

Title
Effectiveness of Performance Appraisal

Author
Enkhjin Chuluunkhuu

A dissertation submitted in partial fulfilment for a MA in
Human Resource Management

National College of Ireland
2010

Acknowledgement

I would like to take this opportunity to thank all those who have contributed in any way, shape or form to the completion of this dissertation. I am grateful for my boyfriend who has been there for me all the time and my family for their invaluable financial support, motivation and encouragement. I would like to thank my tutor Jonathon Brittan for the help and guidance he has given me. Lecturers and staffs at National College of Ireland for their advice and support.

**Norma Smurfit Library
National College of Ireland**

Research Students Declaration Form

Name: Enkhjin Chuluunkhuu

Student Number: 10 20 93 28

Degree for which thesis is submitted: Master of Arts in HRM

Material submitted for award

- (a) I declare that the work has been composed by myself.
- (b) I declare that all verbatim extracts contained in the thesis have been distinguished by quotation marks and the sources of information specifically acknowledged.
- (c) My thesis will be included in electronic format in the College Institutional Repository TRAP (thesis reports and projects)
- (d) I declare that no material contained in the thesis has been used in any other submission for an academic award.

Master of Arts in Human Resource Management.

Awarded by HETAC at Level 9 on the National Framework of Qualifications.

Signature of research student: _____

Date: 22/08/2011

Abstract

The focus of this research is in the area of performance appraisals system. Performance appraisal is a key component of HRM almost in every organizations and one of the most vital responsibilities for human resource and line managers/supervisors. A well designed and implemented formal PA system can serve many valuable purposes in the manager and subordinate relationship (Longenecker et al, 1988). Even though, it is often seen as a cumbersome and destructive procedures by both managers and employees, and most employees dread receiving them almost as much as managers hate conducting them (Lee, 1996). This study aims to analyse the effectiveness of performance appraisal system of Khan Bank and to examine how the managers and the employees are affecting the effectiveness of the system. The research design of this thesis is of explanatory nature with some descriptive elements. The study adopts survey strategy and used self-administered questionnaire to gather data from managers and employees of Khan Bank. The sample for the study included 53 managers (from every level) and 121 staffs. The study findings revealed a several potential impediments that are limiting the effectiveness of the system and the managers and employees attitude towards the PA system negatively affects the system effectiveness. The most employees are hesitant about the appraisal process to be a worthwhile organizational practice.

Table of Contents

Acknowledgement	1
Research Students Declaration Form.....	2
Abstract	3
Chapter 1. Introduction.....	6
Historical development of performance appraisal	7
The research aim and questions	8
A brief introduction of the organization	8
Structure of the study	9
Chapter 2. Literature review	10
Performance appraisal defined.....	11
The purposes of performance appraisal	12
Benefits of performance appraisal.....	13
Difference between performance management and PA.....	15
Defining objectives.....	16
Problems with performance appraisal.....	18
Key features of effective appraisal.....	22
The 360 degree appraisal.....	28
Self-assessment.....	30
Rater training	31
Chapter 3. Methodology	36
Research philosophy	36
Research approach.....	38
Research design.....	39
Research strategy.....	40
Population and sample.....	45
Ethical consideration.....	46
Chapter 4. Research analysis and findings	47

Chapter 5. Conclusion	69
Chapter 6. Bibliography.....	73
Chapter 7. Appendices	78
Appendices1. Questionnaire (Employees)	78
Appendices2. Questionnaire (Managers)	81
Appendices3. Interview questions asked from Head of HR department	85

Chapter 1. Introduction

The appraisal of employee work performance has been one of the most extensively researched areas in the Human Resource Management literature. PA is a key component of HRM in most organizations and one of the most vital responsibilities for human resource and line managers/supervisors. Performance review information is utilised for many aims including decisions about promotions, payment etc, staff feedback and development, career progress, determination of TN and other organizational interventions. Ideally, outcome of PA should aid managers make informed personnel decisions and supply data that will best enable them to enhance staff performance (McDonald and Sulsky, 2009). Longenecker et al (1988, p.317) stated that ‘at its best, PA is manager and subordinate are sharing their perceptions of each other, their job and their organization. It is normally presumed that the consequence of this process is a positive one for both manager and subordinate. At its worse, PA is one person in the name of the organization trying to force his or her will on the other with the result of miscommunication, misperception disappointment and alienation’.

A well designed and implemented formal PA system can serve many valuable purposes in the manager and subordinate relationship (Longenecker et al, 1988). Even though, it is often seen as a cumbersome and destructive procedures by both managers and employees, and most employees dread receiving them almost as much as managers hate conducting them (Lee, 1996).

The exploitation of PA procedure has become widespread in the USA and UK, between 1998 and 2004 there was a steady increase in the number of organizations that was using PA system, it climbed from 69 percent to 87 percent. Nowadays, it is estimated from 80-90

percent of organizations in the USA and UK use the system. The development and extension of PA to a large proportion of the UK workforce and the coverage of non-managerial occupations has extended the use of the system in both private and public sector (Prowse and Prowse, 2009, p.69).

Historical development of performance appraisal

There is evidence of early appearances of performance appraisals process in both USA and UK in the 18th and 19th centuries. Around 1950s in the USA and the 1960s in Europe, about a half to two-thirds of large organizations used some PA procedures. In the 1970s in the USA and around 1980s in the UK, government legislations regarding to employee rights introduced, which forced companies to implement some sort of PA (Furnham, 2004, p.84).

There was a fact of using formal observations of employee's work performance in factory of Owen, R in New Lanark in early 1800s, hanging a piece of coloured wood over machines to show the supervisor's evaluation of the previous day's performance (specific colour for specific rate) (Cole, 1925 cited in Prowse and Prowse, 2009). From 1930s, the psychological tradition started to develop by employing methods that identified personality and performance used feedback from graphic rating scales, a mixed standard of performance scales noting behaviour in Likert-scale ratings, providing evidence to recruit and identify management potential in the field of selection (Prowse and Prowse, 2009, p.69). In 1940s the results oriented approaches and behavioural methods were developed. In the 1960s, self-evaluation was introduced in the PA process. Until 360 degree feedback approach was developed in 1990s, the effectiveness of performance appraisal system was hugely determined by the skill of appraiser.

The research aim and questions

Overall aim of this research is to analyse the effectiveness of performance appraisal system of Khan Bank and to examine how the managers (at the every level) and the employees are affecting the effectiveness of the system. From this aim, two main research questions are emerged that would help the researcher to achieve the aim of the study.

RQ.1: What are the main features of effective PA and whether these are present at the Bank?

RQ.2: How is managers' and employees' behaviour and attitudes towards performance appraisal and how does it influence the system?

A brief introduction of the organization

Khan Bank, with 500 branches across all of Mongolia with more than 4000 employees, is the largest bank in Mongolia, providing banking services to an estimated 80% of Mongolian households. The Bank finances corporate, small and medium businesses, consumers, and individuals.

Khan Bank's central office is located in the capital city of Ulaanbaatar (UB), and it houses executive and administrative offices, as well as full service banking. There are 5 branches in UB city and 24 regional branch offices throughout the country, each of which supervises an additional 15 to 25 sub branches in its area. Each branch directly serves the banking needs of a community of 15,000 to 60,000 people. Even the sub branches, with a two or three staff and minimal overhead, offer full banking services to their local communities. The Khan Bank has

a well trained and highly educated staff of motivated bankers who are moving Khan Bank and Mongolia to new levels of banking.

Khan Bank's roots go back 80 years to the State Bank of Mongolia. When this monopoly bank was broken up in 1991, Khan Bank was formed to take over most of the State Bank of Mongolia's regional and local offices throughout the country.

Structure of the study

This project consists of seven chapters: introduction, literature review, methodology, findings and discussion, conclusion, bibliography and appendices.

The literature review chapter will introduce main themes in the areas of performance management and performance appraisals procedures. The main focus will be on the effectiveness of performance appraisals system and the participants' influence on it. The methodology section will introduce the approaches are employed to conduct the research and justify them. The findings and discussion chapter will report the facts that revealed by the survey and will be analysed as well. The conclusion chapter will present the summary of main issues of the results of survey analysis. The bibliography chapter will show a list of other writers' work that is used in the project by adopting the Harvard system. Appendices will present a blank copy of the questionnaire and the interview questions.

Chapter 2. Literature review

This chapter aims to introduce works of the academicians which are related to the issues of the research and describe the main themes in the performance appraisals system.

The meaning of performance

In the Oxford English Dictionary, performance is defined as: ‘The accomplishment, execution, carrying out, and working out of anything ordered or undertaken.’

And Stephan and Pace (2002, p.97) argued that the performance has many outcomes; however, the two most important outcomes of performance are productivity and quality. Productivity simply means the number of things that can be produced at the lowest value. Quality refers to producing the most products and services with no defects at the lowest possible cost. They assured performance achieves much more than just quality and productivity, and it involves working to enhance production, paying attention to quality and managing technology in creative and innovative ways, helping others when they need it, and coming in an hour early or staying a little late to make improvements in the way something is being done. Performance behaviours are a broad set of activities that leaders encourage and expect from employees and themselves.

Armstrong (2006) mentioned that high performance can be achieved by appropriate behaviour, particularly discretionary behaviour, and efficiently leveraging essential knowledge, skills and competencies. Also, performance management need to scrutinize how outcomes are produced, in order to gain the information required to consider what has to be done to those consequences.

According to Brumbach (1988) performance refers to both behaviours and results. Behaviours derive from the performer, and convert performance from thought to action. Behaviours are not just the instruments for results, they are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.

Performance appraisal defined

All organizations must tackle head on the challenge of how to assess, exploit and grow its human resource to make sure that organizational aim is fulfilled, and also to make sure that employees attain as much satisfaction as possible from their work. (Anderson, 1993)

Performance appraisal is essentially an opportunity for individual employees and those concerned with their performance, typically line managers, to engage in a dialogue about each individual's performance and development, as well as the support required from the manager. While performance appraisal is an important part of performance management, in itself it is not performance management: rather, it is one of the ranges of tools that can be used to manage performance. (CIPD, 2011)

Bacal (1999, p.93) defined performance appraisal as 'the process by which an individual's work performance is assessed and evaluated. It answers the basic question, "How well has the employee performed during the period of time in question?" It's just one part of performance management, not the whole'.

The purposes of performance appraisal

The performance appraisal has multiple purposes, but the primary goal is to improve organizations overall performance. It is very important to clarify the objectives that performance appraisal system is attempting to achieve. Striving to achieve multiple objectives could become a disadvantage if it leads to dissipation of effort, energy and lack of focus (Anderson, 1993; Rees and Porter, 2001). Fisher (1995) warned that performance appraisal more likely to fail if employees see performance appraisal as a stick which management has brought in, in order to generate a basis for disciplinary action. Some managers make mistakes including the maintenance of discipline as one of the goals of a multipurpose scheme. In addition, if employees acknowledge that their pay and chance of being promoted depend on the outcome of the appraisal process, they may try to play down any weaknesses and eager to shine their bright side (Rees and Porter, 2001). Consequently, it does get hard to reveal an individual's training and developmental needs.

The primary objectives of performance appraisal system are likely to be (Rees and Porter, 2001, p.223 and Fisher, 1995):

- Performance review
- The identification of development needs
- Pay review
- Determining upgrading
- Determining promotion
- Probationary review
- Review of duties and setting targets for future performance

Moreover, the objectives can be categorized in a variety of ways, and McGregor (1960, cited in Anderson, 1993, p.13) classified them broadly in 3 groups:

Administrative – providing an orderly way of determining promotions, transfers and salary increases.

Informative – providing information to management on the performance of subordinates and to the individual on his or her strength and weaknesses.

Motivational – creating a learning experience that motivates staff to develop themselves and improve their performance.

Benefits of performance appraisal

An effective performance appraisal system brings in benefits to the appraisee, the appraiser and the organization. The appraisee likely to have following benefits (Anderson, 1993; Fisher, 1995; Corcoran, 2006):

- A greater understanding of the results expected of them
- Precise and constructive feedback on past performance
- Greater knowledge of strengths and weaknesses
- The development of plans to improve on performance by building on strengths and minimizing as far as possible weaknesses
- An opportunity to communicate upwards views and feelings about the job and the utilization of the appraisee's skills in the job
- Increased motivation and job satisfaction

- The opportunity to discuss work issues and opportunities

All appraisals need to be fully informed about the benefits of the system by their managers who conduct the appraisal. Only if employees completely understand the benefits, they can participate fully and honestly in performance appraisal.

Managers could earn following benefits from appraisals:

- Better understanding of staff, their fears, anxieties, hopes and aspirations
- The opportunity to re-prioritise targets
- Increased motivation of employees, by managing them individually
- Developing staff performance
- Enhanced job satisfaction
- The opportunity to connect individual and team goals with departmental and organizational objectives
- More focussed staff performance

Benefits for the organization:

- Better communication
- Generally increased motivation of employees
- The greater harmonization of objectives
- Enhanced overall corporate performance

Difference between performance management and PA

There are significant differences between performance appraisal and performance management. However it is sometimes not acknowledged, and often assumed both are same thing.

Bacal (1999, p.3) defined performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisors that involves establishing clear expectations and understanding about:

- The essential job functions the employee is expected to do
- How the employee's job contributes to the goals of the organization
- What "doing the job well" means in concrete terms
- How employee and supervisor will work together to sustain, improve, or build on existing employee performance
- How job performance will be measured
- Identifying barriers to performance and removing them

DeNisi, A, S and Pritchard, R, D (2000, p.255) argued that although performance appraisal information provides input for the performance management process; performance management tries to find the ways to motivate employees to improve their performance.

Again, the purpose of the performance management process is performance improvement, initially at the level of the individual employee, and ultimately at the level of the organization.

They believed that the main goal of performance appraisal must be to supply managers by accurate information that will help them to make decisions to improve employee performance.

Armstrong and Baron (1998) expressed the differences between performance management and performance appraisal as following:

Performance appraisal	Performance management
Top-down assessment	Joint process through dialogue
Annual appraisal meeting	Continuous review with one or more formal reviews
Use of ratings	Ratings less common
Monolithic system	Flexible process
Focus on quantified objectives	Focus on values and behaviours as well as objectives
Often linked to pay	Less likely to be a direct link to pay
Bureaucratic- complex paperwork	Documentation kept to a minimum
Owned by the HR department	Owned by line managers

Defining objectives

Objectives are the core of the appraisal process - they are the aims or targets that we work towards and the means by which we can measure performance (Nutbrown, 2005).

Objectives or aims refer to what organizations, functions departments teams and individuals are hoping to reach (Fisher, 1995). A research carried out on 300 American public and private agencies revealed that 75 percent of those organizations maintained performance appraisal plans but less than a half of them said that the plans were achieving their stated objectives (Laird and Clampitt, 1985). Furthermore, 61 managers were interviewed who involved in

performance appraisal process in order to determine the factors that influence to discredit performance appraisal systems. The most managers felt that one of the reasons why the objectives weren't achieved was corporate targets weren't realistic, unattainable and generated disrespect for the objective standard. Managers stated that one of the most important features of effective evaluation is to have SMART goals to measure against. As a result the situation, managers dealt with the issue different ways, 28 of them either explicitly or implicitly modified the corporate standards themselves to make them more realistic and meaningful for their subordinates and others just ignored the stated objectives. Meanwhile, most managers understood the importance of objectives; felt that assigning objectives from top of the organization is not preferable and they strongly recommended a system of upwardly created objectives.

Good objectives are (Fisher, 1995, p.42):

Consistent: with the values of the corporate and every level of objectives;

Precise: crystal clear and well-defined, using positive words;

Challenging: to stimulate high standards of performance and to encourage improvement;

Measurable: can be related to either quantified or qualitative performance measures;

Attainable: within the capabilities of the individual and any possible limitations should be considered that would have an effect on the individual's ability to accomplish the goals such as financial factors, time, and equipment, lack of experience/training or knowledge and external factors;

Agreed: necessary to be agreed by the manager and the employee concerned;

Time-related: attainable within a given timescale;

Teamwork oriented: emphasize teamwork as well as individual achievement.

These necessities are simply summed up as following:

S = Stretching/specific

M = Measurable

A = Agreed

R = Relevant/realistic

T = Time related

Problems with performance appraisal

Performance appraisal has become integral part of human resource management and extensively increased in use within few decades by covering traditionally excluded areas. However, its growth weren't immune to criticisms and the dominant critique is an orthodox management framework (Bach, 2005). This approach seeks the solutions to the shortfalls in the design and implementation of various appraisal systems. A primary and broadly recognized problem is conflicting purposes are used in the system (Stebler et al, 2001; Wilson, 2002). Appraisal can be used to motivate employees to improve performance by setting clear objectives for the future and letting them know what is expected of them, besides, determining their development needs. These contrasts with an appraisal process of distributing rewards based on assessment of past performance (Bach, 2005, p. 301). Appraiser is normally obliged to adopt conflicting roles such as: monitor, evaluator and understanding counsellor. Because of these situations, appraisers get reluctant to open up about their weaknesses and anxieties about their work performances as this may affect their merit-related reward or promotion opportunities (Newton and Findley, 1996). Also, when an employee's payment is linked to the performance, the

manager may feel more pressure to give inflated ratings because of a reluctance to deprive subordinates of what they perceive to be needed (Alan, 1992). This situation may occur especially in times of sharp increase in the cost of living. The study of sixty one managers conducted by Laird and Clampitt (1985) revealed that the multiple purposes of the appraisals system increases generality of comments/rates since managers wasn't sure what jobs appraisee might be applying for in the future, they didn't want to hurt subordinate's long term promotion opportunities. The most of the managers stated frustration not only about the multiple purposes of the system but also about unclear guidelines on the most important purposes of the system.

The studies of McGregor (1957) and Rowe (1964) prove that managers are reluctant to criticise and make negative judgements on an individual's performance as a result, gives them inflated rates. Accordingly, several of motives lie behind this manager's act: a fear of de-motivating employees by giving them negative feedback, leading to exposition of lack of managerial support or misguidance, simply to avoid conflicts (Longenecker et al, 1987) and giving the ratee a chance to improve before giving him/her the true rate, managers assume positive feedback is more motivating than negative, trying to get rid of someone who was not possible to fire, so they could get promoted (Laird and Clampitt, 1985). One result of conflict avoidance is raters rate all appraises in the middle rating point, that is known as the 'central tendency' (Prowse and Prowse, 2009, p.69). Allan (1992) argued that the HRM unit should be able to identify this type of errors by analysing assessment records. If the process exposes that the error generated from unclear or unworkable performance standards, they need to be modified. If the error is occurred due to manager's laziness, lack of interest or avoidance to upset staffs, coaching by the evaluators' managers can be the solution. On the other hand, in most cases, it is almost

impossible for rater to observe all of the behaviours that are relevant to the performance and the most raters lack observational skills (Smith, 1986).

A study of sixty senior managers carried out by Longenecker et al (1987) found that organizational politics influenced the marks that managers gave out to their appraises. 'The political model suggests that performance appraisals take place in the context of appraisers' desires to project a positive self image, gain valuable outcomes for their units, depict themselves caring individuals, and avoid negative situations and confrontations. But political model fails to consider the checks and balances placed on the participants by the organization and the people within that organization. Formal process, social norms, ethical and legal standards restrain the raters' personal ambition to influence the appraisal process (Paul and McNall, 2010, p.201).'

Furthermore, political judgements were appeared to be distorted by 'halo and horns effect' (Prowse and Prowse, 2009). Halo and horns effect takes place when the rater knows the person being appraised has done particularly well/bad in a part of work, and thus presumes that the rest of the work is being accomplished at the same level (Hunt, 2005). The rater could fall into the trap of concentrating only on the good/bad work, totally ignoring other areas. Some appraisers tend to consider only recent events that are noted rather than collecting and including evidence throughout the appraisal period which is known as 'recency effects'. Many research shows that appraisal process is influenced by gender and ethnicity of both appraisee and appraiser (Geddes and Conrad, 2003; Lewis and Taylor, 1996; Chen and DiTomaso, 1996; White, 1999). These are common types of stereotyping. Stereotyping is defined by Hunt as: 'the process of grouping essentially heterogeneous people into homogeneous categories, such as the member of staff who is in the union is automatically labelled as a trouble-maker, even though there is no evidence

for this' (Hunt, 2005, p.214). Fortunately, the negative effects of stereotyping can be diminished by being aware of their effects.

'Ideally, two employees who have the same tasks and who perform similarly should obtain the matching performance rating, even if they were appraised by different people or work for different units. Yet they might get different marks simply because one manager is generally more demanding and another one is more easy-going. Some managers are lenient and give fairly high marks to everyone or majority of their subordinates, whereas others give relatively low marks to everyone. Furthermore, exceptionally high performers who are assigned to work in units composed of dazzling performers may be rated relatively low if their performance is compared with those of the dazzling employees. On the other hand, exceptionally high performer who happens to work in a team made up of average or poor performers would stand out by comparison. In other circumstances, managers may be reluctant to give good marks to well performers due to fear of losing them through promotions or reassignments (Allan, 1992).' Laird and Clampitt (1985) argued that the lack of agreement on the rating scale and guidelines for how to assign ratings increases subjectivity of the measurement since people tend to hold a different opinion of the rating scales and criteria.

According to Allan (1992) solutions for these errors are:

- Coaching managers how to apply assessing standards in a quite consistent manner and to employ full range of rating categories when necessary.
- Weighing employee performance against pre-established results rather than comparing with the performance of others.

- Structuring managers' compensations to reflect their achievement in developing their employees into valued members for the company.

Key features of effective appraisal

Piggot-Irvine (2003) defined key features of effective appraisal drawing from the findings of her 3 converging and extensive studies. But these three researches were distinctive from each other and they were carried out from 1996 to 2001. According to Piggot-Irvine's terms, effectiveness refers to when performance appraisal interactions are non-controlling, non-defensive, supportive, educative and yet confidential. Effective appraisal, therefore, is supported by a relationship of respect and has results directly linked to improved work performance. Also, information of appraisals process should be clear, objective, and have high integrity and ultimate goal of deep development. (See diagram.1)

Piggot-Irvine (2003, p.177) notified that 'these values cannot just be "turned on" for appraisal. In order to have effective appraisal, the process must be embedded in a wider culture where the values shape part of the fabric of the everyday life of the workplace'. Essentially, top of the organization needs to model the values to their subordinates.

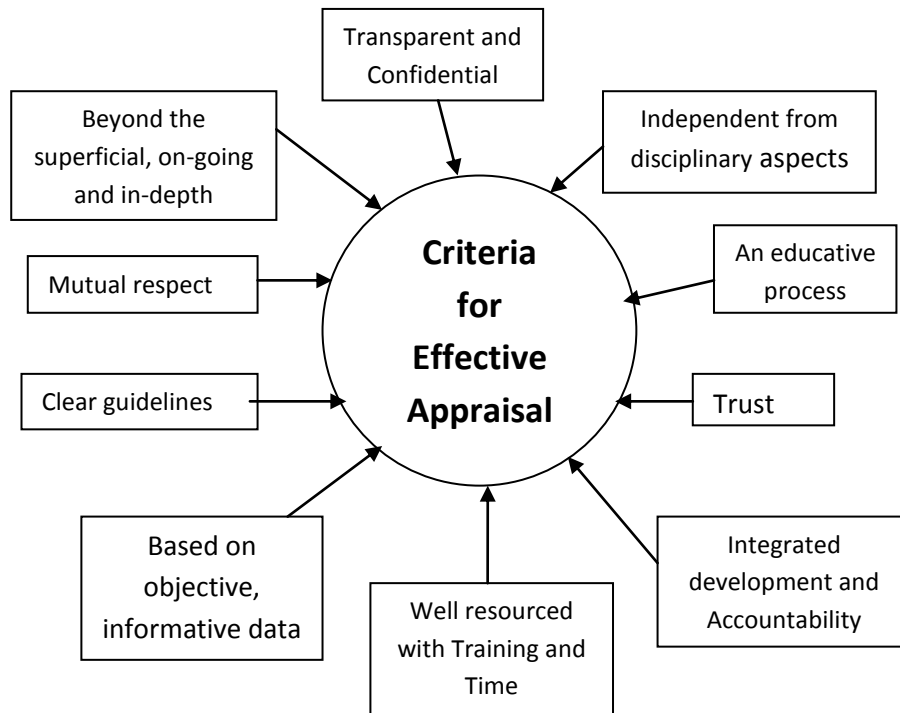


Diagram1. Elements of appraisal effectiveness by Piggot-Irvine (2003, p.173)

Longenecker and Fink (1999) carried out in-depth focus groups with sixty mid- and upper-level HR executives from twenty eight American organizations to discover the features of effective performance appraisal systems. They categorized their findings into three broad categories: effective systems design, effective appraisals system support and effective managerial practice. From these crucial components they identified ten important lessons that managers could execute to improve the system.

Effective system design:

1. Clearly define why the organization conducts formal appraisal. The specific objectives of appraisal system must be identified and clearly communicated throughout the organization.

2. Involvement of staff/managers in system design is crucial. Involving employees in the every stage of the design of the system boosts cooperation and their sense of ownership.
3. Design user friendly procedures and work related forms. Performance criteria, feedback, rating procedures must be articulated in terms that focused, meaningful, simple and easy to understand for both managers and subordinates. The best way to make sure these characteristics are achieved in the system is the participation of employees in the design. Important aspects of employee's work must be included in the appraisal otherwise it sends out wrong message that these aspects are not important and can be ignored.
4. Managers and staffs should know how the process functions and understand their role. It is revealed that managers receive very little training. There are four fundamental integrated levels in the appraisal process, and each level requires different appraisal competencies from appraisers. Any shortage of those competencies at any level will undermine the system effectiveness.
 - I. Performance planning
 - II. Performance management and ongoing coaching
 - III. The written performance appraisal
 - IV. The performance appraisal review

Once the system foundation is formed, how well the appraisal plan is transformed into actions entirely depends on managerial appraisal practices.

Managerial systems practices:

5. Managers must carry out effective performance planning. At the beginning of the appraisal cycle, manager and employee need to work together to review job descriptions and responsibilities closely, define clear objectives and communicate expectations of desired behaviours and consequences specifically for which the staff will be appraised against.
6. Managers should give informal performance feedback constantly. Once a year formal performance review cannot be effective and constant feedback allows avoid growth of minor mistake into major one. Lack of ongoing coaching result in disengaging from work, considering alternative employment, lower motivation and productivity and impair relationship between managers and employees.
7. Only motivated appraisers carry out the appraisal effectively. Managers get motivated to conduct effective appraisal when their supervisors carry out effective appraisal on them. This process models the appropriate procedure, coaching and also, indicates the significance of the appraisal.

Appraisal system support:

8. Top management must support and demonstrate effective appraisal practices. Support from top is essential for the effective system and it can be expressed through written and oral communication with managers and staffs in memos, testimonials, and company newsletters etc. Also, top executives can show support by practicing the proper appraisal procedures when they appraise managers.
9. Performance ratings should be linked to organizational rewards. Research consistently shows that, to increase the effectiveness of performance related payment program, greater rewards should be linked to superior job performance.

10. Appraisal systems require ongoing systems review and corrective action. The system must be reviewed often and systematically, to examine the efficacy of the system and whether procedures are being followed accurately.

Korsgaard and Roberson (1995) argued that employees are more satisfied with PA systems when managers are supportive of their subordinates and when they trust their manager. Also, when accurate feedback is given to employees especially, in the areas of individual development, performance related pay and promotion opportunities during the evaluation process and when they are offered enough time to express their opinion, gets a chance to affect the outcome and when their ratings are precisely explained, employees are satisfied with PA scheme (Whiting et al, 2008). Laird and Clampitt (1985) suggested that the employees' evaluation should be conducted frequently. The frequent review could minimise the conflict arises in the annual appraisal interview since no negative feedback would come as a surprise.

Whiting et al (2008)'s study indicated that following characteristics influences employee perceptions of the usefulness and fairness of PA systems:

- Whether appraiser is trained well on the PA system
- Objective setting and manager's support in individual development plan
- Importance of the components of the PA
- Discussion of performance related pay and feedback
- Voice in the process
- Relationship with supervisor
- Simply listened to without influencing the outcome of the ratings
- Fair reward based on fair assessment
- Roles and responsibilities of appraisee are well known by appraiser
- The assessment is more often occurred

Longenecker et al (1988) suggested that differences in ratee and rates' perceptions of the evaluation process should be understood very well. Since the effectiveness of appraisal system is affected by the extent that managers and employees have a shared perception of the purpose and function served by the system and the extent to which appraisals accomplish their needs. When there is a lack of shared perceptions of the system, misunderstandings and conflicts tend to increase between the two parties. Employees respond more favourably to the PA system when they are allowed to explain their side of the problems and objectives and plans are discussed. According to Longenecker et al (1988), to employ PA effectively as a communication instrument and a vehicle to boost top-down relationship, subordinate's role and involvement in the PA process need to be increased. They also argued that if employees realise that their manager is not being open and honest with them, it can deteriorate the effectiveness of the system and the relationship between manager and employee.

Prowse and Prowse argued that employees attitude towards PA system hugely depends on the employee's relationship with his/her line manager.

Fisher (1995) suggested that organizations should conduct the PA twice in a year or at least annually and if there is any more meetings are necessary, should leave it to the manager/ rater to decide.

The 360 degree appraisal

Ward (1997) defined 360 degree feedback as: ‘the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance.’ It is also referred to as reverse appraisal, full circle appraisal, multisource assessment or multi-rater feedback. This approach involves the assessment of an employee’s by the parties especially affected by it, such as: immediate boss, other managers, subordinates, peers, internal and external clients or customers, and suppliers (Rees and Porter, 2001).

Whereas the feedback is gained by the 360 degree review can be very valuable, the process of collecting it can be too complex. Collected feedback needs to be evaluated and the appraisee should be given the chance to comment on the feedback (Rees and Porter, 2003).

Hunt (2005) suggested that multi-source review should not be utilized as the only form of appraisal. Even though it has a multiple advantages, there are a various limitations. It is not suitable to exploit it for performance appraisal which is linked to pay and promotion, but can be used as a developmental tool.

360 degree review can be a solution to alleviate subjectivity of the appraisal process through elimination of “top down” ratings by managers and their replacement with multisource assessment (Grint, 1993). Manager’s role in 360 degree appraisal is to collect feedbacks about appraisee and to summarise assessment. Prowse and Prowse (2009) argued that the validity of upward appraisal means the removal of subjective appraisal ratings and Fletcher (1999) also noted that gender bias against women in evaluation process is solved by this form of appraisal. Although negative feedbacks collected from full circle appraisal de-motivates appraises too at some extent, it still requires specific competencies from managers to handle

detailed feedback and to have discussions with the employees. Walker and Smither (1999) carried out a research among 252 managers during five year period and the result revealed some subjectivity issues with multi source ratings, but it increased accountability of appraisers and individual performance dramatically if used appropriately.

Lepsinger and Lucia (1997) suggested that introducing multisource feedback system cannot simply repair an appraisal system that is not working due to structural or administrative failures with evaluation system or underlying problems with organizational culture. They believe certain conditions required to exist if the system is to be employed accurately in the evaluation process:

- The organization need to have a culture that supports open and honest feedback. Multisource feedback system works successfully where the participatory environment exists rather than authoritarian and everyone acknowledge the value of information obtained by feedback and perceive giving and receiving feedback as a norm.
- It is essential to have clear, simple, specific, observable and agreed performance measures and behaviours.
- Effective system should diminish irrational responses and be able to identify biased ratings. Employees' belief in the system and perception of data as unbiased and objective is crucial for the system efficacy.
- 360 degree appraisal system is very time consuming, however employees who is participating in the evaluation must be willing to dedicate enough time to make it work.

Organizations don't have these characteristics need to build them before utilizing 360 degree feedback in the appraisal systems.

Self-assessment

Self-assessments, self-ratings, self-appraisals, or self-reports are the most widely used method for rating and understanding individual differences (Yammarino and Atwater, 1993). Self-rating is a process in which individuals review their own performance, using a structured approach, as the basis for discussions with their supervisors in review meetings (Armstrong, 2006, p.95).

Campbell and Lee (1988) argued that traditional self-appraisals cannot be used as an evaluative tool solely, and its usefulness is very limited especially for evaluative purposes. Nevertheless, for developmental purposes, self appraisals contain potential for enhancing an employee's job performance. Jiing-Lih, et al (1988) noted some benefits that may result from integrating self-rating into traditional performance evaluation systems:

- It may improve two-way communication between appraiser and appraisee
- Appraises sense more control over performance evaluation, due to increased participation of the appraisee in the system
- Self-evaluations are generally less affected by halo errors than managerial evaluations, and it is especially useful for evaluating isolated workers and individuals with rare skills as they know much about the work than anyone else.
- Manifold perspectives make it easy to discover overly biased evaluations.

Armstrong (2006) also argued that the main gain of utilising this method is that it decreases individual defensiveness by letting them to take the lead in rating their own performance rather than taking their supervisors' ratings thrust upon them. This situation allows creating a less negative and more productive conversation during the review meeting and encourages employees to consider their own training needs. Surprisingly, majority of people appraise

themselves realistically, but some people tend to inflate their ratings and it requires significant skills from raters to handle it effectively.

Self-appraisal can only work successfully if employees have clear targets and standards against which to measure themselves. It can also only be effective in a climate of trust where individuals believe their raters will not take advantage of an open self-appraisal (CIPD, 2011).

Rater training

Before 1980s, academics paid more attention to the rating system which increases accuracy of performance rating by eliminating the rating errors (Landy and Farr, 1980). Over time, however, it is understood that a critical component of any rating system (beyond the rating format and other structural characteristics) is the performance rater (Sulsky and Keown, 1998, p.52). Accordingly, there was a huge shift in the theory of performance appraisal during the 1980s with “cognitive revolution” in appraisal research. Many cognitive models of the rating process were developed and the main argument of these models is that the appraiser is an information processor. It is therefore, possible to breakdown in the appraisal process, such as, unsuccessful recall of important performance information of appraisee during the rating process. Advocators of these models argue that the accuracy of performance rating can be maximised if we design proper rating formats and training programs. Banks and Murphy (1985) criticised the models as don’t consider the appraisers’ motivation to appraise accurately and other factors that influence to boost effectiveness of appraisal process. A number of research shows that rating inaccuracy is more likely to be consequences of the deliberate and volitional distortion of performance ratings (Tziner et al, 2005). Anecdotal evidence supports this belief as well, for instance: a survey of appraisee, appraiser, and

administrators of performance appraisal schemes demonstrated that the most of the participants in all these groups believe that rating inaccuracy is more to do with deliberate distortions than from appraisers' unintended, cognitive mistakes (Bernardin and Villanova, 1986). There has been a big debate about the effectiveness of rater training programs. Some studies indicated positive impact of training program on rating accuracy but some studies showed no improvements by training (Bernardin and Buckley, 1981). Bass (1956, cited in Bernardin and Buckley, 1981, p.2007) suggested that it is possible rater training may result only in the replacement of one response set with another response set, such as being lenient to being harsh.

Binhong (2010, p.110) argued that it is impossible to get rid of rater bias completely by only rater training, but can make appraisers more self-consistent. His study illustrated that results of rater training may not endure for long after a training session, so the practice of holding a moderation session before each test administration is necessary to allow raters to re-establish an internalized set of criteria for their ratings.

To appraise employees' performance, a supervisor has to know how they are performing their work. In order to find out employees' performance, it is critical for supervisors to observe their employees on the job. Court rulings have required that if supervisors are to assess their subordinates' performance, they have to be in a position to observe them accurately. Though, certain skills are required to observe and record employees' performance (Allan, 1992).

Bernardin and Buckley (1981) suggested two approaches to rater training for developing observational skills.

Diary keeping

Borman (1979) has advised standardising the observation of behaviour and developing a common frame of reference for evaluating employee performance. This can be done by utilising a formal diary keeping system. A formal system of diary keeping to be monitored by the appraiser's manager will show to the appraiser that the observation of appraisee behaviour is a vital job function and that the most important part of the evaluation occurs all through the evaluation period rather than in the few minutes while ratings are actually done (Bernardin and Buckley, 1981). A study of the effectiveness of diary-keeping conducted by Bernardin and Walter (1977) indicated that raters who used diary-keeping method had much less leniency and halo effects than untrained raters.

A Common Frame of Reference for raters

Observational skills can be enhanced by developing a common frame of reference for observing and rating. This training approach should be useful in "creating" a common frame of reference for those found to rate on the basis of idiosyncratic standards. The workshop provides practisers train in rating vignettes showing critical and less important behaviours observed on the job (Bernardin and Buckley, 1981).

David and Allan (1994) studied effectiveness of rater training across four most commonly used rater training approaches (rater error training, frame of reference training (FOR), performance dimension training, and behavioural observation training) and four dependant measures which are leniency, halo, rating accuracy and observational accuracy by using quantitative method. The research revealed following outcomes:

- ❖ All the training approaches indicated a positive effect in some extent in addressing the feature of performance ratings that it was designed to resolve (rater training error diminishes rating error, FOR training and performance dimension training enhance rating accuracy, and behavioural observational training result in improved observational accuracy).
- ❖ In general, each of the training approaches affected all of the four dependent measures positively.
- ❖ The rater training strategies can be further improved by combining various aspects of the different rater training approaches.
- ❖ FOR training showed the highest overall improvement in rating accuracy.

However, David and Allan (1994) didn't consider some important features of training program that affects the effectiveness of training program, for example: the method of presentation of the training material, the type of rating scale, the nature of rating task, and ratee characteristics in the research.

Sillup, G, P and Klimberg, R. (2010) depicted general performance appraisals system in a diagram.

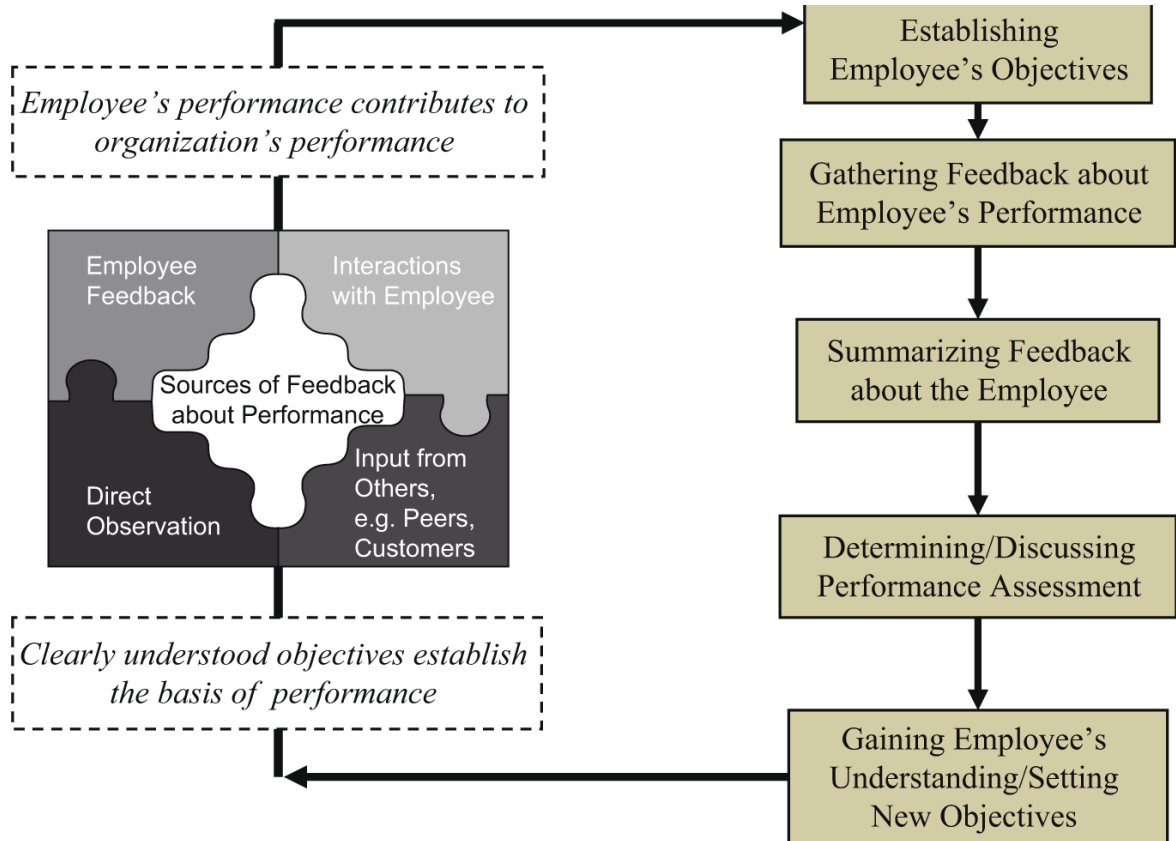


Figure2. Performance appraisals system.

Chapter 3. Methodology

This chapter aims to introduce a variety of research strategies and instruments for data collection and analysis. The chapter also includes a justification for the chosen method that is employed during this research and a consideration of alternative methods that could have been employed in this research and their advantages and limitations for this study.

Research philosophy

‘The research philosophy adopted by a researcher holds critical assumptions about the way in which the researcher views the world. These assumptions support the researcher’s chosen research strategy and methods. Business researchers need to be aware of philosophical commitments they make through their choice of research strategy since this has important impact on not only on what they do but they understand what it is they are studying’ (Saunders et al, 2009, p.108).

The researchers are divided into two broad types depending on what they are researching, as ‘feelings’ researcher and ‘resources’ researcher. Objects are being studied by ‘feelings’ researchers are human feelings and attitudes which have no external reality and can’t be seen measured and modified. On the other hand, ‘resources’ researcher views objects that are being studied more objectively. The ‘resources’ researcher adopts positivist philosophy and ‘feelings’ researcher adopts interpretivist philosophy (Saunders et al, 2009).

Positivist stance presumes an accurate and value-free knowledge of things is possible. It is therefore, possible to study human beings and their actions and institutions objectively as the natural world. However, only the tangible aspects of human characteristics might be possible

to be studied scientifically but not the intangible aspects. There are limitations with these approaches. They can predict only the average behaviour. Another problem is many choices and assumptions have been made when building these models (Fisher, 2004).

Realism is another philosophical stance and it shares a few same traits with positivist stance, for example: an idea that the same type of method can be utilised by both the natural and the social scientists for the data collection and the analysis, and a perception of an external reality to which scientists pay their attention (Bryman and Bell, 2007). There are two major form of realism is critical realism and direct realism. Former argues that what we experience is an impression, reality is concealed from common view and to view things in the real world requires knowledge (Fisher, 2004). In contrast, direct realists believe ‘what you see is what you get: what we experiences through our senses portrays the world accurately’ (Saunders et al, 2009, p. 114).

There are myriad terms for interpretivism, such as: phenomenology, constructionism and naturalistic research. Interpretivist researchers believe that reality is built from social activities which means reality is something that people in societies form from following (Fisher, 2004):

- People’s understanding of reality, which is shaped by their values and how they perceive the world;
- Other people’s understanding;
- The compromises and agreements that arise out of the negotiations between the first two;

The challenge of interpretivist approach is that the researcher must see the social world from research subject’s point of view and interpret world from that position (Saunders et al, 2009).

The researcher adopts critical realist view which is influenced by the nature of the topic being researched. And the researcher assumes her knowledge which is obtained from other researchers' work (literature review) may enable her to understand the reality of the chosen theme.

Research approach

Which approach (deductive or inductive) to use in the study depends on the extent of the relative theory available to the researcher at the commencement of the research. The most scientific researches adopt deductive approach, this approach allows a researcher to develop a theory and hypothesis and design a research strategy to assess the hypothesis. On the other hand, in inductive approach, researchers gather data first and then develop theory as a result of your data analysis. Deduction is more suitable for positivist researchers and induction for interpretivist researchers (Saunders et al, 2009).

The researcher decided to adopt deductive approach to this study. For the reasons that are the researcher assumes that there are accurate amount of studies done in the area of performance appraisal. It is one of the most extensively researched themes of Human resource management since 1960's. These plausible theories and empirical findings, therefore, would accurately present the basis of explanation.

Research design

Descriptive studies

This type of study provides accurate outline of people, events and situations. Descriptive studies mostly are an extension of, or a preliminary research to, a piece of explanatory or exploratory research. In most cases, researchers will want to examine the information and reach for applicable conclusions. Or, it is essential to have a clear image of the circumstance on which a researcher wants to gather information before the collection of the data. Both qualitative and quantitative data can be used in descriptive research (Anderson, 2004; Saunders et al, 2009).

Explanatory studies

Explanatory study aims to explain the causal relationships between variables by studying a problem or a situation. Also, both qualitative and quantitative data can be used for the research (Anderson, 2004).

Exploratory research

This type of research tries to find fresh insights into current circumstances or problems and discover what is really happening. The main characteristic of exploratory research is that it is adaptable and flexible to the change (Anderson, 2004; Saunders et al, 2009).

The research design of this thesis is of explanatory nature with some descriptive elements. Saunders et al (2009, p.138) argued that *'how the way in which you asked your research question would result in either descriptive, or exploratory or explanatory answers'*. Research designs that aim at answering 'what' questions are exploratory in nature, and 'how' or 'why' questions are explanatory studies (Yin, 2003). Saunders et al (2009) stated that 'description

should be thought of as a means to an end rather than an end itself, which means that if a research project uses description it is likely to be a precursor to explanation. The main purpose of this study is to analyse the effectiveness of performance appraisal system of Khan Bank and to examine how the managers (at the every level) and the employees are affecting the effectiveness of the system. In other words, this study tries to describe and explain the causal relationships between employees' attitudes and the PA system.

Research strategy

There is no research strategy that is inherently better or inferior to any other strategy. As a result, what matters is whether the chosen strategy enables the researcher to get an answer for their research questions and to reach his/her objectives. The research questions and objectives direct a researcher to his/her decision to utilise which research strategy. The decision is also affected by the extent of existing knowledge, the amount of time, researcher's philosophical stance and other resources that is required from the researcher (Saunders et al, 2009).

Common research methods are:

- Experiment
- Survey
- Case study
- Action research
- Grounded theory
- Ethnography
- Archival research

More than one research strategy can be used in a research (Saunders et al, 2009).

This study adopts survey strategy and used self-administered questionnaire to gather data. This kind of research strategy is normally associated with the deductive approach.

Survey research comprises a cross-sectional design in relation to which data are collected predominantly by questionnaire or by structured interview on more than one case (usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables (usually many more than two), which are then examined to detect patterns of association (Bryman and Bell, 2007, p.56).

Following characteristics of survey strategy made such type more suitable for the research and favoured by the researcher.

- The researcher was able to collect a great amount of data from a major population;
- As a result, the researcher was able to produce results that are representative of the whole population.
- The process of gathering data were simply economical and occurs in a relatively short time;
- It is believed that the data collected through a questionnaire method standardised, consequently, it can be compared, understood, and explained relatively easy;
- The most importantly, the strategy enabled researcher to obtain the data which is able to answer the research questions accurately and meet the objectives.

Saunders et al (2009) argued that the data gathered by such strategy tends to be not as wide-ranging as those gathered by other types of strategies. However, the researcher still believes that the data collected by her self-administered questionnaire is able to generate accurate and more focused findings which will be further explicated throughout this chapter.

In addition, structured observation and structured interview techniques to collect data are often associated with the survey strategy.

Any type of observing method for collecting data is not very suitable for this research, whereas, the most issues and errors attributed to performance appraisal systems are covert. It is therefore, almost impossible to discover employees' attitudes toward performance appraisal system accurately by just observing participants. Other issues are very time consuming and the performance appraisal mostly occurs in the Khan Bank at the end of each year.

Interview techniques would have been very convenient for this study besides questionnaire, but the location of the organization being studied didn't leave that option for the researcher. For the reason that, the interview enables the researcher to infer causal relationship between variables (Saunders et al, 2009) since the researcher need to understand the reasons for participants' attitudes toward the performance appraisal system and their opinions about it. This method allows interviewee to lead the discussion into areas that the interviewer hadn't previously considered but which are significant for the findings (Fisher, 2004). Interviewer assumes semi-structured interview would have been the most useful to answer the research questions. Whereas the researcher has no experience on carrying out an interview, in semi-structured interview, 'the interviewer has a note to remind them of the main issues and also, it prevents the discussion slip into unnecessary areas (Fisher, 2004)'. On the other hand, interview method would have required great amount of time to collect data from same amount of population participated in the questionnaire. Thus, interviews are able to involve only a small amount of participants which brings up a question of whether the findings would have been able to represent the whole population especially, of a large organization as the Khan Bank. Consequently, the researcher would have used both methods (questionnaire and interview) for this research, if it was possible.

Data collection and analysis

A most commonly used differentiation of qualitative and quantitative research is that qualitative study translates human experiences, opinions and attitudes into words and, quantitative research translates them into numbers (Duffy and Chenail, 2008). But this distinction is not completely accurate. Actually, both types of research necessitate some manipulation of numbers and explanation of words. The researcher adopted mixed-model (combined both qualitative and quantitative method) research to collect and analyse the data as opposed to multi-method and mixed-method research, since the issues are being studied is structured and well understood. According to Saunders et al (2009, p.153) 'mixed model research combines qualitative and quantitative data collection techniques and analysis procedures as well as combining both approaches at other phases of the research such as research question generation. This means that researcher may collect quantitative and then convert it into narrative that can be analysed qualitatively or vice versa. The researcher is collecting quantitative data regarding to the employees opinions of the performance appraisal system and the results will be analysed qualitatively.

The nature of the research design required the researcher to collect both primary and secondary data. The researcher used following sources to obtain secondary data that is relevant to the topic of the research: published books, wide range of academic e-journals, some relevant web sites (such as, CIPD and people management), and dissertations. The researcher carried out semi-structured interview from Head of HR department of Khan Bank which consisted of objective questions concerning PA procedures and policies of Khan Bank. The outcome of interview served as a base of questionnaires conducted among the employees and managers and it enabled the researcher to administer more focused questionnaires. Self-administered questionnaires were utilised to collect primary data from managers and employees of the Khan Bank. The questionnaire administered for managers is distinct from

the questionnaire administered for employees, in order to discover managers' opinion and attitudes toward the PA system both as a ratee and a rater. Both questionnaires (for managers and employees) consist of only closed questions which means 'they are presented with a set of fixed options from which they have to choose an appropriate answer' (Bryman and Bell, 2007). The researcher's decision to include only closed questions in the questionnaires was affected by Fisher's (2004, p.139) suggestions on which approach to adopt:

- If you don't know what kinds of answers you will get from participants, then you should adopt an open approach. As I mentioned earlier, the themes of this research is well understood and researched subject and therefore, responds from participants are relatively easy to predict;
- If you looking for new idea, open approach is more desirable. The research aimed to discover employees' opinion on the PA system, not new or fresh idea;
- If you want to quantify the research data, then it is most suitable to adopt closed approach;
- If you want to compare the views and experiences of a large amount of people, then it is easiest if closed approaches are used;

Furthermore, the researcher tried to construct short questionnaire, hoping to increase response rates without affecting its accuracy, 'since shorter questionnaire more likely to achieve higher response rates than longer ones' (Bryman and Bell, 2007).

Population and sample

‘The full set of cases from which a sample is taken is called the population’ (Saunders et al, 2009). Bryman and Bell (2007) defined sample as: ‘the segment of the population that is selected for investigation. It is a subset of the population’.

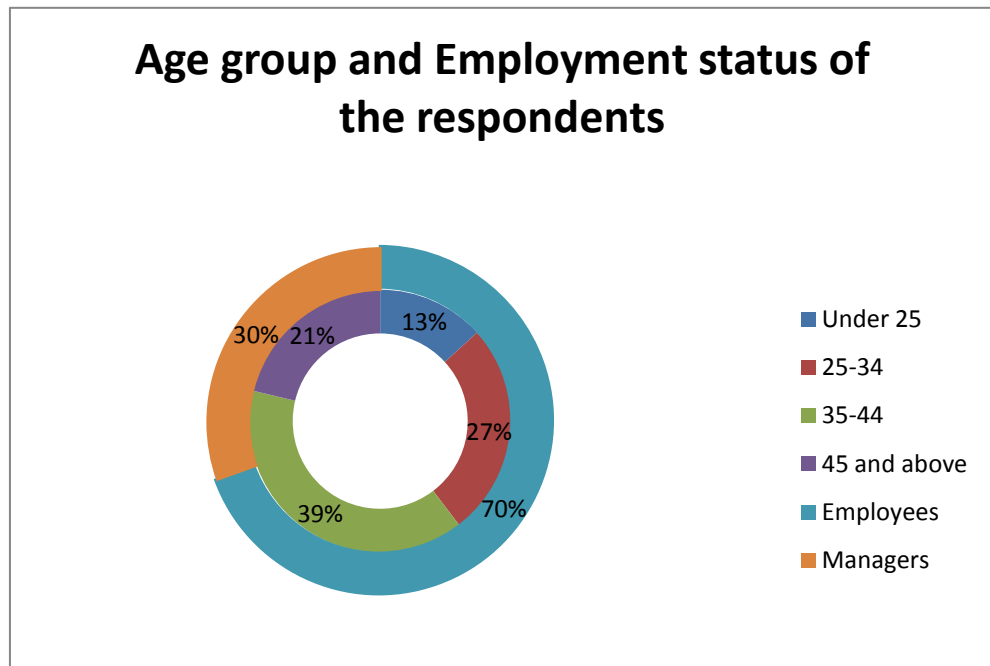
The researcher’s targeted research population was entire workforce of the Head office of Khan Bank since the researcher was only granted access to the Head office. However, according to the head of HR department, the ways in which head office is appraised was same as those at Branch level. According to the company’s policy and procedures of performance appraisals, all employees get evaluated their performance by their immediate managers. Survey questionnaire and size of the Head office of Khan Bank enabled the researcher collect data from the entire population. There was therefore, no need to do sampling. In order to avoid any sampling error and bias, the researcher decided to send out the questionnaires to everyone in the head office of the Khan Bank. The targeted population is 364 individuals and which consists of 89 managers and 364 staffs and the questionnaire sent to everyone via their work mail. The researcher relied on the head of Human resource department of Khan Bank to send questionnaires out to the participants, due to security reasons. And they were asked to send completed surveys back to the researchers own email. Even though all employees received the questionnaire and a request to participate in the survey with explanation of the purpose of the survey, the researcher received back 174 usable completed questionnaire, 53 of them from managers and 121 from staffs. As a result, total managers participated in the research are 56.5 percent of total targeted managers, and only 33.2 percent of targeted staffs completed the survey.

Ethical consideration

Every questionnaire sent out to respondent was attached to an email which explains clearly the purpose of the survey. Also, a brief introduction of the researcher and an estimated time required to complete the survey were pointed out in the email. Consequently, the employees knew from the start what the researcher was doing and why. The questionnaire didn't require respondents' names to protect their anonymity and confidentiality. The confidentiality of the respondents will be preserved and the participants' identities will not be given in the final dissertation.

Chapter 4. Research analysis and findings

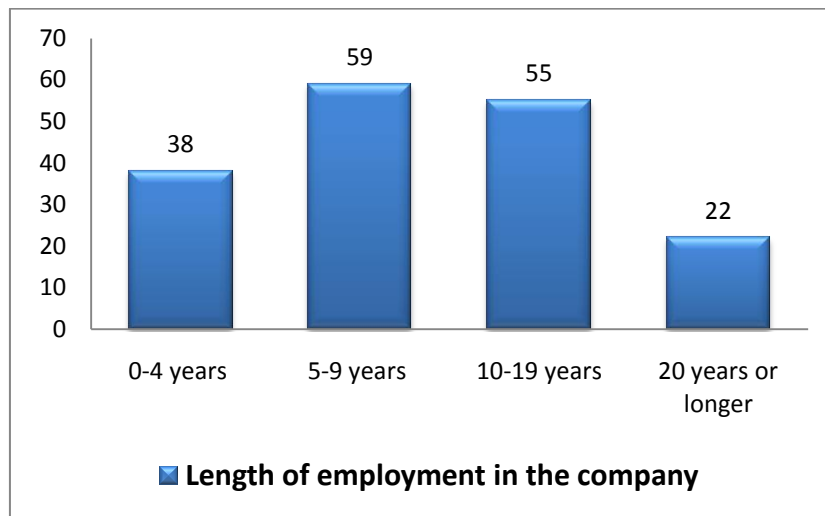
This chapter aims to present data has collected by the survey questionnaires from managers and employees of the Khan Bank and discussion of the research findings. The researcher utilised graphs, diagrams and charts to present findings of the survey in order to make it easier for reader to compare and analyse the variables of the results. Firstly, demographic statuses of all respondents (both managers' and employees') are introduced. Secondly, responses of the employees' questionnaire are examined and discussed but the responses of some of the same questions asked from both managers and employees are represented and analysed collectively. Later, findings of the managers' questionnaire are presented and discussed.



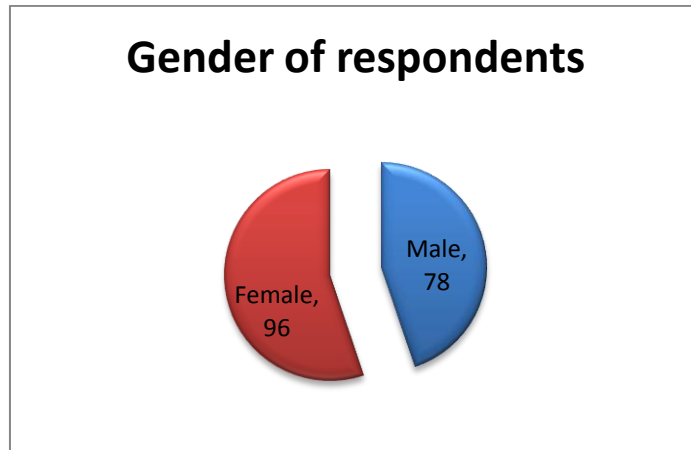
Total number of 174 managers and employees of Khan Bank participated in the research and 53 of them are working on the management level and the rest of them (121 employees) or

almost 70 percent of the respondents are staffs who are working lower than management level.

The majority or 68 of participants belong to age group of 35-44. Second major age group is 25-34 years old and 37 respondents are 45 or above that age. Only 23 of the all participants are under 25.



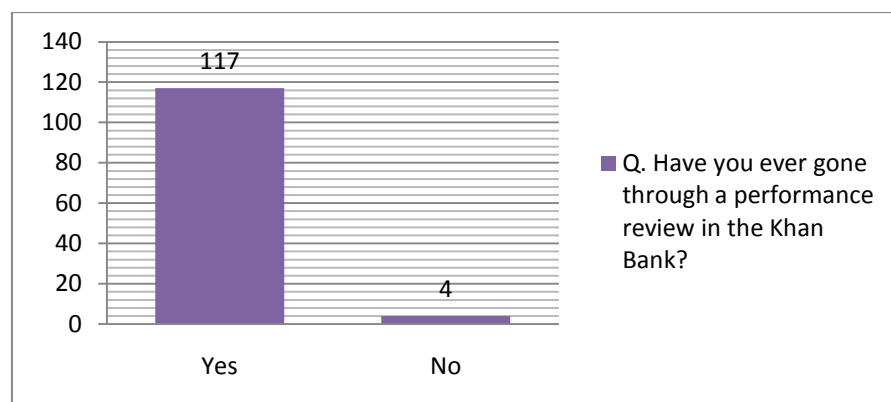
Most of the participants (34 percent) have been working for the Bank from 5 to 9 years. 55 respondent or 31 percent of all participants have been employed for 10-19 years. Relatively new employees who have worked up to four years are consisted of 22 percent of all respondents and employees who have been working for 20 years or longer period are composed of 13 per cent of the respondents.



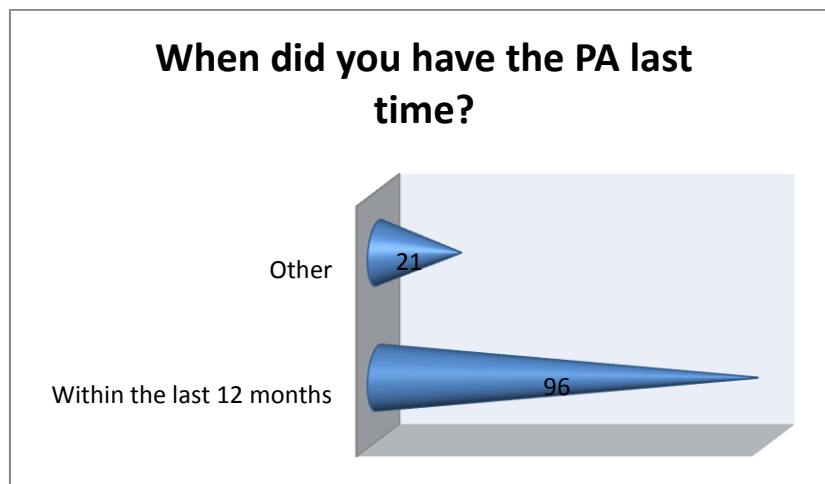
Female employees (96 female employees or 55.2 percent of all respondents) who participated in the survey were 10 percent more than male employees who responded to the survey.

The responses of the employees' questionnaire survey

This section will present and discuss the responses of employees' questionnaire and some of collectively analysed responses (of both managers and employees).

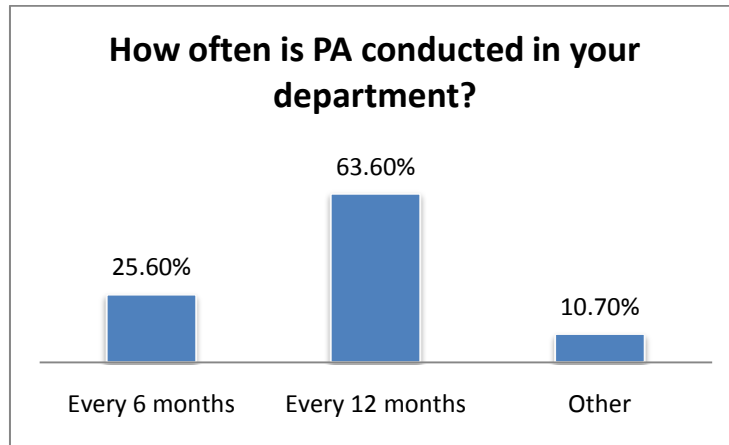


The researcher was actually surprised when she finds out that almost every respondent were experienced the performance review process in Khan Bank except four members who did not. It is important to involve as many staffs as possible in the appraisal process where as the system is crucial part/ basis of performance management which brings myriad of benefits to the workplace. However, the most academics suggest that not having an appraisal system is better than having a bad one since the bad system result in worse effect on the organizational performance than not conducting the appraisals. It is therefore, crucial to make sure performance review is conducted effectively in the workplace.



Vast majority (82 per cent) of all respondents had gone through a PR in the Bank responded that they had the PR within the last 12 months. Other option left open for the respondents to write their own answer and the researcher got 4 different answers on the open answer, eleven people replied as within two years. Secondly, six staffs answered that within three years and one person experienced it within five years and another three had it more than five years ago.

It is suggested by academics to carry out PR meetings at least once a year and more is better (Fisher, 1995).

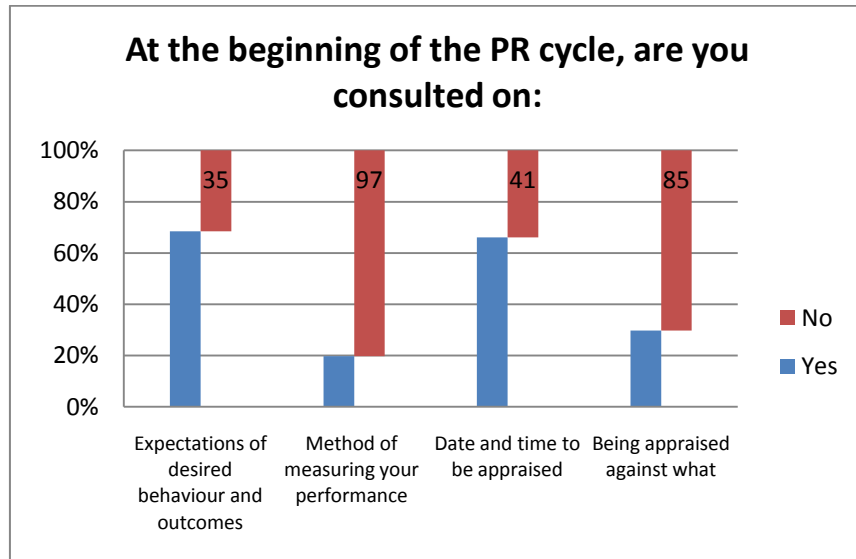


In order to further study the last question, this question was asked since the higher frequency result in more effective appraisals system. Quarter of the respondents said every six months and seventy seven respondents replied the PA is carried out annually in their department. Nine participants didn't know when it is conducted and four people said every second year. Apparently, Khan Bank reviews the most of the employees' performance in a year which is a very desirable result.



According to the head of HR department of Khan Bank, data collected from PR is used for all of the above objectives. Over eighty seven per cent of respondents ticked following answers as the purposes that PR striving to reach: to review past performance, to provide basis for disciplinary actions and to determine payments & rewards. Only 51 participants which are 42.1 per cent of all participants recognized the objective of determining T&D needs where as it is one of the most important objectives that PR tries to fulfil. The objectives of determining promotion and upgrading and setting targets for future performance are acknowledged by a very few people. Pursuing conflicting purposes (identifying T&D needs, setting objectives conflicts with determining promotion and payments, and basing disciplinary actions) by the PR system is a major mistake that downgrades the effectiveness of the system dramatically. Employees try to conceal their training needs and skill shortages as the data of PR is affected their payment and promotion. As a result, managers will not get much possibility to help employees to improve their performance. Especially, if employees see it as a base for disciplinary action, the system tends to fail.

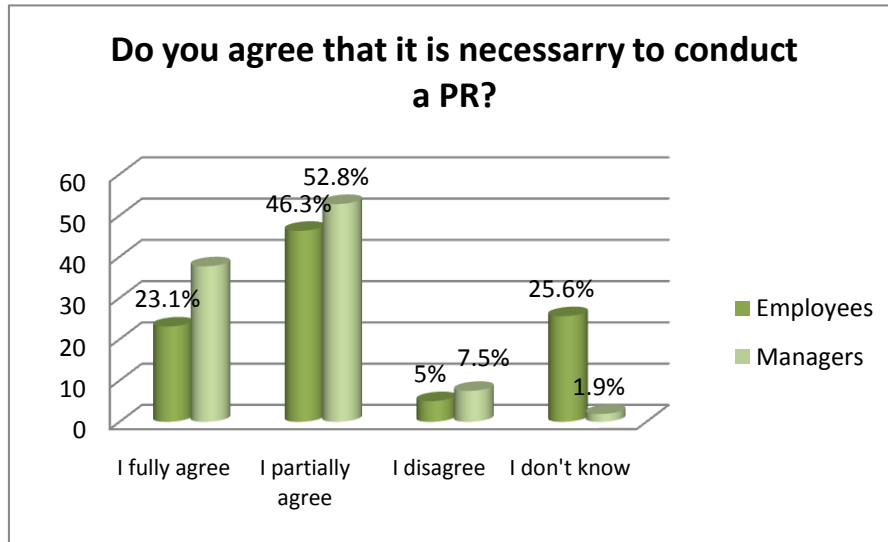
According to Longenecker and Fink (1999) the specific goals of the system must be identified and clearly communicated throughout the organization. However, the responses of the survey illustrate that employees of the Bank is not completely acknowledged all of them.



The process of PR system must be transparent for appraisee and appraiser. Effectively planned PR system increases the credibility of the system and employees get more motivated to implement behaviours and activities that support the organization (Longenecker and Fink, 1999). Furthermore, involvement of the employees at the all levels of the system facilitates acceptance of the system and boosts cooperation. Thus, managers should discuss with employees about expectations of desired behaviour and outcomes, what they will be rated against, the date to be appraised and methods to measure outcomes early in the PA cycle.

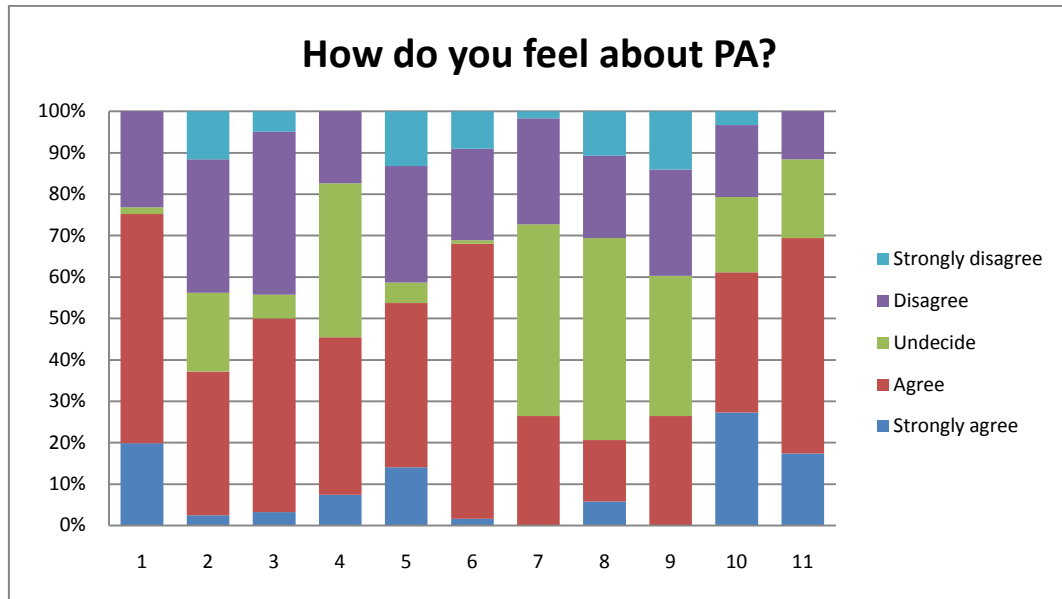
More than 65 per cent of the respondents claimed that they are consulted on desired behaviours, outcomes and when to be appraised but most people are not clear about how they get measured and against what. As a result, employees will get reluctant to participate in the

review process honestly and openly. Also, if rater and ratee are not on the one page about the rating criteria, the possibility of misunderstanding and conflict arises.



Surprisingly, high number of the employees (a bit more than thirty percent of respondents) weren't sure whether PR is necessary or not. 23.1 per cent fully and 46.3 percent of the employees agreed that PR system is essential. Only if employees entirely understand the benefits of the system, they are keen to involve themselves fully and honestly in PA (Corcoran, 2006). Employees who don't acknowledge the benefits of the system tend to downgrade its importance and offer less contribution. Many employees of the Khan Bank are not entirely realized the advantages of PR which might be affecting the accuracy of the system badly by having a negative impact on the employees motivation to participate.

It seems that managers are more aware of benefits of the system to the organization compared to the employees.

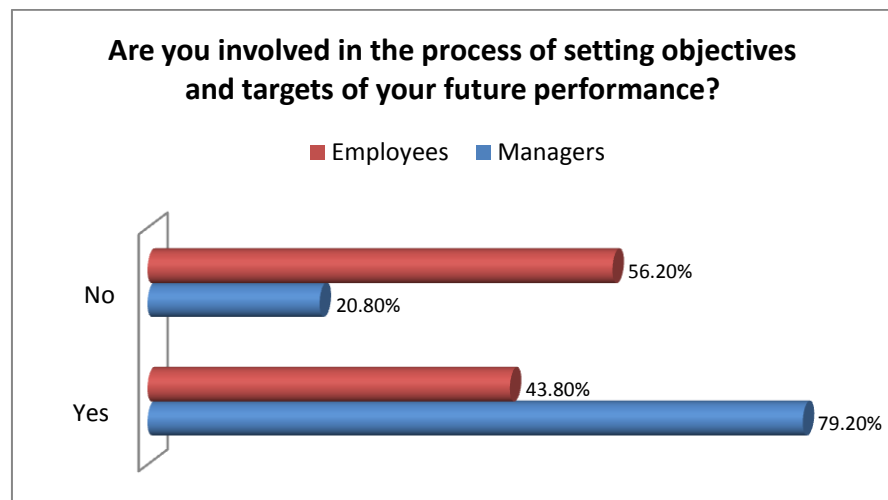


1. I take greater understanding of the results expected of me.
2. I receive specific and accurate feedback from my manager on my past performance.
3. Lets me gain more knowledge about my strengths and weaknesses which helps me to develop a plan to improve my performance.
4. Feedback is used for developing individual development program.
5. Lets me know where I stand about.
6. Gives me an opportunity to discuss my work problems and opportunity.
7. I feel more motivated after performance review.
8. All the information obtained from PA is confidential.
9. It improves the relationship with my manager.
10. I feel that the time spent on PA is well worthwhile.
11. Highly subjective process and lacks transparency.

The researcher asked above question (How do you feel about PA?) to find out that to what extent the PA system of the Bank benefits employees and their attitudes toward the system.

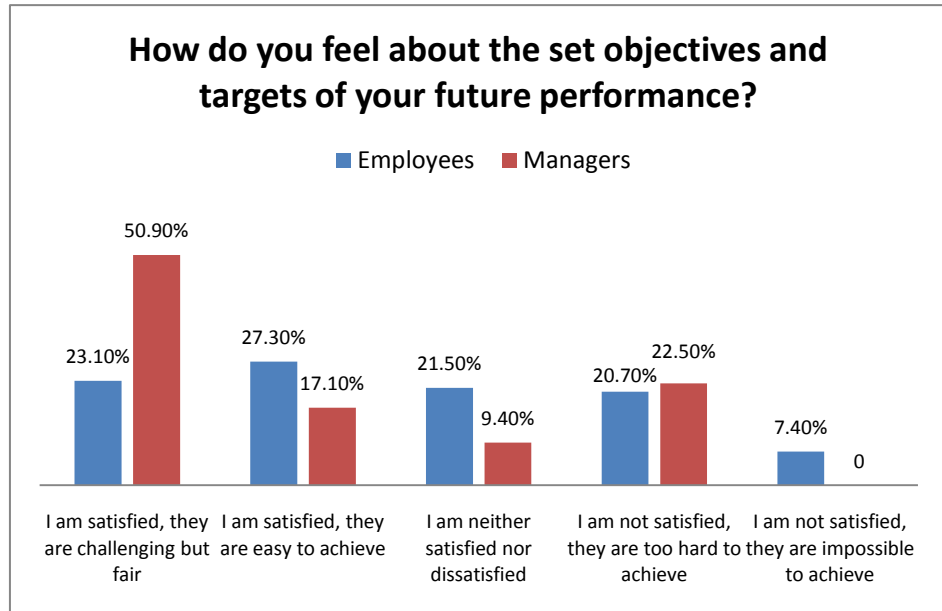
Employee's co-operation and commitment to the PA system is critical to the accuracy of the system (Anderson, 1993). However, it is impossible to gain employee's commitment and co-operation to the process unless they benefit from the system and perceive it as a trustful and transparent process. The outcome of the process should be win-win situation for both ratee

and rater. The survey results show that the PA system of the bank is failing to benefit its employees fully. Especially, a lot of respondents replied that they don't trust the system; it is not very clear process and doesn't motivate them much. The responses also show that managers don't give their subordinates enough feedback which might be one of the reasons that many employees don't feel motivated after the review process. The responses of another question (above) revealed that the most respondents were unclear about how they get measured and against what; and these consequences might have influenced them to assert that the review process is vague.

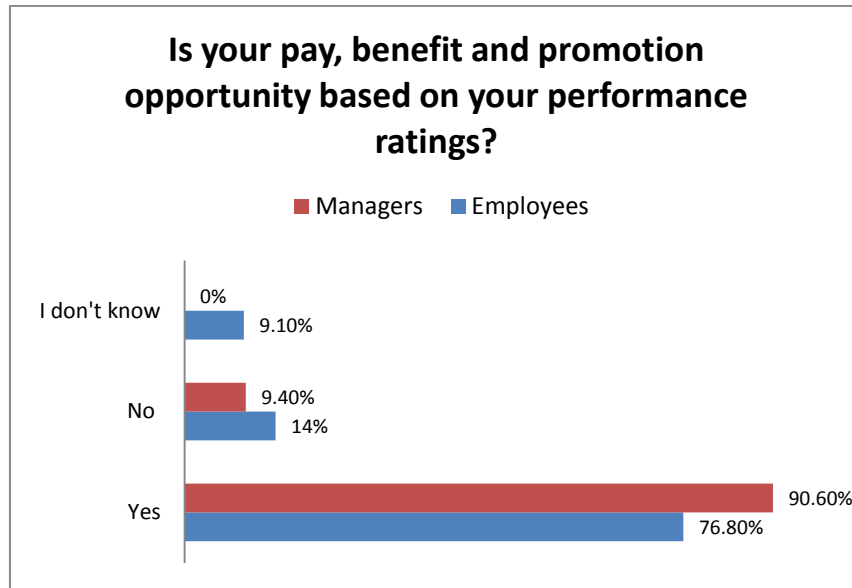


One of the factors that influence to discredit PA system is non-SMART objectives. In order to avoid this situation, upwardly created objectives strongly recommended for setting SMART objectives. But large number of respondents claimed that they are not involved in the process of setting objectives. As set objective/target is one of the most important fundamental factors which affect both rater and rate's attitudes toward performance rating, it is vital to have them agreed on by individuals. Moreover, Nelson (2002) suggested that involvement of the

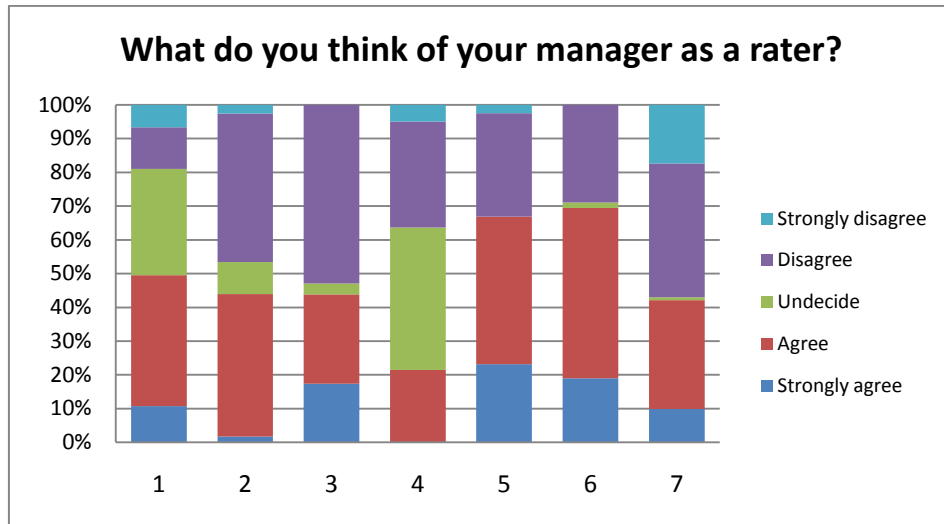
employee in the process of setting objectives of their work is itself motivator and an effective way of improving one's performance.



Compared to the employees, the managers are more satisfied with their set targets. This result correlates with the above result that showed more managers were involved in the process of setting their targets, while objectives set by top of the organization (downwardly) are more likely to fail to meet the criteria of SMART. Overall, still a large percentage of people don't accept their objectives wholly.



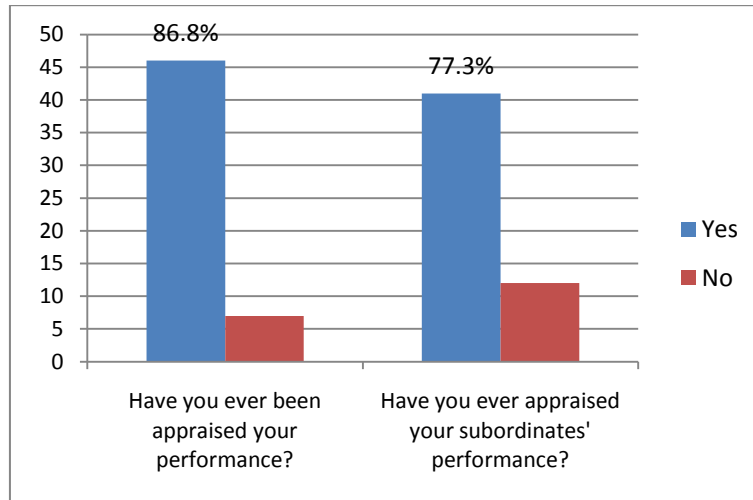
Most respondents' payment is influenced by ratings of PR. It is argued that performance pay scheme has a positive influence on individual effort, as a result, it increases organizational outcome (Prowse and Prowse, 2009). However, as the system tries to achieve both developmental and evaluative purposes, linking appraisals with payment diminishes the effectiveness of the system. Because employees get reluctant to open up about their weaknesses and problems, and also managers tend to give inflated rates.



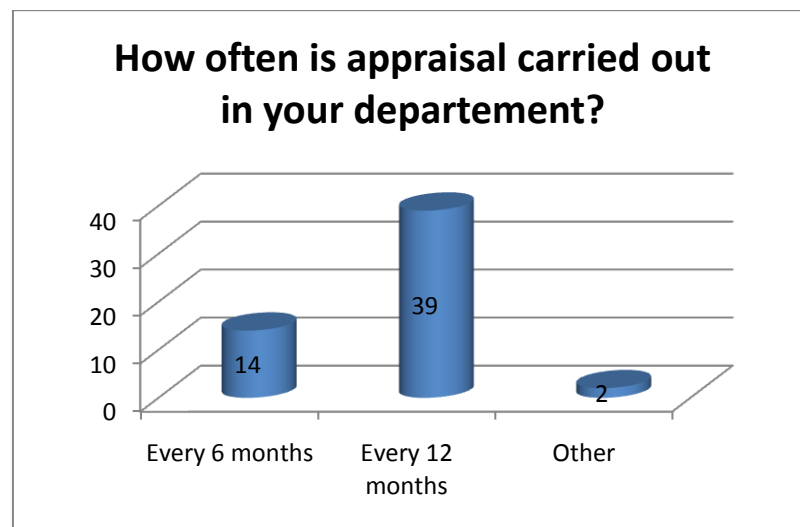
1. My manager treats employees fairly
2. My manager is open and honest in the PR process with appraises
3. My manager handles PR in a consistent and professional manner
4. My manager is fully skilled and trained to conduct PR
5. My manager always listens to our opinion about work
6. My manager is supportive
7. I receive informal feedback often all year around

The extent of satisfaction of employees with PA system and acceptance of the system is influenced by how they perceive their rater/manager. Employees are more satisfied with the system when they perceive manager as supportive of them and trustworthy. Also, when they are given an accurate feedback and perceive their manager as a skilled rater. The survey results reveal that the most of front line managers of Khan Bank are not perceived as accurately skilled/trained raters and trustworthy, open and honest by their subordinates. Nearly half of them believe that their managers treat them fairly and 31 percent of them were chosen the undecided answer. More positive results were revealed on the manager's support. Nearly seventy percent of respondents said that their managers listen to them.

In this section, Managers' questionnaire results will be presented and discussed.



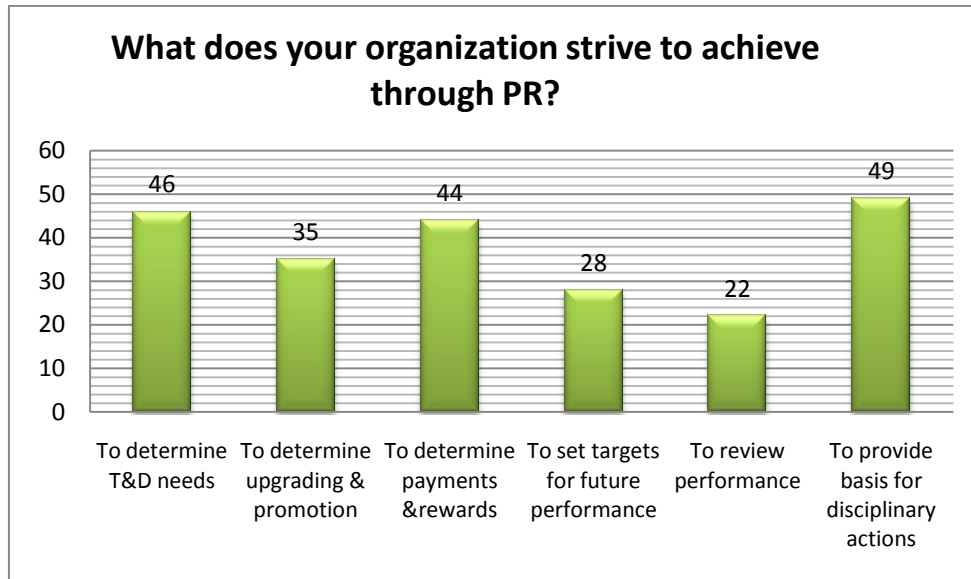
Total of 53 managers are participated in the survey. Forty six of them have been appraised their past performance in Khan Bank and 41 of them have appraised their subordinates' past performance.



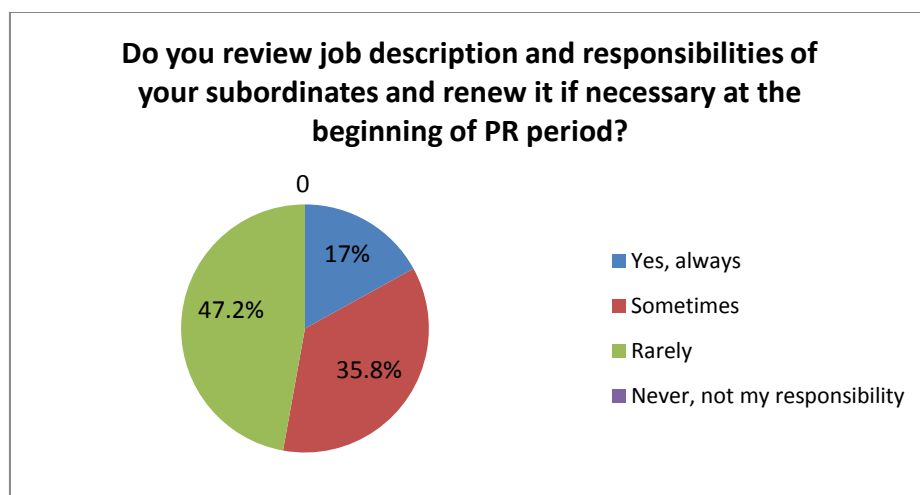
Thirty nine managers claimed that PA is carried out every 12 months in their departments and the rest of them said that it is conducted every 6 months. Two managers said that sometimes, frequency of the review depends on individuals' nature of work which could require longer or shorter period than a year. Both the employees and managers' responses illustrate that the frequency of PA system in Khan Bank is sufficient.



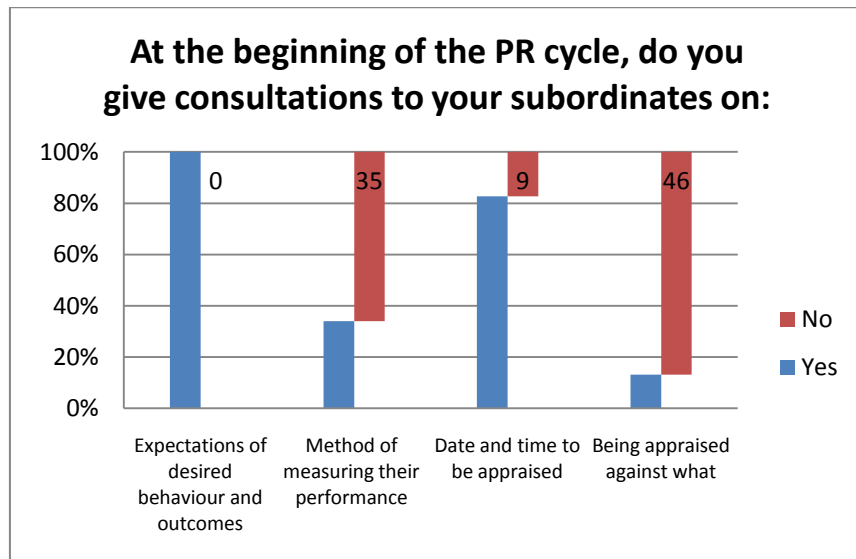
Thirty four managers presume objectives of the appraisal system are somehow clear but only eight of them think it is absolutely clear for them. Longenecker and Fink (1999) argued that when managers know that data collected during their PA process is likely to affect what types of decisions, they will be more willing to perform their responsibilities competently. So, there is an urgent need for the Khan Bank to clearly define and communicate the objectives of the system to the every individual. Otherwise, it is diminishing the system efficacy greatly.



Compared with the responses of employees, managers are more aware of the objectives of PA system. However, it is not wholly acknowledged by every manager. When subordinates and managers are not crystal clear about the specific purposes of the system that is trying to achieve, they are more likely to have miscommunication in the process, in return, it can have a negative impact on their relationship.



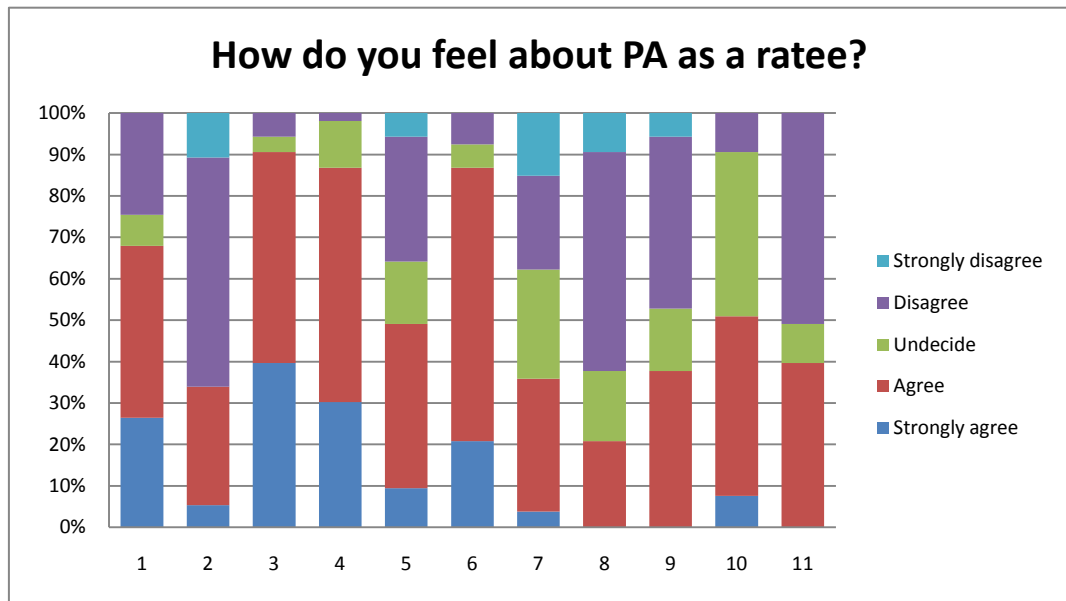
Managers must be aware of their subordinates' up to date job description and responsibilities. Thus, need to review it often especially at the start of PR period. If appraisal form doesn't include employee's important activities and responsibilities that are executed by him/her, employee gets a wrong message guessing that these aspects of the work are not important and shouldn't pay much attention or employee gets an impression that the system is worthless, as a result, employee diminishes his/her input to the system. There is a high possibility of sending out wrong messages to the employees in the Khan Bank.



The results illustrate that employees are consulted on the expectations of desired behaviour and outcomes and date and time to be appraised by their managers. However, it appears to be the majority of managers don't discuss with their subordinates about methods of measuring their outcome and appraising them against what. As I mentioned earlier, involvement of employees at the every stage increases their sense of ownership and collaboration.

Furthermore, transparent procedure of the system boosts employee and manager's motivation

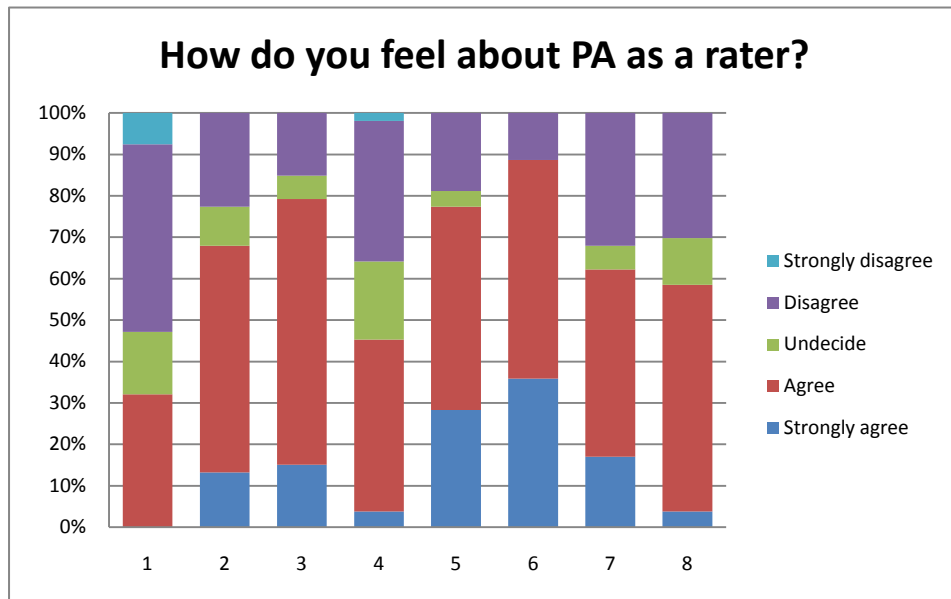
to be involved in the appraisal process as well. Consequently, every effort should be made by managers to increase roles and involvement of the employees in the process. The process of the system is not clear enough for employees of Khan Bank and involvement of them in the process are not high.



1. I take greater understanding of the results expected of me.
2. I receive specific and accurate feedback from my manager on my past performance.
3. Lets me gain more knowledge about my strengths and weaknesses which helps me to develop a plan to improve my performance.
4. Feedback is used for developing individual development program.
5. Lets me know where I stand about.
6. Gives me an opportunity to discuss my work problems and opportunity.
7. I feel more motivated after performance review.
8. All the information obtained from PA is confidential.
9. It improves the relationship with my manager.
10. I feel that the time spent on PA is well worthwhile.
11. Highly subjective process and lacks transparency.

The result shows that the managers' PA is conducted more effectively than the employees'. Although, still many shortages are indicated in the system, for example: many managers presumed that the feedback given them is not enough, and a lack of feedback and coaching result in disengaging from work, considering alternative employment, lower productivity/motivation and unconstructive relationship between manager and subordinate. Two third of them didn't feel more motivated after the appraisal and forty per cent of them assumed that the system lacks objectivity and transparency. 62 per cent of managers who involved in the survey didn't think the system helps to improve the relationship between them and their managers. Three quarter of them didn't believe the data collected through the review process stays confidential. Only half of them were sure that the time spent on the review process was well worthwhile. On the other hand, the majority of them claimed that the system helps them to develop their development program. This benefit increases their motivation to participate in the process honestly. Most of the managers assume that they are given the chance to discuss about their work, allowing the ratee to discuss about his/her work increases one's satisfaction with the system.

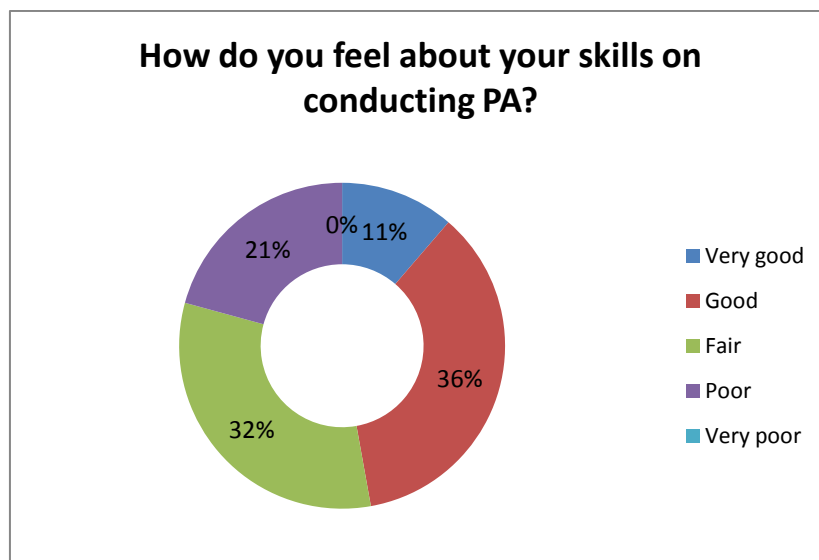
Manager's superior should feel more pressure to conduct the proper appraisal procedures as the proper practice indicates top management support for the appraisal system. In addition, manager gets motivated if their superior conducts effective evaluation on him/her.



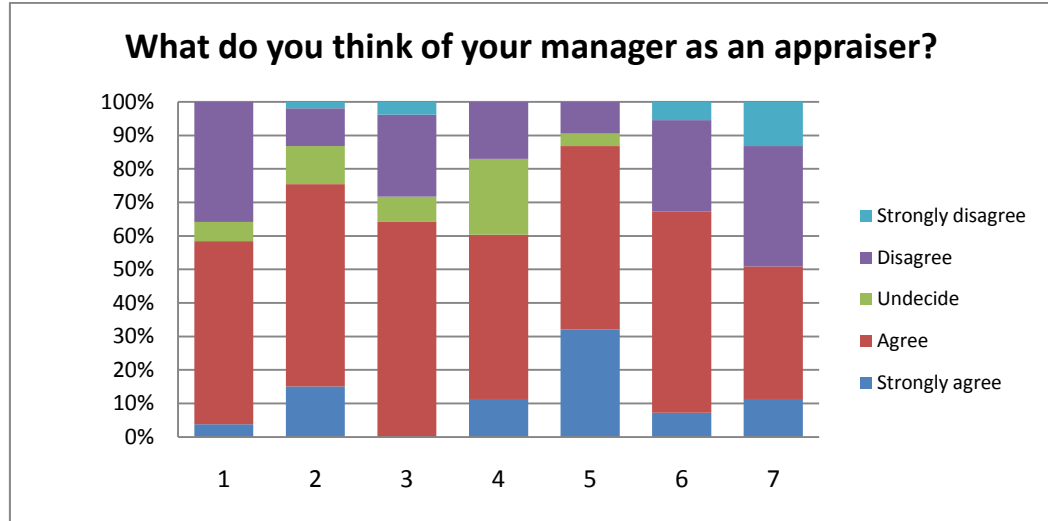
1. It enables me to improve the relationship with my subordinates
2. It enables me to increase my subordinates' motivation by managing them individually and closely
3. It enables me to increase my subordinates' performance
4. It gives me an opportunity to reprioritise targets
5. It enables me to inform my subordinates' where they stand about
6. It enables my staffs share their opinions about their work problems and opportunities
7. It helps me to focus my subordinates on the priority
8. It helps me to connect individuals and team goals with departmental and organizational goals.

The managers benefit more from the system compared to the employees. The majority of managers assume that they increase subordinates' motivation and performance through PA. But the most of them think it doesn't affect the relationship with their subordinates. Almost ninety percent of the managers claimed that the process allows them to interact with their

subordinates by listening to their opinions but only interacting at annual review meeting is not enough. Giving feedback, coaching and sharing their opinions should be ongoing process. According to Nelson (2000), employees don't like surprises and thus they prefer constant feedback. As a result, a manager who failed to give constant feedback, more likely to be unsuccessful in improving the relationship with his/her subordinates.



More than half of the managers who participated in the survey admitted that they are deficient in skills which are required to carry out performance review. In addition, employees' perception of their managers indicated that the managers are deficient in the skills. This situation will increase the subjectivity in the evaluation and discredit the system value among employees.



1. My manager treats employees fairly
2. My manager is open and honest in PR with appraises
3. My manager handles PR in a consistent and professional manner
4. My manager is fully skilled trained to conduct PR
5. My manager always listens to our opinion about work
6. My manager is supportive of his subordinates
7. I receive informal feedback often all year around

The results illustrate that the managers hold much more positive perceptions of their superiors than employees' perceptions of their front line managers. This situation has a positive impact on their appraisal process because a relationship between individual and one's superior hugely affects the system effectiveness. But a lack of feedback and coaching from superiors is still big issue in this level as well. A large number of the managers trust their superiors and presume they are honest with them in the performance review. Only sixty per cent of superiors of the managers perceived as skilled raters and carry out the PA system in a consistent and professional manner which is considered a very bad result at this level while superior of a manager exemplifies the proper appraisal procedures by conducting the effective appraisal on the one's subordinate.

Chapter 5. Conclusion

The aim of the dissertation was to examine the effectiveness of performance appraisal system of Khan Bank and the managers' and employees' influence on it. To achieve the aim, the researcher studied literatures of the related issues extensively and conducted survey questionnaires among managers and employees of the Khan Bank.

The study of literature review revealed that effectively designed and implemented performance appraisals system can bring in myriad of benefits to the organization and its employees. However, it is demonstrated by the several researches that many organizations fail to put the system into practice effectively and it is often viewed negatively by both employees and managers. And this has negative impact on the process of system.

The most managers and employees of the Bank are involved in the appraisal process and evaluated within a year which is a very advantageous outcome for the organization.

According to the information was given by the head of HR department, prior to appraisal interview of individual, self appraisals are conducted by all employees and the information and rating of individual's self appraisals serve as a base of one's performance review interview which is conducted by line managers.

The findings revealed several potential impediments that are limiting the effectiveness of the system. One of them is that the organization aims to achieve a number of objectives at the same time which conflict with each other and downgrade the usefulness of the system dramatically. Taylor (2005) suggested setting up two wholly different organizational procedures with different names, one of which pursue evaluative purpose and other focus on developmental aspects, then the meetings should be held different times of the year to

reinforce the separation. When carrying out procedure that focuses on developmental aspects, it is necessary to stress the developmental aspects of PA and to make sure that data obtained is not used for evaluative purposes since employee's trust in the system is a crucial factor of effective appraisals. Also, the objectives are not communicated throughout the organization entirely. Conflicting objectives of PA system and a lack of guidelines on what the system is trying to achieve tends to increase distortions of rates and comments given by the rater.

Another reason for managerial leniency in evaluation is that data obtained from the evaluation is used for determining employee's compensation while the compensation of almost every employee of Khan Bank is influenced by rating of PR. Allan (1994) recommended that *'the PR system should be modified to the specific needs of the organization the performance review system should be designed to fit the specific requirements of the organization'*.

The PA system of Khan Bank fails to serve the employees' interests and expectations of the procedures, for example: the process is not transparent, not given accurate feedback and doesn't improve the relationship with manager. Denisi and Pritchard (2006, p.255) suggested that *'the ultimate goal of performance appraisal should be to provide information that will best enable managers to improve employee performance'*. However, managers will never be able to fulfil this goal without a participation of employee. When the system is not serving their interest, employees are unlikely to participate in the process honestly and fully. Brown et al (2010) argued that if an employee's past experiences with a performance review process have been of a low quality, it may negatively affect the willingness of the employee to fully engage in a subsequent PA cycle.

Even though, managers give the employees enough chance to discuss about their work, they don't give accurate feedback to their subordinates. An accurate and constant feedback and

coaching is a key to increase employee's productivity and motivation. Employees who take constant feedback from their manager tend to have less conflict with their manager at the annual review interview as well. HR professionals of the bank need to persuade the managers to provide an accurate and constant feedback and coaching to their subordinates. Making managers well aware of the importance and benefit of constant feedback and coaching may encourage them to do accordingly.

The research revealed a major discrepancy in skill in the Bank to conduct PA. Appraisers who are not adequately trained to carry out performance appraisal can easily make mistakes in the process of evaluation which has a negative impact on the attitude and behaviour towards the PA system of both rater and ratee. When employee perceives their manager as a well trained rater, his/her tendency to accept PA system and satisfaction with the system arises. The shortage of skill in the Bank can be the result of lack of training provided to the appraisers, according to Allan (1992), one time training is not enough. He suggested retraining appraisers periodically and reinforcing it by higher level managers.

Albeit the most managers in the Bank are involved in setting their work objectives, only a bit over half of employees participated in the process of setting their goals. Employee's participation in the goal setting process increases their sense of fairness about PA system, boosts his/her motivation to reach the objective, reduces a chance of non SMART goals and result in increased performance.

The responses show that there is a lack of employee involvement in the system design. Involvement of employees/ managers in the stage of system design, not only increases sense of ownership of the system, it also has a positive impact on the co-operation and commitment of the individual employee to the performance review process. The more the employee is

involved in the PA process, the more satisfied he/she is likely to be with the PR interview and the rater, and it is more likely to result in performance improvements (Anderson, 1993).

The responses indicated that managers hold a more positive view of the PA system than employees. This result was similar to findings of Longenecker et al (1988) and Lawler et al (1984). Longenecker et al (1988) argued that the reason is the system enforces managers to communicate with the subordinates and encourage them to enhance their performance. When the process is finished, managers tend to sense one of their responsibilities is completed which affects their view.

Overall, the appraisal system of Khan Bank is not effective, failing to achieve the purposes accurately and there are many contextual variables that affect the managers' and employees' behaviour and attitude towards the system harmfully.

Chapter 6. Bibliography

- Allan, P. (1992) Avoiding common pitfalls in performance appraisal. *Industrial Management*. Vol. 34, Iss. 6, pg. 30.
- Allan, P. (1994) Designing and implementing an effective performance appraisal system, *Review of Business*, Vol. 16, Iss. 2, p. 3.
- Anderson, V. (2004) *Research methods in human resource management*. London: CIPD.
- Armstrong, M. (2006) *Performance management, key strategies and practical guidelines*. 3rd edition. Great Britain: Kogan Page Limited.
- Armstrong, M. and Baron, A. (1998) *Performance management: The new realities*. London: Institute of Personnel and Development.
- Bacal, R. (1999) *Performance management*. USA: McGraw-Hill Companies.
- Bach, S. (2005) *Managing human resources: Personnel Management in Transition*. Oxford: Blackwell.
- Banks, C.G and Murphy, K.R. (1985) Toward narrowing the research-practice gap in performance appraisal. *Personnel Psychology*. Vol. 38, pp. 335-345.
- Bernardin, H, J and Buckley, M. (1981) Strategies in Rater Training. *Academy of Management Review*, Vol. 6, Iss. 2, pp. 205-212.
- Bernardin, H, J and Villanova, P. (1986) Performance appraisal. In E. Locke. *Generalizing from laboratory to field settings*. Lexington: Lexington books.
- Bernardin, H, J and Walter, C, S. (1977) Effects of rater training and dairy-keeping on psychometric error in ratings. *Journal of Applied Psychology*. Vol. 62, pp. 64-69.
- Binhong, W. (2010) On Rater Agreement and Rater Training. *English Language Teaching*, Vol. 3, Iss. 1, pp. 108-112.
- Borman, W, C (1979) Format and training effects on rating accuracy and rater errors. *Journal of Applied Psychology*. Vol. 64, pp. 410-421.
- Brumbach, G, B. (1988) Some ideas, issues and predictions about performance management, *Public Personnel Management*, Winter, pp. 387-402.
- Brown, M., Hyatt, D and Benson, J. (2010) Consequences of the performance appraisal experience. *Personnel Review*. Vol. 39 Iss. 3, pp. 375-396.
- Bryman, A and Bell, A. (2007) *Business research methods*. 2nd edition. England: Oxford University Press.

Campbell, D and Lee, C. (1988) Self-Appraisal in Performance Evaluation: Development versus Evaluation. *Academy of Management Review*. Vol. 13, Iss. 2, pp. 302-314.

Chen, C and DiTomaso, M (1996) Performance appraisal and demographic diversity, in Kossel, E and Label, S. *Managing diversity*. Oxford: Blackwell.

CIPD (2011) *Performance appraisal* [Internet] Factsheet. Available from: <http://www.cipd.co.uk/hr-resources/factsheets/performance-appraisal.aspx>.

Corcoran, C (2006) Performance management: conducting appraisals. *Accountancy Ireland*; Dec, Vol. 38, Iss. 6, pp. 42-45.

David, J, W and Allen, I, H. (1994) Rater training for performance appraisal: A Quantitative review. *Journal of Occupational and Organizational Psychology*. Vol. 67, pp. 189-205.

DeNisi, A, S and Pritchard, R, D (2006) Performance Appraisal, Performance Management and Improving Individual Performance: A Motivational Framework. *Management & Organization Review*; July, Vol. 2 Iss. 2, pp. 253-277.

Duffy, M and Chenail, R. (2008) Values in Qualitative and Quantitative Research. *Counseling & Values*. Vol. 53, Iss. 1, pp. 22-38.

Fisher, C. (2004) *Researching and writing a dissertation for business students*. England: Pearson Education Limited.

Fisher, M. (1995) *Performance appraisals*. London: Kogan Page Limited.

Fletcher, C. (2004) *Appraisal and feedback, making performance review work*. 3rd edition. London: CIPD.

Fletcher, C. (1999) The implication of research on gender differences in self-assessment and 360 degree appraisal. *Human resource management Journal*. Vol. 9, Iss.1, pp. 39-46.

Furnham, A. (2004) Performance management system. *European Business Journal*. Vol. 16, Iss. 2, pp. 83-94.

Geddes, D and Konrad, A (2003) Demographic differences and reactions to performance appraisal. *Human Relations*. Vol. 56, Iss. 12, pp. 1458-513.

Guerra-Lopez, Ingrid J. (2008) *Performance evaluation*. San Francisco: Jossey-Bass.

Grint, K. (1993) What is wrong with performance appraisals? A critique and a suggestion. *Human resource management Journal*. Vol. 3, Iss. 3, pp.61-77.

Hakim, C. (2000) *Research design: Successful designs for social and economic research* (2nd edition). London: Routledge.

- Houldsworth, E and Jirasinghe, D. (2006) *Managing and measuring employee performance*. London: Kogan page.
- Hunt, N. (2005) *Conducting staff appraisals*. Oxford: How To Books Ltd.
- Jie Shen. (2004) International performance appraisals: Policies, practices and determinants in the case of Chinese multinational companies. *International Journal of Manpower*, Aug 20, Vol. 25, Iss. 6, pp: 547-563.
- Jiing-Lih, F., Werbel, J and Bedeian, A. (1988) An empirical investigation of self-appraisal-based performance evaluation. *Personnel Psychology*. Vol. 41, Iss. 1, pp. 141-156.
- Korsgaard, M, A and Roberson, L. (1995) Procedural justice in performance evaluation: the role of instrumental and non-instrumental voice in performance appraisal discussions. *Journal of Management*. Vol. 21, Iss. 4, pp: 657-669.
- Laird, A and Clampitt, P. (1985) Effective Performance Appraisal: Viewpoints from Managers. *Journal of Business Communication*, Vol. 22, Iss. 3, pp. 49-57.
- Landy, F, J and Farr, J, L. (1980) Performance rating. *Psychological Bulletin*, Vol. 87, pp. 72-107.
- Lawler, E., Mohnnan, A and Resnick, S. (1984) Performance Appraisal Revisited. *Organizational Dynamics*. Summer, pp. 20-35.
- Lee, Chris. (1996) Performance appraisal. *Training*, May1, Vol. 33, Iss. 5, pg: 44.
- Lepsinger, R and Lucia, A, D. (1997) 360 degree feedback and performance appraisal. *Training*, September 1, pp. 62-70.
- Lewis, S and Taylor, K. (1996) Evaluating the impact of family-friendly employer policies: A case study. *Work-family challenge*. London: Sage
- Longenecker, C, O and Fink, L, S. (1999) Creating effective performance appraisal. *Industrial Management*. Vol. 41, Iss. 5, pg. 18.
- Longenecker, C, O and Ludwig, D. (1990) Ethical dilemmas in performance appraisal revisited. *Journal of business ethics*. Vol. 9, pp. 961-969.
- Longenecker, C, O., Gioia, D, A and Sims, H, P. (1987) Behind the mask: the politics of employee appraisal. *Academy of management Executive*. Vol. 1, pp. 183-193.
- Longenecker, C, O., Liverpool, P, R and Wilson, K, Y. (1988) An assessment of manager/subordinate perceptions of performance appraisal effectiveness. *Journal of Business and Psychology*. Vol. 2, Iss.4, pp. 311-322.

- McDonald, H, A and Sulsky, L, M. (2009) Rating formats and Rater training redux. *Canadian Journal of Behaviour Science*. Vol. 41, Iss, 4. pp.227-240.
- McGregor, D. (1957) An uneasy look at performance appraisals. *Harvard Business Review*, Vol. 35, Issue. 3, pp. 89-95.
- Nelson, B. (2000) Are performance appraisals obsolete? *Compensation and benefits review*. Vol. 32, Iss. 3, pg. 39.
- Newton, T and Findley, P. (1996) Playing God? The performance appraisal. *Human resource management journal*. Vol. 6, No. 3, pp. 34-58.
- Nutbrown, S. (2005) Getting the most from your appraisal. *Practice Nurse*, Vol. 29, Iss. 3, pp. 29-32.
- Paul W. Thurston Jr, and Laurel McNall. (2010) Justice perceptions of performance appraisal practices. *Journal of Managerial Psychology*. Vol. 25, Iss. 3, pp. 201-228.
- Piggot-Irvine, E. (2003) Key features of appraisal effectiveness. *The International Journal of Educational Management*. Vol. 17, Iss. 4/5, pp. 170-177.
- Prowse, P and Prowse, J. (2009) The dilemma of performance appraisal. *Measuring Business Excellence*. Vol. 13, Iss. 4, pg. 69.
- Rees, W, D and Porter, C. (2003) Appraisal pitfalls and the training implications - part 1. *Industrial and Commercial Training*. Vol. 35, Iss. 6/7, pp. 280-284.
- Rees, W, D and Porter, C. (2004) Appraisal pitfalls and the training implications - part 2. *Industrial and Commercial Training*. Vol 36, Iss. 1, pp. 280-284.
- Rowe, K. (1964) An appraisal of appraisal. *Journal of management studies*. Vol. 1, Iss. 1, pp.1-25.
- Saunders, M., Lewis, P and Thornhill, A. (2009) *Research methods for business students*. 5th edition, England: Pearson Education Limited.
- Sillup, G, P and Klimberg, R. (2010) Assessing the ethics of implementing performance appraisal systems. *Journal of Management Development*. Vol. 29, Iss. 1, pp. 38-55.
- Smith, D, E. (1986) Training programs for performance appraisal: A review. *Academy of Management Review*. Vol. 11, Iss. 1, pp. 22-40.
- Stebler, M. T; Bevan, S and Robinson, D. (2001) Performance review: Balancing Objectives and Content, Report 370. *Institute for Employment Studies*, Brighton.
- Stephan, E. G and Pace, R. W. (2002) *Powerful Leadership*. Upper Saddle River: Prentice Hall.

Sulsky, L, M and Keown, J, L. (1998) Performance appraisal in the changing world of work: implications for the meaning and measurement of work performance. *Canadian Psychology*. Iss: 39, pp. 52-59.

Taylor, S. (2005) *People resourcing*. London: CIPD.

Tziner, A., Murphy, R, K and Cleveland, J, N. 2005. Contextual and Rater Factors Affecting Rating Behaviour . *Group & Organization Management*, Vol. 30, Iss. 1, pp. 89-99.

Varma, A., Pawan, S.B. and Denisi, A. (2008) *Performance management system, a global perspective*. Great Britain: Routledge.

Walker, A, G and Smither, J, W. (1999) A five year study of upward feedback: what managers do with their results matters. *Personnel Psychology*. Vol. 52, Iss. 2, pp. 393-423.

Ward, P. (1997) *360 degree feedback*. London: Institute of Personnel and Development.

White, M. (1999) Performance, equality and staff development. *Human resource management*, Vol. 9, Iss. 1, pp.47-54.

Wilson, F. (2002) Dilemmas of appraisal. *European management journal*. Vol. 20, Iss.6, pp: 620-629.

Whiting, H, J., Kline, J, B and Sulsky, L, M. (2008) The performance appraisal congruency scale: an assessment of person-environment fit. *International Journal of Productivity and Performance Management*. Vol. 57, Iss. 3, pp: 223-236.

Yin, R, K. (2003) *Case study research: Design and Method* (3rd edition). London: Sage.

Chapter 7. Appendices

1. Questionnaire (Employees)

All information obtained from this survey will be treated in the strictest confidence, and will only be available to the researcher and her supervisors.

Please tick the appropriate box.

1. Length of employment in the company:

<input type="checkbox"/> 0-4 year	<input type="checkbox"/> 5-9 years	<input type="checkbox"/> 10-19 years	<input type="checkbox"/> 20 years or longer
-----------------------------------	------------------------------------	--------------------------------------	---

2. Your age group:

<input type="checkbox"/> Under 25	<input type="checkbox"/> 25-34	<input type="checkbox"/> 35-44	<input type="checkbox"/> 45 and above
-----------------------------------	--------------------------------	--------------------------------	---------------------------------------

3. Are you: Male Female

4. Have you ever gone through a performance review in the Khan Bank?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------

5. If yes, when did you have the performance review last time?

<input type="checkbox"/> Within the last 12 months	<input type="checkbox"/> Other (please, specify) _____
--	--

6. How often is appraisal carried out in your department?

<input type="checkbox"/> Every 6 months	<input type="checkbox"/> Every 12 months	<input type="checkbox"/> Other (please, specify) _____
---	--	--

7. In your opinion, what does your organization strive to achieve through PR?
(Please tick as many boxes as you want)

<input type="checkbox"/> To determine training and development needs
<input type="checkbox"/> To determine upgrading and promotion
<input type="checkbox"/> To determine payment and rewards
<input type="checkbox"/> To review performance
<input type="checkbox"/> To set targets for future performance
<input type="checkbox"/> To provide basis for disciplinary actions
<input type="checkbox"/> Other (please, specify) _____

8. At the beginning of the PR cycle, were you consulted on:

a. Expectations of desired behaviour and outcomes	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Method of measuring your performance	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Date and time to be appraised	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Being appraised against what	<input type="checkbox"/> Yes	<input type="checkbox"/> No

9. Do you agree that it is necessary to conduct a performance review?

- I fully agree I partially agree I disagree I don't know

10. Please indicate how you feel about PA? (Please tick one of five answers of each statement)

1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree

Statements	1	2	3	4	5
I take greater understanding of the results expected of me.					
I receive specific and accurate feedback from my manager on my past performance.					
Lets me gain more knowledge about my strengths and weaknesses which helps me to develop a plan to improve my performance.					
Feedback is used for developing individual development program.					
Lets me know where I stand about.					
Gives me an opportunity to discuss my work problems and opportunity.					
I feel more motivated after performance review.					
All the information obtained from PA is confidential.					
It improves the relationship with my manager.					
I feel that the time spent on PA is well worthwhile.					
Highly subjective process and lacks transparency.					

11. Are you involved in the process of setting objectives and targets of your future performance? Yes No

12. How do you feel about the set objectives and targets of your future performance?

- I am satisfied and they are challenging but fair.
 I am satisfied and they are easy to achieve.
 I am neither satisfied or nor dissatisfied but I will try to accomplish them anyway.
 I am not satisfied and they are too hard to achieve.
 I am not satisfied and they are impossible to achieve.

13. Is your pay, benefit and promotion opportunity based on your performance ratings?

- Yes No I don't know

14. What do you think of your manager as an appraiser?

1. Strongly agree 2. Agreed 3. Undecided 4. Disagree 5. Strongly disagree

Statements	1	2	3	4	5
My manager treats employees fairly.					
My manager is open and honest in performance review with appraises.					
My manager handles PA in a consistent and professional manner.					
My manager is fully skilled/ trained to conduct PA.					
My manager always listens to our opinion about work.					
My manager is very supportive.					
I receive informal feedback often all year around.					

Any comments:

Thank you very much for your co-operation.

2. Questionnaire (Managers)

All information obtained from this survey will be treated in the strictest confidence, and will only be available to the researcher and her supervisors.

Please tick the appropriate box.

1. Length of employment in the company:
 0-4 year 5-9 years 10-19 years 20 years or longer

2. Your age group:
 Under 25 25-34 35-44 45 and above

3. Are you: Male Female

4. Have you ever been appraised your past performance in the Khan Bank?
 Yes No

5. Have you ever appraised your subordinates past performance in the Khan Bank?
 Yes No

6. If said yes on Q4 or Q5, when were you involved in the performance review last time?
 Within the last 12 months Other (please, specify) _____

7. How often is appraisal carried out in your department?
 Every 6 months Every 12 months Other (please, specify) _____

8. Do you agree that the purposes of your organization strives to achieve through PA are very clear?
 I fully agree I partially agree I disagree I don't know

9. In your opinion, what does your organization strive to achieve through PR?
 (Please tick as many boxes as you want)
 - To determine training and development needs
 - To determine upgrading and promotion
 - To determine payment and rewards
 - To review performance
 - To set targets for future performance
 - To provide basis for disciplinary actions
 - Other (please, specify) _____

10. Do you review job description and responsibilities of your subordinates and renew it if necessary at the beginning of PR period.

- Yes, always
- Rarely
- Sometimes
- Never, not my responsibility

11. At the beginning of the PR cycle, do you consult your subordinates on:

- a. Expectations of desired behaviour and outcomes Yes No
- b. Method of measuring your performance Yes No
- c. Date and time to be appraised Yes No
- d. Being appraised against what Yes No

12. Do you agree that it is necessary to conduct performance review?

- I fully agree
- I partially agree
- I disagree
- I don't know

13. Please indicate how you feel about PA as a ratee?

(Please tick one of five answers of each statement)

1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree

Statements	1	2	3	4	5
I take greater understanding of the results expected of me.					
I receive specific and accurate feedback from my manager on my past performance.					
Lets me gain more knowledge about my strengths and weaknesses which helps me to develop a plan to improve my performance.					
Feedback is used for developing individual development program.					
Lets me know where I stand about.					
Gives me an opportunity to discuss my work problems and opportunity.					
I feel more motivated after performance review.					
All the information obtained from PA is confidential.					
It improves the relationship with my manager.					
I feel that the time spent on PA is well worthwhile.					
Highly subjective process and lacks transparency.					

14. Please indicate how you feel about PA as a rater?

(Please tick one of five answers of each statement)

1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree

Statements	1	2	3	4	5
It enables me to improve relationship with my subordinates.					
It enables me to increase my subordinates' motivation, by managing them individually and closely.					
It enables me to increase subordinates' performance.					
It gives me an opportunity to re-prioritise targets.					
Enables me to inform where my staffs stand about.					
Enables my staffs share their opinions about their work problems and opportunity.					
It helps me to focus my subordinates on the priority.					
It helps me to connect individual and team goals with departmental and organizational objectives.					

15. Are you trained on how to conduct performance appraisals?

Yes

No

16. How do you feel about your skills on conducting performance appraisals?

Very good

Good

Fair

Poor

Very poor

17. Are you involved in the process of setting objectives and targets of your future performance?

Yes

No

18. How do you feel about the set objectives and targets of your future performance?

I am satisfied and they are challenging but fair.

I am satisfied and they are easy to achieve.

I am neither satisfied or nor dissatisfied but I will try to accomplish them anyway.

I am not satisfied and they are too hard to achieve.

I am not satisfied and they are impossible to achieve.

19. Is your pay, benefit and promotion opportunity based on your performance ratings?

Yes

No

I don't know

20. What do you think of your manager as an appraiser?

1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree

Statements	1	2	3	4	5
My manager treats employees fairly.					
My manager is open and honest in performance review with appraises.					
My manager handles PA in a consistent and professional manner.					
My manager is fully skilled/ trained to conduct PA.					
My manager always listens to our opinion about work.					
My manager is very supportive.					
I receive informal feedback often all year around.					

Any comments:

Thank you very much for your co-operation.

3. Interview questions asked from Head of HR department

1. Does your organization conduct PA?
2. What purposes are tried to be achieved by PA?
3. How often is PA carried out?
4. What types of PR approaches are used in your organization?
5. Do you train your raters, if so how often?