Effectiveness of Appraisal System on employee's performance

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ABSTRACT

This study focuses on, how much an appraisal system is effective in an organization and what would be its impact on employees' performance. This paper focuses on different aspects of an appraisal system. Today organizati1ons are using different methods or combination of those methods. Rewards and incentives are also given on the basis of employees' performance. Now the study examines what the effect of appraisal system on employees' performance is. Whether it increases their performance, decreases their motivation or it has neutral effect. This paper concludes that in some organizations most of the employees feel that appraisal system in their organizations/universities is satisfactory. Many employees also want to have a right to appeal against the appraisal system. Most of the employees agreed that this system is not just wastage of time and money. Employees in particular universities want to be appraised by committee rather than boss. Many employees also agreed that if the appraisal system in their organization seems to be excellent one, they will feel motivated. They also agreed that their organizations are applying non discriminatory practices regarding males and females. This paper concludes that employees in particular universities are satisfied with the appraisal system and its practices and no gender discrimination is being adopted. To make appraisal system more effective, Using only one type of appraisal system, objective criteria, ethical aspects, fairness, following the one's own cultural practices, privacy in appraisal process and level of trust between the employee and supervisor and behavior oriented criteria are further suggested.

Introduction

Appraisal system is the part of performance management system through which we measure the employees' performance. There are many methods to measure the employees' performance like graphical rating scale, essays, behavior checklists, paired comparisons etc. These methods have their certain advantages and drawbacks. Organizations find it difficult to successfully implement an appraisal system and satisfy the employees. Although organizations try different appraisal systems but no system seems to be the perfect one. Good appraisal system is necessary in any organizations for the personal growth and development of employees. Through an effective appraisal system, employees become able to know what organizations and supervisors expect from them and how their performance is going on. Traditional performance appraisal system include formality of structures and control, individual and team development, employees' involvement in appraisal process, intrinsic and extrinsic rewards and feedback criteria. Formality of structures and controls means that organization/ organizations rules and regulation must be clearly defined to all employees to direct their behavior. Job description must include all those necessary tasks which are relevant to employees' performance and it must also be well communicated and well defined. Individual and team performance means whether an organization measures the performance on an individual or team basis. But now- a- days more weight is assigned to individual performance and one to one interaction between manager and subordinate is also necessary. When the employees feel that they are being involved in appraisal system, their motivation and performance may improve. So in organizations, it is important to involve employees to make better decisions. Intrinsic rewards include recognition and praise while extrinsic rewards include increase in cash payments, awards, giving time off from working hours etc. Both type of rewards are important and have a greater impact on employees performance. Finally feedback must be given frequently so that employees would know about their performance.

Literature review

Organization must see what are the needs of the employees and in which areas they need improvements. When an organization determines the needs of its employees, it becomes easy to appraise each employee. (whitla and Tirrell 1954) suggested that only one supervisor is essential to rate an employee as compared to many others (for example customers, peers, subordinates etc). A good appraisal system not only focuses on salary and wage adjustments but also on training, helping the employees to know about their career, success and failures and on other aspects etc (spriegel and Mumma 1961). Emplo Lawler (1967) expects that 360 degree multi rater would be the better approach to appraise an employee. Heneman (1974) focuses on self appraisal in which an employee talks about his own performance and this technique reduces many errors. In this technique, supervisor doesn't pass any comments on employees' performance. It is a helpful way to eliminate the negative attitude of employee towards their supervisor's ratings. Newstorm (1974) considers the improper trained employers as major reason for ineffective appraisal system in India. He also told that most of the employees and employers do not cooperate

during the appraisal process thus making the appraisal process less effective and less satisfactory. In Indian banks, sometimes rater makes the biased decisions and makes some intentional and unintentional errors while conducting appraisals (Vaghul 1975). Employees' participation is necessary in the whole appraisal process (Decotis, Bhatia 1977 and et all). It means participatory management should be encouraged. Dayal (1979) said that in current system in India, more attention is paid to personality factors and traits like intelligence while less attention is paid to the performance and personal growth of an employee. Landy and Farr (1980) also preferred raters' training as a best choice to increase effectiveness of appraisal system. Raters often increase the ratings because they don't want to harm their relationships with employees and want to be praised by them, while sometimes they decrease ratings. Reasons may include, giving a lesson to an employee, shocking an employee, encouraging an employee that he should better leave the company etc. p. Singh, A Maggu and et all (1981) also mentioned the basic roles of a good performance appraisal system. They said that a good appraisal system should focus on behavior oriented criteria. Murphy, Martin and ET all (1981-1982) have also suggested that MBO and behavior observation scale are very effective in measuring and recording the employees' performance. According to Laurent (1986), nationality plays an important role in reflecting the thinking of managers. It means not only human resource practices but also appraisal system principles are different in each culture and they have different meanings for each nation. It is not necessary that appraisal principles which are often applied in United States or other western countries should also be applied in Asian countries or some others. Every country is bound by its own cultural and moral obligations so appraisal system would have different impacts on employees' performance. If a country applies the same western appraisal principles which are usually rejected by most of the employees and managers in the same country, not only employees' and managers' performance but also overall organization's performance will suffer. Jan p. Muczyk and Myron Gable (1987) suggested the combination of three appraisal methods which are management by objectives, behavioral observation scale and forced choice ratings to manage the sales people in more effective way. Many authors like Jain, Pascale and ET all (1990) suggested that many organizations have their own human resource management rules regulations and procedures which vary from one organization to another. Charles M. Vance, Shirley R. McClaine (1992) and et all described that whether the performance appraisal system principles which are commonly used by western countries like United States, should also be used by other countries like Indonesia, Malaysia and Thailand or not? Many Asian countries dislike the appraisal principles of western countries and they do not apply them in their own countries. These problems may include, focusing on trait oriented approaches rather than behavior or result oriented criteria, using many types of appraisal systems within one organization, misusing the results of appraisal system, difficulties in determining the performance standards, providing directly negative feedback etc, thus reducing the satisfaction and performance level of employees in different countries. In Hitachi (1992) and in Nomura securities co Ltd, female employees brought a claim against their supervisor for being appraised in a discriminatory way. If an organization does so, not only employees' satisfaction level and performance suffers but also organization overall reputation is also affected. C. haslam, A bryman (1993) and et all found that in UK, many organizations staff argued that appraisal system in their organizations is not beneficial. It has neither increased the motivation nor performance of employees. Some felt it was too much time consuming. Some told that it was focusing on more past oriented aspects as compared to future aspects. Some believed it was very costly. Some people saw appraisal system strong while some thought it was just wastage of time and it had very limited use. Koshi Endo (1998) also found many appraisal systems which may serve as discriminatory tools. For example Japanese appraisal system is subject to discrimination against female employees. Many incidents were found in which female employees were treated unfairly only because they were females.

Objectives of study

The main objective of the study is to see

• The Impact of an ineffective and unsatisfactory appraisal system on employees' performance

• Are there any gender biases to practice the appraisal system?

Methodology

Data has been from 150 participants in three universities (Punjab University, University of Lahore and University of Management sciences) through questionnaires and found the following results.

Analysis and Results

For our research topic; the effectiveness of job appraisal system in organizations, we took sample from one public university and two private universities. Our total sample was 150 of which 55.3% were males and 44.7% were females. The response rate we got from three universities was 32.4% and 33.3% from private universities and 34.5% from public universities. Our questioner comprises of 15 questions.

64.7% employees agreed that the appraisal process in the organization is satisfactory and whereas 35.3% were not satisfied. Also 62% employees agreed that they should have right to appeal against appraisal system and 38.7% denied. 61.3% of employees get feedback about their performance whereas 38.7% do not. We asked that, if appraisal sysytem is time waste or non productive 35% said yes and 65% said no. For the acceptance of appraisal 26.8% said that they will accept if its favorable 32.2% said they will accept even if its not favorable and to 40.9% employees it does not matter. 28.7%, 25.3% and 46% said that evaluation should be done by boss only, HR manager and committee respectively. For poor appraisal 42.7% chose to improve themselves whereas 33.3% and 24% chose to blame organization and leave the job respectively. Regarding poor performance we asked whom they blame 36.2% said their heads, 23.5% said their collegues whereas 40% employees chose the option anyother (it can be because of environment, time, work burden etc). If appraisal is excellent then 47% said they will feel motivated, 37.6% said they will workhard than before and 15.4% said there will be no change. Then it was asked about the dimensions of personality which can be responsible for the appraisal 59.1% said intelligence does matter which is the highest percentage whereas 14.1% opted for character traits 15.4% opted for leadership skills and 11.4% opted for personal ability.

One of our objective is also about gender discrimination so we asked about the organizations, that whether there orgnizations are applying non-discriminationary policies 23.5% strongly agreed, 37.6% agreed, 28.2% somewhat agreed, 8.7% disagreed and only 2% strongly disagreed. For fair allocation of incentives amongst males and females 10.3% strongly agreed, 33.3% agreed, 23.8% somewhat agreed, 18.3% disagreed and 14.3% strongly disagreed. For equal oppertunities of promotion and praise 5.6%, 23%, 36.5%, 28.6% and 6.3% strongly agreed,

agreed, somewhat agreed, disagreed and strongly disagreed repectively. In the organization receiving less feedback bacause male managers are percived to have strong chracteristics of manager 7.9% agreed strongly, 25.4% agreed, 37.3% somewhat agreed and 18.3% disagreed. The approaches needed for the improvement of appraisal system considering gender biasedness 23.8% strongly agreed, 33.3% agreed, 25.4% disagreed and 7.4% strongly disagreed.

Statement	gender			
Is appraisal process in your organization satisfactory?	Males		Females	
	Yes	No	Yes	No
	53%	30%	43%	23%
Do you get feedback about strengths and weaknesses of your performance?	51%	32%	41%	26%
Does employee have a right to appeal against appraisal system in your organization?	49%	34%	43%	23%
Is appraisal system waste of time or non productive function?	35%	47%	17%	50%

Above shows the percentages of responses of different questions about satisfaction, performance, feedback of performances and whether appraisal system is productive or not, by males and females.
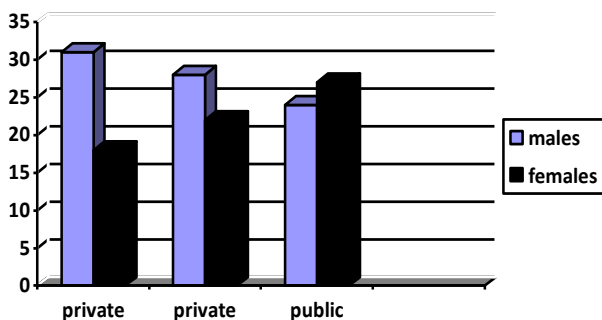
Above graph shows the data of number of males and females who participated in filling the questioneres. X-axis shows the organizations and Y-axis shows gender.

Hypotheisis Test

Further we carried out the hypothesis test by using Chi-square. The chart below shows the result of certain factors association with eachother.

Hypothesis (Ho)	Chi-square value	p-value	decision
Gender and organization are not associated	4.322	.229	Accepted
Performance and satisfaction are not associated	.231	.631	Accepted
Gender and satisfaction are not associated	.027	.870	Accepted
Satisfaction and organization are associated	17.759	.000	Rejected
Gender and productivity are not associated	5.682	.058	Accepted
Gender and discrimination are not associated	4.927	.194	Accepted
Organization and personality are not associated	23.785	.922	Accepted
Gender and performance are not associated	.001	.975	Accepted
Gender and employee,s right to appeal are not associated	1.828	.401	Accepted
Organization and evaluation are not associated	4.622	.593	Accepted

Above hypothesis test are done by using Chi-Square. The decision mentioned above are made by seeing the p-value (if p-value is above 5% Ho has been accepted and if its below 5% Ho has been rejected).

Therefore, the test shows that in appaisal process satisfaction and organization association are rejected and all other associated for appraisal process because every organization have its own rules. hypothesis are accepted. Gender and organizations are not P erformance level and gender are not associated with satisfaction, because everyone have their own satisfaction level either its male or female, and we take the case of performance, no matter how is our performance good or bad it does not mean that it is showing our satisfaction. Whereas, organization and satisfaction are associated as we can see that in hypothesis test Ho is being rejected. It also shows that satisfaction level from organization to organization varies.

It also shows there is no association of organization with personality as well as eveluation. Every organization has its own criteria to evaluate employees for appraisal, it has been told above that 46% (highest percentage) of employees chose that committee should evaluate them. Hypothesis test also shows that gender has no association with productivity, employee's right to appeal and discrimination. It does not matter that you are male or female you have the right to appeal if you think appraisal system is not right. In the Last, test shows that discrimination is not done by seeing whether an employee is male or female.

Conclusion

This research paper concludes that employees in particular universities are satisfied with the appraisal system and its practices and no gender discrimination is being adopted. Every employee has a right to appeal against the appraisal system no matter he/she is male or female. There is positive impact of appraisal system on their performance and every employee receives the same feedback and incentives as other employees receive usually. Only organization and satisfaction are associated which shows that satisfaction level from organization to organization varies. This paper also concludes that if an employee is showing good performance Its doesn't mean that is showing his/her level of satisfaction. He might be satisfied because of so many other reasons

Recommendations

In organizations, different appraisal methods are being adopted and all methods have their advantages and disadvantages and no one is considered a perfect one. In fact, today many organizations do not consider appraisal system much important which results in dissatisfaction among employees. Completely eliminating errors is impossible for every system, however, it must have the ability to identify errors and correct them. An ideal Appraisal system must work on ethical standards and privacy criteria. It should also encourage employees' participation while setting the goals and objectives and should provide reliable results. It must create a fair link between rewards and performance. If an appraisal form is being considered then it must include all those elements and characteristics which should be present in an ideal appraisal from. It must be easy to understand, include necessary information related to tasks and responsibilities, understandable by people inside or outside of the company, adaptable, comprehensive, well communicated to all parties etc. it must not only focus on past issues but also on future aspects. Thus a good appraisal system not only solves the problems at individual level, but also at unit's and organization's level.

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