Performance Appraisal's Relation with Productivity and Job Satisfaction

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The whole essence of the management activities of an organization culminates in the system of performance appraisal adopted in that organization. This, in turn, reflects the extent of the individual contributions and commitment of the employees in different hierarchical levels toward the achievement of organizational objectives/goals. It goes without saying that an effective performance appraisal system can lead an organization to take strides towards success and growth by leaps and bounds. Conversely, an ineffective performance appraisal system can seal the fate of an organization by creating chaos and confusion from top to bottom in the administrative hierarchy. As a consequence the chances of success and growth of that organization are doomed.

Performance Appraisal Defined:

Performance appraisal is the periodic evaluation of an employee's performance measured against the job's stated or presumed requirements.[1] One way to review the performance and potential of staff is through a system of performance appraisal. It is important that members of the organization know exactly what is expected of them, and the yardsticks by which their performance and results will be measured.

Laurie J. Mullins substantiate the necessity of an effective appraisal scheme by saying that it can identify an individual's strengths

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and weaknesses and indicate how such strengths may best be utilized and weaknesses overcome.[2]

Evolution of Performance Appraisal

The evolution of performance Appraisal can be traced back to the reign of second caliph of Islam, Hazrat Umar (634- 644 A.D /13-23 AH). Hazrat Umar laid the foundations of many State institutions and enunciated several administrative laws that are being followed and adopted by many nations of the world till today as a role model of true administration.

Hazrat Umar, before appointing an officer for any duty, would thoroughly investigate his potentials and capabilities for the assignment. Prime importance would be given to the honesty and integrity of the officer/ official. But, when an officer of any status, was found to have demonstrated any kind of negligence or dereliction from his duty, or if his unsuitability for the job in question would come to light, no expediency could forestall / prevent his removal from the post assigned to him.

Ammar bin Yasir was a pious companion of the Holy Prophet (PBUH). His general popularity in public convinced Umar to appoint him as Governor of Kofah, but taking into account his weakness in political affairs, Umar removed him from his position, after a few days of his appointment.

The Governor of a province was a representative of the caliph in the province. He was bound to perform all those functions in his area as the caliph did in Medina, (capital City). However, apart from several other government functionaries, each District had a district Officer, called "Aamil". His domain of activities was mainly concerned with collection of land-tax, Zakat or poor tax, sadaqat or voluntary arms.

Only men of sterling character, honesty and integrity were to be chosen for this responsible job.

Appointment of Wali or Amil

An Amil (Wali) was appointed through an instrument, which contained his appointment order and specified his powers and duties. This deed bore the seal or signature of the Caliph with signatures of some witnesses. At the moment the Amil left Medina, the deed or instrument of instructions was red out in assembly, and hence every citizen came to know the exact powers and duties of Amils. The Amil was bound to carry his letter of appointment with him to his place of appointment. It also came in the sphere of his official responsibilities to assemble the residents of the locality and read them out all the contents of his appointment letter, soon after his appointment. It would enable the people of the concerned district to know about the powers and responsibilities of the Amil and whenever he would commit transgression from his official powers, it would tantamount to his parallel accountability by the public.

At the time of appointment of every Amil, a detailed list of properties and other belongings was furnished. Every action was taken to retrain their powers and accumulation of wealth as well as increase in properties was severely dealt with. The officers were paid handsome salaries so that temptation and corruption must not demoralize them. Their salaries were raised so that they should not accept any bribe or illegal gratification. Whenever an officer's financial position was found to be incompatible with his known resources, he was to be subjected to severe accountability.

In the days of Haj (Pilgrimage), Umar would call the Amils from all over the country to attend the annual gathering. Since, the

pilgrimage was to be attended by majority of the people coming from different cities of the country, it would provide an opportunity to the Caliph to get first hand information about the conduct of State Amils. All complaints, received against the Amils would be inquired into on the spot and necessary orders were given to establish full justice. The Amils could not escape the penalty on the spot, if their negligence of duty or abuse of powers could be proved. For example, when a complaint against Umro bin al- Aas (Governor of Egypt) was lodged by a poor person that he has beaten him with 100 stripes, the caliph asked the Governor to pay fine to console the plaintiff, lest he will be reciprocated with physical punishment of 100 stripes at the hands of the plaintiff. Umro bin al- Aas managed to condone his physical punishment by paying fine to the plaintiff.

These examples manifest the unique and unparallel system of performance appraisal adopted by Umer, during his reign, which in turn exhibit the political sagacity and uprightness of Hazrat Umer. [3]

Systematic performance appraisal techniques came into prominence during & immediately after the World War I and it was used for evaluating the performance of US. Military Officers. During the 1920's & 1930's, industrialists concerns began installing rational wage structures for their hourly employees. They established the policy that in grade wage increases would be based upon merit. The early employee appraisal plans were called merit-rating programs.

Most of the merit rating plans from 1920 to the mid-1940's were of the rating scale type with factors, degrees, & points. During 1950's, great interest developed in the performance appraisal of technical, professional & managerial personnel. It was recognized that appraisal, on systematic basis, was an integral part of a well-designed

development programs. With the passage of time, interest in the rating of hourly paid workers has somewhat declined. Accompanying this change in emphasis has been a change in terminology. The newer terms "Employee Appraisal" & "Performance Appraisal" have the connotation of emphasis upon development of the individual.

Annual Confidential Report (ACR)

Annual Confidential Report (ACR) is a performance evaluation report of a public servant, written by his immediate superior. In addition to performance, it contains specific observations on the character, conduct and integrity of the officer reported upon. ACR is to be countersigned by an officer immediately superior to the officer who writes the report on his immediate subordinate. The report is classified as confidential.[4]

Significance of Performance Appraisal

The fundamental objective of performance appraisal is to facilitate management in carrying out administrative decisions relating to promotions, firings, lay offs and pay increases. For example, the present job performance of an employee is often the most significant consideration for determining whether or not to promote the person.

Managers must recognize that an employee's development is a continuous cycle of setting performance goals, providing training necessary to achieve the goals, assessing performance as to the accomplishment of the goals and then setting new, higher goals. A performance improvement plan consists of the following components.

a) Where are we now? The answer to this question is found in the performance appraisal process.

b) Where do we want to be? This requires the evaluator and the person being evaluated to mutually agree on the areas that can and should be improved.

c) How does the employee get from where he or she is now to he or she wants to be? This step is critical to the performance improvement plan. The appraiser and appraisee must have mutual consensus on the specific steps to be taken. These steps may include training the employee so as to improve his or her performance. It should also contain the mechanism adopted by the appraiser/ evaluator to assist employee in the achievement of performance goals.[5]

Potential Rating Scale Appraisal Errors/ Problems

In most of the organizations/ departments rating scales are predominantly used for conducting performance appraisal of their employees. It is essential that human observer is free from the element of subjectivity and he should be reasonably objective and accurate in his assessment. Research shows that rater's memories are quite fallible and in most of the cases they resort to their own sets of liking and disliking, and expectations about people, expectations that may or may not be reasonable and tenable. These biases breed rating errors, or deviation between the "true" rating an employee deserves and the "actual" rating assigned.

A brief description of appraisal errors is given in the following lines:-

Central Tendency

Central tendency takes place when appraisal statistics show that most employees are appraised as being near the middle of the performance scale.[6]

Unclear Standards

Different appraisers would probably derive different meanings from the phrases, "good performance", "fair performance" and so on. Similarly, traits such as "quality of work", "creativity", or "integrity" may carry different meanings for different appraisers

Hallo Effect

A hallo effect is "a process in which a general impression which is favorable or unfavorable is used by judges to evaluate several specific traits.[7]

The Rusty Hallo Effect

This is where general judgments about a person are formulated from the perception of a negative characteristic.[8]

Personal Biases

Racial, sexual, religious and other biases result in unfavorable considerations for promotions and pay.[9]

Lack of Feedback

The extent to which an individual receives direct and clear information about how   effectively he or she is performing on the job is termed feedback.[10] Internal rewards are obtained by individuals when they learn (knowledge of results) that they personally (experienced responsibility) have performed well on task that they care about (experience meaningfulness). The more that these three psychological states are present, the greater will be employee's motivation, performance, and job satisfaction, and the lower their absenteeism and likelihood of leaving the organization.[11] Productivity and total quality experts have reached at the conclusion that the need of the hour is to work smatter, not harder. No doubt sound education and appropriate skill training are needed if one is to work smatter, but the process does

not end there. Employees of present era need instructive and supportive feedback and designed rewards if they are to translate their knowledge into improved productivity and superior quality.[12] The importance of Feedback can better be understood by carefully examining the following diagram. Unfortunately, in most of the public sector organizations no positive feedback is given to the employees to improve their performance. Mostly negative feedback is given to harass or punish the employees. Negative feedback is typically misperceived or rejected. Feedback needs to be tailored to the recipient.
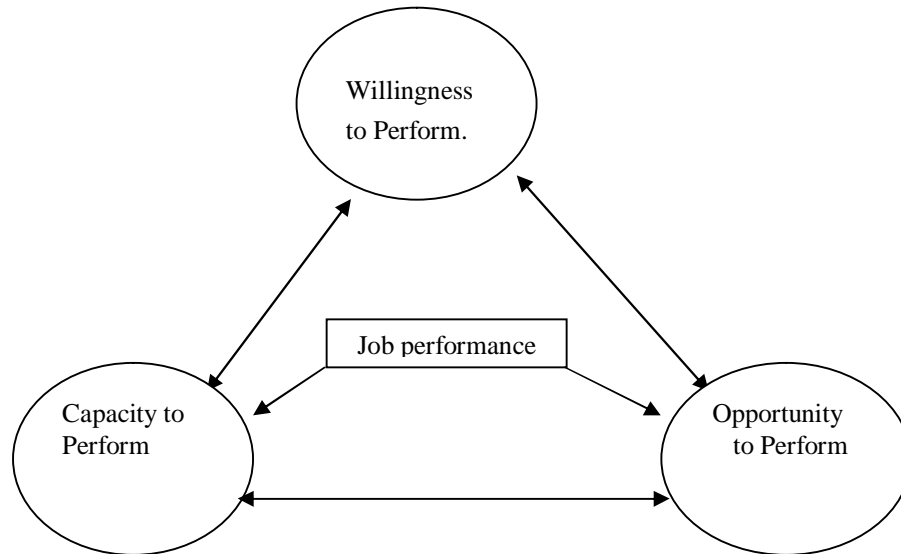
Feedback and Reward are important links in the Job Performance Cycle.[13]
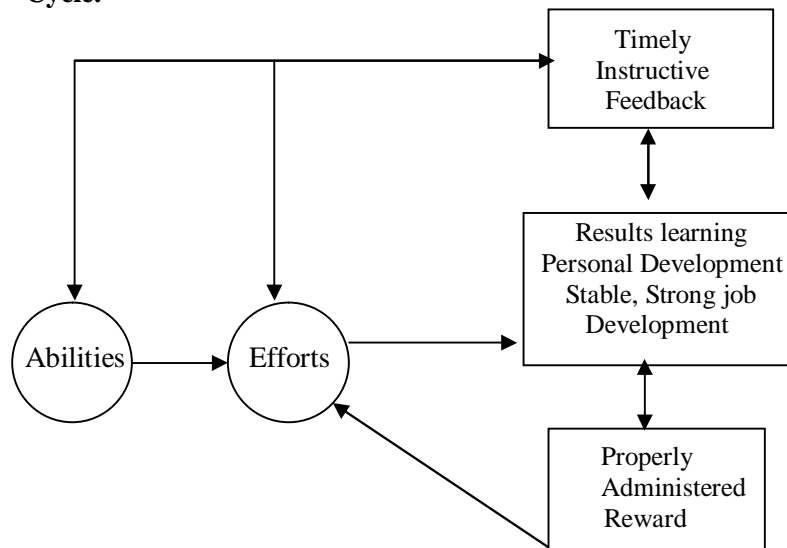
Job Performance

Performance refers to the degree of accomplishment of the task that make up an employee's job.[14] The following exhibit demonstrates the various contents of job performance.

Determinants of Performance. [15]

As can be seen from the exhibit, the concomitants of job performance are the capacity to perform, the opportunity to perform, and the willingness to perform.

Capacity

The capacity relates to the degree to which and individual possesses task relevant skills, abilities, knowledge and experiences.

Opportunity

The availability of opportunity to perform is also a critical ingredient in the performance recipe sometimes; poor decisions and outdated attitudes may prove to be potential hurdles for an employee to lack performance.

Willingness

The third factor, willingness, relates to the degree to which an individual both desires and is willing to exert effort towards attaining job performance. It is, in other words, motivation. No combination of capacity and opportunity will result in high performance in the absence of some level of motivation or willingness to perform.

Job Description

Overall written summary of task requirements is called job description.[16] According to Robert Clark and Jeremy Seward, " a job description outlines what is expected of the employee in the performance and outcomes of position, how performance will be assessed, and the boundaries of the position in terms of personal responsibilities and organizational supervision lines.[17]

Job Satisfaction

Job satisfaction is associated with how well our personal expectations at work are in line with outcomes.[18] The idea of organization as a social system requires that some benefits are received by its participants as well as by its customers and clients. "Satisfaction" and "morale" are similar terms referring to the extent to which the organization meets the needs of employees. Measures of satisfaction include employee attitudes, turnover, absenteeism and grievances.[19]

Managerial / Leadership Styles

Managerial / Leadership styles have a profound impact on performance appraisal ratings given by the evaluators to the subordinate employees. Leaders were seen having three basic styles:-

Autocratic Leader

An autocratic leader is one who tends to centralize authority and rely on legitimate reward, and coercive power.[20]

Democratic Leader

A democratic leader delegates authority to others, encourages participation and relies on expert and referent power to influence subordinates.[21]

Laissez Faire

Laissez faire leaders generally give the group complete freedom, provide necessary materials, participate only to answer questions, and avoid giving feedback- in other words, they do almost nothing.[22]

Basic Managerial Philosophies

Laurie J. Mullins believe that there are a number of basic, underlying philosophies, which are likely to make for the successful management of people and lead to improved work performance.[23]

(1) **Consideration, respect and trust:** People generally respond according to the way they are treated. If you give a little you will invariably get a lot back. Make people feel important and give them a sense of personal worth.

(2) **Recognition and credit:** People can be praised to success. Give full recognition and credit when it is due and let people know you appreciate them and do recognize their worth. Positive feedback on good performance is a strong motivator, and staff is then more likely to accept and respond to constructive criticism.

(3) **Investment and availability:** Involve yourself with the work of the staff, and make sure you fully understand the difficulties and distastes of their duties and responsibilities. Whenever possible be available to staff as a priority, rather than to administration, and remember the importance of giving time to listen to the feelings and problems of the staff.

(4) Fair and equitable treatment: Treat people fairly but according to merit. Ensure justice in treatment, equitable systems of motivation and rewards, clear personnel policies and procedures, avoidance of discrimination, and full observance of all laws or codes of conduct relating to employment.

(5) Positive action on an individual basis: Deal with individual situation on an individual basis and avoid the "blanket" approach.

(6) Emphasis on end results: The manager should place emphasis on end results and level of actual performance and achievement, rather than on compliance with detailed instructions, rules and regulations.

(7) Staff satisfaction: The starting point for staff and other stake holder's satisfaction is good manager – subordinate relationships.

Golden Rule Management

Mary Kay Ash, presented an interesting and enlightened people approach of management. Her concept of the management of people is based on the Golden Rule *'Do unto others as you would have them do unto you'.*[24] The philosophy of 'Golden Rule Management' is applied in such ways as, for example:

(a) Treat people fairly but according to merit.

(b) Make the other person feel important**,** and let people know you appreciate them and recognize their professional worth.

(c) Encourage feedback and don't undervalue the ability to listen.

(d) Sandwich every bit of constructive criticism between two layers of heavy praise.

(e) Help other people in getting what they want- and you will get what you want.

Conclusion

The significance of performance appraisal, being a major and pivotal HR activity, can hardly be overemphasized for the growth, development and success of any organization. Unfortunately, in most of the public sector organizations, this fundamental activity is not given due importance. The ultimate corollary of this scenario appears in the shape of slow progress and lower productivity of the employees and of the organizations as a whole. A research was conducted on the subject matter in the Technical Education and Manpower Training Department N.W.F.P. A questionnaire containing 60 questions concerning the subject matter was served on 400 faculty members of the department, out of which 235 questionnaires were received back. The findings of the research revealed the following interesting results.

1. The productivity / output of 20% of the faculty members attract remarkable improvement, 41% faculty members performance is slightly improved and the performance of 39% faculty members is not improved at all due to the present performance appraisal system in vogue in the department.

2. 31% of the Performance Appraisers (Reporting Officers) appraise employees performance in quantitative terms only, turning blind eye to the quality aspect altogether.

3. 43% of the Reporting Officers adopt authoritarian or dictatorial approach while evaluating employees performance and resort to reprimands and punishments in case of failure of the employees to accomplish the targets.

4. 39% of the faculty members expressed that they undergo fair amount of stress due to biased attitude displayed by their Reporting Officers while evaluating their subordinate employee's performance. 75% of the faculty members opine that their satisfaction level gets boosted if their good performance is reciprocated with rewards by the appraisers in the shape of higher ratings of evaluation awarded to them.

5. Only 16% of the Reporting Officers give due weightage to the feedback dimension whereas the remaining 84% of the Performance Evaluators either altogether ignore giving feedback to their employees concerning performance or they occasionally facilitate their subordinates with feedback.

6. 72% of the employees are of the view that they need sufficient amount of feedback so as to improve their performance. This shows that lack of positive feedback provisions in the existing performance appraisal system linchpin improvement dimension of employees' performance.

End Notes.

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[6] Lloyd L. Byars, Leslie W. Rue, op., cit., p- 259.

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[8] Laurie J. Mullins, op., cit., p-158-59.

[9] Terry, Franklin, op., cit., p-388.

[10] Robert Kreitner, Angelo Kinicki, organizational Behavior 5th ed. Irwin / McGraw-Hill Co. New york300. USA,2001,P-221.

[11] Ibid.

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[14] Llydle Byars, Leslie W.Rue, op., cit., P-251

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[21] Ibid.

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[23] Laurie J. Mullins, op., cit., P-452-56.

[24] Ibid., P-456.