MODERATING EFFECT OF TECHNOLOGY ON THE RELATIONSHIP OF COMMUNICATION & FEEDBACK ON EFFECTIVENESS & EFFICACY OF PERFORMANCE APPRAISAL SYSTEMS

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ABSTRACT

Problem Statement: Does a good communication & feedback system have an impact on the effectiveness & efficacy of performance appraisal system of an organization?

Purpose: This paper aims to evaluate the importance of communication and feedback on the effectiveness and efficacy of the performance appraisal system.

Design/Methodology/Approach: Current research work follows a quantitative approach whereby two corporates are surveyed, namely Telenor Pakistan and IESCO, to understand the developed conceptual framework. The methodology of the study comprises of design of a research questionnaire, population of the study, data collection and analysis procedures.

Finding: The findings indicate that organizations with less effective communications & feedback between the evaluator and subordinate employee, the overall satisfaction with the performance appraisal system is low. Additionally when technology is used as a moderator, the impact is positive on the overall relationship between effectiveness and efficacy of the performance appraisal system and communication & feedback.

Originality/value: An effective performance appraisal system is of paramount importance to any organization. This paper reviews the moderating effect of technology on the relationship between communication & feedback and effectiveness and efficacy of a performance appraisal system.

Key words: Performance Appraisal System (PAS), Communication & Feedback, Technology.
INTRODUCTION

Performance Appraisal System (PAS) is designed as a management tool aimed at evaluating individual performance and generally forms the basis for a series of follow up actions based upon this evaluation, ranging from monetary gains to career progression (Kumar, 2011). It inevitably causes significant anxiety for both the organization and the employee. Managing an effective and fair evaluation system has indeed been a challenge for organizations.

In many organizations appraisals are used to help determine reward outcome by identifying employees who should get the majority of available merit such as pay increases, bonuses and promotions. Performance appraisal system is designed as an essential ingredient to an organization's operational ecosystem. This project aims to study the nature of relationship that exists between communication & feedback on the effectiveness and efficacy of performance appraisal system. Furthermore it intends to investigate the moderating effect of technology on the relationship between communication & feedback and effectiveness and efficacy of performance appraisal system.

RESEARCH QUESTIONS

1. Does a good communication & feedback system have an impact on the effectiveness & efficacy of performance appraisal system of an organization?
2. Does Technology play a role in the effectiveness & efficacy of performance appraisal system of an organization?

LITERATURE REVIEW

Performance appraisal is a process of attaining, examining and recording information about an employee’s relative value to the organization (Kumar, 2011). It is a process oriented, methodical and an unbiased rating of an employee on areas that are related to his current job and also his potential. A good appraisal system provides right feedback about the performance of an employee. Some people may still detest it; however it is an imperative feature. It has potential benefits not just for the employees, but for the supervisor and the management in general (Adofo, 2011).

PA may also be defined as a process of gauging and recording performance of employees in order to make evaluations and decisions pertaining to them. It shows how productive is the employee and whether he can continue to deliver results in line with the organizational goals. It is a critical part of human resource management process which aids in making important decisions with reference to the employee and organizational effectiveness.

McGregor’s Theory X suggests that the average person is lazy and has an inherent dislike for work. As a consequence people have to be forced, controlled, ordered and sometimes even threatened for an organization to prosper and achieve outcomes. When people are aware that they are being monitored and their job related benefits will be
determined based on their performance, they would work hard and be motivated (Mullins, 2002).

Performance appraisal systems are a major issue for most employers and different authors have put forward a wide range of responses on their essence and importance. Performance appraisal reflects an ongoing process and not just a one-time event. Appraisal activities should connect the process to organizational functions and focus on staff improvement and not just maintaining discipline and adjusting salary. Humans have a fundamental tendency of making judgments about the people they are working with also about themselves (Epstein, Verbeeten, & Widener, n.d.).

PA in contemporary times gives supervisors and employees the opportunity to review the performance of the latter against set performance standards. This is to help identify their strengths and weaknesses in order to enable the supervisors design or recommend a specific program that will help employees improve upon their performance (Willness, 2016).

RESEARCH METHODOLOGY

The methodology of the study comprises of design of a research questionnaire, population of the study, data collection and analysis procedures. It may be noted that the study takes a holistic view point when analyzing data. The organizations selected have offices across the country; however for the purpose of study only their offices located within Islamabad have been used for data collection and analysis. The conceptual framework was put to test by having 20 questionnaires filled from each of the two selected companies, i.e. IESCO & Telenor Pakistan. This study suggests using survey method.

RESULTS

The questionnaire used to gather data has a total of 20 questions which have been further categorized into four indicators i.e.

1. Communication & Feedback
2. Overall Satisfaction
3. Objectivity & Reliability of the PAS
4. Measure of Performance

The responses are tabulated with 1 being the lowest to 5 being the highest. The findings are shown in the graphs below:
Figure 1: Telenor Responses - Summary

Figure 2: IESCO Responses - Summary
FINDINGS

The findings indicate that organizations with less effective communications & feedback between the evaluator and subordinate employee, the overall satisfaction with the performance appraisal system is low. Additionally when technology is used as a moderator, the impact is positive on the overall relationship between effectiveness and efficacy of the performance appraisal system and communication & feedback.

The data remains consistent in both surveyed organizations. Telenor is the only organization amongst the two which has a structured technology based communication and feedback system and incidentally show a higher level of satisfaction with the performance appraisal system.

CONCLUSION

Surveyed employees of both organizations agree that Performance Appraisal is an essential element of their professional/corporate lives. IESCO has the least effective performance appraisal system, which is signified by a weak communication and feedback mechanism. The absence of technology to support the evaluation ecosystem is also a major factor in the exceedingly negative results in this organization.

REFERENCES


