



Performance Appraisal

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ABSTRACT

The concept of performance appraisal is gaining popularity in the discourse on organizational management. Performance appraisal is associated with the evaluation and monitoring of the levels of achievement of set employee goals with intent to assess their contribution towards the achievement of the common organizational goal. This practice is thought enhance employee productivity by improving on their areas of weaknesses and motivating them through job satisfaction. This paper is intended to evaluate the validity of the assertion that performance appraisal contributes to organizational productivity. Data is collected form secondary sources to determine whether performance appraisal can enhance organizational productivity. The findings suggest that adoption of an effective performance appraisal method can improve employee performance and thus, organizational productivity.

Keywords: Performance Appraisal.



Introduction

Firms are established with the intent to undertake given functions through the use of human resources of various cadres tasked with specific duties for the achievement of set goals (Kadiresan, et al., 2015). If an organization is to meet its targets, there is need for observing the emerging technological and knowledge trends. The aspect of keeping up with technological and knowledge advances is an opportunity for organizations who keep abreast, and a challenge for organizations that lag behind. There is need for organizations to update their staff so as to cope with the fast-changing business demands and environment (Kadiresan, et al., 2015). To ensure that an organization has an updated employee base, mechanisms such as on job training, in service training, present staff reproofing, and recruitment of talented and trainable people.

The concept of performance appraisal is regarded as a reliable tool which, if applied appropriately can improve the productivity of an organization through enhanced employee performance (Grubb, 2007). Performance appraisal forms a critical component of the human resource management department as it influences the administrative control process in an organization. For a firm to meet its set objectives, the performance appraisal process must be adopted. Performance appraisal aims at employee development through such measures as provision of feedback on employee performance, increment of salaries, identification of educational gaps and provision of relevant training, employee persuasion, promotion or punishment (Grubb, 2007). Appraisal of performance, thus, helps in identifying the unique abilities and talents of each employee in a firm. Thus, it enables the organization to keep the workforce informed regarding necessary advancements, objectives and strategic plans. Through the performance appraisal system, a firm can identify employee efficiency and design appropriate plans for manpower improvement for better production volume and service (Grubb, 2007).

Performance appraisal, by design, is intended at employee job performance identification, measurement, promotion, and development against set objectives within a specific timeframe and organizational norms (Davies, et al., 2001). The management expects its workforce to offer total commitment to attainment of desired goals with regards to job performance. Through performance appraisal, an organization is able to determine the direction for individual employees. This is achieved through highlighting the employee's strengths and weaknesses. With such appraisal, the relevant organizational authority develops the course of action for desired employee performance facilitation and development (Davies, et al., 2001).



Organizations with well-developed systems for performance appraisal has a well-defined effective performance criteria. Such system further offers feedback on performance and facilitates an equitable employee reward system. Critics identify a connection between performance appraisal and incentives like promotions and raises for high performance review as well as job cuts for low performance. Literature cites that organizational productivity is dependent on the effectiveness of employee performance and its appraisal. Thus, there is need to study the role of performance appraisal on the enhancement of organizational productivity.

Literature Review

Vast literature indicates the presence of multiple studies on performance appraisal. This study limits its focus to the impact of performance appraisal on organizational productivity improvement. Indeed, a majority of organizations are established for various purposes, and performance maximization is among the primary objectives (Melody, 2011). Therefore, it is the desire of each employer to hire services of an employee who can undertake their duties and responsibilities well. Thus, before any employer can evaluate the performance of their employee, they must clearly define what is expected of the employee (Melody, 2011). This implies the link between performance management and performance appraisal. Performance management refers to the continuous process of objective and goal setting, individual and team performance identification, measurement and development, and performance alignment with strategic organizational goals. Thus, focus is placed on the continuity of the process to minimize deviation from the set goals and objectives. There is need for feedback to be provided at every phase of organizational performance process (Melody, 2011). Thus, performance appraisal forms part of performance management.

Organizations that are keen on deriving effective performance from their employees for high output volume and quality need to install given systems among them performance appraisal (Mani, 2012). However, it is not always that performance appraisal systems yield the desired outcomes. Often, systems with infective philosophical backing, weak connection between the appraisal and organizational goals, as well as the expertise of the performance appraisal system administrators significantly influence its ability to facilitate high production quality and capacity (Mani, 2012). The performance appraisal process is interested in assessing the past and current levels of employee performance against their expected and set performance standards. Thus, employees should be subjected to appraisal after a specific period to help the managers to determine employee performance progress.



Abaja et al. (2013) argue that performance appraisal is adopted in organizations to meet different aims such as employee work expectation clarification, employee development improvement, pay-performance connection, and employee development. Through performance appraisal, an employee gets to clearly understand what the organization expects of them thereby intrinsically motivating them to enhance their service delivery. Thus, performance appraisal is crucial in the provision of periodic and formal feedback to the workforce and control of employee outcomes and behaviour (Abaja, et al., 2013). Research also traces the link between performance appraisal and reward systems. Reward management development is based on normative, remunerative, and coercive work arrangements. Thus, employees are understood to work for various motivations under these arrangements which suggest that an individual works to meet the set organizational objectives, to receive monetary reward, or to avoid job dismissal respectively. The role of rewards in performance appraisal is associated with the assumption that employees have higher approval of and satisfaction in the appraisal process if it is associated with rewards (Abaja, et al., 2013).

Organizational productivity is directly influenced by individual employee job performance and productivity (Lamprey & Agyen-Gyasi, 2012). The success of an organization depends on the efficiency of employee job performance. Performance appraisal targets the extent to which an employee dedicates their effort to perform their duties. Thus, through performance appraisal, the management of an organization is able to evaluate, develop and control an employee's job performance. An effective employee performance appraisal system has the capacity to trigger employee desire and capacity to produce high performance standards and exceed their expectations (Lamprey & Agyen-Gyasi, 2012). Various employee characteristics among them customer satisfaction ratings, volume and quality of productions, motivation, and responsiveness are forms of employee performance measurement. Through an effective performance appraisal system, an organization can determine strong performance areas among all employees either by demographics or department (Joseph, 2014). If a firm adopts a standardized performance appraisal system, it can be in a position to analyse performance outcomes to identify areas of strength. Such areas can then be utilized as best practice opportunities and benchmarks for other departments within the firm. Performance appraisal result evaluation offers the HR department and the organization at large with indicators of knowledge gaps for appropriate training activity (Joseph, 2014). This can be illustrated by results which show low collective employee scores on customer service or use of technology. Thus, these aspects form areas of weakness which justify knowledge gap within the



organization. The management then targets these areas to design and implement viable training programmes with intent to enhance employee performance and, in turn, boost organizational productivity (Joseph, 2014).

There are multiple theories which have been developed to explain the concept of performance appraisal and its relationship to organizational productivity. Such is the Vroom expectancy theory which opines that the motivation of an individual to complete a given task or action is dependent on both their preference for a given result and the perception that a given act yields a specific result (Estes & Polnick, 2012). The theory is an elaboration that a given act is bound to result in a desired outcome and thus, reward. Thus, an employee is bound to exhibit a given work behaviour in order to achieve a particular set objective. The employee weighs the different behavioural tendencies and settle for that which has the highest likelihood to yield the desired outcome (Estes & Polnick, 2012). Employee motivation increases as the employee puts more effort toward better performance and thus better organizational productivity owing to the expectation of reception of reward. The two-factor theory, on the other hand, as developed by Hertzberg holds that a single job incentive or characteristic set yields employee job satisfaction, while another separate set triggers employee job dissatisfaction (Alshmemri, et al., 2017). Thus, it is critical for the management and performance appraisers to note that employee job satisfaction and dissatisfaction do not exist on a causal continuum of indirect proportionality. Thus, performance appraisal teams must regard them independently. According to the two-factor theory, therefore, if an organization is keen on improving positive job characteristics for eventual organizational productivity, the management must attend to both job characteristic sets and ward off the assumption that promotion of one job characteristic set automatically discourages the other (Alshmemri, et al., 2017). Thus, administrators must not assume that by promoting employee job satisfaction, they in turn discourage dissatisfaction among the workforce. For instance, an employee may become sick thus dissatisfied with work while a healthy and fit employee could be satisfied with work. In addition, there are aspects within an organization which may bring satisfaction to some employees while advancing dissatisfaction for others, including the organizational management and leadership approach as well as the organizational culture (Alshmemri, et al., 2017).

The current study reviews the presence and role of HR policies and employee characteristics and their relationship to job performance for organizational productivity. This is based on the assumption that given employee tendencies and HR policies have a positive impact on employee job performance. These elements are



among reliance on the performance appraisal approach, reward systems and feedback provision.

Methodology

This study will use secondary desk research to collect data to determine the impact of performance appraisal on organizational productivity. This approach is contrasted to primary research in which a researcher collects the data from primary sources by himself (Johnston, 2014). The data is real-time as it is collected in the course of the study, and utilised under the direct control of the researcher. Secondary research entails the collection and use of previously collected data. This approach includes use of published research material and related academic documents. Often, the documents are accessible at already filled-in surveys, public libraries, government and organizational websites, as well as academic journal databases (Johnston, 2014). This research methodology is preferred due to its cost-effectiveness as compared to primary research. Arguably, the methodology is convenient as most of the sought-after data and information is readily available. Multiple sources exist with a wealth of relevant data which can be collected and analysed for research project completion as opposed to primary data in which a researcher has to collect all the required data from scratch (Chenail, 2016). Secondary data is also preferred to primary data owing to the lower financial costs and lower time resources required to complete it. This is due to the ease and convenience of data availability especially if the researcher is keen to access it from authentic sources. In addition, secondary data is convenient and safe in the current COVID-19 pandemic whose spread containment measures limit movement and avoidable physical association. Thus, the methodology is safe for both the researcher and the would-have-been respondents since it can be completed in isolation (Chenail, 2016). For this research, the sources will be collected from academic journal databases such as Emerald, Online Wiley and Research Gate.

For the researcher to complete this project, they must go through the four basic steps of conducting secondary desk research. The first step entails the development or the research question or hypothesis (Ruggiano & Perry, 2019). In this regard, the researcher seeks to determine the impact of performance appraisal on organizational productivity. The research question should present the general area of research under which a study falls. The researcher then divulges in review of research papers existing on or related to the topic to determine the presence of any research gap. The second step of secondary research is the identification of a secondary data set. Following the review of past studies on the topic, the researcher identifies past research data that could be reused to complete their research by answering their



research question (Ruggiano & Perry, 2019). This calls for careful review of exploration of the research topic by relevant agencies, organizations and researchers. For instance, a range of academic journals have studied the implementation of performance appraisal in organizations and its impact on such organizations. The third step entails the evaluation of the secondary data set to ensure that the research is void of the limits associated with secondary research such as the lack of full appropriateness of secondary data for a research (Ruggiano & Perry, 2019). Such limits are avoided by ensuring relevance of the original study with the current study. The researcher then needs to determine who collected the data to be used in the research. This step is crucial in determining the validity of the data especially when it is collected by and professional bodies or researchers. Thirdly, the researcher must determine the use of professional research measures among them the appropriate sampling techniques and characteristics and data analysis measures (Ruggiano & Perry, 2019). The researcher then ensures that the data is op-to-date and the right methodology was employed. The researcher, based on these elements, then decides on whether to use the data or not. The last step of conducting secondary research is the preparation and analysis of the data (Ruggiano & Perry, 2019).

Findings

	Study
Author	Idowu, Ayomikun O.
Title	Effectiveness of Performance Appraisal System and its Effect on Employee Motivation
Source	Nile Journal of Business and Economics
Methodology	Mixed method research design
Findings	There are multiple performance appraisal approaches, with the 360 degree performance appraisal system being linked with comprehensive employee performance analysis. Particularly, there is a positive correlation between performance appraisal and workforce motivation which, in turn, enhances organizational performance and productivity. Performance appraisal can be used to either promote employee strengths or improve on employee weaknesses for better job performance.
Author	Xhavit Islami, Enis Mulolli and Naim Mustafa
Title	Using Management by Objectives as a performance appraisal tool for employee satisfaction
Source	Future Business Journal



Methodology	Mixed methodology consisting of primary and secondary research using secondary sources from academic databases and quantitative survey
Findings	The use of management by objectives (MBO) method of performance appraisal is positively associated with employee effectiveness and job performance which enhance organizational productivity. The results also suggest that the greatest MBO method activities are clear result definition and individual employee performance evaluation which can be relied upon to enhance the effectiveness of employees in a firm.
Author	Mwema, Nancy W; Hazel, Gachoka G
Title	The influence of performance appraisal on employee productivity in organizations: A case study of selected WHO offices in East Africa
Source	International Journal of Social Sciences and Entrepreneurship
Methodology	Descriptive research design using questionnaires for qualitative and quantitative data collection
Findings	Employee performance appraisal through efficiency, time management, organizational goals, accomplishments, and utilized targets is positively correlated with employee productivity. Performance appraisal helps in enhancing organizational productivity by enabling organizations to identify the knowledge gaps and appropriate remedial training activity intended to enable the workforce achieve their set performance goals.

Discussion

Performance appraisal is crucial for any organization that wishes to keep track on its performance and productivity. The findings in this study suggest that subsection of supervised employees to appraisal is best done through efficiency, time management, organizational objectives, accomplishments, and targets as measures of performance. The use of performance appraisal has positive desirable outcomes in an organization as it can be relied upon to boost employee motivation to work and achieve performance goals. Such motivation is higher in organizations which apply multiple approaches of performance methods. Particularly, if an organization that initiates a link between employee performance and rewards, utilizes performance appraisal for the purpose of employee weakness and strength identification, and employs



performance appraisal to set employee and organizational productivity, such an organization is bound to yield productivity from performance appraisal.

The findings further indicate that management by objective method is a reliable performance appraisal approach. The use of performance appraisal accounts for 77.7% of overall employee job satisfaction. If performance appraisal is used as the yardstick for setting of organizational objectives, then employees tend to have higher motivation. Indeed, an increment of the MBO method by 1% as a form of performance appraisal enhances employee effectiveness and productivity. This is so as performance appraisal is a reliable method of setting clear goals and objectives and offers a straightforward approach to performance measurement.

The 360 degrees performance appraisal method is equally justified as a reliable tool for analysing employee performance. Since this method enables the management to review employee performance from multiple angles, it is thought to offer the most reliable and realistic picture of employee performance. An average of 78% of employees reported satisfaction with the existing methods of performance appraisal. This serves to justify the need for multiple methods of performance appraisal in organizations.

Conclusion

The research findings hold that every organization should design a reliable way of appraising its employees to determine their weaknesses and strengths. No matter the approach used, the use of efficiency, time management, organizational goals, and employee establishments are effective measures of employee performance. These measures are thought to trigger employee motivation and productivity which, in the long run, promotes organizational productivity. Organizations need to adopt systems for performance appraisal which can offer the organization the opportunity to determine the general areas of weakness among its employees. As a result, the organization can be better placed in identifying the type of training programs to introduce in order to improve the performance of its employees while offering consistent support for their areas of strength for overall improvement in their performance.

Recommendations 240

From the research, the following recommendations are proposed for organizations;

- i) Organizations keen on improving their productivity should adopt a reliable performance appraisal system characteristic of performance



- measures. Such measures as efficiency, time management, organizational goals and performance targets are known to improve employee motivation and productivity.
- ii) Organizations should have multiple performance appraisal methods to ensure benefitting from all of them. For instance, the management by objectives (MBO) and 360 degrees methods are regarded as reliable methods of performance appraisal. These methods are bound to receive support from employees based on the research findings.
 - iii) Organizations must be keen on determining individual appraisal elements which either promote or discourage employee motivation hence influencing their productivity. In one of the data sets, it was determined that employees often have mixed reactions to motivation depending on the leadership approach used in the organization. This indicates that productivity not only relies on performance appraisal but other organizational factors such as leadership.

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