

Impact of Inter Functional Conflict and Cohesion on Performance Appraisal Satisfaction among Customer Service Executives in Real Estate Industry

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Abstract - This study aims at exploring the impact of Inter Functional Conflict and Inter Functional Cohesion on Satisfaction of the Customer Service executives on performance appraisal system. The process of performance evaluation and output of the performance appraisal directly impacts the satisfaction of the employee. While performance appraisal is the tool to measure the employees' alignment with the goals of the organization, it is also widely considered as a tool for rewards and recognition. Real Estate companies have complex functional structure like CRM (Customer Relations Management) where the deliverables of executives are depending on the inputs from various other functions. Conflict and cohesion among various functions may impact the deliverables of the employee in customer service department. How much the performance appraisal process followed in Real Estate companies weighs the role or impact of Inter Functional Conflict and Inter Functional Cohesion the outcome and thus the satisfaction of the executives on the performance appraisal process. This study was conducted among 386 Executives in Real Estate companies. The findings of the study found that Inter Functional Conflict and Inter Functional Cohesion were found to have significant impact on performance appraisal satisfaction in Real Estate companies.

Key words: Inter Functional Conflict, Inter Functional Cohesion, Satisfaction, Performance Appraisal, Real Estate

I. INTRODUCTION

Real Estate Industry is one of the most traditional and globally recognized service sectors. It is expected that INR 1.25 trillion of investment will happen over the years in India. (www.ibef.com). While this industry is set to grow rapidly and becomes one of the largest job providers, the organizations are in the need of attracting and retaining the best talents. The job function in Real Estate involves timely and quality output from various internal functions. An ideal performance appraisal system ensures better rewards and recognition and career growth for employees.

Any Real Estate company has the following departments, viz, Construction, Sales and Marketing, Customer Relations Management (CRM), Legal and support functions. A customer care executive in CRM – Customer Relations Management Department in Real Estate organization needs roughly 35 pieces of information from Legal department, around 28 pieces of information from Finance department, around 10 pieces of information from Technical department, around 12 pieces of information from Marketing department, and approximately 5 pieces of information from Facilities department. A non-availability of one piece of information on time will lead to delay in the deliverables of the executive in CRM team or piece of

information not at desired level of quality will also affect the quality of the deliverables of the member in CRM Department.

The central problem in evaluating the performance of an executive in CRM department is managing the interdependencies he/she is facing to deliver his/her responsibilities. The question arises here is that whether the employee is satisfied with existing appraisal system in the view of his/her success or failure in job is partially or to some extent depending on the output of other functions and is considered in evaluation. Jawahar (2010) states that inaccurate performance appraisal will result in employee dissatisfaction. An important criterion for the success of the performance appraisal system is the employee perception of fairness of the performance appraisal (Erdogan, 2002; Sabeen & Mehboob, 2008). The success of the performance appraisal system may depend upon the perception of procedural justice associated with the performance appraisal process. (Royes, G, Muchnick, Mark, 2015). The success of performance management systems must trigger the key determinates of employee motivation. According to Trahan (2007) strong performance management systems support organizational alignment, and employee empowerment. Perceptions of Performance Appraisal system can lead to satisfaction with

Performance Appraisal system (Cawley et al., 1998; Jawahar, 2007; Thurston & McNall, 2010).

Need for the study

Implementation of Performance Appraisal systems remains one of the greatest challenges of effective HRM (Taylor et al., 1995). Employee expects the better Performance Appraisal System so that it gives the valuable feedback about the performance of the employee. Every individual is eager to know the progress he or she made in the work during the appraised period. Every employee is eager to know whether he or she is aligned with the progress of the organization. Every individual in the system is aware of the fact that the inputs received to perform the job was on time or not and at par with the standards or not. An accurate performance appraisal system finds out this gap and awards the employee accordingly. No employee likes to be punished for the mistake of improper inputs given to him/her. Hence it is necessary to explore the role of the impact of cohesion and conflicts on satisfaction of the employee on performance appraisal system.

Scope of this study

The study is confined to employees working in a Real Estate companies in South India. This study does not include construction or blue-collar workers. This study includes employees working in corporate Real Estate companies. For the purpose of this study, employees working in two large Real Estate companies are considered. This study aims to understand the role of Inter Functional Conflict among various departments in Real Estate Company and the cohesion among them on satisfaction of the employee on performance appraisal system. This study does not measure whether the performance appraisal is conducted accurately or not. This study does not consider the various biases identified by the various researchers in the study of performance appraisal.

II. LITERATURE REVIEW

Inter Functional Conflict

Conflict can be defined as a phenomenon that exists “when there are real or perceived differences that arise in specific organizational circumstances” (Kolb & Putnam, 1992: 132) or “whenever incompatible activities occur” (Deutsch, 1993: 10) At the inter-group level, conflict may be triggered by the competition for scarce resources or comparison of different identities (e.g., Bornstein, 2003; Lau & Murnighan, 1998).

When conflict is not well managed, it negatively affects relationship quality (Bobot, 2011). Cross-functional conflict is influenced by the performance of other frontline functions (Arndt, Karande, & Harkins, 2012). A major cause of conflict between departments is the poor alignment of goals, rewards and/or structures (Le Meunier-FitzHugh, & Piercy, 2010; Cadogan, Sundqvist,

Salminen, & Puumalainen, 2005). Le Meunier-FitzHugh and Piercy (2010) describe inter-functional conflict as “working at cross-purposes, being obstructive and not appreciating each other’s roles.” Research has shown that conflict is often the result of incongruent goals, rewards and/or structures between departments (Cadogan et al., 2005). Extant research generally proposes that cross-functional conflict impacts team performance because conflict inhibits joint problem-solving towards a shared goal (Le Meunier-FitzHugh, & Piercy, 2010).

Inter Functional Cohesion

Team cohesion embodies trust, commitment and social exchange behavior (Mullen and Copper, 1994). Team cohesion is anchored in social exchange actions, including the exchange of status, friendship, advice and useful information (Cropanzano & Mitchell, 2005; Lechler, 2001). Cohesion binds team members together through positive emotions, but the cohesive relationships tend to be weaker when members experience negative emotions, which can result from any type of interpersonal conflict. In particular, in the face of environmental volatility and ambiguity, entrepreneurial team members must process many decisions and negotiations simultaneously, so it is critical to understand the effect of the inevitable conflict on cohesion (Simons & Peterson, 2000).

III. SATISFACTION ON PERFORMANCE APPRAISAL

Bretz, Milkovich and Read (1992) indicate that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair.

Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political, or irrelevant. Perceptions of fairness arise from consideration of the outcomes received (outcome fairness); the procedures used to determine those outcomes (procedural fairness); and the way in which the decision-making procedures were implemented and explained (interpersonal fairness) (Smither, 1998). Landy and Farr (1980) generalized that a fair evaluation is one that contains certain procedural elements regardless of the outcomes of the evaluations themselves.

The literature reviews provided literature evidences for the role of Inter Functional Conflict and Inter Functional Cohesion on performance of the employee subsequently on Satisfaction on performance appraisal. While number of studies has been done on performance appraisal, there are relatively few studies have been done on the relationship between Inter Functional Conflict and Inter Functional

Cohesion and satisfaction on performance appraisal especially in Real Estate Industry in South Indian context.

IV. METHODOLOGY

The study follows descriptive research design. The population for the study is employees working in Real Estate companies but limited to employees working in CRM department. Participants included men and women working in Real Estate companies in South India. Participants who were currently working but not undergone performance appraisal were excluded. To access this population, HR managers in different companies were contacted over phone and email. The time frame for this study was one month and the total number of eligible Responses was 386. The survey was distributed through WhatsApp messages, Posting in LinkedIn professional social media and Zoho, online survey platform.

One of the Independent variable or influencers in this survey is Inter-Functional Cohesion. The measure was based on the mean score of the associated questionnaire items. A response of “1” on a Likert-type scale, indicated the lowest degree of Cohesion among various functions in the organization and “5” indicated the highest degree of cohesion among the various functions in the organization. The questionnaire items measuring the Inter-Functional Cohesion were adapted from the research of Derozier, (2003). The overall mean of the 9 items measuring Inter-Functional Cohesion is 3.1 with variance of 0.3 and Cronbach’s alpha was 0.747.

One of the Independent variable or influencers in this survey is Inter-Functional Conflict. The measure was based

on the mean score of the associated questionnaire items. A response of “1” on a Likert-type scale indicated the highest degree of Conflict among various functions in the organization and “5” indicated the lowest degree of conflict among the various functions in the organization. Several of the questionnaire items measuring the Inter-Functional Conflict were adapted from the research of Sun (2011). The overall mean of the 8 items measuring Inter-Functional Conflict is 3.4 with variance of 0.45 and Cronbach’s alpha was 0.752.

The dependent variable in this survey is satisfaction on performance appraisal system. The measure was based on the mean score of the associated questionnaire items. A response of “1” on a Likert-type scale, indicated the lowest degree of satisfaction and “5” indicated the highest degree of satisfaction. Several of the questionnaire items measuring the satisfaction performance appraisal were adapted from the research of Murphy, (1986), Walsh, (2003) and Aly, & El-Shanawany, (2016). The overall mean of the 7 items measuring Satisfaction on performance appraisal is 3.8 with variance of 0.632 and Cronbach’s alpha was 0.876.

V. FINDINGS AND DISCUSSIONS

Simple linear Regression analysis was applied to test the model and t-test was applied to test the hypothesis. The responses collected through the survey was analysed using statistical toll SPSS. The results have confirmed a significant relationship between Inter Functional Conflict and satisfaction on performance appraisal and Inter Functional Cohesion and satisfaction on performance appraisal.

Table 1 : Distribution of population based on Education qualification, Number of times undergone Performance Appraisal.

Classification	Category	Number of Individuals	Populations Size
Number of times employee undergone Performance Appraisal	One time	47	386
	Two Times	87	
	Three Times	127	
	Four Times	72	
	Five Times	53	
Education	Diploma	5	386
	PUC	5	
	Degree	110	
	Post Graduate	190	
	Professional Degree	71	
	Other Degrees	5	

Out of 386 respondents majority were (65.2%) were apprised more than 3 times and majority of the respondents (96.11%) were completed degree and above.

The Table 2 reveals that 36% of the employees are not satisfied with the rating they have received and 34% of the employees are neither satisfied nor unhappy. This is validated by a parameter on accurate rating. 36% of the employees feel that they are not rated properly and 34% of the employees are not able to derive on a opinion about accurate rating. While 47% of the employees are not happy with the process and 21% of the employees are not able to validate the process. The trends are similar

for a parameter on satisfaction on the feedback. 38% are not satisfied with the feed back and 23% are not able comment. Over all, 73% of the employees feel that their expectations were not met by the appraisal process.

Table 2: Perception of rating on different dimensions

Dimension	Strongly Disagree		Strongly Disagree		Neutral		Strongly agree		Strongly agree	
	No.	%	No.	%	No.	%	No.	%	No.	%
Satisfied with rating	45	12%	93	24%	132	34%	74	19%	42	11%
Accurate rating	40	10%	102	26%	132	34%	75	19%	37	10%
Satisfied with Process	56	15%	126	33%	80	21%	83	22%	41	11%
Satisfied with feedback	46	12%	101	26%	87	23%	120	31%	32	8%
Feedback covered the actual work	56	15%	87	23%	108	28%	103	27%	32	8%
Unbiased rating	71	18%	55	14%	109	28%	83	22%	68	18%
Expectations met	45	12%	103	27%	135	35%	60	16%	43	11%

Table 3: Simple linear regression shows that overall 46% of the variation in the dependent variable is explained by the regression model. We are predicting the scores on Satisfaction from the scores on a Cohesion and Conflict. The result obtained confirms the positive relationship between Inter Functional Cohesion and Satisfaction on performance appraisal and Inter Functional Conflict and employee’s satisfaction on performance appraisal.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.678	.460	.451	.69911	53.795	.000
Predictors: (Constant), IFConflict, IFCohesion						

Table 4: The independent variables Inter Functional Conflict and Inter Functional Cohesion show significant relationship with the dependent variable Satisfaction on Performance Appraisal(p<.05).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	IFConflict	.056	.023	.052	2.499	.013
2	IFCohesion	.038	.025	.032	1.513	.031

a. Dependent Variable: SatOnPA

The data presented in this study reveals that the employee’s satisfaction performance appraisal is in line with how members of other teams generally cooperate with them to complete their job, how people in other departments offer to help out if any work-related problem arises, good relationship with members of other teams on whom employee depend on to complete the job, how people in other departments behave fairly, the trust level among the employees in other departments, employees in other departments sharing the information on time and extends support to improve the performance. The employees participated in the survey clearly agreed that everyone in other departments must extend their support to improve the performance of the individual. Also, the participants have agreed that performance appraisal should be the integral part of the relationship between the employee and the line manager. It is clearly revealed that employees feel the current performance appraisal process is merely an administrative process.

VI. CONCLUSION

Research findings have supported that South Indian Real Estate Corporate companies have performance appraisal

system which require better evaluation and feedback methods and create an opportunity to count on the support of employees in other department who directly contributing to the performance of the employee undergoing

performance review. Future study on how to weigh the impact of Inter Functional Conflict and Inter Functional Cohesion on performance of the individual in the CRM department may resolve the gap arises because of lack of such measure in the current performance appraisal processes existing in Real Estate Companies in India.

VII. REFERENCES

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