

## PERFORMANCE APPRAISAL: A STUDY ON STAFF ATTITUDE AND PERFORMANCE

Raja Zirwatul Aida Raja Ibrahim, Azlina Abu Bakar @ Mohd, Madihah Mohamad Shukri  
Department of Counselling and Psychology, Faculty of Management and Economics  
Kolej Universiti Sains Dan Teknologi Malaysia  
Mengabang Telipot, 21030 Kuala Terengganu, Terengganu

*Abstract:* Performance appraisal that is design appropriately for the staff and organization is very important. In actual practice, performance appraisal system often did not meet the objectives and produce unsatisfactorily result. A major mistake made by companies is failure to identify what constitute effective performance appraisal. Since the main objective of the study is to come out with what is the ideal practising performance appraisal in the organization, this study examined the attitude of appraiser and appraisee towards performance appraisal system. Results revealed that there are significant different on their attitudes related to giving staff an opportunity to express and communicate ideas, state how job could be improved, enable the company to convey its values and goals and help the company identify training and development need. For remaining issues such as the importance of performance appraisal, appraisee understanding on performance appraisal and satisfaction with performance appraisal were discussed in descriptive statistics indicate the perception of appraisee towards current appraisal system. Furthermore, the participants show the positive perception towards performance appraisal in term of improvement in staff performance and providing two ways communication or feedback. Nevertheless, negative perception is presented in dealing with the current performance appraisal suitability and uncertainty either the appraisal system achieves the objectives or not. The findings have numerous implications towards the organisation and staff in achieving more effective and ideal performance appraisal system. This is important to enable the organization to review on appraisers training on how to effectively conduct appraisal, room for communication or feedback and the bias challenge which are regarded as the pitfalls in practicing performance appraisal. Some interventions are previewed to overcome the performance appraisal system in order to achieve its criteria in term of their relevance, reliability, free from bias and practicality.

Keywords: Performance Appraisal, Attitudes, Performance

### INTRODUCTION

Almost all organisations have some sort of employee performance appraisal system. The basic practise of appraisal is to make evaluation of employee. ACAS (1988) defined "appraisal as regularly recorded an assessment of an employee performance, potential and development need. The appraisal is an opportunity to take an overall view of work content, load and volume, to look back at what has been achieved during reporting period and agreed objective for the next" pg. 40 [1]. It involved periodic interview between appraiser and appraisee and work performance of appraisee is discussed, reviewed and evaluated. During the discussion, appraisee weakness and strength is recognised and opportunity for improvement and skill development is suggested. Performance appraisal is being used more extensively. Survey data by Long (1986), Bevan and Thompson (1992) show that majority of organisations have some kind of appraisal management in place [3]. The Industrial Society (1997) reported that up to 90% of their respondents used an appraisal system for some of their staff [10]. Oberg W. estimated in his study that over three of United States companies have performance appraisal programme [7].

Performance appraisal systems have many different purposes. It identifies existing problems and encourages better performance in future. Most experts agree that performance appraisal system used for a good reason. It focuses on an employee job performance toward an agreed goal. It revealed employee shortcoming, value contribution by employee toward organisation objective, identify training need and useful for employee career planning. Performance appraisal also helps companies plan and make decision on staff training need and salary or compensation benefit. Randell (1972) summaries the purpose of performance appraisal into three main group activity;

- i. Reward review that related to the distribution of reward as pay, power and status.

- ii. Performance review which related to the need to improve the performance of staff and to improve the effectiveness of the organisation as a whole.
- iii. Potential review which attempt to deal with the problem of predicting the level and type of work that the individual will be capable of doing in the future. It can be achieved by gathering an information as past attainment and personal aspiration [8].

The feeling before and during performance appraisal may affect the appraiser and appraisee relationship. Attitude and perception of appraiser and appraisee toward performance appraisal is important because it influences the success and effectiveness of the system. Besides, it is important to an organisation for a possible influence of the attitudes on performance, or other effects such as turnover and absenteeism. Failures of performance appraisal are mainly because lack of understanding about what performance appraisal is about, did not know how to rate performance and unable to discuss performance during face to face interview. Besides, appraiser may feel uncomfortable to assess their subordinate in order to avoid conflict or because lack of understanding of the appraisee performance. Some appraisers see performance appraisal as a problem and hassle, not a method for developing and rewarding employees. Tedious paperwork of performance appraisal adds to this feeling. As for appraisee, the process of performance appraisal make them feel uneasy because they are being assessed and waiting the result of appraisal may evoke fear.

## MATERIALS AND METHODS

The study was participated by Royal Mail staff at Nottingham areas in a range of 26 to 53 years with an average of 40.85 years. Among line managers, there were six males and two females participated in this study, whereas twenty nine males and four females for managers. After discussing questionnaires with Royal Mail Leadership and Development Manager, the pilot questionnaires were distributed to a total of 10 Royal Mail staff. The final version of questionnaires was distributed via Royal Mail Leadership and development Manager. In addition, the questionnaires were attached with covering letter explaining the purpose of the study and emphasis on the confidentiality. Majority of the participants replied within two weeks of distribution and a reminder was sent to encourage participation. Completed questionnaires were addressed directly to the researcher at Institute of Work Health and Organisations. The study is based on the questionnaires. No interview or any other data collection was used before or after completing questionnaires. There were 7 similar questions being asked to both study group, and the data was analysed using inferential statistics that is t-test to find out appraiser and appraisee attitude and perception on performance appraisal. Most answers of questionnaires are ranging from strongly agree to strongly disagree which a scale from one to five. Besides, descriptive statistics that are frequencies were used to present the rest of analysed data.

## RESULTS AND DISCUSSION

There was a return rate of 30.77% appraisers 36.26% appraisees. Seven similar questions that have been asked to both Royal Mail appraiser and appraisee were analysed by using t-test to see whether the attitude and perception of two study groups towards these questions have significant different or not. The questions are;

Performance appraisal should give staff an opportunity to express and communicate their ideas to their line manager.

When this statement was analysed, it was found that the difference was significant between two group of participants as shown by ( $t = -2.609$ ,  $p < 0.05$ ).

Performance appraisal enables staff to state how their job could be improved.

Mean for appraiser and appraisee is 1.375 and 2.000 respectively. There was significant difference in their perception related to the issue ( $t = -2.343$ ,  $p < 0.05$ ).

Performance appraisal should enable the company to convey its values and goals to staff.

There was significant difference found between two groups ( $t = -2.485$ ,  $p < 0.05$ ) related to how they see performance appraisal bring about values and goals to staff.

Performance appraisal should help the company identify training and development need for staff development purpose.

Besides other purposes, the study found that appraiser and appraisee attitude have significant difference ( $t = -2.253$ ,  $p < 0.05$ ) related to identifying training and development need for staff.

Whereas, when the following three questions were analysed, there were no significant difference between attitude and perception of appraiser and appraisee towards the issues ( $t = -1.105$ ,  $-1.188$ ,  $-1.447$  respectively,  $p > 0.05$ ).

Do you think Royal Mail should have a performance appraisal system?

Do you think the current performance appraisal system is suitable for Royal Mail?

I believe that the current performance appraisal system at Royal Mail has achieved its objectives and goals.

Table 1: Summary Of Result For These Findings

Questions/Statements	N	Mean	t
Royal Mail should have a performance appraisal	Appraiser 8	.8750	-1.105
	Appraisee 33	.9697	
Current performance appraisal system is suitable	Appraiser 7	.4286	-1.188
	Appraisee 32	.4688	
Achieved objectives and goals	Appraiser 8	3.1250	-1.447
	Appraisee 33	3.2727	
Express and communicate ideas	Appraiser 8	1.2500	-2.609
	Appraisee 33	2.0303	
State how job could be improved	Appraiser 8	1.3750	-2.343
	Appraisee 33	2.0000	
Convey values and goals	Appraiser 8	1.5000	-2.435
	Appraisee 33	2.1818	
Identify training and development needs	Appraiser 8	1.3750	-2.253
	Appraisee 33	1.9394	

\* Significant difference at probability level  $p = 0.05$

87.5% of appraisers feel that training to perform an appraisal is important. 25% of them had attended training and most of Royal Mail appraisers did not attend any training that equipped them to become appraiser. Table 2 shows those 87.5% appraisers express their confidence that they are competent and capable in appraising their staff.

Table 2: Appraiser' Attitudes About Training

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Important of training	75.0	12.5	12.5	-	-
Competency and capability to appraise	25.0	62.5	12.5	-	-

In achieving an effective performance appraisal system, all appraisers welcome any comment of feedback from their staff. They have good two ways communication, discuss about the objective of performance appraisal, motivate staff to improve performance and give staff an opportunity to appraise their own performance. Although most of the appraisers allocate time to discuss staff work, 25% appraisers did not spent enough time for discussion of work related problems with their appraisees. Refer to Table 3.

Table 3: Appraiser Practise To Achieve Effective Performance Appraisal

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Welcome feedback/comment	62.5	37.5	-	-	-
Set up two ways communication	50.0	50.0	-	-	-
Spent sufficient time to discuss staff work	25.0	50.0	-	25.0	-
Give staff opportunity to appraise own performance	50.0	50.0	-	-	-
Motivate staff to improve performance	37.5	62.5	-	-	-
Clearly explain objective of performance appraisal	37.5	50.0	12.5	-	-

Half of appraisers participated in this study feel that they are responsible and have too many staff to be appraised. In some cases, 75% feel that they appraise staff who knows better in particular field. Besides, appraisers agree that they need other help to perform performance appraisal. Refer to Table 4.

Table 4: Issues That Concern Appraiser

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Too many staff to be appraised	25.0	25.0	-	25.0	25.0
Appraised staff who know better about the field	12.5	62.5	12.5	12.5	-
Ask others' help in performing appraisal	37.5	62.5	-	-	-

Appraisers feel that they had better understanding of staff capability after conducting performance appraisal and 87.5% feel staff potential can be recognised and developed. In term of team performance, 50% feel it can be enhanced through performance appraisal. Refer to Table 5.

Table 5: Appraiser Perception Towards Outcome Of Performance Appraisal

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Better understanding about staff capabilities	37.5	62.5	-	-	-
Development of staff potential	50.0	37.5	12.5	-	-
Enhance team performance	37.5	12.5	25.0	25.0	-

Table 6 shows feedback is well recognised as an important part of performance appraisal. In dealing with staff, appraisers stated that they gave feedback related to staff performance

Table 6: Importance Of Feedback

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Feedback is an important part of staff performance	87.5	12.5	-	-	-
Give feedback on staff performance	50.0	50.0	-	-	-

Appraisers seem to have tendency for bias as 50% feel that they know who is performing well and 37.5% know which staff have best potential without having to conduct performance appraisal. However, 37.5% appraisers did not agree with both statements. Refer to Table 7.

Table 7: Bias Tendency

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Know who is performing well without performance appraisal	12.5	37.5	12.5	25.0	12.5
Know which staff have best potential	12.5	25.0	25.0	25.0	12.5

In general, appraisees feel that performance appraisal has deliver good outcome. 9.1% strongly agree and 51.5% agree that performance appraisal help line manager to recognise their contribution. In addition, it helps appraisees to develop their skill as revealed by 81.8% of respondents. Job satisfaction is another aspect that improved through performance appraisal. However 27.2% denied this improvement. 75.8% of appraisees feel that performance appraisal provides an opportunity to express need in doing the job. Whereas, in the matter of discussion related issues with appraiser, 66.7% feel they have been given sufficient time. 81.8% respondents mentioned performance appraisal give an opportunity for line managers to help in improving staff performance and 75.8% appraisees feel good performance can be acknowledged through performance appraisal.

Table 8: Appraisee Perception Towards Outcome Of Performance Appraisal

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Contribution to company is recognised	9.1	51.5	12.1	27.3	-
Development of skills	12.1	69.7	15.2	3.0	-
Improve job satisfaction	6.1	54.5	12.1	24.2	3.0
Opportunity to express needs in work	15.2	60.6	12.1	9.1	3.0
Have sufficient time to discuss work issues	21.2	45.5	6.1	15.2	12.1
Acknowledgement of good performance	15.2	60.6	15.2	6.1	3.0
Suggested ways to improve performance	12.1	69.7	15.2	3.0	-

In term of satisfaction with performance appraisal, 33.3% of appraisees show their dissatisfaction with the way they are being appraised over the past year. However, 45.5% feel satisfied. Performance is better in 57.5% of appraisees. Comparing with expectation goal, 84.9% feel satisfied with their overall performance. Refer to Table 9.

Table 9: Satisfaction With Performance Appraisal

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Satisfied with the way being appraised	9.1	36.4	21.2	30.3	3.0
Performed better since last appraisal	3.0	54.5	27.3	12.1	3.0
Satisfied with overall performance compared with expectations	9.1	75.8	12.1	3.0	-

Feedback is welcome by every appraisee. Result showed 100% are happy to receive feedback. Beside feedback from appraiser, 93.9% feel that constructive feedback from their colleagues play an important role to improve performance. 84.9% of appraisees see themselves as receptive to the changes suggested by their line managers that contribute for better improvement. Refer to Table 10.

Table 10: Feedback

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Happy to receive feedback	45.5	54.5	-	-	-
Importance of colleagues' feedback	21.2	72.7	6.1	-	-
Receptive to suggested changes	15.2	69.7	12.1	3.0	-

The study found that the discussion on work related problem has been practised among Royal Mail staff. 66.7% revealed the disagreement with the statement that they had difficulty to discuss work issues. 51.5% feel that their line manager is not bias. 51.6% agree that appraisal should be an annual event. In contrast, 39.4% feel that it should be ongoing and continuous process rather than taking place once a year. Refer to Table 11.

Table 11: Issues That Concern Appraisee

	Strongly Agree %	Agree %	Uncertain %	Disagree %	Strongly Disagree %
Difficult to discuss work related problem	9.1	18.2	6.1	45.5	21.2
Appraiser bias	6.1	27.3	15.2	39.4	12.1
Appraisal is one year event	15.2	36.4	9.1	30.3	9.1

Generally, appraiser and appraisee in this study have positive attitude and perception towards performance appraisal used in their organisation. Performance appraisal used enable the organisation to convey its values and goals to staff, help an organisation to identify staff training and developmental needs, suggest how job could be improved and give an opportunity to staff to express any job related ideas. Attitude and perception of appraiser and appraisee about above statements was testified by t-test and found to have significance different. Most appraisers are strongly agree, whereas appraisees are agree with above statements. The different might be due to appraiser experience, confidence and more understanding of performance appraisal in their organisation. Besides, appraisee may be influenced by averaging, so most of them answering an average choice.

Although there are positive attitude and perception towards performance appraisal in both appraiser and appraisee, they feel that current performance appraisal used by the organisation is not suitable. Moreover, they feel uncertain whether their organisation performance appraisal has achieved the objectives and goals. Singh H (1999) stated that almost all surveys carried out have revealed that appraiser and appraisee rate the process as a failure [9]. In a study conducted in 1996 for the society for human resource management, more than 90% of respondents said the performance appraisals are ineffective [6]. Longenecker et. al (1990) showed that both appraiser and appraisee agree that appraisal will be ineffective when:

- Performance standard is unclear.
- The manager lacks knowledge of the subordinate actual performance
- Lacks of preparation for the appraisal
- The manager lacks of honesty and sincerity
- Skill in conducting the appraisal is lacking in part of manager
- The appraisal is not taken seriously [4].

From this study, 87.5% appraisers feel that training to perform an effective performance appraisal is important. Although the advantage of training is undeniable, only a quarter of them have attended training. This finding is consistent with the study by Longenecker et. al (1997) which revealed that manager as appraiser received little formal training on how to conduct effective performance appraisal [5]. However, most appraisers believe that they are competence and capable to perform the appraisal. They feel that numerous company meeting, continuous employee review and company assessment standard and experience help them to review appraisal performance. In contrast Fletcher (1993) said that being senior and more experience does not mean being competent in handling appraisal [3]. Training will give confidence and teaching specific skill. Without on going and effective training to both appraisers and appraisees, effective performance appraisal will not be achieved. Appraiser requires skill in performing planning, goal setting, effective interview skill, problem solving and conflict resolution. Beside appraiser, appraisee needs training for goal setting, career development and training and developing realistic job description.

Both appraiser and appraisee agree that good communication between them help an organisation achieve effective performance appraisal. Appraisers revealed they had good two ways communication with their staff, spend sufficient time for discussion and provide motivation to improve performance. Similarly, 66.7% appraisees said that they had sufficient time to discuss work-related issues with their appraiser and feel that appraiser are easily approachable. This feeling help strengthen the communication between them. Research by Fletcher (1978), Mohrman and Millman (1991) showed that managers who have frequent communication with their staff have the most productive appraisal [3]. Moreover, appraisees should take part with their appraiser in appraisal process. These include planning their own goal and developmental plan, expressing idea and conduct a self-evaluation. A good communication will generate a sense of fairness, respect and trust. In contrast, Davis T. and Landa M. (1999) mentioned that in Watson Wyatt survey findings only 31% respondents say that their leader talks with them about performance related issue [2].

Appraisers believe that feedback is an important part of performance appraisal and all of them give feedback to their staff about their performance. Similarly, appraisees welcome any feedback from their manager as well as by their colleagues. More than two third (84.9%) will accept any suggestion to improve their performance. This finding appropriate with one of the purpose of performance appraisal which is to provide periodic, formal feedback to individual staff for the purpose of performance and

personal development. Study shows that if supervisor can not give employee feedback, it is less likely that performance appraisal will have credibility and will motivate employee. Most organisations argue that employees are given feedback regarding their performance, usually at least once a year, so the action can be taken to rectify any weaknesses.

The biggest challenge to achieve effective performance appraisal is bias. Appraisers' assessment must be objective and free from bias. A performance appraisal that focuses on personality trait and bias may fail and cause distress. In this survey, 51.5% of appraisees feel that their line managers are not bias, in contrast to 33.4% of them. Davis T. and Landa M. (1999) mentioned in a national survey by Watson Wyatt, 57% of consulting firm respondents said that their performance was rate fairly [2]. Mani B.G. (2002) showed that the fair treatment is critical to employee satisfaction with the system (13). As revealed in Royal Mail study, appraisers have a tendency to be biased. Half of them know who is performing well and 37.5% of them know which staffs have best potential without having to conduct an appraisal. These practise might cultivate query that is on what criteria the employers have judge staff performance and potential if it is without need for undergoing the appraisal system. It is because in appraisal, the employers should appraise based on staff actual work rather than other factors such as personality, behaviour and relationship. In order to increase employee perception of fairness, appraisers must review job description and duties, setting clearly defined goals and communicating clear expectation. Reviewing the actual performance appraisal form with the employee prior to performance period enhance credibility of appraisal in employee view.

Only 45.5% of appraisees feel satisfy with the way they being appraised another 54.5% feel either uncertain or dissatisfaction. Although less than half feel satisfied with the system, 84.9% feel they are performed better than expected. More than 60% of appraisees feel that performance appraisal help an organisation to recognise their contribution to the company besides good performance. In related to that, 60.6% revealed that their job satisfaction is improved. Contributory factors for a better performance and satisfaction are higher percentage in understanding of performance appraisal, feeling that performance appraisal is important and trust and satisfaction in an appraisers. In other words, the positive outcomes of performance appraisal system lead to performance improvement and job satisfaction. Study by Mani B.G. (2002) showed that employees who are satisfied with their supervisors are about 1.59 times more likely to say they are satisfied with the system. Whereas, proportions of employees who are not satisfied and trust their supervisor is similar to proportion who dissatisfied with the system.

More than half appraisees feel that an independent performance appraisal is important to improve performance. It is part of multilevel feedback system that consist of five to eight members who are in position to make a valid assessment in staff performance. An independent appraiser may either a superior from other department or client. Use of independent appraisal may overcome potential bias and promote higher level of trust and fairness of appraisal process. In term of pay related performance, 54.5% of appraisees said that salary increment should be linked to performance appraisal. Most comment given by the appraisees was that the reward or salary increment might act as a motivator for better performance. However, in Royal Mail, performance appraisal practise is not related to salary increment or reward. Otherwise, the focus is towards staff improvement and personal development.

Generally, performance appraisal is conducted once a year. Joan L.M. (2002) stated that a survey in Canada showed that half of organisations have an annual appraisal while 41% has frequent review. 51.6% of Royal Mail appraisees concern on being appraised once a year. Although a formal performance appraisal is conduct annually, informal and frequent discussion among appraisees still should take place. In addition, frequent and periodic discussion will help employees to stay focus, provide a continuous feedback and enhance employees' development. Losyk B. (2002) in his study showed that one reason of unsuccessful performance appraisal is when it has been just a once year event rather than an ongoing process. As a result, performance appraisal should be viewed as continuous process to ensure that employees will receive the ongoing feedback, support and guidance for performance improvement.

## CONCLUSION

In sum, the findings of this study show better understanding on attitudes and perceptions of appraiser and appraisee towards performance appraisal are important to ensure the effectiveness of the system as the whole. Although there is no perfect appraisal system, the organisation should put a lot of effort to enable the objectives and goals can be achieved that benefits both organisation and staff. Besides, it should be emphasised that the results presented in this study may have implications on the organisation performance appraisal practise. Review on appraisers training on how to effectively conduct appraisal, room for communication and feedback and the bias challenge are among the identified solutions to overcome pitfalls in practising performance appraisal. Satisfaction and staff agreement on the current practise of the performance appraisal are necessary tools that improve organisational performance and commitment. In addition, performance appraisal is not just an evaluation dialogue between employers and staff that is annually event. It should not be regarded as an isolated event and all members of the organisation that is from top management to staff should take part or at least support its implementation and practise. Otherwise, the failure of appraisal system might occur or not achieved the system goals and expectations. The successful in rectifying the weaknesses in the appraisal system and disagreement among the appraiser and appraisee could be considered as contributory factor to the effectiveness of the performance appraisal in the organisation.

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