

## HOW PERFORMANCE APPRAISALS INFLUENCE EMPLOYEE ATTITUDES

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### ABSTRACT

*This paper tends to focus mainly on the influence performance appraisals have on employee attitudes. The basic intention of this piece of work is to try and make obvious the big variety of beliefs with regard to PA and its related activities. Additionally, the author tries to provide a bond connecting the practices of PA and the employees' behavior, attitudes and advancement along with improvement of organizations. The other part of this paper discusses the impact of PA if done in a proper/appropriate manner can lead to strong positive effects on the employees and that eventually increases the positive performance of a company as a whole.*

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**Key Words:** Performance Appraisal (PA), Performance Appraisal Systems (PAS), Management by Objectives (MBO).

In an organizational setting, PA could be described as a formally planned communication link between an employee and employer, which usually takes the form of a sporadic interview once or more than once a year, in which the performance of the concerned staff/employee is examined and discussed, having the vision to identify the pros and cons including the likelihood for improvement and skill advancement. PA has been shown by Moorhead and Griffin (1992:8) as "the process of evaluating work behaviors by measurement and comparison to previously established standards, recording the results, and communicating them back to the employee. It is an activity between an organization's manager and his/her employee."

Performance Appraisal Systems (PAS) started in various companies as simplistic methods to decide whether an employee's salary was justified or not. With the passage of time, different studies exposed that the pay rates, as presumed before, was not the only factor that could have an influence on employee performance.

Time proved that additional issues of personal dignity could also have a key impact. The impact of this was progressive rejection of importance of PA based on the outcomes of rewards, and in the mid 90's, the prospective of PA as a means for motivation and development started to get acknowledged as time passed on.

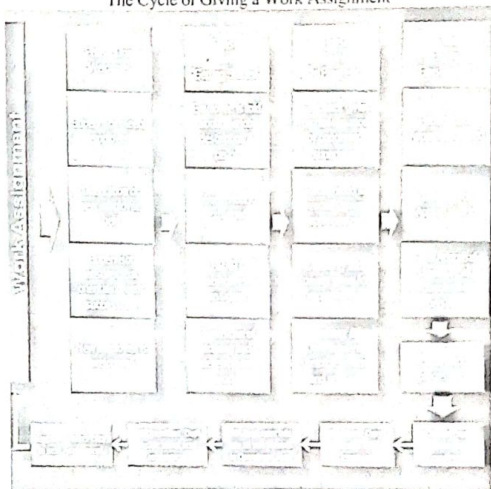
Appraisals within a company cause several problems when they are carried out without any set of laws. If carried out in such a manner it can end up being costly for the concerned company, it can also become the cause of both legal and ethical troubles.

Within a large organization, the link of the results of appraisal has greater bearing on remuneration. Finer the employee performs, the more chances of him/her getting pay increments, bonuses or even promotions. While the employee whose performance is low, could either be told how to improve his/her performance or may even end up, being dismissed from the company.

Coaching could be an important way to inspire employees if done properly by providing appraisal (feedback) on their performance; to make available the necessary data to help in administrative decisions like increases or decreases in salary, removal from duty or even changing of working areas; to help pick up an organization's improvement by identifying the staff with promotion prospective; and finally to set up a study and indication base for human resources' decisions.

PA is an ingredient of a Performance Management (PM) that needs to be taken into consideration in order to ensure that goals are consistently being met in an effective and efficient manner (Namara, 1999:44). When looked closely, a variety of practices are involved in PM besides those of PA. For example, PM is involved in performance improvement of employees, training and cross training, performance development and career development/coaching.

**Figure-1**  
The Cycle of Giving a Work Assignment



Source:

<http://images.google.com.pk/images?hl=en&q=performance%20appraisal&u m=1&ie=UTF-8&sa=N&tab=wi> retrieved on 23<sup>rd</sup> April 2011

Researchers are of the opinion that Performance Appraisals (PAs) have never shown to be a reason for performance improvement. Rather they believe that PAs are used in organizations today only for documentation of poor performance (a step that leads to the terminating process).

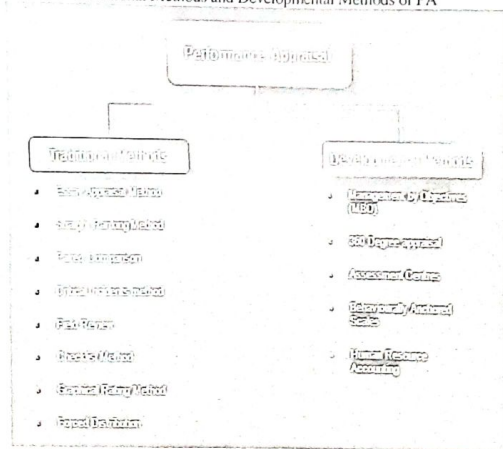
#### TRADITIONAL VS DEVELOPMENTAL PA METHODS

There have been two methods to PA. These include the traditional and the developmental methods. Traditional method's basic concern was in general with the organization as a whole,

which is involved with the past performance. While the developmental method, considers the staff as individuals along with being more constructive by looking forward through the use of setting goals.

Traditional methods of PA used for various purposes, such as promotion, feedback to employees, reward decisions, etc. While the developmental methods to PA bring about additional purposes, like providing the organization or company staff the chance to officially specify their direction and ambition, presenting the concerned organizational interest in staff/employee improvement, and to provide the employees who are literally trying to perform well with satisfaction and encouragement.

**Figure-2**  
Traditional Methods and Developmental Methods of PA



PA procedures have their own mixture of strengths and weaknesses, thus they ought to be used in relevance to the desired goals to make the procedure used more effective.

PA software has been used in different parts of the world. It is also referred to as electronic performance monitoring. It reduces the time to get through the appraisal process, which eventually helps management of organizations save time and money.<sup>13</sup> But this method has also come under a lot of argument that it is not correct as it stops the communication link between the employer and employee due to this process, as assumed, works as ineffective and waste of money and time.

### EMPLOYEE ATTITUDE

An attitude may be described as “a learned predisposition to respond in consistently favorable or unfavorable manner with respect to a given object” (Moorhead and Griffin, 1992:784). Two views of attitudes:

- Dispositional view implies that attitudes are steady dispositions toward an object. Putting this in mind, attitudes have three fundamental components: influence (affecting sense toward the object), cognition (the opinion of the information about the object) along with the purpose (a planned behavior toward the object).
- Situational vision contends that attitudes develop from publicly constructed realities.

Attitudes as a whole are formed through the passage of time that could be changed and might be influenced through an administrator/manager. A tool that is used for the initiation of attitude change is PA.

The way employees interact or their attitude that they depict is vital for an organization, as employee interaction and attitude portrays the way to the preferred behaviors. Two key job-related attitudes are the level of job satisfaction and dissatisfaction, have been described as, “a person’s attitude toward his/ her job. If the attitude is positive, the employees under the spot light are said to be satisfied. And dissatisfaction comes into being, when the attitude is negative.”

The attitudes mentioned above take place due to following three factors: (i) organizational factors, for example, promotional opportunities, the work itself, working conditions and pay, (ii)

involvement of grouping factors that comprise of, coworkers and supervisor, and (iii) the factor focuses on personal factors for example, contributory benefits, needs, and ambitions.

The attitudes of job satisfaction and dissatisfaction are exceptionally vital, as both have the tendency to persuade how good employees function/perform, and as a result an organization performs. In general the attitude of Job satisfaction tends to lead towards the desired course of action like, low absenteeism rate of the staff. Whereas if employee attitude leads to job dissatisfaction, that infers to the fact that, the rate of employee absenteeism, increases.

Vital supplementary work related attitudes comprises of Involvement and Commitment. Involvement portrays a person's willingness as an organizational 'citizen' to go beyond the standard demands of the job. While commitment may be said to be: "the concerned individual's feelings of identification with and dedication to the organization."

#### **THE INFLUENCE OF PERFORMANCE APPRAISALS ON EMPLOYEES' ATTITUDES**

Previously the author has mentioned several types and techniques of PA, along with the attitudes that an employee may possess. This portion of the paper tends to focus on presenting how appraising performance have an influential effect on both the employees' attitudes and behavior.

A statement states that: just individual recognition (appraising performance) alone, could end up leading to a higher rate of job satisfaction and reduce the absenteeism. People on the whole tend to prefer negative feedback rather than no feedback/recognition at all.

Through traditional methods of appraisals, administrators/supervisors rate the performance of the concerned employee annually. This has the intensity to reflect the recent events, which is a huge disadvantage (Dezenzo and Robbins, 2002:266). A lack of communication from the managers/administrators with the concerned employees during the year tends to mess things up.

With the due passage of time the 360-degree feedback system was introduced. Dezenzo and Robbins (2002:787) describe the 360-degree process as "an appraisal devise that seeks performance

feedback from such sources as oneself, bosses, peers, team members, customers, and suppliers has become very popular amongst contemporary organizations”.

For the sake of employee motivation through the use of giving them feedback with regard to their work, work-standards or the Management By Objectives (MBO) approach could be very essential. The possibility of this is only with the involvement of real participation, which could be a cause for better commitment and performance.

The MBO method of PA could overpower a few of the problems that arise after assuming the concerned employees' traits desirable/required for the job's attainment may be unvaryingly known and calculated. The MBO technique centers its focus on actual outcomes. This results in the method's chances to successfully provide a sense of autonomy, satisfaction and achievement for the employees. The method could also be counterproductive if done in an irrational manner. Experience has exposed that through the setting of goals we can accomplish a key milestone in employee motivation. Goals are able to inspire employees' effort, center attention, boost determination and support them to figure out superior ways to work (Locke, *et.al.*, 1980:125-152).

A study which concentrated on Matthew effect is to be used to find out the effects PA may have on employee attitudes. Matthew effect is supposed to take place where the concerned staff tends to keep getting the same appraisal results, year after year. Meaning that, their appraisal results tend to become self-fulfilling: if they have performed well, they will carry on to do well; if they have done poorly they will carry on doing poorly. This study concentrated on the Mathew Effect, discovered a degree of frustration escalating due to biased PA.

If we apply the Matthew effect to the workforce then we would be able to observe that a majority of good performers would end up happy with the appraisal system, while a majority of low performers would feel the system corrupt. When employees get a good appraisal or who themselves are high performers, the answer that you are likely to get to a question like, “does your supervisor listen or provide the support you need?” would be yes. Low performers would answer no to the same question. When looked at



vigilantly it is very vital to give the low performers a chance to improve their appraisal results. If the opportunity for improvement isn't allowed it could lead to dire effects on the appraisal system as a whole (Gabris and Mitchell, 1989:159).

An opinion that is reflected by many is that, employees usually turn defensive when their performance is under assessment. Differences about involvement and performance ratings can produce an argument ridden condition that can go on for months to come (Heathfield).

Through studies conducted by the author, negative feedback from PAs can be a cause of the employees' motivational level to stand at zero which may cause the employees to perform worse. A study states that harsh condemnation that tends to be inexplicit, unjust or sternly presented will tend to lead to troubles like rage, bitterness, strain and conflict within the workplace, along with an eventual rise in the resistance for betterment, refutation of difficulties, and inferior performance (Jordon and Lawrence, 2006).

In the view of the above mentioned implications it needs to curtail these implications very seriously. Here it could be said that the appraising personality delegate his/her powers to a person who uses the process of appraisal as an opportunity of how things can be done in a better manner which would also eventually improve the overall working style or performance of the whole company or organization at hand.

According to Dezenzo and Robbins (2002:791) "The traditional top-down approach to PA has been targeted time and again for not being able to hold a steady/satisfactory pace with the progress toward more participative companies or organizations of the last decade." The impact of this is that many organizations have had to adopt newer PAS which end up utilizing numerous feedback sources, the 360-degree Feedback System is a good example. Therefore the author believes it's essential that the appraiser/appraisers need to be well-informed and dependable. When this happens, only then we can end up with superior chances that the employees tend to overall visualize the concerned appraisal process as accurate and fair. If this ends up being the case then there is a chance that employees will tend to acknowledge and even confirm their acceptance with regard to the evaluator's



appraisal and as a result will increase their readiness to improve for the better.

Different research studies have shown the likelihood of employees to feeling more gratified with their feedback result which we often term as the "appraisal result" if the concerned staff is provided with the break to freely express and tends to even presents their performance with the concerned party. When done, the chances of the concerned employees improving their performance for the better increases along with their potential to meet future performance, as the discussion with the concerned parties also increases the chances of the workers know what is required from them.

Standards of comparison need to be present. As employees consider it essential to find out the performance of their duties and the area that asks for improvement or in other words the areas in which improvement is required. Essentially at this point we need to keep in mind that appraisals are not associated with condemnation (criticism). On the whole, the fact could prove vital, which is to make clear the significance of finishing responsibilities inside the suggested timelines or even through the change in procedure if required of doing a task, to get the work done correctly. Regrettably, many PAs end up frustrating the concerned employees by the accumulation of additional responsibilities to what seems to be an already overloaded program.

Anyone who is involved in giving PAS needs to be conscious of that staff always in the hunt of feedback. This assertion as revealed by Larson, whilst low performing employees pursue to get feedback from his/her immediate boss or even the superior at unusual times, when the concerned party to give feedback is not really ready to give an accurate or frank assessment. And if the appraisal is negative the employee considers the appraiser untrustworthy and therefore could consider his/her appraisal as being out of track. This in turn could get the appraisers in a fix and might then force them to defend themselves and could give a false appraisal that makes the employee satisfied. This incident could be simply avoided if the appraiser informs the feedback-seeker to appear at another time when the appraiser is free.

### **CONSIDERATIONS THAT COULD PROVIDE A LINK OF PERFORMANCE APPRAISAL WITH REGARD TO COMPENSATION**

The core blow against the linking of PA from reward decisions is the thought that this link might end up building a frightening and a theoretically disciplinary system. Another confrontation as described by Archer North is that the linkage of compensation tends to melt the real meaning of progressive appraisals. This can be proved through the fact that a majority of employees/workers would not admit their work, specifically when their contract renewal date is just around the corner.

One should never the fact that the rater feels a sense of tension or nervousness when they have to do an appraisal. Specially, if both the appraiser and appraise have good terms with each other outside work. As both the appraiser and appraises relation can be destroyed in the event of a negative appraisal being given. This it self could create enough damage to the workplace environment that the productivity of the organization as a whole could be hampered.

Although all this portrays is that appraisals should not be linked to compensation, there are scholars who believe that the link should be there. Their thought follows the motion that there is a need to have a smooth system where one can fairly link compensation. They tend to believe that PA is a unique and one of its systems, through which they can end up giving compensations to all in a fair and just manner. Many employees/workers, who tend to get compensations properly, consider PA as a trustworthy way to get their due compensations. This has further been acknowledged through research by both Bannister and Balkin (1990) where they found out that appraises feel more comfortable when appraisals have a direct link to compensation. While a study conducted by some scholars had the following finding: "Using a sample of more than 15,000 employees, we found that pay satisfaction is the highest when performance pay is tied to the employee's performance and the lowest when there are no performance appraisals in organizations, even if there is performance pay" (Singh & Podolsky, 2005:16-52).

### CONCLUSION & RECOMMENDATIONS

PAS are useful rather than useless as some scholars mention. Its needs to be made clear here that no system without its true understanding and purpose of work will not be good. Another fact is that all organizations don't have a set criteria under which they work. Therefore it is necessary to understand the environment and the need of the organization and amend the system of PA accordingly. Every system can use similar Performance Appraisal Systems but with necessary appropriate changes applied to it so that it can be utilized to its full potential in the concerned organization. Through with proper care and time to understand the system, which involves proper planning and using the adequate techniques to get the system (PA), bears fruit by maintaining a proper long term understanding of the organizational environment and the organization as a whole.

While in the process of this research the author was faced with vast views upon PA and its different aspects. There was vast material that was contrary to giving PA a good image. This is only created as we use the system without proper understanding of the system or the organization that we intend to implement it. This as a whole tends to prove that PA is very complex process and is also very difficult to do correctly.

Special care should be taken when applying the Performance Appraisal System. As relevant techniques can differentiate between the system becoming a success or failure special care has to be taken on how to approach the situation at hand. On the other hand, to enhance the usual lack of communication the PA process should take place more frequently rather than the frequently used Annual System. The more frequent the appraisals, the better chances of the performance becoming better. The PA system should also be considered as a way to enhance worker performance and motivation rather than only being a tool being used as a guideline with regard to compensation along with promotions or demotions.

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