

INFLUENCE OF EMPLOYEE ATTITUDE AND PERFORMANCE APPRAISAL ON EMPLOYEE PERFORMANCE

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ABSTRACT

The research aims to study the influence of employee attitude and performance appraisal on employee performance. This study would provide a direction on how employees attitude and performance appraisal in organization result in enhanced employee performance. Results showed that organization can use performance appraisal as a best possible tool for indication of key performance indicators and deficiencies in employees. There are 250 employees in Helicon pharmaceutical but for this research the sample size restricted to 100. To test the hypothesis regression analysis and Pearson Correlation were used. This research shows that at Helicon pharmaceutical performance appraisal system are fair and it is one of the main causes of positive change in employee performance. The basic recommendations of this research are; performance appraisal system should not be linked with the employee's remuneration. Strong communication should be developed between employees and management. Adequate training program regarding performance appraisal must be developed.

Key Words: Employee Attitude, Performance Appraisal, Employee Performance

INTRODUCTION

Performance appraisal is a process in which the assessment of an individual performance is done by in a systematic way. Performance has to be measured against the various factors like job knowledge, quality, output, initiative, leadership qualities, supervision, teamwork, judgement, versatility and cooperation.

Organizational system encompasses planned processes for finding out employee achievement to improve employee's effectiveness. The appropriate skills, attitudes and knowledge to perform well in his/her job one extremely important. Such abilities mean skills, attitudes and knowledge of the employees bring with them for the job or they should organization. there are some other external factors that directly affect and play a vital role in his/her job duties such as organizational policies, internal environment of the facilities provided by the organization (Arps, 1920).

According to Bass (1997), mostly performance appraisal mechanisms are usually seen as straightforward procedure for income justification the process for the performance appraisal systems in linked with the outcomes of the employees. Another use of entire system controlling, and termination of the employees and typically is the organizational development.

All organizations go through the continuing practice either formally or informally, called as performance appraisal. The feedback of this system can be favorable or unfavorable for both the employees as well as for organization. with the help of this feedback management takes many decisions of organizational development, effectiveness and for the growth. Feedback effects in the past have been mostly overlooking (Bernardin & Beatty, 1984).

Performance appraisal looks like foreseeable and general. The lack of or deficiency of well-defined appraisal systems, people shall be inclined to evaluate the performance of employees such as subordinates, arbitrarily, naturally and informally. It means that performance appraisal system plays a vital role of the success of the organization and efficiently achievement of organizational goals and objectives. Many researchers, scholar, and managerial experts have ambiguities regarding reliability of the appraisal system. They have raised many points regarding favorable and unfavorable effect on employee performance and checkout his/her effectiveness (Blazer & Sulsky, 1990).

STATEMENT OF THE PROBLEM

The study seeks to comprehend the influence of employee attitude and performance appraisal on employee performance.

Objectives of the study:

- To evaluate the effect of employee attitude on employee performance.
- To find the effect of performance appraisal on employee performance.

Hypotheses:

- H1: Employee attitude has an effect on employee performance.
 H2: Performance appraisal has an effect on employee performance.

REVIEW OF LITERATURE

Many years research regarding performance appraisal system shows significant results in the performance of the employees. Cardy & Dobbins (1994) highlighted that, there is direct relationship between employee's productivity and implication of performance appraisal system and it shows to gain better results with the introduction of this system. Cawely, Keeping & Levy (1998) pointed out that performance appraisal system plays a vital role in the success and growth of the organization. It also imparts detail ideas of the various tools for practicing and important factors in performance appraisal system like process of performance appraisal, team spirit, learning behavior and outcomes. Still many people conducted on the topic of human resource management and society in 1996 and it shows more than 90% appraisal system does not bring successful results.

Most of the management experts agreed that performance appraisal system has a positive impact on the employees' attitude, productivity, growth, effectiveness, teamwork and efficiency (Derven, 1990). Fielder and House (1988) highlighted that performance appraisal provides several feedbacks such as

- The performance appraisal system is one of the main yardsticks for decision makers.
- The performance appraisal system is hypothetically very significant for the better outcomes but partially ignored by the researchers.

Giles and Mossholder (1990) pointed out that; improper utilization of performance appraisal systems crates a gap between employees and the management. They also highlighted that this gap occurs because of two reasons:

- The dependent factor is having very least interest by the researchers.
- The dependent factors show least interest to be analyzed by the performance appraisal systems.

The broader effect of performance appraisal shows psychological outcomes while the managers are mostly interested in the physical output of the system (Greller, 1978). Grote (1996) highlighted that performance appraisal attributes acceptance or rejection may comes because of three reasons.

- Performance appraisal reliability to achieve better results both for the organization and employees.
- Performance appraisal system may occur due to the hurdles of time-consuming factor and cost factor.
- The appraisal system should be flexible at any given time to satisfy both the employees and management.

The above-mentioned factors have been indirectly considered by Helicon Pharmaceutical Company to highlight the level of acceptance regarding time consumption, costing and employees satisfaction.

FEEDBACK IN PERFORMANCE APPRAISAL SYSTEM

Performance appraisal is one of the yardsticks for the employees to show the end results to the employees. Smither (1998) says that performance appraisal system in feedback recognition has no linkages of an employee achievement on higher level. Feedback system helps the management to make the right decision to achieve excellent results (Staw, Bell, & Clausen, 1986).

The main objective of conducting performance appraisal to get feedback and then measure the employee deficiencies in order to take corrective measures to fulfill organization objectives. Feedback process through performance appraisal shows and share the information that whether employee meets their personal goals and objectives and whether their social life is satisfied or not. Feedback provides us any discrimination that exists (Taylor, Tracy, Bernard, Harrison, & Carrol, 1995).

The latest research enlightens the qualitative approach of the appraisal system. Therefore, organization provides several appraisals and feedback system. In this new program the main purpose will be that employees will not only get results from appraisal system but also from their coworkers, juniors, seniors, and from the clients. Performance appraisal is of vital

performance because supervisor work load has increased and also the number of employees has increased (Locke & Latham, 2002).

In this arena some organizations believe that performance appraisal system in the major key of their evolution process. Multi source program has been provided for this purpose and in means that many programs running to evaluate the performance of entire system. The main objective of multi-source appraisal and feedback that employees get the leverage to set fair evaluation and variety in this type of appraisal generally accepted by the employees (Grote, 1996).

RESEARCH METHODOLOGY

The current study is quantitative in nature. The required information for this research was collected through questionnaire. The questionnaire has been designed in a compact and precise language to avoid misunderstanding and make it easy for the interest of respondents. Having the large size of the population and the fact that population is spread all over Pakistan therefore, only four branches are selected for this study in the four provinces of the Pakistan. The studies branches are Punjab, Sindh, KPK, and Baluchistan. Keeping in view the scattered nature of employees only 64 employees taken from field staff and 36 from finance and accounts departments. Therefore, the sample size is 100. Questionnaire were distributed to hundred employees in the selected branches of unique assurance company. Out of the hundred questionnaires distributed, only 80 were answered correctly and returned. To test the hypotheses; correlation and Regression analysis were used.

Demographical Analysis:

Table 1. Respondents Profile

Gender	Frequency	Percentage	Valid Percentage	Cumulative percentage
Male	68	85	85	85
Female	12	15	15	100
Total	80	100	100	
Age	Frequency	Percentage	Valid Percentage	Cumulative percentage
20-30	20	25	25	25
31-40	54	67.5	67.5	92.5
41-50	6	7.5	7.5	100
Total	80	100	100	
Education	Frequency	Percentage	Valid Percentage	Cumulative percentage
Intermediate	20	25	25	25
Graduate	54	67.5	67.5	92.5
Post Graduate	6	7.5	7.5	100
Total	80	100	100	
Cadre	Frequency	Percentage	Valid Percentage	Cumulative percentage
Junior	33	41.3	41.3	41.3
Middle	35	43.8	43.8	85
Senior	12	15	15	100
Total	80	100	100	
Staff Type	Frequency	Percentage	Valid Percentage	Cumulative percentage
Field Staff	64	80	80	80
Office Staff	16	20	20	100
Total	80	100	100	
Marital Status	Frequency	Percentage	Valid Percentage	Cumulative percentage
Single	53	66.3	66.3	66.3
Married	17	33.8	33.8	100
Total	80	100	100	

Participants:

This research has conducted on Helicon Pharmaceutical Company and we selected their marketing, production, and finance departments.

Table 2. Participant of the study

Department	Frequency	Percentage
Marketing	51	51%
Production	15	15%
Finance	33	33%
Total	100	100%

Reliability Analysis:

Table 3. Item Reliability

Subscales	Reliability Cronbach's Alpha	No. of Items
Employees attitude	0.752	14
Employees performance	0.796	10
Performance appraisal	0.633	10

The above table shows that, Cronbach's alpha is 0.752, which indicates a high level of internal consistency for scale of employee's attitude, whereas, the reliability of second scale which is employee's performance is 0.796 which also shows the high internal consistency, and the reliability of performance appraisal is 0.633 which is comparatively weak internal consistency for this scale but acceptable.

RESULTS AND DISCUSSIONS

Test for hypothesis one:

H0: Employee attitude has an effect on employee performance.

Table 4. Correlation Analysis

		Employee's Attitude	Employee's Performance
Employee's Attitude	Pearson Correlation	1	.929**
	Sig. (2-tailed)		.000
	N	80	80
Employee's Performance	Pearson Correlation	.929**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929 ^a	.863	.861	.25485

a. Predictors: (Constant), Employee's Attitude

To find the relationship between employees' attitude and employee performance Pearson product-moment correlation was used. It shows a strong and positive correlation between employee attitude and employee performance (r=0.929, n=80,

$p < 0.000$). The results show that 86% of the variance in employee performance is being explained by employee attitude thus hypothesis one is accepted.

Test for hypothesis two:

H0: Performance appraisal has an effect on employee performance.

Table 6. Correlation Analysis

		Performance Appraisal	Employee's Performance
Performance Appraisal	Pearson Correlation	1	.440**
	Sig. (2-tailed)		.000
	N	80	80
Employee's Performance	Pearson Correlation	.440**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 ^a	.193	.183	.67877

a. Predictors: (Constant), Performance Appraisal

To find the relationship between performance appraisal, Pearson Product-Moment correlation was used. It shows a moderately significant and positive correlation between performance appraisal and employee performance ($r=0.44$, $n=80$, $p < 0.000$). The results show that 19% of the variance in employee performance is being explained by performance appraisal thus hypothesis two is accepted.

FINDINGS

This research provides the following findings:

1. Helicon Pharmaceutical believes that the performance appraisal system is fair, and it fulfills the basic policies and procedures of performance appraisal. Performance appraisal system varies from organization to organization and this finding may not valid for other organization but for Helicon Pharmaceutical, it is considered as fair.
2. One of the main finding of this research shows that performance appraisal has provide a positive change in employee's attitude to their work performance.
3. This research also shows a negative relationship between performance appraisal system and their remuneration when link together.
4. This study also shows that lack of communication between managers and workers leads to poor performance.
5. This study shows that performance appraisal system has more positive impact on employee's attitude rather than their negative impacts. Therefore, performance appraisal system must be carried out in organization.
6. This study also shows that employee's do not have enough training regarding the performance appraisal system before it starts, therefore prior training must be conducted.
7. This research also shows that performance appraisal provides job specialization because it also provides SWOT analysis for the employee's and they can overcome it in the future.
8. This research also shows that demographics, cadre and cultural values plays significant role on employee's attitude to their work performance as result of performance appraisal system.

RECOMMENDATIONS

Based on the above mentioned finding the following are some necessary recommendations are given below:

1. Performance appraisal system should not be linked with the employee's remuneration, because it causes a negative attitude towards the system of the employees.

2. A strong communication system should be developing between employees and management so that the weaknesses of the employee's should be converted into their strengths.
3. An adequate training program regarding performance appraisal system must be developing for the employees.

CONCLUSION

This research shows that performance appraisal has of vital importance both for the employees and organization, because employee weaknesses can easily be identified, and corrective measures are applied and by doing this it will satisfy the employees and growth in their career will result. Similarly, performance appraisal shows significant results for the organization. The research showed that both employees attitudes and performance appraisal have a significant effect on employee performance. Practically the research would help organizations to comprehend the need for investing, its time and resources in shaping employee attitude and formatting clear and objective performance appraisal processes.

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