervisors and managers, which consists of 54 respondents (30.5%) and 42 respondents (23.7%) respectively. Lastly, the least respondents are the directors who are only contribute 3.4% among 177 respondents.

Table 4.1: Demographic Information of Respondents

Demographic Variables		Frequenc y	Valid Percent (%)
Gender	Male	95	53.7
	Female	82	46.3
Race	Malay	45	25.4
	Indian	41	23.2
	Chinese	91	51.4
Age	25 years old and below	38	21.5
	26 to 35 years old	69	39.0
	36 to 45 years old	57	32.2
	46 years old and above	13	7.3

Working Position	Directors	6	3.4
	Managers	42	23.7
	Supervisors	54	30.5
	Executives, operators and etc.	75	42.4
Working Experience	3 years and below	43	24.3
	4 to 6 years	62	35.0
	7 to 9 years	65	36.7
	More than 10 years	7	4.0
Education Level	Diploma	21	11.9
	Bachelor's Degree	122	68.9
	PhD	27	15.3
	Master	7	4.0
Awareness of Performance Appraisal System	Yes	161	91.0
	No	16	9.0

Furthermore, most of the respondents in this research have been working in ABC Sdn. Bhd. for 7 to 9 years, which are 65 respondents (36.7%). While for the respondents who have 4 to 6 years and 3 years and below working experience contributed 62 respondents (35.0%) and 43 respondents (24.3%) respectively. There are only 7 respondents, which equal to 4% of the respondents have more than 10 years working experience. Regarding to the education level before working at ABC Sdn. Bhd., majority of the respondents were graduated with Bachelor's Degree (68.9%). It is followed by the respondents who were graduated from PhD and Diploma, which are 27 respondents (15.3%) and 21 respondents (11.9%) respectively. Last but not least, there are only 7 respondents were graduated from Master before working in ABC Sdn. Bhd. On top of that, there are a total of 161 respondents (91.0%) have the awareness of the performance appraisal system in ABC Sdn. Bhd. While there are 16 respondents (9%) does not have the awareness of the performance appraisal system in their working environment.

The first objective for this research is to measure the level of employee performance, motivation and satisfaction at ABC Sdn. Bhd. Hence, descriptive analysis was conducted in SPSS in order to obtain the data and achieve the objective.

(a) Level of Employee Performance. Table 4.2 (as shown in Appendix D) shows that majority of the respondents (152 employees) with total 85.9% have a high level of employee performance. While the rest of the 14.1% of the employees, which equal to 25 employees show the moderate level of employee performance.

Table 4.2: Level of Employee Performance

Level	Frequency	Percentage (%)
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High	152	85.9
Moderate	25	14.1
Total	177	100.0

(b) Level of Employee Motivation. Table 4.3 (as shown in Appendix D) indicates that majority of the respondents (158 employees) with total 89.3% have a high level of employee motivation. While the rest of the 10.7% of the employees, which equal to 19 employees show the moderate level of employee motivation.

Table 4.3: Level of Employee Motivation

Level	Frequency	Percentage (%)
High	158	89.3
Moderate	19	10.7
Total	177	100.0

(c) Level of Employee Satisfaction. Table 4.4 (as shown in Appendix D) indicates that majority of the respondents (150 employees) with total 84.7% have a high level of employee satisfaction. While the rest of the 15.3% of the employees, which equal to 27 employees show the moderate level of employee satisfaction.

Table 4.4: Level of Employee Satisfaction

Level	Frequency	Percentage (%)
High	150	84.7
Moderate	27	15.3
Total	177	100.0

The second objective for this research is to determine the effect of performance appraisal system towards employee performance, motivation and satisfaction at ABC Sdn. Bhd. Hence, Spearman's correlation coefficient and linear regression analysis were conducted in SPSS in order to obtain the data and achieve the objective. Spearman's Correlation Coefficient. Spearman's correlation coefficient was used to apply in this research because the data distribution is not normal. The Spearman's rho correlation coefficient was computed by using IBM SPSS software in order to describe the relationship between the independent variable and dependent variable in the research (Mohamad, 2016).

Based on Table 4.7, the Spearman's correlation coefficient (r_s) of 0.719 indicates that there is a strong and positive relationship **performance appraisal system and employee performance**.

Table 4.7: Correlation coefficient of Performance Appraisal System towards Employee Performance

			Performance Appraisal System	Employee Performance
Spearman's rho (r_s)	Performance Appraisal System	Correlation Coefficient	1.000	0.719**
		Sig. (2-tailed)	.	0.000
		N	177	177
	Employee Performance	Correlation Coefficient	0.719**	1.000
		Sig. (2-tailed)	0.000	.
		N	177	177

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

Based on Table 4.8, the Spearman's correlation coefficient (r_s) of 0.836 indicates that there is a strong and positive relationship **performance appraisal system and employee motivation**.

Table 4.8: Correlation coefficient of Performance Appraisal System towards Employee Motivation

			Performance Appraisal System	Employee Motivation
Spearman's rho (r_s)	Performance Appraisal System	Correlation Coefficient	1.000	0.836**
		Sig. (2-tailed)	.	0.000
		N	177	177
	Employee Motivation	Correlation Coefficient	0.836**	1.000
		Sig. (2-tailed)	0.000	.
		N	177	177

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

Based on Table 4.9, the Spearman's correlation coefficient (r_s) of 0.683 indicates that there is a strong and positive relationship **performance appraisal system and employee satisfaction**. The p-value (Sig.) in the tables is less than 0.01, which indicates that there is a significant relationship between the variables at 0.01 level of significant.

Table 4.9: Correlation coefficient of Performance Appraisal System towards Employee Satisfaction

			Performance Appraisal System	Employee Satisfaction
Spearman's rho (r_s)		Correlation Coefficient	1.000	0.683**
		Sig. (2-tailed)	.	0.000

Performance Appraisal System	N	177	177
Employee Satisfaction	Correlation Coefficient	0.683**	1.000
	Sig. (2-tailed)	0.000	.
	N	177	177

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

Table 4.10 shows the results of regression analysis between **performance appraisal system and employee performance**. It shows that the R-value of 0.712, is closed to 1, which considered as good value. The R square is 0.508, represents that 50.8% of the variance is accounted for employee performance by performance appraisal system. The value for standard error of the estimate is 0.405, which is considered as a good value because the smaller the value for standard error of the estimate indicates that the higher prediction will be more accurate. Lastly, the better range for Durbin-Watson statistics value is within 1 to 4. The value for Durbin-Watson in this research is 1.624, which indicates that the independence of observations for the research data have been achieved. The β -value as shown in table is 0.649, which means that when the performance appraisal system changes by one unit, employee performance is predicted to increase by 64.9% at the same time. The p-value (Sig.) is less than 0.05, which indicates that the performance appraisal system in LSF Technology has significant affect towards the employee performance at the working environment.

Table 4.10: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.712	0.508	0.505	0.405	1.624
Model 1:					
a. Predictors: (Constant), Performance Appraisal System					
b. Dependent Variable: Employee Performance					
Dependent Variables	Unstandardized Coefficients		Sig.		
	Beta, β	Std. Error			
Employee Performance	0.649	0.048	0.000		

Based on the analysis outcome from **Spearman’s correlation coefficient and linear regression**, it can be concluded that performance appraisal system has positive relationship and significant effect towards the employee performance. This result can be supported with the past study by M. A. Khan et al. (2018) and Chahar (2020), which indicated that a fair and unbiased performance appraisal system has direct relationship and impact towards the performance behavior of an employee at the working environment. Moreover, past studies by

Jain and Adlakha (2019) and Badreddine and Aoun (2019) also indicated that the performance level of an employee will be affected directly by the quality of the performance appraisal system and the appraiser who conducts the system in an organization. Ahmad et al. (2019) stated that the existence of performance appraisal system is very important because it acts as the backbone in developing, maintaining and increasing the performance of the human capital.

Table 4.11 in Appendix H also shows the results of regression analysis between **performance appraisal system and employee motivation**. The R-value in the table of 0.815, is closed to 1, which considered as good value. The R square is 0.664, represents that 66.4% of the variance is accounted for employee motivation by performance appraisal system. The value for standard error of the estimate is 0.320, which represents a good value for this research because the smaller the value for standard error of the estimate indicates that the higher prediction will be more accurate. Lastly, the better range for Durbin-Watson statistics value is within 1 to 4. The value for Durbin-Watson in this research is 1.867, which indicates that the independence of observations for the research data have been achieved. The β -value as shown in table is 0.711, which means that when the performance appraisal system increases by one unit, employee motivation is predicted to increase by 71.1% at the same time. The p-value (Sig.) is less than 0.05, which indicates that the performance appraisal system in LSF Technology will significantly and directly affect the employee motivation at the working environment.

Table 4.11: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
2	0.815	0.664	0.663	0.320	1.867

Model 2:
a. Predictors: (Constant), Performance Appraisal System
b. Dependent Variable: Employee Motivation

Dependent Variables	Unstandardized Coefficients		Sig.
	Beta, β	Std. Error	
Employee Motivation	0.711	0.038	0.000

Based on the analysis outcome from **Spearman's correlation coefficient and linear regression**, it can be concluded that performance appraisal system has positive relationship and significant effect towards the employee motivation. This result can be supported with past study by Bulto and Markos (2017), which suggested that the performance appraisal system in an organization has to be conducted unbiased and equally since there is positive relationship and impact between the appraisal system and motivation level of an employee. Moreover, the fairness of feedback will also affect the employees motivation as those feedback are able to determine their development in the future (Haile, 2017; Ndegwa, 2018). While Idowu (2017)

and Ismail, Imran and Al Hosni, (2021) stated that the motivation level of an employee will enhance if their work efforts are being recognized. There are several aspects will affect the fairness of the performance appraisal system, such as the standards, practices and method of conducting the system have direct impact towards employee motivation (TESFAYE MOLLA, 2017; Aydın & Tiriyaki, 2018).

Furthermore, Table 4.12 in Appendix H shows the results of regression analysis between **performance appraisal system and employee satisfaction**. The R-value of 0.722, which is closed to 1 and considered as good value. The R square is 0.522, represents that 52.2% of the variance is accounted for employee satisfaction by performance appraisal system. The value for standard error of the estimate is 0.406, which represents a good value for this research because the smaller the value for standard error of the estimate indicates that the higher prediction will be more accurate. Lastly, the better range for Durbin-Watson statistics value is within 1 to 4. The value for Durbin-Watson in this research is 1.978, which indicates that the independence of observations for the research data have been achieved. The β -value as shown in table is 0.669, which means that when the performance appraisal system increases by one unit, employee satisfaction is predicted to increase by 66.9% at the same time. The p-value (Sig.) is less than 0.05, which indicates that the performance appraisal system in LSF Technology will significantly affect the employee satisfaction at the working environment.

Table 4.12: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
3	0.722	0.522	0.519	0.406	1.978

Model 3:
a. Predictors: (Constant), Performance Appraisal System
b. Dependent Variable: Employee Satisfaction

Dependent Variables	Unstandardized Coefficients		Sig.
	Beta, β	Std. Error	
Employee Satisfaction	0.669	0.048	0.000

Based on the analysis outcome from **Spearman's correlation coefficient and linear regression**, it can be concluded that performance appraisal system has positive relationship and significant effect towards the employee satisfaction. This result can be supported with past study by Abadi (2017) that indicated that the employees will be more satisfied when organization provide more training and development programs and opportunities for promotion to them. Furthermore, Agyare et al. (2016) and Meaza (2017) also suggested that an organization should be fair and equal while rewarding or punishing their employees based on their individual feedback. As for that, the employees will have more faith and trust in their supervisors while conducting the performance evaluation. Besides, the overall quality of a

performance appraisal system in an organization will also affect directly the satisfaction level of employee (Subekti & Setyadi, 2016; Wahjono et al., 2016)

Limitations, Implications of the Study, Recommendations and Conclusion

Several limitations were faced by the researcher during the period of completing this research. One of the limitations that cannot be prevented was accuracy of the data that had been collected from the respondents. The survey questionnaires were distributed to the respondents through Google Form. The dishonesty of the respondents might be occurred when they answered the survey questionnaires, which might affect the accuracy of the data. Besides that, some of the respondents might not fully understand the meaning of each question and chose an option randomly from the Likert-scale that have been provided by the researcher. Secondly, time constraint was also one of the limitations for the research to collect the data. ABC Sdn. Bhd. is a multinational corporation which has business collaboration with other countries such as Japan and South Korea. Therefore, it took a long time for the researcher to collect the data from the respondents who are occupied with heavy workloads in ABC Sdn. Bhd.

According to the findings of this research, there are several important implications that can be highlighted by the manufacturing industries with the implementation of performance appraisal system. According to the finding of this research, it is showed that the performance appraisal system has strong relationship and positive effect towards employee performance, motivation and satisfaction. Therefore, in order to increase the productivity level of ABC Sdn. Bhd., they have to develop and improve the quality of performance appraisal system which will affect the performance, motivation and satisfaction of the employees, which can be supported with the past studies by Badreddine and Aoun (2019), Bulto and Markos (2017) and Khanna (2017) respectively. Moreover, the attention of an organization can be focused on the training of the supervisor or manager that is responsible for the performance evaluation. Appropriate training programs and instructions should be provided to the related supervisor or manager so that they will conduct the performance appraisal system fairly and equally towards the employees in an organization that has the implementation of performance appraisal system. This implication can be supported by Wahjono et al. (2016) which indicated that employees in an organization are mostly relied on supervisor or manager who has experiences, responsible, unbiased and have high-quality of knowledge.

In order to conquer the dishonesty issue, future researcher may distribute the questionnaires through walk-in method to obtain the data from the respondents. According to the past study by Kabir (2016b), future researcher can distribute the questionnaire via face-to-face conversation with the targeted respondents. This method is able to avoid respondents from hiding how they truly feel when they are answering the questionnaires (Imran, Arshad & Ismail, 2021). The honesty of the respondents can be identified through their expressions, body languages and other facial reactions towards the questionnaires. As for that, the conclusion can be drew easily by future researcher (Kabir, 2016). To prevent from the time consuming, future

researcher can target Small and Medium Enterprises (SME) in Malaysia. Future research can target other manufacturing industries that are categorized as SME as the total full-time employees will not exceed 200 workers, which is able to prevent from time consuming in collecting the data from respondents (“SME Corporation Malaysia - SME DefinitionMalaysia, SME Corp.,” 2020). Furthermore, future researchers may expand their research scope in other industries and sectors. By doing so, future researchers are able to make comparison between the industries and sectors.

There are several recommendations can be proposed in this research. Firstly, based on the overall findings of this research, it is proved that the implementation of performance appraisal system has positive effect on the employee performance, motivation and satisfaction at ABC Sdn. Bhd. The relationship between the performance appraisal system and the employee performance, motivation and satisfaction are tied together with each other. Therefore, it is important and essential for every manufacturing organization to implement performance appraisal system. Besides, other than focusing on the data that gathered from the appraisal process by the appraiser, management should also focus on the feedback from the employees which it might help in improving and increasing the overall quality of the performance appraisal system. Moreover, management should ensure the information that used for conducting the performance appraisal system is up-to-date in order to provide effective, efficient and high-quality feedback to their employees. Next, instead of limiting by applying only self-appraisal and top-down approach method, organizations also can try to conduct different types of appraisal method such as management by objectives (MBO), behavioral anchored rating scale (BARS), ranking distribution methods, 360-degree review or peer review in the future research (Abadi, 2017). The appraiser and employees may obtain fair and unbiased feedback or results when different types of appraisal methods are being conducted.

In conclusion, the hypotheses and objectives of this research were achieved by the overall findings and results. Next, according to the bivariate analysis, it is indicated that there is significant relationship between the performance appraisal system and employee performance, motivation and satisfaction ABC Sdn. Bhd. Moreover, it is also showed that the performance, motivation and satisfaction of the employees will be affected significantly by the implementation of performance appraisal system, which is shown as the results from the regression analysis. Furthermore, the finding from the open-ended question also proved that the implementation of performance appraisal system in ABC Sdn. Bhd. will influence the employee performance, motivation and satisfaction during their working hour. Therefore, the management of ABC Sdn. Bhd. should pay attention for the findings of this research which it may able to improve the quality of the employees in the future.

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