Effective Appraisal Process and its impact on employee motivation

Abstract:
The significance of appraisals effectiveness and its effect on motivation provide the primary impetus to carry out this research. The study intends to explore determinants of effective appraisal process and the problems related to them. A conceptual model based on the existing literature in the field of performance appraisal provides a link between effective appraisal and its impact on staff motivation. Derivatives of effective appraisal are highlighted with motivation as an outcome.

Introduction:
Performance Appraisal is regarded as one of the most controversial yet at the same time the most beneficial management process to evaluate and develop employee’s performance. It exhibits the extent of the individual commitment and contribution towards the achievement of organizational goals.

Much of the research into PA has focused on appraiser training, communication and motivation in conducting appraisals; little has been done from appraisee perspective (Cook & Crossman, 2004). Appraisals immediate effect upon employees whom appraisal is conducted upon results in increased acceptance of appraisal results.

The paper intends to address problems associated with derivatives that form effectiveness in appraisal process from appraisee perspective. It also attempts to explore the relationship between appraisal and employee motivation.
Literature review and hypothesis development

Appraisals:

Appraisals are regarded as the nucleus of an organization’s effort to motivate its employees to work productively. They include the summary of all the methods, procedures and forms the organization uses to evaluate the performance of its employees (Lefton & Buzzotta, 1980).

Researchers have focused on functions of performance appraisals for performance planning, goal setting, feedback and coaching. Those organizations which embrace appraisals heavily and consider it as a vehicle to foster managerial development should focus on effective appraisal system (Longenecker, 1997).

Effective Appraisal Process:

Appraisals are considered as a yard stick to measure each individual’s contribution to the organization. The effectiveness of any Human Resource Management System would be compromised due to the lack of an effective appraisal system.

Effectiveness, according to Collins English dictionary means ‘productive of, capable of producing a result’ or ‘operative’.

In Appraisals’ context, the effective utilization of the performance appraisal means looking at the level of productivity and motivation among employees before and after conducting appraisals.

The exploration into reasons of ineffective appraisals indicate that amongst top ten causes, unclear performance criteria, poor working relation, lack of ongoing feedback,
perceived political reviews and lack of focus on progress were the highly rated factors (Lefton & Buzzotta et al.).

*Derivatives of Effective Appraisal Process:*

There has been no single factor highlighted by researchers in contributing to the effectiveness of performance appraisals. Recurrent analyses have focused on varied derivatives of Performance Effectiveness. These derivatives could be found in approaches, formats, methods, situation or purpose.

*Purpose of Appraisals:*

Considerable work of the previous analysts suggests that the most important derivative emerges from the purpose of conducting employee appraisals. (Chow, Wong, Yeung & Mo, 2004).

One of the fundamental problems that cause ineffectiveness in appraisals is that it has to serve many purposes. There are two most widely used objectives to conduct appraisals, administrative purpose which includes outcomes i.e. Salary, rewards etc and developmental purpose which include training need assessment, career and skills development etc. The former serves for accountability and the latter is meant for fulfilling professional development needs. These two perspectives do not seem to complement each other.

Studies related to effects of salary discussion (administrative purpose) on the reviews concluded that salary discussion during reviews either had no effect or slightly positive effect on PA process (Prince & Lawler, 1986).

It has been revealed that administrative matters create discomfort among employees mainly due to evaluative purposes which gives rise to threatening culture.
The argument arises by comparing developmental and evaluative purposes of appraisals. The evaluative purpose of appraisal is likely to produce growth of vested interests and ignore factors that could be outside an employee control. The developmental purpose focuses on improvement and is likely to be more productive. (Hanley, 2005)

A substantial evidence from literature review exhibits negative outcomes related to administrative purpose of appraisals. It is argued that conventional appraisals concentrated on the summary assessment of employees at the expense of training and developmental needs analysis. It would be subsequently argued that only evaluative approach to appraisals introduces undesirable concerns into the appraisal process. (Leat & Lowell, 1997)

The above arguments lead us to hypothesize that:

**H1: Developmental Purpose of Appraisal has positive impact on the effectiveness of Appraisals as compared to evaluative purpose.**

*Perceived Fairness and Organizational Justice:*

Research demonstrates that employee’s satisfaction to appraisal largely depends on the fairness of the feedback he gets. People will only be satisfied with a performance appraisal process if it fulfils the criteria of ‘fairness’ in terms of Organisational Justice (Cook & Crossman, et al).

Organizational Justice has been divided into the fairness of ends achieved and the fairness in the means to achieve the ends. Both components of the theory find their grounds into famous theories of Equity, Expectancy and Reinforcement which predict that workers show low performance when they perceive they are under paid and increase their performance when they perceive they are justly paid.
Outcomes are only beneficial when factors leading to OJ are identified by appraisers (Greenberg, et al).

These arguments are consistent with the empirical findings of research carried out by Cook and Jill (2004) which supported the inclusion of all aspects of Organizational justice:

‘Unless all aspects of OJ are satisfied, fully effective individual performance will not be obtained….systems that are perceived to be fair particularly in the process aspects of OJ are likely to be mechanisms …. Organizational effectiveness ’

Above studies lead to a conclusion that performance appraisal process would not be effective unless people involve in the process do not perceive it to be based on Organizational Justice and fairness. We hypothesize that:

**H2: High level of perceived Organizational justice and fairness from appraisals will have a positive effect on the effectiveness of Appraisal.**

*Communication, Feedback and Goal setting:*

Appraisal is viewed as a refined form of corporate communication which encompasses one to one communication between manager and staff even beyond the interview session (Myland, 1993). It involves all those who would be directly affected by it. The relationship between manager and subordinate strengthens with the interchange of ideas and mutual cooperation (Walsh, 2005).

An ongoing feedback that constitutes supervisory information about actual performance would result in positive outcome (Longnecker, et al). While most of the researchers reiterate honesty, frequency and criteria in feedbacks, there are others who highlight employees’ participation. (Fletcher and Williams, 1992). Other studies also
reveal the importance of employee involvement in appraisal process, specifically at the interview stage.

Appraisal interview is distinguished from other types of interviews due to its focus on joint approach in problem solving.

‘The joint approach employs a discussion technique which is designed to avoid patronising appraisee or confronting them about their strengths and weaknesses, is about developing awareness and gaining agreement to plans for development and improvement’ (Myland, et al).

This leads us to the third proposition:

**H3: Participation by employee in feedback is positively related to favourable appraisal outcomes.**

A collaborative approach and more focus on objectives in feedback result in effective appraisal outcome (Walsh et al). Researchers consider it a useful step to identify deficiencies at work and overcome those deficiencies while setting goals for future improvement. It is considered as a technique with proven effectiveness across a range of situations (Fletcher & Williams et al).

Directive feedback results in immediate improvement in performance and shows a positive effect on motivation of employees (Walsh et al).

The significance of goal setting in feedback in order to have improved performance has been demonstrated by Locke \(^1\) in his famous theory of goal setting.

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\(^1\) Edwin A Locke began to examine this idea in the mid-1960s and continued researching it for thirty years.
H4: Feedback in appraisals that consist of clear objectives and goal setting are more effective as compared to those which do not posses goal setting and objectives.

Motivation:

Researchers have been explaining different aspects of motivation from Organizational Behaviour point of view in various ways that goes beyond the scope of this paper. It is ‘the process that account for an individual’s intensity, direction and persistence of effort towards attaining a goal.’ (Robbins, 2002).

Effective Appraisals and Motivation:

The emphasis on appraisal to motivate employees in order to improve performance has been viewed as an end itself. Employees view appraisals as a means to provide opportunities of recognition, promotion, and career development. They view different factors of performance appraisals as more or less relevant based on their career motives. These factors effect their motivation depending on to what extent they are met. (Larsson, Brousseau, Kling & Sweet, 2007).

While researchers relate that a frequently encountered fear on the part of raters is that providing accurate feedback on ratings would demoralize employees. They link appraisal with motivation and reiterate that performance on job is a function of benefits. Benefits are obtained from job goals and both tangible and intangible needs. Performance Appraisals, when result in recognizing and achieving job needs and benefits, provided they are considered benefits by the subordinates, would result in attaining highly motivated performance (Lefton & Buzzotta et al.).
Effective appraisals not only provide accurate assessments of employee productivity and quality of work, they also motivate employees to higher levels of performance by giving them helpful feedback. (Peter, 1994).

From the above discussion we state our fifth proposition:

**H5:** Effective Appraisal results in increased motivation of employees as compared to ineffective Appraisals.
Methodology:

Our study would focus on the Secondary Schools of the UK. The reasons being identified as:

- The growth in the importance of performance assessment in education over recent years linked with a concern to ensure that it meets required standard.
- High rate of fluctuation in the number of secondary school pupil
- Amongst 434,900 full time regular teachers in Grant Maintained Schools in 2008, an increase in primary school teachers, while a decrease of 1500 in secondary schools
- The total current real term expenditure on Schools increased from 27 b £ in 2000-2001 to 37.5 £ b in 2007-2008.
- No of Ofstead Inspection in secondary Schools decreased as in 2007 out of 3343 secondary Schools, only 1154 were inspected. (www.dcsf.gov.uk)

Population:

The target population would be at least 300 teachers selected randomly from the Secondary schools of London.

Data Collection:

The primary data collection would be based on a combination of qualitative and quantitative methodologies considering value of triangulation as a strategy for conducting valid and reliable research (Cohen, Manion & Morrison, 2000).
References:


Department for children, schools and families