

## IMPACT OF PERFORMANCE APPRAISAL ON EMPLOYEES ATTITUDE

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### ABSTRACT

*Performance appraisal is a widely recognized process, yet efforts to study and examine its effect on attitudinal outcomes are scarce. The present study addresses this research gap. The study is based on secondary research which involves reviewing and critically analysing the scholarly literature that addresses issues similar to this research problem. The study will contribute to the body of knowledge on performance appraisal and thus will benefit the HRM practitioners and HRM scholars.*

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*Employee Evaluation: It's a dirty job, but somebody's got to do it.*

*Jerry Jensen*

## **INTRODUCTION**

Performance appraisal (PA) has remained an important topic of investigation among organizational researchers (Poon, 2004:322). It is an unavoidable element of organizational life (Brown, 1988; Longenecker & Fink, 1999). There are many decisions in modern organizations that depend on performance appraisals, and they are widely used in most organizations (Burkhalter & Buford, 1989; Davis, 2001; DeNisi, 1996; Wanguri, 1995). They are an important piece of the process by which organizations attempt to direct themselves (Kreitner, 1998; Landy and Farr, 1983), and they have been considered a key component in the success of organizations for most of the twentieth century (Grote, 2002; Pettijohn, & Kent, 2001; Rasch, 2004; Starcher, 1996). Performance appraisal allows organizations to inform their employees about their rates of growth, their competencies, and their potentials. It enables employees to be intentional in creating their individual developmental goals to help in their personal growth. There is little disagreement that if performance appraisal is done well, it serves a very useful role in reconciling the needs of the individual and the needs of the organization (Cleveland, Landy, & Zedeck, 1983; Conry & Kemper, 1993; Grote, 1996). If used well, performance appraisal is an influential tool that organizations have to organize and coordinate the power of every employee of the organization towards the achievement of its strategic goals (Grote, 2002; Lewis, 1996). However, if performance appraisal is not done well, Grote suggests the process can become the object of jokes and the target of ridicule. This paper identifies the impact of performance appraisal on employee's attitude and identifies challenges facing the existing appraisal system.

## **EFFECT OF PERFORMANCE APPRAISAL FEEDBACK ON EMPLOYEE'S ATTITUDE**

An attitude could be defined as "a learned predisposition to respond in consistently favourable or unfavourable manner with respect to a given object" (Kreitner and Kinicki, 1992, p.98) [14]. Attitudes are formed throughout the time, can be changed and may be influenced by a manager. One of tools for initiation of attitude change is performance appraisal.

Performance appraisal process is incomplete without the feedback given to the employee about his appraisal and his performance. But the way of giving as well as receiving the

feedback differs from person to person and their way of handling and their outlook towards the issue.

According to a popular saying:

“A successful man is one who can lay a firm foundation with the bricks others have thrown at him.”

Archer North suggests that mere individual recognition, that is to say appraising performance, can lead to higher job satisfaction and reduced absenteeism and turnover rates. “In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.”

To show effects of performance appraisal on employee attitudes, a study by Gabris and Mitchell, made in an organization with a quarterly performance appraisal system, which focused on Matthew effect, will be used. “Matthew effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out. That is, their appraisal results tend to become self-fulfilling: if they have done well, they will continue to do well; if they have done poorly, they will continue to do poorly.” They explored an extent of frustration rising from biased performance appraisal. “The workforce was divided into two groups: those who had been given high appraisal results consistently, and those who had low results consistently.

When the groups were asked if the appraisal system was fair and equitable, 63 per cent of the high performers agreed, compared to only 5 per cent of the lower performers. The groups were asked if their supervisors listened to them. Of the high performers, 69 per cent said yes, while among the low performers, 95 per cent said no. Finally, when asked if their supervisors were supportive, nearly half of the high performers agreed that they were, while none of the low performers agreed.”

It is a cardinal principle of performance appraisal that employees should have the chance to improve their appraisal results – especially if their past results have not been so good. It is a very serious flaw in the process of appraisal if this principle is denied in practice.

## **EFFECT OF GOOD PERFORMANCE APPRAISAL ON EMPLOYEE'S ATTITUDE**

Organisational development and personal development are both served when reasonably high goals are set. People feel good about themselves and their employer when they do things that stretch their abilities and when they get recognition for those achievements. A performance appraisal system is a means for both setting and recognizing the achievement of goals or

standards and also helps individuals in planning their own career development. Performance appraisals that genuinely encourage career growth demonstrate that an organisation is doing its share to help individuals advance, which further boost the employee morale.

Performance appraisal if effectively done offers an excellent opportunity – perhaps the best that will ever occur – for a supervisor and subordinate to recognize and agree upon individual training and development needs. During the discussion of an employee’s work performance, the presence or absence of work skills can become very obvious – even to those who habitually reject the idea of training for them. Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations. Thereby, helping employees in identifying areas of weaknesses and strengths, increasing awareness of job requirements and finally helping them in improving their performance.

### **IMPACT OF POOR PERFORMANCE APPRAISAL ON EMPLOYEE’S ATTITUDE**

Oberg warns, negative feedback from performance appraisal not only fails to motivate the typical employee, but also can cause him to perform worse. Only those employees who have a high degree of

self-esteem appear to be stimulated by criticism to improve their performance. According to study by Baron, “destructive criticism”, which is vague, ill-informed, unfair or harshly presented – will lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance.

Mentioned implications should be dealt with big attention. It may be suggested that an appraiser should delineate performance appraisal process to a person appraised not as an opportunity to criticize him, but primarily as a way for explaining what could be done better and how could he (and thus the whole company) perform better in future.

Bannister notes, it is important that the appraiser be well-informed and credible. If it is so, employees are more likely to view the appraisal process as accurate and fair. They also express more acceptances of the appraiser’s feedback and a greater willingness to change.

Bacal recommends that when talking to an employee about a problem, one should phrase his comments in terms of preventing the problem from recurring, by using the inappropriate performance as a jumping off point, explaining why it is problematic, and then quickly moving on to preventing re-occurrence. This moves the focus from blame to improvement. He also suggests a cooperative, dialogue approach for managers. This approach puts the

manager and employee on the same side, and working towards the same goals is getting better and better. Employee may feel “noticed”, more self-confident, proud that he or she is working with the boss, and thus may be motivated to perform even better. Mere fact of talking with his supervisor might be very important.

## **CONCLUSION**

The above discussion reveals that performance appraisal is an important part of an organisation but the performance appraisal process is incomplete without the feedback given to the employee about his appraisal and his performance. The positive performance appraisal feedback involves, inform and motivates employees and also helps in creating improved supervisor – employee communications. An effective performance appraisal feedback also helps in integrating the employee personal and organizational goals but on the other hand poor performance appraisal not only fails to motivate the employee but also can cause him to perform worse. The management of those staff who fails to meet the identified and communicated performance standards expected by the organization is one of the most challenging aspects of management (Goodhew et al, 2007). To overcome the challenge, Armstrong and Baron (2005) went on to outline five steps which should be identified as part of the appraisal process for managing poor performance;

1. Identify and agree the problem,
2. Establish the reasons for underperformance,
3. Decide and agree on the action required,
4. Resource the action via training as required,
5. Monitor performance and provide feedback.

If performance continues to be below the standards agreed, then the process can be repeated and the ultimate sanction of dismissal applied if required.

## **RECOMMENDATIONS**

Based on the above literature, the following recommendations have been suggested:

1. Training should be provided to both the evaluators and the employees.
2. Transparency in the implementation of the system.
3. Provision of continuous feedback to employees on their performance.
4. Disciplinary measures should be taken on supervisors who do not provide continuous feedback to employees.

5. Companies should consider adoption of a new system of assessing performance such as multi – rater feedback or 360 degree feedback, to remove the biasness and subjectivity reported on the part of the supervisors.

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