

The Attitudinal and Demographic Factors as Determinant of Performance Appraisal

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ABSTRACT

This paper presents the findings of a study, which investigated how perception of attitudinal and demographic factors played a significant role on employees' performance appraisal. A total of 584 managerial level of employees in Telekom Malaysia (TM) were selected as a sample based on the stratified random sampling. The study used self-administered questionnaire as the research instrument. The data obtained were analyzed using descriptive and inferential statistics. The results hypothesized that both attitudinal and demographic factors perceptions are positively related to performance appraisal. The study revealed that attitudinal and demographic factors made significant contribution to employees' performance appraisal. Among all the factors, job satisfaction facet of salary appeared to be the most significant determinant of employee's performance appraisal. Based on the implication of the research findings, several suggestions were put forward.

Keywords: *Performance appraisal, attitudinal and demographic factors*

Introduction

Performance appraisal has received considerable attention from industrial and organizational psychologists, management scientists and sociologists.

It has also attracted a great deal of interest in the current literature as evidenced by many writings and studies conducted on this subject. In recent years, practicing managers in private and public sectors have also shown similar interest in the subject as well. The large interest in this topic appears to be a result of the link found between performance appraisal and employee motivation, advancement of employees (Gibbons and Kleiner, 1994); individual employee's behavior and/or accomplishments for a period of a finite time (Banner and Cooke, 1986); career planning and management systems in organizations (Baruch and Rosenstein, 1992). This is very much true especially among telecommunication companies that are so dependent on the skilled and highly performed employees, where the market is very competitive.

Research has been carried out regarding employee's performance appraisal covering such aspects as factors that related to performance appraisal, criteria of performance appraisal, accuracy of performance appraisal and the relationship between raters and performance appraisal. However, attitudinal and demographic factors are identified among the important factors that influence employees' performance appraisal. This paper highlights at some of these influences.

Literature review

Performance Appraisal

Several terms are used to describe the process of evaluating employee performance. Among those are like performance evaluation, employee appraisal and performance review. The term used in this paper is performance appraisal. Performance appraisal refers to how organization measures and evaluates employee's behavior and accomplishment (Banner and Cooke, 1986). As such, performance appraisal is a systematic process that measures an employee's job relevant strengths and weakness within and between employees or groups.

Generally, performance appraisals serve for two purposes: 1) to improve the utilization of human resources; fostering improvement in work performance and 2) to provide a basis for personal actions; example, promotion and merit pay (Bernardin, 1999). In addition, performance appraisals also serve as evaluative or judgmental function of the appraisal and developmental function (Daughtrey and Ricks (1989). More specifically, performance appraisals support personnel actions, help in establishing objectives for training programs, provide

concrete feedback and facilitate organizational diagnosis and development (Jacobs et al., 1980).

Another important element in performance appraisal is performance criteria (Henderson, 1984). It refers to dimensions that provide a means for describing the scope of total workplace activities. This includes responsibility of duty, behavior or a trait. Various approaches are used to classify performance dimensions. Among those are classifications according to human qualities (human traits and interpersonal qualities) and technical abilities (mechanical skills and conceptual aptitudes). Langlie (1982) suggested three factors or classes for performance dimensions that is technical competence, operational competence and judgmental competence. Performance appraisal must be a valid and representation of reality. Therefore it must be able to address the number of appraisal dimensions chosen. Different organizations have different ways of determining the number of dimensions. Borman (1987) suggested dimensions that defined supervisor's conception of performance, which include: initiative, maturity, responsibility, being well organized (organization), technical proficiency, assertive leadership and supportive leadership.

Methods of Performance Appraisal

Evaluation of performance appraisal can be classified into two categories: ranking and rating (Milkovich and Newman, 2004). Consequently, performance appraisal can be measured in various ways. Among these are the use of ratings by supervisors, output measures and self-evaluation. The usual method of measuring performance appraisal in most studies has been to obtain the supervisors rating on selected criteria such as quality and productivity (Porter & Lawler, 1968), or quality and quantity, output creativity and other criteria (Fletcher and Williams, 1996 and Benkhoff, 1997). Most organizations and industries employed definition as suggested by Fletcher and Williams (1996) and Benkhoff (1997). All of these kinds of measures have been used to assess the attitudinal – performance appraisal relationship. Judge and Ferris (1993) for example, used supervisor's ratings to evaluate the overall job performance, quantity and quality of work and promotion readiness of employees. Such evaluations however, are most useful only in specific kinds of work settings.

Judge and Ferris (1993) argue that neither supervisors' ratings nor output measures are scales that apply throughout the employees' performance in organization. Alternatively, Darden et al. (1989) and

Kalleberg (1993) suggest performance appraisal measure based on the respondent's self-rating of quality and quantity of his or her performance in organization. A possible criticism of such evaluation is that some people are unable to report their performance accurately, due to reasons such as poor introspection. To avoid biasness in the evaluation of job performance Hind and Baruch (1997) used a combination of supervisor's ratings, self rating and self rating as compared to peers to evaluate the overall performance appraisal on quantity and quality of work, depth of knowledge, co-operation, loyalty, attendance, honesty, initiative, creativity, output and other attitudinal criteria.

Empirical Research on the Influence of Performance Appraisal

There are considerable efforts by scholars to link job attitudes mainly job satisfaction, organizational commitment and demographic factors with several behavioral outcomes such as job performance and performance appraisal. This is due to their impacts with some positive outcomes such as efficiency and effectiveness in organization (Demir, 2002).

Landy and Farr (1983) reveal that characteristics of the individual would help supervisor in evaluating the job performance and conducting performance appraisal of the individual in both global and specific sense. Individual characteristics comprise aspects such as cognitive, physical, social, and emotional factors, past work experience, education, salary, tenure, gender, age, training, motivation and role perception. Waldman and Saks (1998) suggested that diversity in individual characteristics could influence in decision making of performance appraisal. Several demographic factors have also received attention in performance appraisal and performance evaluation studies. Waldman and Saks (1998) found that age, position of employee, tenure and job experience are significant predictors of employees' performance evaluation. Sommer et al. (1996) however, found negative relationship between age and education on performance appraisal.

Quite a number of studies have documented the relationship between job attitudes and behavioral aspects including performance evaluation (Maslow, 1974, Coach and French, 1984 and Clarke, 1977). These studies served to emphasize the importance of individuals' attitudes (such as organizational commitment and job satisfaction) and feelings about their work and how they influence on behavioral outcomes (such as performance appraisal). Most organizational theories seem to suggest

that the will to work (motivation) are closely associated with job performance and how performance appraisals of individuals in organization are conducted. Likert (1986) hypothesized that job satisfaction and organization satisfaction are closely related to employees' perception on performance appraisal. Meyer and Allen (1991) found that the direction of relationship in organizational commitment depended on the type of organizational commitment. The positive and significant correlation was reported on the relationship between affective commitment and performance appraisal (Meyer and Allen, 1991). Meanwhile, Meyer and Allen found negative relationship between continuance commitment and performance appraisal.

Past studies on performance appraisal have generally been associated with many factors including effort, ability, personality, organizational systems and resources and motivation. From motivational point of view, job satisfaction, organizational satisfaction, organizational commitment and other attitudinal factors such as pro social behavior and need for control are associated with employees' performance appraisal (Hunt et al., 1985). Hind and Baruch (1997) found attitudinal factors particularly the need for achievement, salary and tenure among females respondents displayed strong relationship with performance appraisal. Hind and Baruch's study also revealed that other factors such as organizational commitment, need for control, organizational and job satisfaction, career satisfaction and career planning are related to performance appraisal and served as significant influence on employees' performance appraisal.

Based on the related literature, the present study seeks to test the following hypotheses:

- H₁ : There is a positive and significant relationship between attitudinal factor of organizational commitment and performance appraisal.
- H₂ : There is a positive and significant relationship between attitudinal factor of job satisfaction and performance appraisal.
- H₃ : There is a positive and significant relationship between demographic factor and performance appraisal.

Purpose of the study

The main purpose of this study was to empirically examine the relationship between demographic and attitudinal factors and employees' performance appraisal, and the extent of these factors predict performance appraisal.

Methodology

The data for this study were collected from 584 employees of managerial level at Telecom Malaysia (TM). The study adopted stratified random sampling, which covered managers of TM in six regions mainly southern, eastern, western and northern part of Malay peninsular and Sabah and Sarawak. The background profiles of the subjects are presented in Table 1.

Table 1: Background Characteristics of the Respondents

	Mean	SD	n	%
Age	35.04	6.57	-	-
Experience in the organization	11.30	6.91	-	-
Total job experience	5.56	3.29	-	-
Male	-	-	374	64
Female	-	-	210	36
Married	-	-	392	67.1
Single	-	-	192	32.1

Research instruments

Data were collected by means of a closed questionnaire. The independent variables of this study are demographic factors, attitudinal factors which focus on organizational commitment and job satisfaction. The Organizational Commitment Questionnaire developed by Meyer and Allen. (1991) was used to measure three dimension of affective, continuance and normative commitment. These constructs contains 24 items and were ranked from strongly disagree to strongly agree on the seven point Likert type scale. The reliability coefficient of organizational commitment in this study was .90.

The questionnaire of job satisfaction comprised a combination of items adapted from Minnesota Satisfaction Questionnaire (MSQ) (Weiss et al., 1967) and Seegmiller's (1977). This instrument measures the various facets of Herzberg's job satisfaction theory mainly on motivational and hygiene factors. Motivational factors include: work itself, achievement, possibility for growth, responsibility, advancement and recognition for achievement. Hygiene factors are status, relationship with supervisor, relationship with peers, quality of supervision, policy and administration, job security, working condition and salary. For each of this facet contains

5 items. The response options for these items were 7 point Likert-scale ranging from strongly disagree to strongly agree. The reliability coefficient for job satisfaction factors scale was .81.

The dependent variable of the study is performance appraisal. This variable was measured based on the adapted instrument developed by Hind and Baruch (1997) which measured employees' performance appraisal conducted by immediate (direct) manager or boss and employees' perception on performance appraisal based on self rating and self-rating as compared to peers.

Results

The statistics used to test the hypothesis consisted of inter-correlations and regression analysis. Table 2 reports the inter-correlations.

Table 2: Intercorrelations Among Dependent and Independent Variables

	1	2	3	4	5	6	7
1	1.0						
2	.32*	1.0					
3	.33*	.64*	1.0				
4	.30*	.45*	.41*	1.0			
5	.34*	.37*	.21*	.49*	1.0		
6	.39*	.33*	.56*	.22*	.51*	1.0	
7	.25*	.70*	.68*	.45*	.48*	.30*	1.0

1. Performance appraisal 2. affective 3. normative 4. continuance 5. motivator factor 6. hygiene factor 7. demographic factor

* Significant at the .05 level

Table 3 displays the regression results predicting the performance appraisal from the independent variables of attitudinal factors of job satisfaction and organizational commitment as well as the selected demographic variables.

Regressions were obtained in four stages. In the first stage all variables representing organizational commitment was entered as the independent variables. Secondly all motivational factors of job satisfaction were entered as predictor of the dependent variable. In the third stage all hygiene factors of job satisfaction were included as the predictors of dependent measures and finally the selected demographic factors were entered as independent variables. The dependent variable was scores

for performance appraisal by immediate manager or boss, self-rating and self-rating as compared to peers.

All the results support the proposition that perceptions of attitudinal and demographic factors are meaningful predictors of the performance appraisal. The following results were revealed:

The Effect of Organizational Commitment on Performance Appraisal (H₁)

Performance appraisal was positively correlated with all dimension of organizational commitment. This means, the higher score on the performance appraisal scale, indicated a higher level of organizational commitment and the results were in the hypothesized direction. Therefore, the data support the first hypothesis of the study. The regression (Table 3) indicated that organizational commitment accounted for 14% of variance in employees' performance appraisal. Affective commitment was the most significant contributor to the dependent variable ($p < .000$). All the organizational commitment dimensions turned out to be significant predictor of performance appraisal. Thus the results emphasized the importance of organizational commitment mainly the affective, normative and continuance commitment in employees' performance appraisal within the organization.

The Effect of Motivational and Hygiene Factors on Performance Appraisal (H₂)

Performance appraisal was positively correlated with all facets of motivational and hygiene factors. This finding indicated that the higher the perception of employees on hygiene and motivational factors the higher the performance appraisal. Therefore, the results support the second hypothesis of the study that the perception of job satisfaction is positively correlated with performance appraisal.

Based on the regression analysis, perception of motivational and hygiene factors explained more variance in the dependent variable than the dimension of organizational commitment. The motivational factors accounted for 19% and the hygiene factors 20% of the variance in performance appraisal. As discussed earlier, the organizational commitment dimensions could explain only 14% variance in the performance appraisal. This indicates of less contributory power of organizational commitment on performance appraisal. Overall the positive correlations and the beta weight indicated that as the perception of motivational and hygiene factor increases, they increased the employee's performance appraisal. Under the motivational factors of job satisfaction,

Table 3: Regression Results: Predicting Performance Appraisal By Attitudinal and Demographic Factors

Independent Variables	Beta	t	R ²	f	p
Attitudinal variables:					
Organizational Commitment			.14	30.36	.000*
Affective	.43	3.40			.000*
Continuance	.29	2.12			.000*
Normative	.26	2.05			.043*
Job Satisfaction					
Motivational factors	.19	22.75			.000*
Work itself	.09	1.13			.259
Achievement	.14	2.17			.000*
Possibility for growth	.18	3.21			.000*
Responsibility	.46	3.46			.000*
Advancement	.29	3.26			.000*
Recognition for achievement	.51	5.83			.000*
Hygiene factors	.20	18.10			.000*
Status	.12	1.88			.061
Relationship with supervisor	.17	2.84			.005*
Relationship with peers	.39	3.05			.002*
Quality of supervision	.01	.22			.825
Policy and administration	.04	.71			.480
Job security	.43	4.70			.000*
Working condition	.40	3.45			.001*
Salary	.66	6.40			.000*
Demographic factors	.07	15.37			.000*
Pay	.15	3.18			.002*
Age	.33	5.26			.000*
Tenure	.36	6.19			.000*

* Significant at the .05 level

facet of recognition for achievement was the most significant predictor influencing performance appraisal (<.000)

Almost all facets of motivational factors contributed to performance appraisal except for facet of work itself. Meanwhile, the facet of salary under hygiene factor emerged as the most significant determinant of performance appraisal (<.000). The study revealed that the relationship with peers, job security and working condition under the hygiene factors also contributed to performance appraisal. Among the eight facets of hygiene factors three facets;

status, quality of supervision and policy and administration were not the significant determinant of performance appraisal.

The Effect of Demographic Factors on Performance Appraisal (H_3)

The correlation analysis as displayed in Table 2, showed that performance appraisal is correlated with the scores of demographic factors. This data support the hypothesis that performance appraisal is related positively with demographic factor. The Regression test using the selected demographic factors accounted for only 7% of the variance in dependent measure. Tenure emerged as the most significant predictor of performance appraisal. However, all the factors; tenure, age and pay are significant predictors of the dependent measure (see Table 3). The result substantiated the hypothesis that the perception of demographic factor is positively related to performance appraisal.

Discussion and conclusions

The study proposed to understand the relationship of attitudinal factors (organizational commitment and job satisfaction) and demographic factors with performance appraisal. It was also designed to examine the role of attitudinal and demographic factors on the dependent measures of performance appraisal. The results were in the hypothesized direction as both perceived the attitudinal and demographic factors contributed to increased performance appraisal. The results are in line with the findings reported by Waldman and Saks (1998) as well as by Somers and Birnbaum (1998) who found that both attitudinal factors of job satisfaction and organizational commitment as well as demographic variable (Landy and Farr (1983) affected performance appraisal. Thus the present study validates the result obtained by these researchers and generalizes it to the other groups of employees.

Perception of affective commitment under organizational commitment dimension appeared to be the most significant determinant of performance appraisal. Meanwhile, under job satisfaction salary was reported as the most significant determinant of performance appraisal. The study also revealed that under demographic variable, tenure emerged as the most predictor of performance appraisal. Overall, among attitudinal and demographic variables the study found that salary emerged as the most significant determinant of performance appraisal. The implication of these findings emphasized the importance of attitudinal and demographic factors

in considering performance appraisal of employees in organization. The results of the present study indicate that all the facets of attitudinal and demographic variables were significantly correlated with dependent variables of performance appraisal. Although not all of the attitudinal factors emerged as significant predictors of the dependent variables in regression analysis, the correlation do indicate the significant relationships and need to be recognized as a potential source of employees' performance appraisal in organization.

The findings of this study could help management in addressing some important influences of employees' performance appraisal. Today, the workforce does not look, think or act like any workforce of the past, no does it hold the same values, have the same experiences or pursue the same needs and desires (Jamieson and O'Mara, 1991). Organizations need to adapt and alert with changes and challenges. Diversity for example is among to most challenging issue being faced by many multi national organizations in the world. This is due to the composition of today's workforce that has changed significantly in terms of age, gender, ethnicity, culture, education, disabilities and values. The diversity may affect the management decision in areas such as performance evaluation, compensation, training and career development. Running parallel to these changes is the shift in thinking of human resource theorists and practitioners with regard to addressing diversity in the workplace.

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The Attitudinal and Demographic Factors

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