THE EFFECTIVENESS OF THE PERFORMANCE APPRAISAL SYSTEM IN DEPARTMENT OF CIVIL AVIATION (DCA) KUCHING, SARAWAK

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ABSTRACT

THE EFFECTIVENESS OF THE IMPLEMENTATION OF PERFORMANCE APPRAISAL TOWARDS WORK PRODUCTIVITY.

PANG CHING CHING

The aim of this research carried on is to determine the effectiveness of the implementation of the performance appraisal as one of the main strategy to increase the employees’ work productivity. The chosen organization for this research studied is the Department of Civil Aviation (DCA), Kuching. The study used the Pearson Correlation test to test the selected studied variables. Questionnaires are used to collect the required data. This research also studies the relationship between the work productivity and the elements inside the work productivity. The findings show that more respondents have positive opinions towards the performance appraisal system in the organization. This finding also indicates that there is no significant relationship between the employees’ demographic factors with the work productivity, except there is a significant relationship between the educational levels with the work productivity. The research also shows that there is a significant relationship between the methods use, criteria and the employee’s feedback with the work productivity. Some recommendations that had been identified are such conducting training for the supervisor in the organization so that they can have a full understand of the benefits of the performance appraisal system. In conclusion, the findings show that the employees are satisfied with the implementation of the performance appraisal system in the organization. The appraisal system is useful in increasing the work productivity.
ABSTRAK

MENGKAJI KEBERKESANAN PELAKSANAAN SISTEM PENILAIAN PRESTASI TERHADAP PRODUKTIVITI KERJA

PANG CHING CHING

CHAPTER I
INTRODUCTION

1.1 Introduction

This chapter expound on the effectiveness of implementation in performance appraisal system towards the work productivity of the employees at Department of Civil Aviation, Kuching. The carried research moved in details about some important aspects, which includes the background of the study regarding the performance appraisal system. problem statement from the previous studies or research, research objectives, conceptual framework, hypotheses, importance of the study, definition of terms and the limitation of the study.

Most organization throughout the world wide, regardless of whether they are large or small, public or private sector organization are using the performance appraisal with varying the degrees of success, as a management tool to achieve the human resource management objectives and goals. This relate with what Grote (2002) said. It stated that performance appraisal can be the powerful tool an organization has to ensure the achievement of strategic goals, to focus the energy of organization members on the achievement of its mission and thus to reinforce the importance if everyone’s living up the company’s vision and values. According to Armstrong (1998), it does state that employee’s performance appraisal is a subject of interest in most organization. It is parallel with the development of the strategic of human resource study nowadays. From
the strategic point of view, employees are viewed as an organization tool for an organization to keep on surviving in these competitive and turbulent situations. Performance appraisal, used to its maximum benefits, is the means by which everyone in the organization and is held accountable for meeting its truly important objectives.

1.2 Background of the study

According to Cascio (1992), it stated that performance appraisal is the systematic description of the job-relevant strengths and weaknesses of an individual or group. The employee's supervisor usually prepares the appraisal. Supervisor has the responsibility to be always alert with the importance of the appraisal towards the work productivity performed by the employees. Thus, the strengths and weaknesses of an individual employee are identified and the corrective actions are taken. The procedure of appraisal typically required the supervisors to come out with a standardized assessment form for the individual employee.

According to Mony, Noe and Premeaux (2002), performance appraisal can be known as a formal system in reviewing and evaluating periodically of an individual or team’s job performance. It is a formal management system that provides for the evaluation of the quality of an individual’s performance in an organization. Open (1995) stated that the appraisal system has long been recognized as an important personnel function with the potential to improve employee motivation and hence performance and to provide management with the control needed to achieve organizational objectives. In the
organization, human resource department does play the most important role in conducting the performance appraisal system. The human resource department is usually in the best position to coordinate and implement the performance appraisal programs.

According to Cascio (1992), there was no formal performance appraisal system until the mid-1960s. The primary method of the appraisal used was to talk directly to others managers who knew the person rather than to search out performance-related information from the human resource department. The studies from Wiese and Buckley (1998) show that the appraisal system can be viewed in three different approaches, where are the administrative, developmental and the judgmental. In the administrative, it can be viewed from the perspectives of the Management by Objectives (MBO). In this perspective, the MBO is being applied in the organization administration to ensure that quantifiable objectives are set and the individuals are rated whether they meet their objectives. Meanwhile, in the developmental, the forced distribution ranking can be used, in which the individual are ranked against others in different department, typically on a global measures of overall job performance. Through this, a more organized system shall be developed to ensure that the individual is ranked fairly enough. In terms of judgmental, the personal traits scale can be put in, in which the individual is rated for special traits, such as energy, assertiveness and ambition. The appraisal system also can be used for the sake of promotion, salaries determination and protection for future retrenchment among the employees in the organization. The findings from Gilbertson and Stone (1985) do indicate that one of the most important in the organization is the performance appraisal system and the human resource. This is because the employees are considered as a
strategic asset for the organization and could determine the organization's survival. Meanwhile, the study from Yehuda (1996) concluded that performance appraisal defined as a periodic evaluation of the output of an individual measured against certain expectation. Through the appraisal system, supervisor is able to observe and evaluate the employee's performance in the workplace with relation to the set standards of their work performance.

1.3 Problem Statement

According to Sherman and Bohlander (1992), supervisors always complain that they do not have the time to fully observe the performance of the employees. Thereby, the result produced at the end is less-than-objectives appraisal. This supervisor must then rely on performance records or observation from others in order to complete the appraisal process. The study also found that the supervisors are reluctant to give up control over the appraisal process. Meanwhile, supervisor doing the appraisal process is based largely on the employee's behavior, good or bad. The resulting performance review will be biased either favorably or unfavorably depending on the way its performance being appraised evaluated by the supervisor. In this study, some of the supervisor working at DCA also had encountered with the same problem, whereas they had to rely on others relevant information in appraising the employees' working performance. This is because the appraisal process is a time-consuming process overall and it would take much time from the supervisor for them to put in effort in the process. The study from Mondy, et al. (2002) stated that supervisor doing the performance appraisal might have the biases related to
their employee’s personal characteristics, such as races. This could also be known as stereotype error, whereby the supervisor may hold toward particular groups, male or female; black or white. This is because the observation and the interpretation of the performance can be clouded by these stereotypes. Discrimination continues to be an appraisal problem when the supervisors tend to evaluate the same race employee with higher ratings. Some people are being protected by the reason of race, gender, or national origin will use that as a shield to avoid working hard and producing results. The result from a study examining how an individual difference in stereotype of women affect the performance ratings suggested that women evaluated by raters who have the traditional stereotype of women will be at a disadvantage in obtaining merit pay increases and promotion. This type of problem will be aggravated when the employees are appraised on the basis of poorly defined performance standards and subjective performance traits. Meanwhile, in DCA, the biases against gender do exist a bit. There is an assumption that male workers are more capable in performing the daily routine task. But, sometimes, it had to depend on what kinds of job are required and under what kind of working environment.

Meanwhile, according to Cascio (1992), do state that personal values and bias can replace organizational standards. Thus, unfairly low ratings may be given to valued subordinate so that they will be promoted out of the rater’s department or outright bias may lead to favor treatment for some employees. The bias can also come from organizational politics. According to Sherman and Bohlander (1992), managers may distort rating upward
because they desire higher salaries from their employees or because higher subordinates’
ratings make them look good as managers.

Sherman and Bohlander (1992) also found that employee’s feedback that viewed the
appraisal system to be unfair might also consider the appraisal process as a waste of time
and thus play only a passive role in it. The findings from Spinks, Wells and Meche (1999),
stated that most supervisor dislike performance appraisal because they are fear that praise
may breed complacency and thus, lower the levels of performance. Besides, the supervisor
often has had inadequate opportunities to observe the performance of employees. A
typical supervisor has limited contacts with his or her employees. Studies indicate that
supervisor or managers spend only 5 to 10 percent of their workweek with only one
employee. These contacts are in limited again in the range of settings such as formal
meetings. Supervisor therefore has access only to a small sample of their employee’s
work. In DCA, most of supervisors are only able to spend less time in the appraisal
process since it had been mentioned that the process is time-consuming. Therefore, they
are unable to fully communicate with the employees’ on the objectives and the benefits of
the appraisal process to the employees. Thus, the employees’ might assume that the
appraisal process is a kind of waste-time activities.
1.4 Research Objectives

The research objectives included the general objectives and the specific objectives, which are used to study the relationship between the relevant variables. It also included the research hypotheses and the quantitative variable of the studies.

1.4.1 General objectives

To identify the effects through the performance appraisal process towards employees' work productivity.

1.4.2 Specific objectives

(i) Identify how the demographic factor (age, genders, educational level and length of services) influence the work productivity.

(ii) Identify how the methods used in performance appraisal system will influence the productivity.

(iii) Expound the respondents' feedback of the general implementation of performance appraisal system towards work productivity.

(iv) Identify suitable criteria in conducting the performance appraisal system towards the work productivity.

1.4.3 Research Hypotheses

This sub section identified the types of relationship that are studied in this research studies. There are total of four types of hypotheses that are going to be studied.
Ho 1 There is no significant relationship between the demographic factors (age, gender, educational level and length time in services) towards the work productivity.

Ho 2 There is no significant relationship between the methods used in performance appraisal system and the work productivity.

Ho 3 There is no significant relationship between criteria used in performance appraisal towards work productivity.

Ho 4 There is no significant relationship between the employees' feedback of general implementation in performance appraisal system towards their work productivity.

1.5 Conceptual Framework

This sub-section discussed all the relevant variables that are going to be included in conducting the research. There are two main variables, which are being divided into two categories; independent variables and dependent variables. The independent variables are those variables that the researcher chooses to study in order to assess their possible effects on one or more other variable. Meanwhile, the dependent variable is the variable that the independent variable is presumed to affect to. Therefore, the nature of the dependent variable depends on what the independent variable does to it, and how it affects it.
The independent variables in this research are the methods used in implementing the performance appraisal system. There are several methods been used at DCA in conducting the appraisal process such as the management by objectives (MBO), work standards, ranking and essay. Meanwhile, the demographic factors are the age, gender, educational level and length of time in services among the employees who work permanently at DCA. The general feedback from the employees towards the effectiveness of the system in increasing their work productivity are also be included in. Meanwhile, the dependent variable are the work productivity, which arise due to the implementation from the performance appraisal process, which includes the quality of work, personal traits, ability to coordinate activities and ability to evaluate such as customers' complaint.

The relationship between the studied independent variables and dependent variable can be described in the Figure 1 as below:
Figure 1 The conceptual framework: The relationship between the independent and dependent variable

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
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<tr>
<td>• Methods used in performance appraisal (management by objectives, work standard, ranking and essay)</td>
<td>Work Productivity (quality of work, personal traits, ability to coordinate activities and ability to evaluate such as customers' complaints)</td>
</tr>
<tr>
<td>• Demographic factors (Age, gender, educational, level, length time in services)</td>
<td></td>
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<tr>
<td>• Feedback of general implementation from employees</td>
<td></td>
</tr>
<tr>
<td>• Criteria used (attribute, comparative, behavioral)</td>
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1.6 Importance of the study

The importance of the study is to identify the effectiveness of the performance appraisal system in the public sector in improving the employees' work productivity. The effectiveness of the system helps to determine the individual training and development needs, hence, help to improve overall organizational performance and encourage the performance improvement. Besides, through the study, the respondents' views are collected so that we have a clear picture of their opinions towards the implementation of the performance appraisal system. At the end of the study, we are also able to identify the strengths and weaknesses of the system. Thus, the weaknesses of the system are eliminated. The study is also important to convince the managerial level that the performance appraisal system is a valuable system and it is suitable to be carried on in the organization.

In theoretical, according to Maslow (1954) one of the most important item in performance appraisal theories is the equity theory. Maslow (1954) indicates that the development concept of deprivation, justice, fairness and equity in the social sciences to explain the aspects of motivation. This theory focuses directly on the organizational behavior and performance. It is noted in the traditional employer-employee exchange whereby the employee gives achievement (inputs) and then gets something in exchange (outcomes) from the employers. Thus, a fair and justifiable in performance appraisal system is required to enhance the work productivity of the employees. At the end of the workday, individuals will try to maximize their overall outcomes.
The Need-Achievement Theory, proposed by Maslow (1954) attempts to describe and explain people's desire to achieve and the means they use in doing so. High achievers like situation in which they take personal responsibility for findings the solution to problem. They want to rely on their own abilities, talents and drive. They realized that success in high-risk situation is more a matter of luck than of personal achievement. They also like the feedback so that they can assess to succeed.

Meanwhile in practical, these theories should be applied in the organization as an inspiration for the employees to motivate themselves when performing their job. The supervisor should take in the consideration of those theories when conducting the appraisal system among the employees. It helps to enhance the work productivity and to motivate the employees. By applying the theories in, it help to elicit a strong positive feeling and higher level of performance improvement. For example, Howell and Dipboye in Maslow (1954) do stated that the need-achievement theory has a practical side where as people can learn to be high achiever. The theories also offer a more practical approach to understanding and applying the motivation ideas. It can be used in conjunction with other motivation theories in high associate performances, such as equity theory.

1.7 Definition of terms

The important terms are described in two terms; conceptual and operational definition. In the conceptual definition, the terms are described by referring to the sources such as books, dictionary, or the previous study from the author. Meanwhile, in the operational definition, the definition term are based on how it carried in this study.
1. The conceptual definition of the term 'supervisor' is an individual who plan, organize or control others individual to make sure the work is done in order to achieve the organizational goals (Stoner and Wankel, 1989)

The operational definition of the term 'supervisor' is people who watches or check what somebody has done to make sure the work is done properly.

2. The conceptual definition of the term 'employee' is an individual who works permanently with an organization with a base salary (Parkin, 1989).

The operational definition of the term 'employee' is a person who works for an organization in return of wages.

3. The conceptual definition of the term 'productivity' is a total product being produced per unit input that is used for the production (Parkin, 1996).

The operational definition of the term 'productivity' is efficiency, especially in industry, measured by comparing the amount produced with the time taken or the resources used to produce it.

4. The conceptual definition of the term 'performance' refers to an employee's accomplishment of assigned tasks (Cascio, 1992)

The operational definition of the term 'performance' is an action or achievement, considered in relation to how successful it is or the ability to operate efficiently and react quickly to the responses.

5. The conceptual definition of the term 'appraisal' is a basic human tendency to make judgments about those one is working with, as well as about oneself and is both inevitable and universal (Stoner and Wankel, 1989)
The operational definition of the term ‘appraisal’ is a judgment of, or the action of judging, the value, quality or nature of something.

6. The conceptual definition of the term ‘effectiveness’ is the degree to which a system’s feature and capabilities meet the user’s needs (Stoner and Wankel, 1989)

   The operational definition of the term ‘effectiveness’ refers to the positive desired effect or the degree of intended result produced at the end of the process.

1.8 Limitations of the study

Several limitations can be identified in this study. One of the identified limitations is the study only focus on the employees’ general feedback and their responses towards the general implementation on the effectiveness of the performance appraisal system towards employees’ work productivity. There are a total of 60 respondents (employees permanently working at Department of Civil Aviation, Kuching). The accuracy and the reliability of the data collected are all based on the accuracy of the information and responses given by the employees and the organization policy.

Besides, this study only focuses on one study place and therefore is not suitable to be taken as sample or key measure to make an overall conclusion in viewing all employees at Sarawak regarding the implementation of performance appraisal system. There might be also others factors that do not conclude in the study. The result of the study might also be not suitable to be applied by any other organizations due to the complexity of the surroundings and differences of policies in organizations.