

2024

FBM

Insights



eISSN 2716-599X



772716 599000
e-ISSN 2716-599X

VOLUME 9

FACULTY OF
BUSINESS AND
MANAGEMENT

UiTM *di hatiku*

FBM INSIGHTS

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Kedah

e-ISSN 2716-599X

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,
Universiti Teknologi MARA Cawangan Kedah

Published date : 30 April 2024

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14.	THE ECONOMICS OF TOURISM	39
	<i>Muhammad Hanif Othman & Zouhair Mohd Rosli</i>	
15.	THE IMPACT OF SUPPLEMENTARY SERVICE TOWARDS CUSTOMER SATISFACTION	43
	<i>Ramli Saad, Wan Shahrul Aziah Wan Mahamad & Yong Azrina Ali Akbar</i>	
16.	NAVIGATING CHALLENGES: THE IMPACT OF ARTIFICIAL INTELLIGENCE ON JOB SATISFACTION	46
	<i>Rosliza Md Zani, Syukriah Ali & Shakirah Mohd Saad</i>	
17.	SOCIAL MEDIA DYNAMICS IN HIGHER EDUCATION: FROM MANAGEMENT PERSPECTIVES	49
	<i>Shakirah Mohd Saad & Rosliza Md Zani</i>	
18.	CAN THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) BE ACHIEVED BY 2030?	52
	<i>Muhammad Zarunnaim Haji Wahab & Mohamad Hanif Abu Hassan</i>	
19.	UNDERSTANDING 5Cs OF CREDIT ANALYSIS FOR SMALL BUSINESSES	56
	<i>Anita Abu Hassan & Mohd Syazrul Hafizi Husin</i>	
20.	GREEN OFFICE PRACTICES TOWARDS SUSTAINABLE WORK ENVIRONMENTS	58
	<i>Norafiza Mohd Hardi, Nurliyana Abas & Azlyantiny Mohammad</i>	
21.	SCARCITY PROMOTION TRIGGERS IMPULSE BUYING BEHAVIOUR	60
	<i>Syahida Abd Aziz & Roziyana Jafri</i>	
22.	ENHANCING STUDENT ASSESSMENT IN ONLINE LEARNING: A CONTEMPORARY APPRAISAL	63
	<i>Abd Rasyid bin Ramli, Burhanuddin bin Haji Wahab & Ahmad Fauzi bin Yahaya</i>	
23.	PERFORMANCE REVIEWS: WHY DOES IT MATTER?	66
	<i>Roziyana Jafri, Syahida Abd Aziz & Kardina Kamaruddin</i>	

PERFORMANCE REVIEWS: WHY DOES IT MATTER?

Roziyana Jafri

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
roziyana@uitm.edu.my

Syahida Abd Aziz

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
syahidaaziz@uitm.edu.my

Kardina Kamaruddin

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
kardina@uitm.edu.my

INTRODUCTION

The impact of performance reviews has undergone significant changes over the years. This reflects shifts in management philosophies, organizational culture, and advancements in human resources practices. Performance review, also known as performance evaluation or performance appraisal, is a systematic and structured process used by organizations to evaluate and assess employees' job performance against predetermined objectives and criteria (Dessler, 2017). Performance reviews typically involve monitoring progress, providing feedback, setting performance goals, and discussing development opportunities (Pulakos & O'Leary, 2011). It is aimed at increasing the employee's effectiveness and is like holding a mirror to an employee's performance.

Performance reviews are an excellent opportunity to explore the future and discuss career development goals for each employee (Jen, 2023). Career development remains a highly sought-after element that most employees look for in a job. The purpose of performance reviews is twofold, which means an actionable and accurate evaluation of performance (Jen, 2023). It is a major contributor to employee and organizational performance. The usefulness of performance reviews depends on the organizational goals, culture, and desired outcomes of the review process. The selected definition effectively captures the essence of performance reviews as a strategic process that aligns individual performance with organizational goals, drives business results, and supports employee development. Overall, the objective of this article is to underscore the importance of performance reviews in driving organizational success, continuous improvement, fostering employee development, and creating a culture of accountability.

PERFORMANCE REVIEWS

Performance reviews matter for several reasons, and their impact extends across various aspects of organizational effectiveness. Performance reviews provide a structured platform for discussing weaknesses, strengths, and developmental areas with employees. According to Buckingham and Goodall (2019), development discussions and regular feedback lead to increased job satisfaction and improved employee performance. Employee performance impacts an organization's bottom line (Walters & Rodriguez, 2017). However, most employees do not have a clear understanding of their strengths and weaknesses. They are unaware of the impact of their actions on outcomes for their performance. Performance reviews contribute to discussing cause-and-effect linkages between behaviors, performance, and their outcomes with their supervisor (Jen, 2023). Thus, any performance review is incomplete without a discussion of the next steps in which employees and the supervisor take appropriate responsibility for change options.

According to Ismail and Rishani (2018), the impact of performance review satisfaction on employees' attitudes and behaviors is aligned with motivation. Performance reviews offer opportunities for supervisors or managers to recognize and appreciate employees' contributions and boost motivation (Gostick & Elton, 2009). Employees who are more satisfied with performance reviews are more motivated at work. High organizational commitment in conducting and implementing performance reviews is in line with highly committed and productive employees who have different attitudes than those with low motivation and recognition (Yuesti & Adnyana, 2022). Motivation and recognition positively influence employee engagement and commitment to organizational goals (Gostick & Elton, 2009). Thus, employees are encouraged through performance reviews to show positive attitudes toward those who value them, focusing their efforts on achieving organizational goals and their contribution to the organization (Ali et al., 2019).

Performance reviews create a feedback loop for employees and managers to continuously improve performance and identify high-potential employees for succession planning (Rothwell & Kazanas, 2011). Continuous improvement and effective succession planning contribute to organizational agility and ensure a talent pipeline for leading positions, reducing disruptions during organizational transitions (Pulakos & O'Leary, 2011). The effectiveness of performance reviews requires a judgment about the causes of an employee's performance, such as performance issues, abilities, consequences of deficiencies in commitments, and outcomes (Yuesti & Adnyana, 2022). These are not easy judgments to make about an employee's performance, but it is necessary to be mutually productive during the performance reviews (Jen, 2023). This becomes the reason why organizations are continuously seeking out ways to nurture employee performance reviews, as it has become essential for an organization's prosperity and competitiveness (Ismail & Rishani, 2018).

CONCLUSION

In conclusion, performance reviews have many benefits for employee performance. Performance reviews provide employees with constructive feedback on pointing out strengths, the progress of their work, and underscoring areas that need improvement. Through regular reviews and structured opportunities, it can help employees to know where they stand on their goals, and the most important aspect is how to improve. However, they also come with challenges that human resource departments may face, such as the presence of bias and subjectivity in the evaluation process, which is time-consuming, and employees may resist receiving constructive feedback, especially if it is perceived as negative or critical.

During the performance review process, the employee becomes more aware of their performance and their contribution to the organization. This ensures that employees can work on the areas that require improvement for their career development. Performance review is not only an opportunity to reflect on past performance; it can also help optimize employee performance in the future. Without a performance review, employees are unable to gauge if they are doing a good job and on the right track. It is considered a vital organizational function that is applied by numerous organizations today.

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