

Examining Employees' Attitudes towards Performance Appraisal and its Impact on Performance and Motivation in a UK Information Technology (IT) Firm.

ABSTRACT

Employee performance has traditionally been accorded prime focus by human resource managers. As a result, a number of performance appraisal techniques have over time been devised to help establish employee's performance. In the contemporary times, the use of performance appraisals has been extended beyond rating of the employee's performance to aspects such as motivation.

The study's main objectives pertained to establishing the moderating role of employees' attitude towards performance appraisal as a motivation and performance tool.

The study was based on Shine Communications London, as the case study organization. Primary data was collected from the organisation's employees and HR manager. Notably, a survey questionnaire was used to collect quantitative data from the employees while an interview was conducted with the HR manager. Data from the sample of 45 randomly selected employees was statistically analysed using the help of SPSS 2.0. Content analysis was used to analyse the qualitative responses from the HR manager.

The study finds that a Performance Appraisal System can fail to achieve its motivational effect when it is used to threaten job security, is marked by inaccuracy and conducted by improperly trained reviewers. Among the study's main recommendations include designing of a Performance Appraisal System that enhances perceptions of fairness and use of a personal approach in linking Performance Appraisal results to rewards.

Keywords: Performance Appraisal, Employee Motivation, Employee Attitudes.

1. INTRODUCTION

Extant literature indicates that performance appraisals as part of an organisation's performance management system can serve multiple purposes that benefit both the organisation and the employees (Wright & Cheung, 2007[1]; Absar, Nimalathasan and Mahmood, 2012 [2]). The primary role of performance appraisals as highlighted in literature relates to reinforcement of people-related decisions. Such decisions include training and development, promotions, compensation and human resource planning among others. Apart from these primary purposes, performance appraisals also serve a number of important support functions such as a tool for motivation, communication and strengthening of relationships between the management and subordinates (Appelbaum, Roy, and Gilliland, 2011[3]).

There is a strong case for the role of performance appraisal in enhancing employee motivation. There is however a need to undertake a study that clearly evaluates the employees' attitudes performance appraisal and employee motivation in a specific context such as the information technology sector. While taking into consideration the IT industry, current research shows that the competition for talent is high (Oshri & Ravishankar, 2014[4]). Impliedly, there is a need for the performance management personnel to ensure that issues that contribute to employee motivation are identified and effectively addressed through performance appraisal. This could help organisations to not only benefit from increased productivity from motivated employees but also retain talented employees for longer.

As evident from existing literature it has been argued that the employees' attitude towards performance appraisal can be either positive or negative (Rowland & Hall, 2012[5]). In the case of negative attitudes, it is strongly suggested that the prevalence of negative attitudes towards performance appraisal among employees may hinder beneficial outcomes such as the ability to enhance employee motivation (Rowland & Hall, 2012[5]). In other words, the performance appraisal system is considered as unacceptable as it threatens job security and self-esteem (Maley, 2013[6]). The tendency among employees to consider a given performance appraisal system as unacceptable thus buttresses the need to conduct a detailed study that delineates the specific factors that influence attitudes towards performance appraisal systems. This is especially the case for sectors such as information technology, which are evidently dynamic in nature.

1.1. Study Objectives

1. To examine how employees' attitude towards performance appraisal affect their motivation levels and consequently their performance.
2. To analyse the key challenges that undermine the use of performance appraisals in enhancing employee motivation in the UK IT sector.
3. To Identify the most effective ways that performance appraisals can be designed to enhance positive outcomes on employee motivation.

1.2. Fairness Perceptions of Performance Appraisal Practices

From the review of extant literature, a significant number of researchers suggest that the effectiveness of performance appraisal systems in increasing employee motivation is dependent upon employees' perceptions of accuracy and fairness (Thurston & McNall, 2010[7]; Rowland & Hall, 2013[5]). According to Thurston and McNall (2010)[8] the processes that characterise aspects of a performance appraisal system have the potential to have a significant influence on employees' reactions towards a number of job related aspects such as work, their supervisors as well as the entire organisation. Such views are further supported by Heneman and Werner (2005)[9] who posit that performance appraisal process when incorrectly done can be a source of frustration and dissatisfaction and hence fail to enhance employee motivation as one of the core objectives. This is particularly the case when the appraisal process is perceived as biased, irrelevant or even in some instances politicised. According to Heneman and Werner (2005)[9] the implications of perceived injustice of performance appraisal practices leads to reduced employee engagement and consequently reduced performance.

1.3. Attitude on Feedback

Feedback as an aspect of performance appraisal has also been considered in extant appraisal literature as a strong motivational component (Strijbos, Narciss, and Dunnebie, 2010). It is aimed at helping the recipient assess whether their state corresponds to the performance aims that are stipulated (Narciss, 2008; Mory, 2004). In terms of attitude to feedback, previous studies suggest that employees perceive different forms of feedback differently, which may in turn affect the motivational and performance levels (Strijbos et al., 2010; Pat-El, Tillema and Sabine, 2012). To begin with, Strijbos et al., (2010) argue that specific feedback as opposed to general feedback is perceived by employees as more adequate and hence have a more positive effect on motivation in terms of willingness to engage in performance improvement. General feedback in this context entails giving the employee knowledge of performance, result and correct response. Specific feedback on the other hand entails providing the employee with knowledge that address specific work aspects such as task constraints, conceptual knowledge, procedural knowledge and information on errors (Narciss, 2006). Mulder, H., and Ellinger (2012) add that employees are likely to ignore general or simple feedback and hence employee performance may be greatly inhibited.

1.4. Perceptions towards P. A to Determine Performance Levels

In most organisational contexts, performance appraisals are used by administrators in the human resource management department to serve a number of useful purposes that collectively influence employee motivation (Schraeder et al., 2006). Key among these purposes includes the determination

of the level of performance, the need for training and development, and promotion decisions. Within this context, past research suggests that employees' perception of how the PA system is used affect employees' attitudes and consequently their individual behaviour and organisational performance (Thurston & McNall, 2010). More specifically, Thurston and McNall (2010) posit that how performance appraisal is used may signal to the employees their value as well as their future with the organisation. While broadly categorising the uses of performance appraisal as evaluation and development, Prowse and Prowse also (2009) note that employees tend to have different attitudes to the two uses which in turn affect their performance levels. The study by Prowse and Prowse (2009) in particular note that use of performance appraisal for evaluation purposes is in most cases perceived in a negative nature by employees. Negativity in this case is attributed to the fact that evaluation is associated with aspects such as the determination of poor performers and is also used by human resource managers as a basis for decision on actions such as termination and layoffs. On the contrary, the use of performance appraisals for development purposes tends to be viewed in positive light largely as a result of the futuristic and beneficial focus hence providing intrinsic motivation (Prowse & Prowse, 2009).

1.5. Attitude towards the Effectiveness of Performance Appraisal Systems

Further review of appraisal literature gives evidence of significant efforts among practitioners and scholars to develop a framework of good practices that should characterise an effective performance appraisal system that generates positive attitudes from employees. Naricesse and Harcourt (2008) for instance point out three main elements of an appraisal system that have the potential to affect the employees' satisfaction and consequently the level of motivation achieved. These include the extent to which employees are accorded an opportunity to take part in the objective setting processes; incorporating employee training and career development; and the extent to which employees are provided with feedbacks on their job performance (Naricesse and Harcourt, 2008). Performance appraisal systems that meet such criteria are deemed effective and hence contribute to improved employee performance through motivation.

1.6 Issues That Undermine Performance Appraisals in Enhancing Motivation

Inaction on Performance Appraisal Outcomes.

While investigating the causes of failure for performance appraisal system to achieve employee motivation, a number of studies indicate that inaction on appraisal results is a key inhibiting factor. Davila and Elvira (2007) approach this issue from the perspective of psychological contract. In particular, the two authors argue that performance appraisals are "contract makers" as employees are usually aware that their work will at some point be evaluated and the outcomes rewarded. This further means that promises for work as well as reward enhancements arise as key issues during performance appraisal. The employer in this case promises the employees that positive reviews will yield proportional rewards and at the same time feedback will be given in order to improve job performance (Davila and Elvira, 2007). This promise is broken whenever the organisation fails to act on performance appraisal outcomes such as failure to acknowledge contributions. As Levy and Williams (2004) further argue the failure by the organisation to act on performance appraisal outcomes is interpreted by employees as a violation of their psychological contracts. Employees then share their concerns with other employees and hence the possibility of organisation-wide discontentment.

Rating Procedures and Evaluator/Rater Training

Based on empirical research and organisation experience successful performance appraisal systems have two main components; clearly developed rating procedures and well trained performance evaluators (Espinilla, Andres, Martinez and Martinez, 2013). In the case of rating procedures, Erdogan (2004) indicates that organisations must have a technically sound rating system that is marked by user friendliness. In addition, the system must be such that it can help monitor performance as well as store appraisal data. In the case that the appraisal system lacks soundness, the organisation can alienate its workforce as well as frustrate managers. As a consequence, motivation efforts such as employee development and other reward systems are stifled. As Kaplan

Petersen and Samuels (2007) suggest a potential solution involves frequent change or modification of the rating system to ensure that it is effective and up to date. Even in the presence of a technically sound appraisal system, research suggests that effective outcomes are unlikely to be achieved if the evaluator lacks the skills and motivation to conduct the appraisal (Espinilla et al., 2013). Proper training is in this case considered as one of the ways in which the quality of the appraisal experience can be increased as well as the outcomes of the appraisal improved. Of critical importance for performance reviewers are skills in performance rating and communication. In particular, the reviewers must be trained in the nature and dimensions of the positions of the employees they review. Additionally, training on communication of performance expectations is equally important (Li, Liu and Shi, 2012).

Consistency and Accuracy of Performance Appraisals

In order for performance appraisal systems to be considered fair, they must score highly in terms of consistency and accuracy (Chen & Eldridge, 2010). Consistency in this context is considered as the uniformity of ratings used across different reviewers for employees with similar job descriptions (Bol, 2011; Goffin, Lewis and Olson, 2011). Achieving consistency requires the calibration of the rating systems which can be done by ensuring that all the right people are involved, all employees are fairly represented and that the appraisal process goes beyond performance rating to identification of development needs. This is considered as important in ensuring accuracy through elimination of potential errors such as halo and horn errors (Jackson, Schuler and Werner, 2011). A halo error involves a tendency by the appraiser to give an employee favourable ratings in all job duties based on good performance in just one function. The horn error on the other hand involves downgrading an employee in all performance dimensions due to poor performance on a single dimension (Jackson et al., 2011).

2. METHODOLOGY

The current study adopts a mixed methods research design which implies that both quantitative and qualitative methods are applied in the collection of primary data from the case study organisation. A positivist research paradigm is used to help gather knowledge based on reality and hence the ability to confirm or reject the study hypothesis. Notably, the study surveys employees at Shines Communication and interviews the HR manager to help uncover performance appraisal and motivation issues in the organisation.

In line with the mixed methods research adopted in the current study, an interview protocol and questionnaire were used as the main data collection instruments. The interview protocol was targeted towards the company's (Shine Communication) HR manager. In order to obtain detailed responses on the firm's performance appraisal and employee motivation practices a semi-structured interview was used. In addition, the interview protocol comprised of questions relating to each of the study's objectives.

The questionnaire was on the other hand was developed and targeted towards the company's employees. It was divided into 2 sections. In the first section, the researcher posed several questions on the employees' demographic information. The second section was further subdivided into 2 sub-sections each posing a set of questions in relation to each of the study's research objectives as shown in table 3.1. Notably, closed ended questions were used to find out the attitude and opinions on various aspects of PAS and employee motivation. Closed ended questions that made use of a Likert scale were also preferred due to their ease of analysis (Hague, 2004).

Objective	Relevant Literature	Questions
Employee Attitudes Towards As A Tool For Motivation And Its Impact On Employee Performance	Thurston & McNall, 2010; Narciss, 2008; Strijbos et al., 2010	1-5

Factors That Undermine The Use Of PAS In Enhancing Employee Motivation	Davila and Elvira, 2007; Espinilla et al., 2013; Chen & Eldridge, 2010	6-10
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Table 3.1: Questionnaire Design

2.1. Reliability and Validity

Research validity relates to the extent to which the study measures the aspects that were intended to be measured (Yin, 2003). In order to ensure validity, the survey questionnaire and interview protocol were discussed with colleagues. All necessary changes were then made hence increasing the chances of collecting relevant data. Reliability entails the ability to ensure consistency of the research findings over time (Yin, 2003). In other words, a reliable study is one that similar results can be reproduced when the same methodologies are used. In order to ensure reliability all questions in the research instruments were set with the study objectives in mind as well as researcher bias limited.

3. RESULTS AND DISCUSSION

As aforementioned, in the current study, research data on performance appraisal, employees' attitude and motivation were collected through the questionnaire method. In addition, an interview was held with the HR manager in order to gain rich insights on the case organisation's performance appraisal system as well as employee motivational practices. The survey data was entered in the SPSS software for analysis through regression analysis. The qualitative data was analysed for key themes and used to augment responses from the survey, the correlation between each of the dependent variables and the independent variables is analysed with the main aim of establishing the link between employees' attitudes towards performance appraisal and its effect on employees' performance and motivation.

3.1. Demographic Information

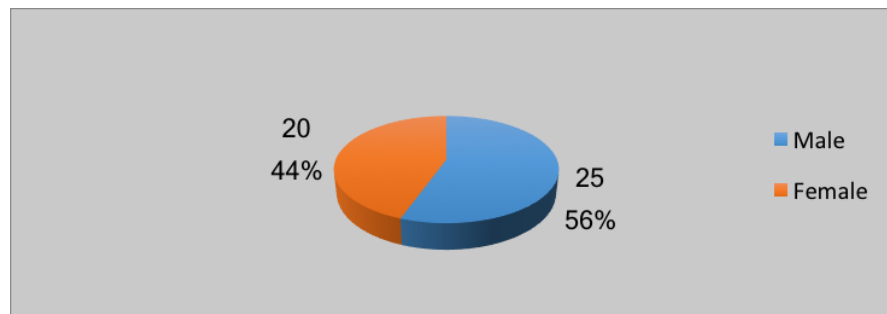


Figure 1: Gender of Respondents

The pie-chart in figure 1 shows that males (56%) prevails females (44%) from the total number of respondents in the study. These proportions however maintain a relative balance between the two genders.

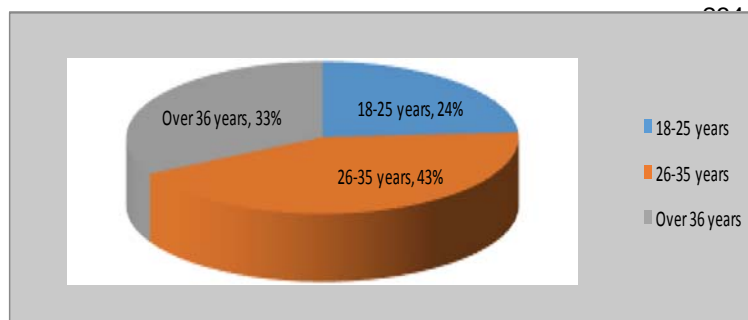


Figure 2: Gender of Respondents

The pie-chart in figure 2 shows that the simple random sampling technique made it possible for respondents from varying age groups to take part in the study hence a more representative study.

3.2. Analysis on impact Employees' Attitude towards Performance Appraisal

Table 1: Regression Model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901 ^a	.813	.789	.58181
a. Predictors: (Constant), Use of PA for development is useful than evaluative purposes, positive or negative feedback, PA is a threat to my job, PA is accurate in determining my performance, Rewards are commensurate with efforts towards work				

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.243	5	11.449	33.821	.000 ^a
	Residual	13.202	39	.339		
	Total	70.444	44			
b. Dependent Variable: Overall attitude on the effectiveness of a PAS						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.666	.468		1.425	.162
	PA is a threat to my job	.106	.113	.103	.938	.354
	Rewards are commensurate with efforts	.441	.232	.423	1.907	.044
	Only positive or negative feedback	-.034	.111	-.030	-.306	.762
	PA is accurate in determining performance	.122	.249	.095	.490	.627
	PA for development is useful than evaluative purposes	.302	.205	.347	1.477	.148
a. Dependent Variable: Overall attitude on the effectiveness of a PAS						

Model:

$$\text{Attitude on effectiveness}(Y) = 0.666 + 0.106X_1 + 0.441X_2 - 0.034X_3 + 0.122X_4 + 0.302X_5$$

3.2.1. Interpretation of the Model

Strength of regression/Goodness of Fit

Adjusted R square

After adjusting the R Square for biases a value of 0.789 is achieved. Impliedly, up to 78.9% of the total variations in employee's attitude towards the performance appraisal system at Shine

Communication can be explained by the five independent variables in the model. The explanatory power of the model is therefore sufficiently high.

F significance

Based on a 95% confidence interval; an F value of 0.00 shows that the model is very significant. As a result, all variables are collectively significant in the model.

3.2.2. Interpretation of the Coefficients

Sign

The positive signs for the coefficients in the model show that there is a positive correlation between favourable attitudes to most of the independent variables. This include instances when personal appraisal is not a threat to job security, when rewards are commensurate with work efforts, accuracy in the performance appraisal system is maintained as well as the use of PA for developmental purposes. There is however a negative correlation between employee attitudes to performance appraisal when only positive or negative feedback is given as opposed to both. Impliedly, giving only positive or negative feedback will result into a reduction in the motivation as the system is perceived negatively.

Size

The model's constant value is 0.666. Impliedly, 66.6% of the variations in employee's attitude on PA as a tool for motivation would be explained by other factors when the current ones as used in the model are equated to zero.

Significance of the Coefficients

At a 95% confidence interval there are only variable that reveals significance in the model is the extent to which rewards are commensurate with efforts at 0.044 or 4.4%. The rest of the variables have values greater than 0.05 or 5% and hence reveal no significance.

3.2.3. Analysis of Independent Variables

(i) Performance appraisal as a potential job security threat

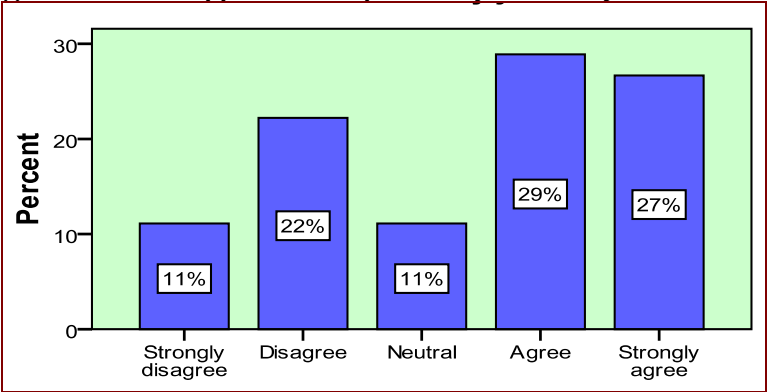


Figure 3: The Potential of a PAS to be Job Security Threat.

Based on the above findings in figure 3 a mean of 3.3 was achieved with over half of the respondents (55%) indicating that performance appraisal systems also had the potential to be a threat to their job. This could be explained by the fact that appraisal results could be used as a basis for HR decisions such as layoffs or termination.

Table 2: Correlation between Age and PA as a Threat

Correlations			
Age	Pearson Correlation	Age	PA is a threat to my job
	Sig. (2-tailed)	1	-.256
			.090

	N	45	45
PA is a threat to my job	Pearson Correlation	-.256	1
	Sig. (2-tailed)	.090	
	N	45	45

The table above shows a correlation coefficient of -.256. Impliedly, there exists a negative albeit weak relationship between age and the view of performance appraisal as a job threat. Specifically, employees in older age groups are more likely to consider PA as a job threat when compared to those in lower age groups. The significant proportion of respondents who consider performance appraisal as a threat in part validates past study findings which suggest that PA results may be unacceptable to employees when they cause low self-esteem or are used as a basis to punish poor performance (Maley, 2013; Rowland & Hall, 2012).

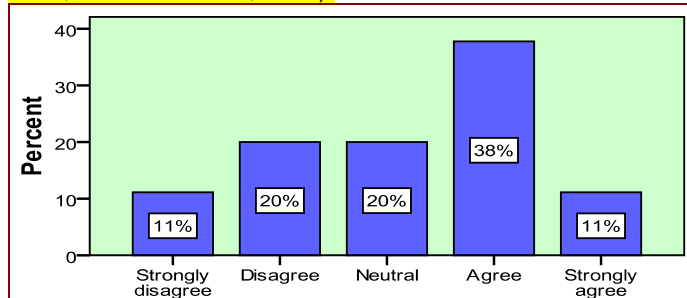


Figure 4: Link between Rewards and Efforts towards Work

The bar chart above shows that 48% of the respondents possess the attitude that the rewards offered after the appraisal process were proportional to the effort they had exerted toward their work tasks. The mean was however relatively low at 3.2.

Table 3: Correlation between Age and Rewards

Correlations			
		Age	Rewards are commensurate with efforts towards work
Age	Pearson Correlation	1	-.336*
	Sig. (2-tailed)		.024
	N	45	45
Rewards are commensurate with efforts towards work	Pearson Correlation	-.336*	1
	Sig. (2-tailed)	.024	
	N	45	45

*. Correlation is significant at the 0.05 level (2-tailed).

The table above shows a correlation coefficient of -.336. Impliedly, a moderately strong negative relationship exists between the respondents' age and the attitude on whether rewards in the organisation are commensurate with efforts towards work. Specifically, discontent with the level of rewards increases with an increase in the age of the employee.

Based on the equity theory as reviewed in the second chapter of the study, the lack of an adequate link between efforts and rewards as suggested by the above findings is a proxy for low levels of motivation as employees tend to monitor their work inputs and rewards (Glodsmith, 2012).

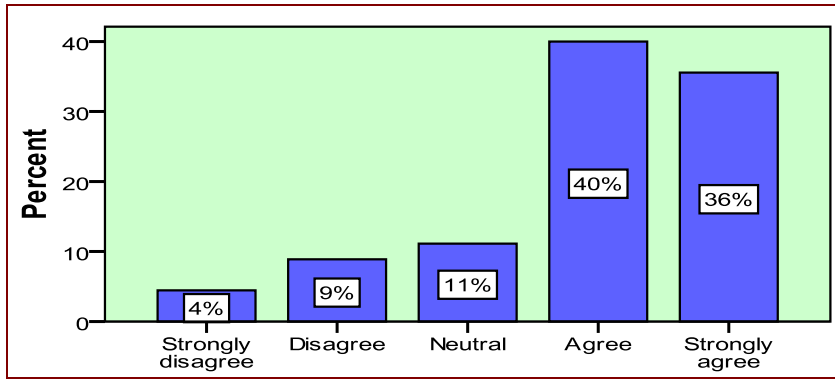


Figure 5: Impact of Feedback on Performance Improvement

As demonstrated by the bar chart in figure 5, an overwhelming majority of the employees had the view that both positive and negative feedback were instrumental towards helping them improve performance. Only 13% of the respondents dissented while 11% were unsure.

In regards, to positive and negative feedback, the HR manager also noted that the employees were apprehensive to all forms of feedback. In support of this view, he noted that *"the employees understand that in the competitive IT field their job security is in large dependent on their efforts towards good performance"*.

The employee's preference for both positive and negative criticism is consistent with arguments by Cardy and Leonard (2012) that fair criticism can help address deficiencies by reinforcing appropriate behaviour.

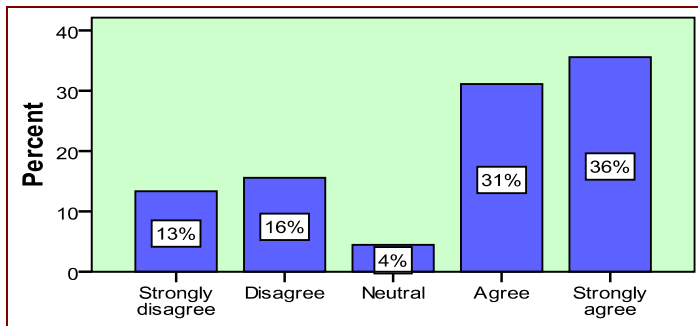


Figure 6: Preference for Developmental over Evaluation Purposes

As evident from the findings in figure 6, a significant majority of the respondents (67%) considered developmental purposes as more important in motivating them. This was in contrast to evaluative purposes which were considered to be a potential basis for potentially undesirable decisions such as termination or layoffs.

Table 4: Correlation between Departments and opinion on Usefulness of PA

Correlations			
		Department	PA for development is useful than for evaluative purposes
Department	Pearson Correlation	1	.367 [*]
	Sig. (2-tailed)		.013
	N	45	45
PA for development is useful than for evaluative purposes	Pearson Correlation	.367 [*]	1
	Sig. (2-tailed)	.013	
	N	45	45

*. Correlation is significant at the 0.05 level (2-tailed).

The table above shows a correlation coefficient of 0.367. This means that a moderately positive relationship exists between the employee's department and the view that use of PA is better for development and more useful than for evaluative purposes. The preference by the respondents for use of PA for developmental purposes is largely consistent with the study by Prowse and Prowse (2009), which notes that evaluative purpose is associated with negative aspects such as determination of poor performers for layoff decisions.

3.3. Factors That Undermine Performance Appraisals in Enhancing Motivation

Table 5: Regression Model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789 ^a	.623	.575	.82515
a. Predictors: (Constant), Performance appraisal compatible with existing standards, Reviewers are well trained to conduct appraisal, Performance appraisal is consistent, Supervisor acts and listens to employee's case, Reviewers refrain from biased review				

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.891	5	8.778	12.893	.000 ^a
	Residual	26.554	39	.681		
	Total	70.444	44			
b. Dependent Variable: Long-term effectiveness of the PAS						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.116	.522		.221	.826
	Performance appraisal is consistent	.412	.151	.372	2.731	.009
	Reviewers refrain from biased review	.294	.177	.256	1.658	.105
	Reviewers are well trained	.338	.125	.358	2.701	.010
	Supervisor fails to listen to employee's case	-.394	.151	-.389	-2.618	.013
	Compatible with existing standards	.342	.191	.295	1.791	.081
a. Dependent Variable: Long-term effectiveness of the PAS						

Regression Model:

Long-term effectiveness (Y) = 0.116 + 0.412X₁ + 0.294X₂ + 0.338X₃ - 0.394X₄ + 0.342X₅

3.3.1. Interpretation of the Model

Strength of the Regression/Goodness of Fit

R-Square adjusted

Adjusting the R value for biases in the sample gives an adjusted R-Square value of 0.575 or 57.5%. This means that the above model explains 57.5% of the total variations in the long-term effectiveness of the performance appraisal system at Shine Communications. Despite the relatively low value of adjusted R-Square, the model has a moderate explanatory power.

Significance F

An F value of at zero (0.00) means that the model is effective in explaining the relationship between the dependent and independent variables in the model. In other words, the independent variables impact significantly on the regression model at a confidence interval of 95%.

3.3.2. Interpretation of the Model Coefficients

Sign

Based on the above model, a positive correlation exists between long-term effectiveness of the performance appraisal system and the independent variables which include consistent PA, unbiased reviewers, trained reviewers, and compatibility with existing standards. Impliedly, an increase in these variations will lead to an increase in the effectiveness of performance appraisal as a motivational tool over the long term. However, a negative correlation exists between long-term effectiveness of the PAS and failure by the supervisors to listen and act on issues raised by the employees.

Size

In terms of size, the constant value of 0.116 in the model means that 11.6% of the variations on effectiveness of the PAS can be explained by other factors when the current ones in the model are equated to zero.

Significance of coefficients

At a 95% confidence interval, the above model has three significant independent variables. These include performance appraisal consistency at 0.09 units (0.9%), trained reviewers at 0.010 units (1%) and failure to listen and act on employees' case at 0.013 units (1.3%). The rest of the independent variables reveal no significance.

3.3.3 Analysis of the Independent Variables

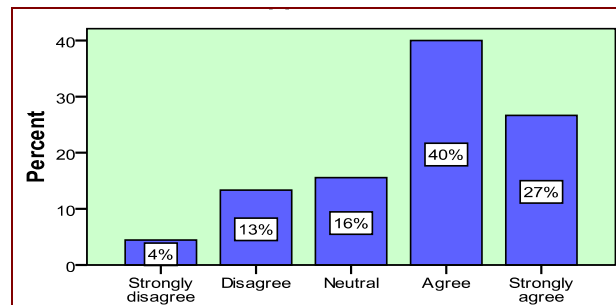


Figure 7: opinion on Consistency in Performance Appraisal

As can be seen above, the majority of the respondents (67%) at a mean of 3.7 had the view that the organisation's performance appraisal process was consistent over time.

The high levels of employee satisfaction and the corresponding perceptions of consistency validate Chen and Eldridge's (2010) assertions that consistency and accuracy in performance appraisal contribute to increased motivation by eliminating potential errors such as halo and horn errors.

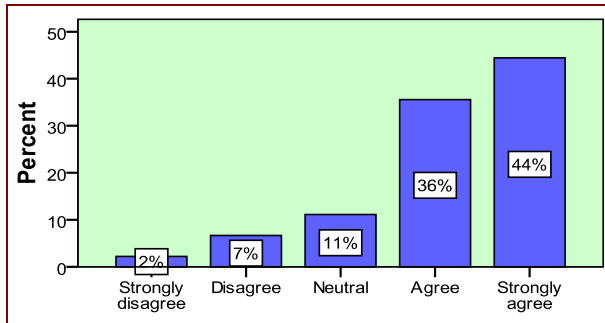


Figure 8: Compliance with Ethical Standards

The findings demonstrated in figure above, it indicates that an overwhelming majority of the respondents (80%) had the attitude that the entire personal appraisal system was consistent with both ethical standards in the industry and standards set by the organisation. In response to compliance with ethical standards, the HR also noted that *“the organisation’s overriding goal has always been to ensure that the PAS is accurate and equitable.”*

4. CONCLUSION

From the study findings five main factors were identified. These factors include: attitude on whether performance appraisal is a threat to the employee’s job; whether rewards are commensurate with work effort; whether both positive and negative feedback is given; accuracy of PA in determining employee performance; and whether PA is used for developmental or evaluative purposes.

Notably, the study findings indicate that a significant proportion of employees consider PA results as a threat to their job security. This is mainly the case for employees in older age groups and could be explained by past experience on the use of appraisal results. Such findings are validated by past studies, which indicate that employees in some instances associate performance appraisal with actions such as dismissal and demotion (Van Herpen, Van Praag and Cools, 2005). As a result, employees are more likely to favour appraisal results that are used as a basis for development as opposed to evaluation. In addition, the equity theory and expectancy theory as reviewed in the current study suggests that employees compare themselves to their peers as well as make estimates on the likely outcome of their efforts (Zaniboni, Fraccaroli, Truxillo and Bauer, 2012). Failure of the appraisal system to meet perceptions of justice as well as employees’ expectations thus lead to negative attitudes and consequently lower levels of employee motivation.

Although the study findings highlight general positive attitudes towards the PAS at Shine Communications, it is notable that most employees in the older age groups do not consider rewards as commensurate with their efforts. This suggests that such employees are likely to be targeting promotions and higher salaries as motivating factors. In addition, the attitude that performance appraisal should be used for developmental purposes as opposed to evaluative is higher in sales department when compared to other departments. Impliedly, employees in this department are subjected to more rigorous assessments and hence the negative attitude to evaluations.

Overall, it can be concluded from the study findings in this section that the use of PA in a manner that does not threaten employees’ job; use of PA to provide both positive and negative feedback; ensuring rewards and efforts are equal; and ensuring accuracy in determining of employee performance results into positive employee attitudes on the effectiveness of the PAS. This confirms that the extent to which performance appraisal practices are effective in enhancing motivation is a function of employee attitudes. In terms of importance, employee attitudes on whether rewards are commensurate with the efforts are the most statistically significant.

From the analysis of data, **five main factors were identified**. They include: consistency of the performance appraisal system over time; ability of the reviewer to refrain from biased reviews; the level of training of the reviewers; ability of the supervisor to listen and act on employee’s case; and compatibility of the performance appraisal with existing standards.

Notably, the majority of the respondents at Shine Communications indicated that the current performance appraisal was largely consistent, reviewers substantially refrained from bias and that they were adequately trained. High satisfaction levels in these aspects thus corresponds well with the findings that majority of the employees are satisfied with the organisation's PAS. These findings further confirm earlier findings that uniformity in performance appraisal rating in an organisation enhances perceptions of justice through fair employee representation and avoidance of halo and horn errors (Jackson et al., 2011). In addition, training of reviewers is positively associated with a quality appraisal process that among other things underscore the importance of effective communication (Espinilla et al., 2013).

Based on the data analysis, consistency and the ability of the supervisor to listen and act on the employee's case are the most statistically important factors in ensuring the long-term effectiveness of the PAS. The fact that there are notable differences in satisfaction with these attributes across various departments at Shine Communication underscore the need for streamlining.

5. RECOMMENDATION

Organisations should also ensure that the choice of appraisal system is reflective of the nature of work roles in the organisations. Preferably, a variety of appraisal techniques should be used to help ensure that the performance measurement process is comprehensive.

Further, organisations should development specific HR policies that target performance appraisal. Such policies should help in promoting an atmosphere in which the performance appraisal process is consistent over time, conducted by well-trained individuals and encourage continuous improvement in responsiveness to issues raised by employees.

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ABBREVIATIONS

PA: Performance Appraisal
PAS: Performance Appraisal System
HR: Human Resource

APPENDIX

Appendix A: Research Questionnaire

Section A

Gender ☐ Male
☐ Female

Age Group: ☐ 18 – 25
☐ 26 – 35
☐ 36 and over

Department: ☐ Human Resource
☐ Accounts
☐ Research and development
☐ IT Department

Section B

<i>Employee attitudes towards as a tool for motivation and its impact on employee performance</i>	SD	D	N	A	SA
performance appraisals are a threat to my job security					
the rewards offered after performance appraisal are commensurate with the effort towards work					
positive or negative feedback after performance appraisal is necessary in improving performance					
performance appraisals correctly determine the level of performance					
use of performance appraisals for development is more useful than evaluation purposes (eg decision to layoff or terminate)					

Factors that undermine the use of performance appraisals in enhancing employee motivation at Shine Communications	SD	D	N	A	SA
The performance appraisal process has been consistent over time					
The reviewers refrain from biased review during performance appraisal					
The reviewers are well trained to conduct the appraisals accurately					
During the appraisal process the supervisor listens and acts on the employee's case					
The appraisal process is compatible with existing ethical standards					