

Capturing the Factors of Perverse Perception of Employees for Performance Appraisal System: A Case of Broadband Internet Service Providing Companies In Pakistan

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Abstract

The purpose of this quantitative study is to identify the factors contributing in perverse perception about performance appraisal system. Furthermore it is a brief review of some relevant approaches which have been used for measuring performance in service sector organizations. It also describes the number of factors which may consider in deciding appropriate performance appraisal system for service providing companies in Pakistan. This quantitative research was conducted through the responses collected by Pakistani employees with the help of close ended questionnaire developed on Likert scale. Moreover recommendations are made to cope up with the perverse perception among employees for performance appraisal system and to introduce performance management system for service providing companies in Pakistan.

Keywords: Perception; performance appraisal; performance appraisal system; broadband internet; Pakistan

1. Introduction:

This research is an attempt to look forward the relationship between motivation and perception of employees about performance appraisal system in broadband internet service providing companies. This research will help in finding out how appraisal brings motivation to employees, how performance appraisal systems are being followed and why after being appraised and motivated the perception remains unchanged. Every employee is now day's being trained in a way that they perceptionaly are owning the organization, for the reason they do their best to take organizations to its peak. Similarly employees expect the same motivational enrichment from the organization on their performance. Eventually, when they

are appraised their motivational level changes, but their perception about performance appraisal remains same, which is in negativity.

Managers should examine contemporary need of employees aligned with core objectives of organization. The sequential preference of managers should start from the evaluation of competency level of employee and end up with the achievement of objectives allocated as per competency level. This could only be possible when job analysis is carried out properly; employees are communicated for the desired out comes and objectives are set before. This is a way in which a manager can make their employees happy, boost up their motivational level at par and can satisfy the consequences in appraisals. Development in term of process of appraisal system can lead organization to get an edge over human resource leading to greater motivation and satisfaction. This research implies that the employee motivation and perception about performance appraisal effectiveness are conclusion with the performance appraisal system.

1.1. Hypotheses

- 1) Employees are consulted on the type of performance required by their manager.
- 2) Appraisers are well equipped with performance appraisal techniques.
- 3) Objectives are drawn by understanding work force characteristics.
- 4) Performance appraisal outcomes are discussed with employees.
- 5) Employees are satisfied with the performance appraisal outcomes.

1.2. Methodology

It was one of the descriptive studies. The primary focus was to check the perception of employees' about performance appraisal system effectiveness. The field experiment was conducted in the non- contrived environment with minimal researcher interference in the working setting. The unit of analysis was considered to be individual employee where the time horizon was cross-sectional in the nature because the researcher has a limited time to complete the study. According to the need of the research convenience sampling is being used by the researcher. Questionnaire was prepared for acquiring reply directly (by one-o-one meeting), but due to problems in approaching some respondents 19 questionnaires were filled on phone but all the data of respondents was taken with their consent.

The formula for calculating Z value is as under:

$$Z = \frac{\bar{X} - \mu_{\bar{X}}}{\sigma_{\bar{X}}} = \frac{\bar{X} - \mu}{\sigma / \sqrt{n}}$$

Mentioned formula was calculated at the Level of Significance $\alpha = 0.05$, the critical values will be ± 1.96 . The value of μ is taken as 3.

2. Literature Review

It is the method of getting, investigating, and notes data about the relation worth of an employee to the organization. Performance appraisal is an investigation of an employee's latest achievements and flops, individual power and flaws, and suitability for advancement or

farther training. It is furthermore the judgment of an employee's presentation in a job founded on concerns other than productivity alone.

A presentation appraisal, employee appraisal, presentation reconsider, vocation development consideration is a procedure by which the job arrangement of an employee is evaluated; usually in periods of value, amount, cost, and time, normally by the corresponding supervisor or supervisor. A presentation appraisal is a part of directing and organizing vocation development. A presentation appraisal should be more than just alone event. It should start with setting exact and discernable goals, advising year around to boost employee achievement, documenting performance—good and awful, and composing the appraisal without bias. Performance appraisals are a progressively significant device for inspiring employees, motivating value work and setting up any farther teaching needs. The workout of a presentation appraisal should boost affirmative employed connections and assist to advance employee productivity.

In order to find the perverse perception of employees regarding performance appraisal system, these main aspects can be taken into account for assessing the PAS; type of measures to rate performance, by whom the appraisal is carried out and frequency of the appraisal conducted (Bayo-Moriones, Galdon-Sanchez, & Martinez-de-Morentin, April, 2011).

Different criteria are being used to evaluate the performance of employees (Wall, 2004). It is also considered under discussion in literature that measure of performance of an employee is subject to the achievement of objectives communicated or allocated on individual or collective basis. Such objectives are measured by both the allocator and the performer (Canice, 1999). In the end, these pre-defined set of objectives help in achieving standardize process in simplified and smooth manner. Similarly a sense of equality is generated among employees because a predefined evaluation criteria is being set and communicated to employees, it enables them at least to perform up to the standard which is expected. This is not always the case; a manager can never evaluate the employees on pre defined objectives measures only. It may happen if an employee is appointed to have heterogeneous tasks he may prefer to go for the one which is contributing most in performance measure. James N. and David (1999) elaborate this situation as “misalignment of incentives” which gives rise to such problem.

Another criterion for evaluating the performance is subjective measures which are based on the judgment (Baker, 1994). In particular circumstances of job, subjective measures of performance appraisal provide flexibility in appraisal system. Furthermore, it may help in avoiding the problem of misalignment of incentives (Canice, 1999). However, the perception of inequality is much increased in subjective measures because of undefined criteria and observe able phenomenon. Managers have all due authority to choose among performance measures either subjective or objective, but it is commonly observed that harmonized type of performance measures are being used by managers which are now considered as factors of performance. Literature review also discusses that there is an impact of the establishment on criteria of performance appraisal system.

The formation of performance appraisal system caters another important aspect as to who should be the evaluator. The responsibilities of performing the evaluations are normally to the shoulder of immediate supervisor of employees (Murphy & Cleveland, 1995). Another observable phenomenon is to have evaluations from human resource department. Furthermore, customers, peers and subordinates may be taken in to consideration for evaluations in some other context. As leadership qualities may be evaluated by subordinates, peers may be considered for evaluating interpersonal skills and quality of services may be

evaluated by customers. As appraisal covers many attributes of employees' performance therefore it is commonly considered to have evaluations from different sources (Bohlander, George, & Snell, 2009). When complexity in the nature of appraisal is there then instead of immediate supervisor a qualified evaluator may evaluate the employee. Immediate supervisor is the one who monitor the work more often therefore recommendations are found for him (Murphy & Cleveland, 1995). There are many factors which arouse the concern for the choice of person carrying out appraisal because it's the matter of organizational success. If organization is having great concern for investment and return regarding implementation of appraisal process then identification of an adequate supervisor is integral. Complete dependency of the performance appraisal system effectiveness and quality is on the person performing evaluations, therefore it must not be neglected (Nurse, 2005).

One other integral component of performance appraisal system is the frequency of evaluations. It may impact the results; careful decision is to be taken for the reoccurrence of evaluations. Timings to conduct an appraisal have an impact on satisfaction (Murphy & Cleveland, 1995). Similarly evaluation accuracy and frequency to conduct appraisal are correlated leads to perceived fairness and work satisfaction (Werner & Mark, 1997). In general practices appraisal is conducted annually in most of the organizations, as it relates to increase in pay and promotions. On the other hand there are organizations following uneven patterns for appraisal. Furthermore, there exists the nature of dependency between time to conduct evaluation and nature of the job. It is because the job characteristics of every job are not same it may require some observation on short, medium and long run basis (James N., 1999).

Literature also reveals there are number of other variables which may elaborate the patterns of PAS, those are classified as: characteristics of work force, Job control, HRM related practices and establishment of structural features.

In countries like Pakistan employees are hired on contractual basis before getting permanent. This is because temporary work is treated as probation period; the performance is evaluated in it before offering a permanent place in organization. During probation companies prefer to have a detailed and comprehensive appraisal which may lead them to take decisions of permanent hiring. In order to have a detailed evaluation it will not be enough for evaluator using only objective measures. Employees on contractual basis or having temporary work are more tilted towards objective kind of measures because it is easy to address for both; appraiser and appraisee. Similarly, another reason for the preference may be frequent decimation, lower job security and poorer condition of employment in contrast with permanent employees; here objective measures of appraisal equalize them on the basis of targets and figures. On the other hand high tenure employees do not encourage objective measures rather prefer to have subjective assessments. Furthermore, tenure of the evaluator may have an impact over appraisal system. It is discussed in literature to prefer immediate supervisor as evaluator for short tenure employees and for long tenure employees an evaluator from higher level may be assigned to be able to identify strength and weaknesses and can communicate it effectively. Moreover, employees at the beginning of their tenure may prefer to have frequent evaluations but as the tenure increases it usually get stabilized. However, negative correlation might be expected between high tenure employees and frequency of appraisals (Bayo-Moriones, Galdon-Sanchez, & Martinez-de-Morentin, April, 2011).

Performance Appraisal system is best implemented when employees are having sound control over their work and they are ready to learn from the results of appraisal. When job

control is seen among employees then comes the time to have a sufficient level of supervisory force. It is discussed as well that formal appraisal system has positive correlation with supervisors per employee (Brown & Heywood, 2005). Greater autonomy in work leads to complexity and difficulties in performance evaluation for supervisors. Moreover for general performance evaluation immediate supervisor is best suited but a supervisor at higher level is recommended to evaluate the particular dimension of performance that is most in favor of organizational growth (Murphy & Cleveland, 1995). Furthermore, it is highly beneficial for the organization to have an HR person as evaluator to cater with specific dimension of performance but that person should be specialized in it or being trained either. Consequently, the appraisal frequency may either be increased if employees' autonomy towards work, number of supervisors per employee and monitoring is carried out properly by the management.

In relation with performance appraisal there are certain practices of HR which are attached to it, as training and pay for performance. It is discussed that performance evaluation is subject to training provided to employee. Generally employers also consider appraisal for training need assessments and training evaluation. Other perspective is that performance appraisal is use to gauge performance therefore as a result it should reflect back as an incentive system based on output generated by employee. Consequently, it may generate a positive co relation between training & pay and adopting PAS. Furthermore, training and pay for performance serves as motivators and can efficiently be used for the developmental purpose of organization (Boswell & Boudreau, 2002).

Literature discussed that there is an existence of correlation between structural factors and performance appraisal system. Initially there is a positive effect of structure because of the existence of economies of scale and difficulty in monitoring effort of employees' in large organization. Secondly it is also discussed that labor cost does also have an influence on PAS. Finally negative correlation is projected in literature regarding unions and PAS (Brown & Heywood, 2005).

It is observed generally that different service sector organizations are more into practice management by objective (MBO) approach to appraise their employees because it is most popular and widely adopted method of appraisal. In MBO the objectives (individual and unit) are discussed with the employees. These objectives may vary among employee to employee and unit to unit. Allocation of objectives are subject to the nature of job employee is performing. In context of motivating and performance improvement, MBO is considered as desirable approach. Furthermore, MBO can be made very effective when quality and quantity of objectives are aligned with strategic goals. Moreover, literature revealed that this method is not recommended when individuals and units are compared until the predefined objectives are equally measureable and attainable on the basis of situational constraints of performance (Bernardin).

3. Data Analysis and Findings

3.1. Reliability

The reliability test statistics of data evaluated through SPSS software is as followed:

Table 1: Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .842 | 30 |

Source: This Paper

The Cronbach's Alpha is commonly used for internal consistency evaluation. This is very useful for measuring the reliability of questionnaire made on likert-scale. Cronbach's Alpha on data available is 0.842 that indicates a high level internal consistency.

3.2. Descriptive Statistics

The descriptive statistics of the sample are as under:

| Hypothesis | Z Test Statistics | Sample Mean | Population Standard Deviation | Standard Error | p- Value |
|---------------|-------------------|-------------|-------------------------------|----------------|----------|
| Hypothesis- 1 | 2.7046 | 3.22 | 1.4089 | 0.0813 | 0.0068 |
| Hypothesis- 2 | -0.6429 | 2.9533 | 1.2582 | 0.0726 | 0.5203 |
| Hypothesis- 3 | 7.6527 | 3.48 | 1.0864 | 0.0627 | 0.0000 |
| Hypothesis- 4 | 4.8747 | 3.3133 | 1.1132 | 0.0643 | 0.0000 |
| Hypothesis- 5 | 6.3807 | 3.4333 | 1.1762 | 0.0679 | 0.0000 |

Source: This Paper

Z- Test shows that the test values of hypotheses (H_1 , 2.7046; H_3 , 7.6527; H_4 , 4.8747; H_5 , 6.3807) fall outside the non-critical area (+ 1.96), moreover p -value is less than the level of significance (0.05) for hypotheses tested that means null hypotheses have been rejected. Furthermore, the second hypothesis (H_2 , -0.6429) has p - value greater than the level of significance therefore, we fail to reject the null hypothesis.

4. Conclusion

The quantitative analysis demonstrate that employees are not consulted on the type of performance required by their managers (H_1) which results in ambiguous, unclear and unexpected results by the employees. Furthermore, objectives allocated to the employees are considered as unaligned with the hierarchy and drawn by excluding the understanding of workforce characteristics (H_3). This will give rise to non realistic and un-measurable objectives leading to create dissatisfaction and de-motivation from establishment. Moreover, employees are not taken into account after conduction of PA; outcomes of appraisal are not discussed (H_4). Neither areas of improvements are highlighted nor are the appreciation given on any successful accomplishment of objective. Employees are found confident on the well awareness of appraisers over PA techniques (H_2). Over all, employees at large are found dissatisfied with the performance appraisal outcomes (H_5) which may be because of the factors discussed previously in H_1 , H_3 and H_4 .

5. Recommendations

On the consequences of the quantitative study, there are some recommendations as followed:

- Managers should assure the desired level of performance is communicated to employees in start of PA period.
- Managers should buy the confidence of employees over objectives allocated to them.
- Managers should ensure that objectives are developed considering all perspectives (Management philosophy, Vision, Mission, Strategy, Goals, Competency level of employee(s), work force characteristics etc.)
- The result of performance appraisals are needed to be shared with employees and manager should buy their consensus over performance resultant in prior period.
- Consideration should be given over areas of improvement in post appraisal meeting, rather discussing reasons of deviated performance.
- Futuristic approach must be followed by managers by sharing the level of expectations and agreement over new performance standards.
- Managers should take in to account multiple meetings with employees on monthly basis in order to update the real time performance of employees and keep it save in records for PA convenience.
- PA is one time activity, its better to apply Performance Management System (PMS). Conduction of regular meetings and frequent up-date of performance will lead to PMS and every employee will be gauge on performance at par.

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