

## PERFORMANCE APPRAISAL PURPOSES: THE PREDICTORS OF EMPLOYEE ENGAGEMENT

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### Abstract

Given that employee engagement is germane to the achievement of organisational objectives, and that productivity and performances of organizations are enhanced through the instrumentality of engaged workforce, many studies have examined several predictors of employee engagement, but the most important predictor of employee engagement is the performance appraisal system, because, it is a significant factor that can enable organizations achieve employee efficiency. However, little has been done concerning the effect of performance appraisal purposes (measured with feedback, training, job promotion, recognition and financial reward) on employee engagement. Therefore, to solidify the findings of the existing literature on performance appraisal purposes and employee engagement connection, and to enrich the existing body of knowledge in the employee engagement research field, this research proposes a conceptual model, signifying a positive connection between performance appraisal purposes and employee engagement. It draws upon a comprehensive review of extant literature, this paper advocates that performance appraisal purposes have a positive effect on employee engagement, and that organizations require to recognise how diverse workforces are affected by different factors of performance appraisal purposes, such as, training, job promotion, feedback, recognition and financial reward, as this would facilitate accomplishment of strategic outcomes, as well as effectiveness and engagement. The proposed model is considered logical and empirical, and therefore can be tested further through collection and analysis of relevant data by future researchers.

**Keywords:** Performance Appraisal, Performance Appraisal Purposes, Predictors, Employee Engagement, Organisation.

### 1.0 INTRODUCTION

Employee engagement is a matter of concern for heads and executives in organisations across the globe (Welch, 2011). At the moment we are living in a time of globalization, where change is guaranteed, and the administration of human investment is imperative for the accomplishment of an organization. As the firms encounter enormous competitions, they have recognised the

significance of making their workforces completely connected with their occupation and the organizations. Employee engagement is somewhat a different concept in the literature of human resource (HR). HR specialists reveal that engagement is how a worker perceives his occupation and how he is been handled in the organization. Employee engagement is particularly seen as the key part of efficiency. A completely engaged member of staff demonstrates eagerness and passion towards his employment, and is equally disposed to unified office values and additional labour, useful thoughts, and inventions that make establishments flourish.

The logic in this discussion is that organisations could be saved from unproductive work operations and lack of competent leadership. This is, because, engaged personnel plays a vital part in the attainment of organizational objectives. However, productivity and performance of organizations are gotten through the instrumentality of workforces, who are fortified with the required skills, knowledge and competencies needed for the execution of organizational strategy and planning (Ismail, Abdul-Halim & Joarder, 2015). To enhance employee engagement in the organizations, therefore, there is a need for effective management practices system, such as, training, promotion, recognition, compensation, career development, and appropriate feedback. This system will provide the organizations with a basis upon which the employee engagement could be enhanced.

Moreover, substantial numbers of research (e.g. Devi, 2017; Shabbir, Aslam & Ali, 2016; Ismail, Abdul Halim & Joarder, 2015) have signified several predictors of employee engagement, but the most important predictor of employee engagement is the performance appraisal system, because, it is a significant factor that can enable organizations achieve employee efficiency (Mollel, Mulongo & Razia, 2017). Performance appraisal is often regarded as the most critical function of human resource management (Selvarajan & Cloninger, 2008; Smither & London, 2009) and it has been revealed that effective performance appraisal system is the sign of an integral component of the effectiveness of human resource management of an organization (Zapata-Phelan et al., 2009). However, little have been done concerning the effect of performance appraisal purposes (measured with feedback, training, job promotion, recognition and financial reward) on employee engagement. In this regard, this paper examines the effects of performance appraisal purposes on employee engagement.

Furthermore, investigation of employee engagement is as important as the studies on the predictive factors of employee engagement. According to Michael and Jay (2015), employee engagement is an emerging debate among human resources management researchers. The extant studies on employee engagement have demonstrated that employee engagement is crucial to the survival of organizations against the uncertainties and challenges of corporate environments. Notwithstanding, Saks (2006) observes that little is currently known in both theory and practice on how performance appraisal systems (such as; training, promotion, recognition, feedback and financial reward) can enhance employee engagement in an organization (Pulakos, 2004; Adler, et al., 2016). Therefore, this current study sets out to examine the influence of performance appraisal purposes on employee engagement. More so, the body of literature in the realm of human resource management affirmed the importance of employee engagement being the centre of the connection between employee individuality and their productivity in an occupational environment. Meanwhile, Saks (2006) indicates that little is known in both theory and practice about the predictive factors of employee engagement.

## 2.0 LITERATURE REVIEW

### 2.1 Employee Engagement

Employee engagement is a vital part of individual and organizational success. The concept, employee engagement has gotten substantial fame in the preceding twenty years and up till now it remains constantly been conceptualized (Shuck & Wollard, 2009). Kahn (1990) described individual engagement as “the simultaneous employment and expression of a person’s ‘preferred self’ in task behaviours that promote connections to work and to others, personal presence, and active full role performances” (p. 700). Maslach, Schaufeli and Leiter (2001) commence theorising why workforces developed occupation burnout. They argue that worker engagement is the constructive contrast to burnout and described member of staff engagement as “a persistent positive affective state . . . characterized by high levels of activation and pleasure” (p. 417). Harter, Schmidt and Hayes (2002) perceived employee engagement as an “individual’s involvement and satisfaction with, as well as enthusiasm for work” (Harter et al., 2002, p. 417). This description promotes the anticipation of a person’s fulfilment extent, considerably modifying the manner engagement had been perceived.

In addition, Saks (2006) described employee engagement as “a distinct and unique construct that consists of cognitive, emotional and behavioural components that are associated with individual role performance” (p. 602). Schaufeli et al. (2002) view worker engagement as an optimistic, attractive, occupation-related condition of mind that is typified by dedication, vigour and absorption. Czarnowsky (2008) defines employees who are engaged as “employees who are mentally and emotionally invested in their work and in contributing to their employer’s success” (p. 6). Moreover, engaged personnel are filled with excitement, expectantly connected to their occupation and work towards accomplishing their occupation effectively. Employee engagement entails devotion, contentment and reinforcement, an involvement with the management’s plan, and the manifestation of discretionary exertion on the part of the engaged worker.

### 2.2 Performance Appraisal Purposes

Appraisal of performance could be described as a standard of practices that outline the kind of occupation and regulate the engagement relation, so as to induce and maintain the appropriate worker, according to its demand (Armstrong & Taylor, 2014). The scholars (Thomas & Bretz, 1994; Majumder, 2012; Cheng, 2014) assert that the most essential purposes of appraisal of performance practices are to aid and assist organisations to reach decisions and conclusions on salary, promotions, recognising training requirements, conveying feedback and recognition of employee for a job well done. Centred on the motives of performance appraisal schemes, five vital HRM practices were classified in this study; training, financial reward, promotion, recognition, and feedback. The subsections that follow are the discussions on the components of performance appraisal purposes.

#### a. Training

Cole (2002) describes training as any study pursuit which is directed towards the attainment of particular knowledge and proficiency for the purpose of engagement. Armstrong (2003) considers training as the official and logical improvement of performance via learning, which arises as an effect of educational guidance, improvement, and tactical experience. Drucker (1984) describes training as an organised method of modifying the performance and conducts of workforces towards attaining organizational purposes. Training thus functions as a proper device to disengage the possible growth and prospects of performance in order to accomplish a competitive edge. Jones (2000) asserts that training aids and makes sure that organization staffs have the abilities and experience necessary to implement their work in a competent way and capable of undertaking fresh obligations and deal with

changing circumstances. Training in a firm is about improving employees and assisting them to develop additional confidence and knowledge in their jobs and lives.

### **b. Job Promotion**

Promotion is the progression of a staff's rank within an organisation or occupation responsibilities. A job promotion might be the outcome of a worker's practical search for upper status as compensation by organisations for upright performance. Go and Kleiner (2001) perceive promotion in an establishment as a way of satisfying and recognising member of staff's effort and contribution to the establishment. Robbins (2001) asserts that promotion generates the prospect for individual progression, augmented levels of obligation and rise on social status. Promotion comes along with not only just additional cash, but likewise, a kind of acknowledgement of the person's performance. Noronha (2014) declares that promotion is entirely about appreciating somebody's competence for an occupation and creating fulfilment.

Pergamit and Veum (1995) assert that the significances of elevation incorporate augmented salaries, training, administrative tasks and employment gratification. In addition, it largely indicates an adjustment of title and occupation. It is possibly attached with an upsurge in pay, influence and obligation. Promotion could be a member of staff's reward for upright performance. Promotion in an establishment is a procedure via which an employee is offered a better part of duties, a better pay-scale or both. It is a period of progress that an employee looks up to while working as far as his employment, status or rank is involved.

### **c. Feedback**

Feedback is an important segment of the performance appraisal system. Prue and Fairbank (1981) describe performance feedback as "information provided to an individual about the quantity or quality of their past performance". According to London (2003) "feedback is the information people received about their performance. It conveys information about behaviour". Feedback is an act that involves giving information relating to certain attribute(s) of a worker's work performance.

Feedback according to Kulik, Oldham and Langner (1988) makes a member of staff realises how successful he is doing and progressing. It is an indispensable element for persons to grow in knowledge. Harackiewicz and Larson (1986) and Larson (1984) affirm that the given feedback concerning the performance of workforces and cliques in an organization is a main fragment of any organization's human resource scheme. Feedback in the establishment is information from superior about how good or bad a subordinate performs his responsibilities. It is a continuous process of letting workforces know how they are doing and the organisation's performance against the objectives.

### **d. Recognition**

Recognition according to Danish and Usman (2010) has been described as a method of providing a worker with a certain position in an organization. Sims (2002) states that recognition methods are comprised of incentives, compensation, and benefits offered for the worker as recognition for their role in the organisation. Researchers have also noted that the proper recognition and rewards are very vital to attracting workforces; hence, the non-application of recognition may lead to burnout in the organization (Maslach, Schaufeli & Leiter, 2001; Bratton & Gold, 2007; Bhattacharya & Mukherjee, 2009). Khan, Waqas and Muneer (2017) assert that recognition could take the form of being official for example, meeting or unofficial, such as, a "pat on the back" to enhance workforces self-esteem and pleasure which will culminate into additional partaking efforts. However, Recognition in an organisation refers to something awarded in exchange for respectable behaviour or decent work. It

defines how the effort and activities of a worker are appraised and how considerable the gratitude he receives in return from the organisation.

#### **e. Financial Reward**

Financial reward and in specific pay, is a key issue in an organization, because, it offers workforces with a concrete payment for their support, as well as, a basis of recognition and living (Thwala et al., 2012; Howard, 1993; Abdullah et al., 2012). Williams et al. (2006) refers pay to all methods of recompense, such as cash payment (e.g. salary), noncash payment (e.g. benefits), the sum of increment and the method by which the recompense scheme is overseen. Heathfield (2014) describes pay as “a fixed amount of money and compensation which is paid to an employee by an employer in return for work performed”. Ting (1997) elucidates two distinctive form of pay systems effect on occupation contentment; accomplishment with pay itself and accomplishment with financial anticipations in the time ahead. However, financial reward in a firm is referred to as pay (i.e. salary or wages) got by an employee at the close of every month in replace of services or responsibility accomplished, so as to fulfil purposes of the organisation.

### **2.3 Relationship between Training and Employee Engagement**

Training is directed towards skills expansion and denotes the extent of prescribed training offered to or extended to workforces (Lee, Lee & Wu, 2010). The purpose of training is to simplify and develop attitude, knowledge and to complete skill set of workforces in order to additionally expedite the attainment of organisational objectives (Edralin, 2011). Selvarasu and Sastry (2014) assert that training is one of the means of supporting engagement improvement. Training centres on detecting skills and building capacity of workforces in order to become engaged. Schaufeli and Salanova (2007) for example, maintain that worker engagement is improved when supervisors offer their juniors with guidance, training and emotional assistance.

Indeed, in order to retain engaged personnel, organizations should let them remain to grow during the course of their careers; thus, Gruman and Saks (2011) submit that training is an appropriate process of giving workforces the means that would make them completely engaged, and acquire knowledge and abilities for their occupation and professional growth. For illustration, Paradise (2008) in his study indicates that training played a vital position in influencing engagement. Precisely, he classified the quality of employees training prospects in workplace as utmost significant. Therefore, training enhances service precision and by this affects employee engagement and service performance. When the worker undertakes training and learning development courses, his assurance builds up in the area of training that affects him and makes him more engaged in his occupation. The literature constantly backs the perception that engaged workforces are those who are always learning and acquiring knowledge (Bakker & Bal, 2010).

Offering personnel with good and inspiring occupation assist in increasing their abilities and has been ranked as some of the key drivers of engagement of employees (Seijts & Crim, 2006). Existing research posits that worker training improves their level of commitment to work, and it can be utilized as an influence to increase engagement (Albrecht et al. 2015; Albrecht, 2013; Schaufeli & Salanova, 2010). Mutunga (2009) in his work reveals that to a very large extents training and development has greater contribution and influence on employee engagement. Training is a fragment of driving life and a great approach to aid everyone to new notions and practices. It's proven that learning/training facilitates engagement

*Based on the above discussion the paper hypothesised that there is a positive effect of training on employee engagement.*

## 2.4 Relationship between Job Promotion and Employee Engagement

Promotion according to Milliman et al. (2002) is the relocation of a worker to the upper level occupation. When elevated, workforces usually confront growing demands in terms of abilities, skills, and obligations, get better pay and (at times) benefits, more power and rank. The effects of performance appraisal have been regularly employed to decide whether a worker has the capability to be elevated or not. Performance appraisal of an employee in the existing employment is a way of gaging the person's appropriateness or experience for selection for greater status (Atakpa, Ocheni & Nwankwo, 2013).

One of the greatest advantages of every organization is the prospect for internal upgrade of workforces. Promotion component could generate a positive contribution to the growth of any establishment. Setzler (2010) describes job promotion in general as something meant for "a man of ability who applies himself conscientiously to his duties and studies may be reasonably assured of reaching a position of responsibility" (p.748). Employee engagement occurs when workforces are included with, devoted to and excited about their responsibility. The elevation of workforces adjusts the job status of a worker for positive engagement. Those workforces who are well enthused have greater engagement altitudes in their occupation than those who not (Khan & Iqbal, 2013). Khan and Iqbal contend that job promotion has a direct relationship with employee engagement.

Additionally, Holtom et al. (2008) were of the assertion that promotion functions as a tool for boosting a sense of belonging and obligation to a firm and signifies long-term association with an establishment. Kehoe and Wright (2013) realise the significant effect of elevation hope on worker responsibility in an establishment. They establish that timely and easy occupation promotion opportunity in an organization makes a member of staff become extra dedicated to and steadfast in an organization. Hence, it is necessary for establishments to develop strategies and rules that would aid employee's elevation and growth.

Besides, Brown (2011) submits that workforces become engaged when they observe there are opportunities to rise when necessary. Mohda, Shaha and Zailana (2016) say that via the opportunities offered to workforces, they could develop themselves to be additionally efficient and effective, as well as, engage in their occupation in an organization. Mutunga (2009) recommends that promotion in organisation should be encouraged in order to influence employees' engagement in their respective duties. Invariably, scholars contend that job promotion has become one of the significant aspects that deeply affect how workforces engage in their occupation (Anitha, 2014; Srivastava & Bansal, 2016; Taufek, Zulkifle & Sharif, 2016).

*Based on the above discussion the paper hypothesised that there is a positive influence of job promotion on employee engagement.*

## 2.5 Relationship between Feedback and Employee Engagement

Feedback is a report from supervisor regarding how good or bad subordinate execute his tasks in the establishment. Kulik, Oldham and Langner (1988) state that feedback links to worker's cognizance of how well he is doing and measuring up. Taylor, Fisher and Ilgen (1984) submit that feedback is indispensable for organisational success and that a dearth of feedback could lead to inaccurate self-evaluations, anxiety and a diversion of effort. Bakker and Bal (2010) emphasise that performance feedback is related to the engagement of employee. Besides, current performance feedback has the prospect to boost employee engagement, inspiration, and job contentment (Aguinis, Gottfredson & Joo, 2011).

Bakker and Demerouti (2008) argue that feedback influences engagement, because, it inspires learning, which advances work ability and the prospect of accomplishing one's occupation objectives. Wagner and Harter (2006) establish that workforces were more liable to stay at their establishment and consider the establishment as an appropriate place to operate when their superiors frequently check on them. Therefore, giving understandable feedback allows workforces to recognise that supervisors are concerned about their success and performance, and this increases the extent of their engagement (Marciano, 2010). Moreover, Gruman and Saks (2011) submit that in order to augment engagement, workforces require to see that assessments and feedback are done in an open-minded manner.

An investigation by Selvarasu and Sastry (2014) establish that performance feedback associated with constructive worker engagement could possibly be a valuable tool for augmenting engagement. Likewise, a relatively high level of pressure to produce has a positive effect on employee performances. The rendering of performance feedback enhances organization's productivity, decision making and effectiveness within an organization and inspires employee engagement.

*Based on the above discussion the study hypothesised that there is a positive effect of performance feedback on employee engagement*

## **2.6 Relationship between Recognition and Employee Engagement**

Seijts and Crim (2006) affirm that recognising workforces for a job well done or for adding to the achievement of organisational goals will act as positive consolidation and engagement of workers. Recognition, not only strengthens right performance, but also makes personnel understand that their exertions, ingenuity and time were worth it, and this makes them more engrossed. Employee engagement altitudes increases when they are given gratitude for their labour and struggles (Xanthopoulou et al., 2007). An investigation conducted by Saks and Rotman (2006) indicate that recognition is an important factor of worker engagement. They observed that when workforces get recognition from their establishment, they will feel pleased to react with upper levels of engagement.

Furthermore, social exchange theory asserts that workforces after receiving of supposed recognition and rewards feel grateful to react with greater levels of engagement (Saks, 2006). Ologbo and Saudah (2011) state that topmost performing workforces choose to be individually recognized and rewarded for the excellent job they accomplish, mainly when emolument is connected to performance. Koyuncu, Burke and Fiksenbaum (2006) were of the view that recognition and rewards could be a main fragment of job involvement and a durable predicator of engagement when performance related pay philosophy exists at work. Therefore, lack of recognition for work well done and lack of appropriate reward offer could lead workforces to a situation of occupation burnout (Maslach, Schaufelli & Leiter, 2001). In support of previous works, the issue of recognition remains an important predictor of engagement.

Recognition is a good factor that influences worker engagement. It encourages workforces that please clientele, that are upright and work towards the success of an organization. Organizations with engaged workforces experience greater output than disengaged workforces, lessen turnover menace, reduces pressure and increase confidence. Ash and Kay (2012) found that via engagement, recognition is one of the leading ways for worker inspiration. They further assert that workers expect to be acknowledged when they accomplish success. Workforces, who are acknowledged, are expected to feel more appreciated and dedicated to their establishments. Scott, McMullen, Royal and Stark, (2010) in their research substantiate that financial recognition has a great influence on engagement. Their findings propose that nonfinancial recognition should serve as means of inspiring and engaging workers. Mutunga (2009) discovers that to very large extent recognition and appreciation has a great effect on employee engagement.

Kahn (1990) notes that worker's extent of engagement is determined by the reimbursements they get. Therefore regardless of the amount or type of recompense, it is the worker's view that determines his content and engagement in the occupation. Therefore, superiors should recognize the implication of appreciation and recognition for enhanced engagement in their respective job.

*Based on above discussion the hypothesised that there is a positive effect of performance recognition on employee engagement*

## **2.7 Relationship between Financial Reward and Employee Engagement**

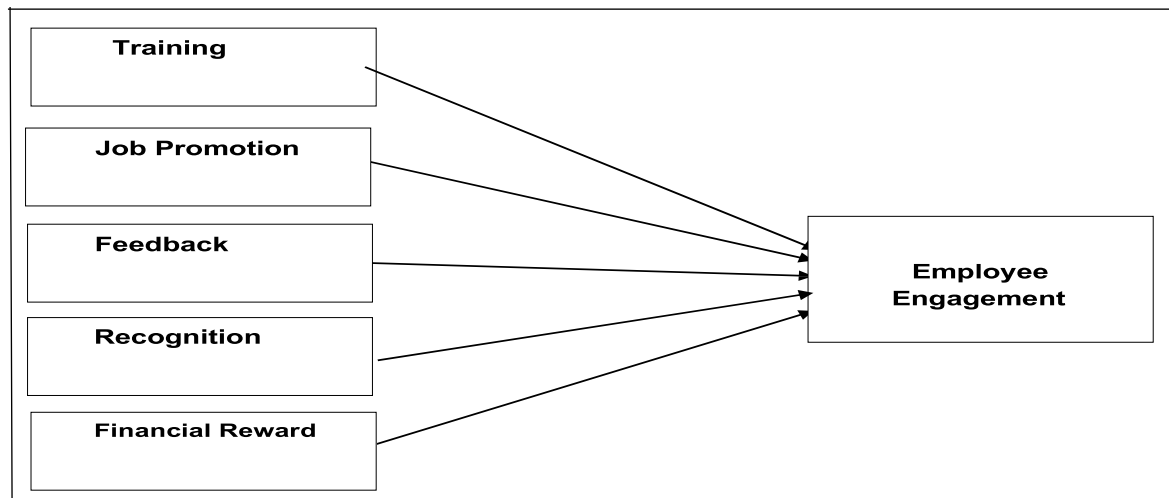
Employee's engagement is clearly attached with good remunerations. Personnel do their jobs creatively, participate in assignment and display efficiency when they have hope of acquiring better salaries. Selmer, Jonasson and Lauring (2013, p.97) stress that better remunerations engage workers, makes them creative and interested in other works that are related to their operation, as well as any other work demands they deem they are proficient enough to handle easily. Khan and Iqbal (2013) state that organisations have to uphold better remuneration for workers, that if organisations do not believe in good pays as a main factor for engaging workforces, it would be detrimental for work engagement. Subsequently, workforces would be disconnected and abandon their occupations. Thus, to upturn the output and improve performance, better remunerations have to be capitalized upon.

Scott, et.al. (2010) studied the "Impact of Rewards Programs on Employee Engagement". The study indicates that salary has an important effect on engagement of employee. The research contemplates that momentary bonuses have bigger impact on engagement. Mutunga (2009) in his study on the "Factors that contribute to the level of Employee Engagement in the Telecommunication Industry in Kenya" discovers that to a large extent pay has effect on employee engagement. In addition, Obasa Olufemi (2015) confirms that the low pay of workforces in the organisation in Nigeria has economic, social and psychological effects on their defiance to perform in a place of work. He states further that emotionally, low remuneration could bring about "lateness to work, loafing at work, absenteeism, and buck-passing among workers etc. Therefore, every organization has to embrace suitable approaches and schemes for the health and safety of their employees, hence, payment serves as one of the predictors that influence engagement of employee.

Invariably, a good salary package goes a long way in keeping a member of staff engaged. Organisations therefore, had better have an appropriate pay scheme so that the workforces are encouraged to function well. And in order to enhance their engagement altitudes the workforces should also be offered good remunerations. Research indicates that the engagement levels are low if the employee does not feel secure while working.

*Based on the above discussion the paper hypothesised that there is a positive effect of financial reward on employee engagement*





**Figure 1. Proposed Framework**

This paper deliberates on the effect of performance appraisal purposes on employee engagement. The projected framework in this research includes; the effect of training, job promotion, feedback, recognition and financial reward on employee engagement. The rationale is that the organizations with regular training, timely promotion, feedback, recognition of a job well done and better financial reward would improve employee engagement. However, it remains a known fact that engaged personnel accomplish their occupational responsibilities in actual period, which adds to the total operational success of the organisation. Furthermore, feedback, training, job promotion, recognition and financial reward drive employees to improve their levels of engagement.

### **3.0 METHODOLOGY**

This paper did a logical review of literature majorly on performance appraisal and employee engagement in organisations. The paper is likewise qualitative in nature which is established on the procedure of secondary data sources. It reviewed literature on different performance appraisal purposes (training, job promotion, feedback, recognition and financial reward) and employee engagement as found in journal articles, books, published theses and newspaper.

Moreover, this paper is underpinned by the Social Exchange Theory (SET) postulated by George Homans (1958) in his work titled "Social Behaviour as Exchange". The social exchange has to do with a swap of activity, palpable or impalpable, and extra or fewer recompense between a minimum of two people. The theory demonstrates that personnel would be encouraged to engage when they are compensated for their engagements, and they would be inclined to replicate the deed (Success proposition), the more repeatedly a certain incentive result in compensation in the previous, and the more possible it is that an individual would react to it (stimulus proposition) and the more frequent an individual gets a certain reward it is in the current and the previous, the fewer any additional valuable component of that compensation becomes (Deprivation-satiation proposition). This theory is linked to the existing study that says once an establishment attempts to create a close connection with workforces with the use of performance appraisal purposes, such as, regular training, prompt promotion, provision of frequent feedback, recognition of job well done and good payment, the workforces attempt to reciprocate by being loyal, committed and engaged to their occupations. In

summary, SET offers a hypothetical substance to clarify why workforces choose to become additional or fewer engaged in their employment and organisation.

#### 4.0 CONCLUSION

This paper conceptually reviews the link between the performance appraisal purposes (training, job promotion, feedback, recognition and financial reward) and employee engagement. Previous studies have assessed the link empirically as revealed in literature. Therefore, this study hypothesised that performance appraisal purposes (training, job promotion, feedback, recognition and financial reward) have positive effect on employee engagement. Thus, performance appraisal purposes have positive effect on employee engagement based on the literature. In addition, employee engagement is an affirmative approach by the workforce towards the firm and its standards, and it is speedily growing popularity and prominence in the place of work and has been having influences on establishments in numerous ways. An establishment has to distinguish workforces from other variables, because of its influence and competitive position. Consequently, employee engagement ought to be an unbroken procedure of learning, improvement, measurement and action. The effect of performance appraisal purposes on employee engagement would be greater if better methods are employed. Thus, organizations' require recognising how diverse workforces are influenced by different issues of performance appraisal purposes, such as training, job promotion, feedback, recognition and financial reward, so as to attain the planned outcomes and to expand total success and engagement. The proposed framework would further aid in the development and use of social exchange theory in organizations. The proposed model is logically considered and empirically-based, but the findings of the work could be empirically tested through collection and analysis of relevant data. Therefore, future researchers should further look into testing the model.

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