

AN INVESTIGATION OF PERFORMANCE APPRAISAL METHODS AND ASSOCIATED CHALLENGES IN BANGLADESH

Md. Mehedi Hasan*, Vandna Misra**

Abstract *Performance is something that an employee leaves behind for the employer. Just and proper appraisal of performance can improve employee performance, and consequently, the organisation's productivity. The present study investigates existing performance appraisal methods and their challenges in Bangladesh. To investigate the research problem, a conclusive, descriptive, single cross-sectional research design has been adopted. Mixed sampling approach is used to select sample respondents from different organisations across Bangladesh. To analyse the data, multiple linear regression method has been applied for the purpose of the study. The study has identified appraisal of irrelevant issues, less support from the authority, the chance of error by the rater, inappropriateness, less frequency, biasness, less reliability, less self-appraisal, expensive, one-way process, no second review, no appeal, less team appraisal, feedback, time-consuming and complex, and less reward as the problems associated with the performance appraisal methods used by selected organisations in Bangladesh. The study recommends paying careful consideration to the identified challenges related to the institution, process, instrument, and rater, to make performance appraisal a success, since an effective performance appraisal system leads to improved productivity, employee development, employee retention, and helps identify employee training needs. Social exchange and reciprocity motivate employees to show high performance and contribute towards the organisation's growth.*

Keywords: *Performance, Performance Appraisal, Performance Appraisal Methods, Challenges, Employee, Assessment*

INTRODUCTION

Performance is usually explained as desired results, behaviours, attitudes, or traits. Campbell, Dunnette, Lawler and Weick (1970) defined performance as behaviour, whereas Bernardin and Beatty (1984) defined performance as the record of outcomes produced by a specified job function, activity, or behaviour during a specified time. Scholars define performance appraisal as a process, as well as a system. Performance appraisal is the formal process by which superiors evaluate subordinates' performance (Grote, 2011; Erdogan, Kraimer & Liden, 2001; and Armstrong & Taylor, 2012). Performance appraisal process measures, evaluates, and influences employees' performance. It typically takes place on an annual or semi-annual basis to determine pay raises, promotions, or training needs.

Performance appraisal system reviews and evaluates individual or team performance, as it identifies employee's performance levels and areas that need improvement to utilise human resources in an organisation to the maximum possible capacity (Atiomo, 2000 & Fajana, 1997). Performance appraisal leads to a systematic description of individual job-relevant strengths and weaknesses. Through

a performance appraisal system employer's expectations related to work performance are conveyed to employees. It helps in assessing employees' performance and giving feedback on the same. The performance appraisals are used to support HR decisions, e.g., promotions, terminations, training, and pay raises.

The employee reactions to appraisals can be a critical factor in improving the employee's performance. The impact of employee emotions and perceptions on the efficacy of the appraisal system is debated among scholars. Levy and Williams (2004) found the use of appraisal reactions (e.g., satisfaction, acceptability) as an important trend. Performance appraisal results must be linked to other HRM as well as strategic decisions for organisational growth (Cleveland, Murphy & Williams, 1989; Greer, 2001). There have also been multiple applications of performance appraisals for evaluation and development (Boswell & Boudreau, 2002). The present study investigates the performance appraisal methods used by organisations in Bangladesh to uncover the challenges associated with the prevailing performance appraisal methods and recommend corrective measures to improve the same. For a better understanding of difficulties associated with different performance appraisal methods,

* Assistant Professor, Human Resource Management Discipline, Khulna University, Khulna, Bangladesh.
Email: mehedihasan01@gmail.com

** Associate Professor, Program Coordinator - Commerce, Directorate of Online Education, Manipal University, Jaipur, Rajasthan, India. Email: misra.vandna@gmail.com

the forthcoming section will explain these methods in detail.

Performance Appraisal Methods

Different methods are used to appraise employee performance in an organisation. Scholars use terms like performance review, employee appraisal, performance evaluation, employee evaluation, merit evaluation/personnel rating, employee rating, and results appraisal. Performance appraisals are periodic and conducted over a specific period, usually quarterly, biannually, or annually. Each performance appraisal method has its strengths, weaknesses, and appropriateness.

Renowned researchers have classified performance appraisal methods on different basis. For the sake of simplicity, performance appraisal methods can be grouped into 3 categories: the judgmental approach, the absolute standard approach, and the results-oriented approach (Bratton & Gold, 2012; Dessler, 2016). Based on evaluation and application, Deb (2006), Randhawa (2007), Khurana, Khurana and Sharma (2010), and TephillahVasantham (2019) classified performance appraisal methods as traditional and modern. On the basis of focus, Griffin (2012) and Pride, Hughes & Kapoor (2012) have classified methods as performance-oriented and judgmental methods. Mathis and Jackson (2011) classified performance appraisal methods differently, as scaling methods and narrative methods. Bogardus (2007) and Schermerhorn (2011) categorised performance appraisal methods as comparative, rating, narrative, and behavioural methods.

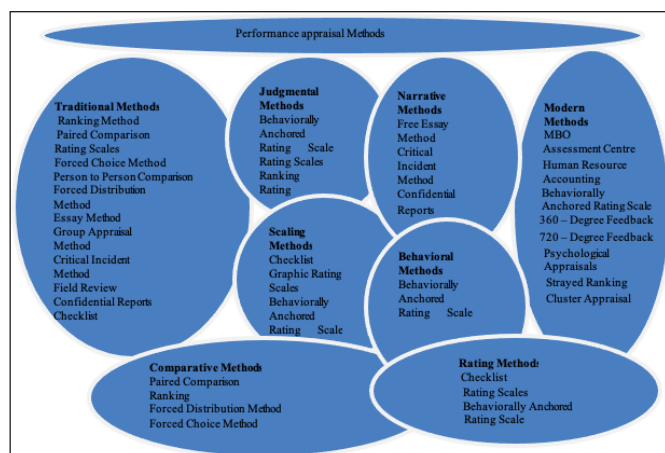


Fig. 1: Performance Appraisal Methods based on Kateřina, V., Andrea Š., & Gabriela, K. (2013)

The different classifications reflect that traditional methods focus on individual and group performance or rating, whereas modern methods focus on employee's development potential. Researchers promoting modern methods consider MBO (Management by Objectives), assessment centre, BARS, 360-degree feedback, 720-degree feedback, strayed ranking,

cluster appraisal, and human resource accounting under this category (Deb, 2006; Randhawa, 2007; Khurana, Khurana & Sharma, 2010; and Siraj & Putranto, 2019). A further review of classification reflects that performance-oriented methods evaluate current outputs and assess the employee under standardised conditions, whereas judgmental methods incorporate rating and ranking techniques, e.g., BARS method, rating scales, employee ranking, and comparison (Griffin, 2012). According to Mathis and Jackson (2011), graphic rating scales, BARS, and checklists are part of rating methods.

Narrative methods that include free essay and critical incident methods apply written and oral descriptions (Mathis & Jackson, 2011). The last group consists of comparative, rating, narrative, and behavioural methods. Comparative methods compare the work performance of individuals. Under this category, the most common types are paired comparison, ranking, forced distribution method, and forced-choice method. Narrative methods that comprise essay/free narration, critical incident, and confidential report require the description of the work performance of an employee by a manager. Behavioural method covers BARS method (Bogardus, 2007). According to Deblieux (2003), behaviourally anchored rating scales may be a source of unreliable appraisal results.

Siraj and Putranto (2019) recommended an improved performance appraisal system by incorporating new criteria and developing a formal procedure. For this purpose, 360-degree evaluation method was recommended to reduce subjective biases. On the other hand, Pereira, Natalya and Slesarenko (2020) recommended the competency model to improve employees' efficiency. It renders information related to employees' strengths and weaknesses, and reflects the quality of training. However, at the same time, the suggested model is vulnerable to processes. The most common appraisal methods are checklists and rating scales, which are useful for personnel decisions (Bogardus, 2007; Rothwell, 2012).

Rationale of the Study

Everybody wants a compliment. Sometimes a single thank you is enough to make someone happy. An employee wants proper and justified feedback from their employer for their work. Negative evaluation can push employees towards unhappiness. Every organisation is aware of it. According to Poon (2004), dissatisfaction with the appraisal system impacts employee turnover intention by lowering job satisfaction. Proper and just performance appraisal is the earnest necessity for any organisation, for both employee and employer. Employee satisfaction with performance appraisal has a positive association with work performance (Pettijohn, Pettijohn & d'Amico, 2001; Roberts & Reed,

1996). Because performance appraisal often includes equipping employees with new knowledge and skills, it may also contribute to employers' perceived investment in employee development.

According to Kumar, Shirley and Singh (2017), the outcome of the performance appraisal system should be used to identify employees' training needs; the objective of the performance appraisal system should be aligned with the organisation's vision and mission. Driven by social exchange and reciprocity norm, employees show high performance if the organisation shows commitment by providing developmental activities (Coyle-Shapiro & Kessler, 2002; Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades, 2001; Lee & Bruvold, 2003). Considering the above notion, the subject is worthy of investigation to improve the effectiveness of the performance appraisal system in an organisation.

LITERATURE REVIEW

The present study closely examines past studies in the light of the research problem. There is an ongoing debate among researchers and practitioners regarding the effectiveness of the performance appraisal systems in an organisation (Schraeder, Becton & Portis, 2007). Cardy and Leonard (1998) expressed that the appraisal process is a difficult and error-ridden task that affects employees as well as the organisation. The researchers from different regions found several difficulties associated with the performance appraisal system. It was reported that many companies are not satisfied with their performance appraisal systems and procedures because of the problems associated with the system (McNerney, 1995). Longenecker and Fink (1999) found that the managers were less than satisfied with the performance appraisal process. The study conducted by Longenecker and Nykodym (1996) disclosed the challenges associated with the design, implementation, and functional use of appraisal systems.

Dauda (2018), in a study conducted across the UK, India, South Africa, and Ghana, criticised the performance appraisal system for its subjectivity due to human intervention and found a gap in practice. Drenth (1984) advocated that evaluation is a sensitive matter, since negative assessment elicits negative psychological reactions, e.g., denial, resistance, or aggression. These negative reactions towards the performance appraisal system emanate from the negative perceptions about the performance appraisal system. Furthermore, raters' evaluations were found subjectively biased due to their cognitive and motivational states (DeNisi & Williams, 1988; Longenecker, Sims Jr., & Gioia, 1987; Alharbi, 2018). Lack of trust in evaluations resulted due to the application of different standards for different employees (Folger Konovsky & Cropanzano, 1992).

Some studies argue that performance appraisal systems are not consistently effective due to the application of archaic evaluation design (Atkins & Wood, 2002; DeNisi & Kluger, 2000). Rubin and Edwards (2020) stated that employee perception of the performance appraisal system could not be changed by properly designing performance appraisal systems. Another critical challenge that employees and supervisors often perceive from performance appraisals is 'fear and loathing'. The performance appraisal system also suffers due to the absence of ownership on the part of managers and lack of rewards for properly completing the process (Thomas & Bretz, 1994). The above studies express that despite its widespread usage, the performance appraisal system in an organisation faces several challenges.

Sullivan (2011) extensively outlined various challenges associated with the instrument, process, implementation, and users of performance appraisal systems in an organisation. Roberts and Pregitzer (2007) found rating bias, poor communication during feedback, rater's errors, poor feedback, and a mismatch between rater and self-appraisal. Richard (2013) observed poorly trained managers, inconsistent ratings, absence of outcome-based measures, and lack of opportunity for performance improvement. Nandish (2015) stated deficiencies in the process, instruments, and raters, especially related to the frequency of appraisals, feedback, accountability of rater, motivation, raters' bias, and weak management support.

According to Adrian (2016), some challenges of performance appraisal systems are: less frequency, rater's bias, expense, adverse to team spirit, inconsistency of rating scale, ignoring rater's training, not applicable across all levels of management, inflexible, and implementation bottlenecks. Miller (2016) discussed the major problems associated with performance appraisal and found inaccurate assessments, weak documentation, employees' dread, lack of timely feedback, and rater's bias as vital challenges to be addressed. Thus, aforesaid studies uncovered several challenges associated with the system, process, instrument, and implementation of the performance appraisal system. These studies also give evidence in support of ongoing debates regarding prevailing challenges of the performance appraisal systems.

OBJECTIVE OF THE STUDY

To identify the problems associated with existing performance appraisal methods in Bangladesh.

Research Question

- Q1. What is the current situation of performance appraisal methods in Bangladesh?
- Q2. Are there any challenges in existing performance appraisal methods?

Research Gap

The study intensely reviewed the existing literature to define the research problem. A review of the study revealed that the problem is worth investigating and analysing to get an appropriate answer that can contribute to the body of knowledge. It is found that several studies have been conducted in general about the performance appraisal methods and their applications in Bangladesh; however, studies to identify challenges of performance appraisal methods in Bangladesh are few. The identified problem needs a detailed investigation in the context of Bangladesh, so there is a great scope to explore the issue in depth. The study has taken the problem under investigation to bring it in front of the researchers and contribute to the reservoir of knowledge.

Theoretical Framework and Hypothesis Development

Employees perform and it must be appraised effectively. It is the motto of modern human resource management. From past studies it is found that the performance appraisal methods have got problems related to specific issues of methods. Here, problems associated with the performance appraisal methods is a dependent variable that depends on a series of independent variables. The study has adopted the independent variable from the existing literature and the respondents in the pre-testing questionnaire session. In this study, the problems associated with the performance appraisal methods are measured through the effect of the independent variable. Based on the framework outlined before, the following regression model has been constructed using multiple regression analysis:

$$Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + b_5 x_5 + b_6 x_6 + b_7 x_7 + b_8 x_8 + b_9 x_9 + b_{10} x_{10} + b_{11} x_{11} + b_{12} x_{12} + b_{13} x_{13} + b_{14} x_{14} + b_{15} x_{15} + b_{16} x_{16}$$

Where,

Y = the problems associated with the performance appraisal methods

$x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8, x_9, x_{10}, x_{11}, x_{12}, x_{13}, x_{14}, x_{15}$, and x_{16} = the independent variables

x_1 = Biasness; x_2 = Expensive; x_3 = Inappropriate;

x_4 = Time consuming and complex; x_5 = Feedback; x_6 = Less support from the authority;

x_7 = Less reward; x_8 = Less team appraisal; x_9 = Less reliability;

x_{10} = Chance of error by the rater; x_{11} = One-way process; x_{12} = Less self-appraisal;

x_{13} = Less frequency; x_{14} = No second review; x_{15} = No appeal;

x_{16} = Appraise irrelevant issue

a = constant

$b_1, b_2, b_3, b_4, b_5, b_6, b_7, b_8, b_9, b_{10}, b_{11}, b_{12}, b_{13}, b_{14}, b_{15}$, and b_{16} = The coefficients of independent variables

Hypothesis: To test the assumption made in the theoretical framework, the following hypothesis is adopted.

H_0 = There exists no significant relationship between the dependent and independent variables.

H_a = There exists a significant relationship between the dependent and independent variables.

METHODOLOGY OF THE STUDY

Research Design

The study is quantitative in nature. The study takes into consideration a conclusive descriptive single-sectional research design to meet the research objective. The study investigates the respondents using a field survey technique through a questionnaire. The study involves a one-time interaction with groups of people (cross-sectional study).

Population of the Study

The present study considers all the organisations in Bangladesh that appraise the performance of their employees as the target population, and all the employees who are responsible for conducting performance appraisals for any organisation in Bangladesh as the accessible population.

Sampling, Sample Frame and Sample

The study adopts the probability-based simple random sampling technique to choose the respondents' organisation from different fields and uses a non-probability purposive sampling technique to select only the employees responsible for appraising performance. The preliminary survey and discussion with the respondents helped in constructing an appropriate sample size. To reach a valid conclusion and make the sample more representative, the study purposively selects employees from 100 organisations who are responsible for appraising performance.

Sample Area and Sample Distribution

The study was carried across Bangladesh. The study randomly selects the organisation to investigate the subject matter. The study considers all forms of organisations; based on the nature, like private, public, and autonomous; based on the category, like manufacturing and service; and based on the type, like education, research and consultancy, hospital and health care, garments, and banks, to conduct the questionnaire survey (names are given in Table 1).

Table 1: Nature of Organisations

Sr. No.	Nature of Organisation	Frequency	Percent
1	Bank	25	25.0
2	Insurance	12	12.0
3	Telecom	12	12.0
4	Garments	11	11.0
5	Universities	5	5.0
6	Hospital healthcare	5	3.0
7	Education	3	2.0
8	Research and consultancy	2	2.0
9	BRTC	1	1.0
10	BTCL	1	1.0
11	City corporation	1	1.0
12	Washa (i.e., Water Transmission Body)	1	1.0
13	Garments buying house	2	2.0
14	Real-estate	3	3.0
15	NGO	10	10.0
16	Jute corporation	1	1.0
17	Retail house	1	1.0
18	Agro-based	1	1.0
19	Railway	1	1.0
	Total	100	100.0

Sources of Data

Both primary and secondary data are used in the present study. The primary data are collected with the help of a questionnaire survey, using face-to-face interview techniques, from the employees responsible for appraising

performance. To make the primary data valid, the study extensively surveyed the available source of secondary data. The secondary data is also used to investigate the facts and issues closely related to the research topics. The secondary data are collected from the existing literature in the said field, including different studies, published journals, reports, magazines, educational handbooks, newspapers and manuscripts, and websites and online articles.

Questionnaire Design

For collecting primary data, a questionnaire is prepared and administered. Before developing the questionnaire, researchers interviewed some managerial and non-managerial employees working in the human resource management department to gain a concrete idea about the subject matter. A well-structured questionnaire, including both open- and close-ended questions is used. The questionnaire contains both dichotomous and Likert-scale questions. The questionnaire sought both demographic and job-related information. Demographic information includes gender, age, marital status, educational qualification, and length of service in Section A. Section B, on the other hand, describes possible opinions of independent variables. The questionnaire is made up of 6 items in section A and 19 items in section B. Respondents are asked to mark some possible statements on performance appraisal problems on the questionnaire in section B. The questionnaire used a non-comparative itemised rating scale to measure the respondents' opinion, on a scale of 1 to 5, where 1 = strongly agree, 2 = agree, 3 = neutral (neither agree nor disagree), 4 = disagree, and 5 = strongly disagree.

The initial reliability of the items was verified by computing Cronbach's alpha. The Cronbach's alpha suggests that a minimum alpha of .60 is sufficient for an early stage of research (Nunnally 1978). In Table 2, the Cronbach's alpha estimated for all of the variables was .896; therefore, the items were deemed to have adequate reliability.

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha based on Standardised Items	No. of Items
.896	.894	16

Table 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Biasness	25.0200	37.777	.333	.318	.867
Expensive	24.5700	35.904	.497	.585	.862
Inappropriate	24.6200	36.662	.330	.652	.869
Time-consuming and complex	24.5700	34.914	.607	.717	.857
Less feedback	24.6400	34.798	.534	.679	.860
Less support from the authority	24.5700	35.258	.496	.702	.862
Less reward	24.4900	33.889	.558	.769	.859
Less team appraisal	24.4500	35.604	.440	.726	.864
Less reliability	24.6100	34.665	.540	.532	.860
Chance of error by the rater	24.5800	36.145	.380	.561	.867
One-way process	24.6800	35.230	.503	.597	.861
Less self-appraisal	24.5700	36.328	.391	.526	.866
Less frequency	24.6900	35.226	.504	.622	.861
No second review	24.6300	35.791	.458	.603	.863
No appeal	24.7400	34.962	.572	.658	.858
Appraise irrelevant issue	24.7900	35.319	.562	.689	.859
Problems faced	24.8200	34.432	.680	.627	.854

In Table 3, the column marked 'Corrected Item-Total Correlation' gives an indication of the degree to which each item correlates with the total score, and low values (less than 0.30) here reflect that the item is measuring something different from the scale as a whole. The column titled 'Cronbach's alpha if item deleted' shows the impact of removing the corresponding item from the scale. Hence, it was confirmed that the Cronbach alpha coefficient (0.896) and Cronbach alpha based on the standardised item (.894), as shown in Table 2, were optimum.

Validity of Data

Validity is the state of being valid to a concept, conclusion, or measurement. Alderson, Clapham and Wall (1995) cited Henning's definition of validity as the appropriateness of a test or any of its components as a measure of what it is purported to measure. Thus, a test is said to be valid to the extent it measures what it is supposed to measure. Nunnally and Bernstein (1994) discussed 3 types of validity, i.e., content validity, predictive validity, and construct validity. To justify the validity of measurement, the present study used content validity. Kerlinger (1973), as cited in Alderson, Clapham and Wall (1995), defined content validity as the sampling adequacy of the content of a measuring instrument and is based on the experts' assessment. Content validity can be verified by the researchers' professional knowledge (Sharafi & Shahrokh, 2012). Besides this, the relevance

of scale measurement is tested on the basis of literature review and experts' opinions (Sharafi & Shahrokh, 2012). This study rigorously reviewed past literature and adapted instruments used in previous studies to meet the content validity requirements.

Data Analysis

After collecting data from the field, the datasheet was prepared with proper caution and checking. Data were analysed using IBM SPSS software using different statistical techniques. Demographic factors and job-related factors were analysed using descriptive statistics and multiple regressions, respectively.

Timeframe

The study should allow considerable time for the results to be ethically correct. The present study mainly consumed time for research design, questionnaire development, field survey, data collection, data analysis, and report writing. The study was carried out from September 2019 to March 2020.

RESULTS AND DISCUSSION

The study used descriptive statistics and multiple linear regression models to analyse the collected data and produce the result.

Descriptive Statistics

Descriptive statistics presents data summary in a meaningful and useful manner. It lucidly presents sample summaries.

Table 4: Demographic Profile of the Respondents

Gender of the Respondents		
Particulars	No. of Respondents	Percentage [%]
Male	64	64
Female	36	36
Total	100	100.0
Nature of the Organisation		
Private	66	66
Public	28	28
Autonomous	6	6
Total	100	100
Department		
Human Resource Management Department	70	70
Management Department	30	30
Total	100	100
Designation		
Junior HR Officer	15	15
Senior HR Officer	18	18
HR Admin	15	15
Senior HR Executive	22	22
General Manager	30	30
Total	100	100
Practices of Performance Appraisal		
Yes	97	97
No	3	3
Total	100	100

Table 4 shows that the maximum respondents are male, but it is worth noticing that a good portion of female respondents also participated in the study. The respondents have diverse backgrounds, in terms of their nature of organisation, ranging from private to public and autonomous. Table 4 shows that the previously neglected human resource department is gradually gaining organisational priorities. Maximum number of organisations have their human resource department, while the rest are still performing human resource department activities through the general management department. It is also found that many well-informed people about the subject matter took part in the study. Statistically, it is proved that almost all organisations practice performance appraisals.

Table 5: Performance Appraisal Methods in Bangladesh

Sr. No.	Name of the Methods	Yes	%	No	%
1	Critical Incident	12	12	88	88
2	Weighted Checklist	14	14	86	86
3	Paired Comparison	10	10	90	90
4	Graphic Rating Scale	9	9	91	91
5	Essay Evaluation	22	22	78	78
6	BARS	11	11	89	89
7	Ranking Method	49	49	51	51
8	MBO	32	32	68	68
9	360 Degree	25	25	75	75
10	Force Distribution	2	2	98	98
11	Behavior Observation Scale	26	26	74	74
12	Seven Twenty Degree	1	1	99	99
13	Field Review	0	0	100	100
14	Cost Accounting Method	0	0	100	100
15	Assessment Centre	0	0	100	100
16	Human Resource Accounting	12	12	88	88
17	Group Appraisal	0	0	100	100
18	Confidential Record	85	85	15	15
19	Cluster Appraisal	0	0	100	100
20	Strayed Ranking	0	0	100	100

Table 5 shows that among the most widely known 20 performance appraisal methods, 15 methods are used in Bangladesh. 5 methods, namely field review, cost accounting method, assessment centre, cluster appraisal, and strayed ranking are not used in Bangladesh. Maximum organisations extensively use the confidential record method to appraise the performance of the employees. The second highly used in the list is the ranking method and the third is MBO. More than 20% of organisations use behaviour observation scale, 360 degree, and essay evaluation, whereas less than 20% of organisations use the weighted checklist, critical incident, human resource accounting, BARS, paired comparison, and graphic rating scale.

Evaluating the Model Obtained from Standard Multiple Regressions

Regression analysis, a quantitative research method, is used to analyse the relationship between a dependent and a set of multiple independent variables. From Table 6, it is found that the value of R is .792. It indicates that the relation between the dependent and independent variables is strong enough to represent the model. It is to be noted that the ‘Adjusted

R Square Statistics' corrects the value of R-square, in case of small sample size, to provide a better estimate of the true population value. The study shows that the value of Adjusted R^2 is 0.555, i.e., 55% of the change in the dependent variable is explained by the independent variable that is included in the model.

Table 6: Model Summary (b) of the Standard Multiple Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792(a)	.627	.555	.40971

a. Predictors: (Constant), Biasness, Expensive, Inappropriate, Time consuming and complex, Less Feedback, Less support from the authority, Less reward, Less team appraisal, Less reliability, Chance of error by the rater, One-way process, Less self-appraisal, Less frequency, No second review, No appeal, Appraise the irrelevant issue.
 b. Dependent Variable: Problems faced in performance appraisal methods.

Assessment of Hypothesis by Simple Linear Regression in Enter Method

In Table 7, the F-value was derived from dividing the mean square model (1.461) by the mean square residual (0.168), which was equal to 8.704. Consequently, the P-value associated with this F-value, shown under the column 'Sig.', was close to 0.000. It indicated that independent variables (biasness, expensive, inappropriate, time consuming and complex, less feedback, less support from the authority, less reward, less team appraisal, less reliability, chance of error by the rater, one-way process, less self-appraisal, less frequency, no second review, no appeal, and appraise irrelevant issue) of this study reliably predicted the dependent variable (problem in performance appraisal methods), thus providing strong evidence in favour of the alternative hypothesis. As a result, the study hypothesis has been accepted.

Table 7: Analysis of Variance (ANOVA)^(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.377	16	1.461	8.704	.000(a)
	Residual	13.933	83	.168		
	Total	37.310	99			

a. Predictors: (Constant), Biasness, Expensive, Inappropriate, Time consuming and complex, Less Feedback, Less support from the authority, Less reward, Less team appraisal, Less reliability, Chance of error by the rater, One-way process, Less self-appraisal, Less frequency, No second review, No appeal, Appraise irrelevant issue
 b. Dependent Variable: Problems faced in performance appraisal methods.

Assessment of Normality

Normality was assessed by 'Normal Probability Plot of Regression Standardised Residuals', which is illustrated in Fig. 2. Here, it can be observed that points were positioned in a reasonably straight diagonal line, beginning from the bottom left to the top right that indicates that there is no major deviation from normality.

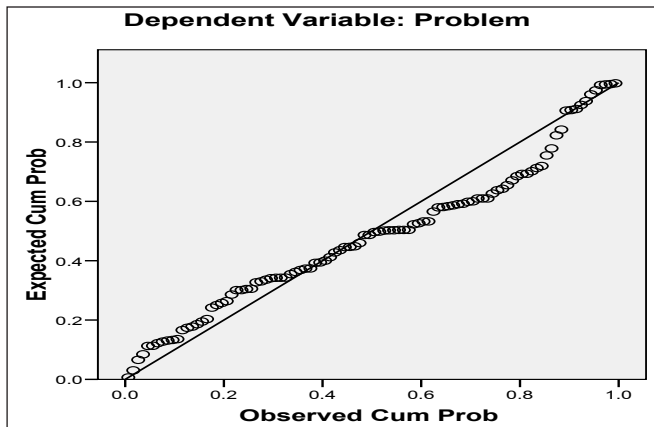


Fig. 2: Normal P-P Plot of Regression Standardised Residuals

Analysis of Regression between Independent Variables and Dependent Variable: Testing the Multicollinearity

Table 8 presents the output of collinearity diagnostics, which was performed as part of multiple regression programs. To test multicollinearity, the variance inflation factor (VIF) is used. VIF is the reciprocal of tolerance: $1 / (1 - R^2)$; researchers desire lower levels of VIF, other things remaining the same, since the higher levels of VIF affect the results adversely in multiple regression analysis. VIF indicates the magnitude of inflation in the standard errors associated with a particular beta weight due to multicollinearity. A review of studies to understand the acceptable levels of VIF shows that the most likely value of 10 is the maximum recommended level of VIF (Hair, Anderson, Tatham & Black, 1995; Kennedy, 1992; Marquardt 1970; Neter, Wasserman & Kutner, 1989). So the lower the VIF, the lower the chances of multicollinearity. For the present study, the maximum value of VIF is 2.922, which completely complies with the assumption. Besides this, tolerance is used as an indicator of multicollinearity and estimated by $1 - R^2$ in multiple regression analysis. Considering the adverse impact of low levels of tolerance, higher levels of tolerance are desired for multiple regression analysis.

The existing literature reflects various recommendations for acceptable tolerance levels and the most commonly recommended minimum level of tolerance is

0.10 (Tabachnick & Fidell, 2001). The present study complies with the assumptions completely.

Table 8: Coefficients (a)

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.385	.621		3.842	.000		
	Biasness	-.094	.109	-.088	-867	.388	.676	1.479
	Expensive	-.112	.116	-.108	-966	.337	.548	1.826
	Inappropriate	.015	.103	.015	.147	.883	.690	1.450
	Time-consuming and complex	-.160	.078	-.182	-2.039	.045	.863	1.159
	Feedback	-.012	.075	-.015	-.154	.878	.705	1.418
	Less support from the authority	-.042	.089	-.053	-.471	.639	.552	1.812
	Less reward	.090	.063	.136	1.443	.153	.778	1.286
	Less team appraisal	-.060	.048	-.118	-1.259	.212	.782	1.279
	Less reliability	.414	.112	.395	3.681	.000	.598	1.673
	Chance of error by the rater	.058	.075	.076	.775	.441	.712	1.404
	One-way process	-.001	.104	-.001	-.008	.994	.493	2.029
	Less self-appraisal	-.130	.107	-.144	-1.215	.228	.492	2.034
	Less frequency	-.085	.078	-.156	-1.099	.275	.342	2.922
	No second review	-.096	.094	-.108	-1.015	.313	.603	1.657
	No appeal	.333	.121	.290	2.753	.007	.621	1.610
Appraise irrelevant issue	-.434	.117	-.453	-3.707	.000	.461	2.169	

a. Dependent Variable: Problems faced in performance appraisal methods.

CONCLUSION AND RECOMMENDATIONS

Employee contribution should be properly appraised. Selecting an appropriate performance appraisal method is earnestly sought to maintain organisational justice. Proper selection and implementation of the performance appraisal methods are some of the prerequisites of organisational success. According to Muczyk and Gahle (1987), an organisation’s success or failure may be determined by the ways in which performance is managed. Employee retention depends on the proper recognition of work done by the employer. Fair and justified performance appraisals work as a motivational tool. Based on the nature of the work, the organisation applies different performance appraisal methods. A performance appraisal method without error can only provide honest feedback and true recognition of work done by the employee.

A close review of performance appraisal methods used by organisations clearly shows the dominance of traditional methods over modern methods in Bangladesh. Further analysis of respondents’ feedback on prevailing performance

appraisal practices reveal that factors, like biasness, expensive, inappropriate, time-consuming and complex, feedback, less support from the authority, less reward, less team appraisal, less reliability, the chance of error by the rater, one-way process, less self-appraisal, less frequency, no second review, no appeal, and appraise irrelevant issues, have vitally contributed to making performance appraisal attempts unsuccessful. Thus, this study reveals that organisations implementing performance appraisal systems in Bangladesh are not only practicing traditional methods, but are also facing challenges related to the establishment/ institution, process, instrument, and rater of the performance appraisal system.

Recommendations

Proper recognition of work through performance appraisal is an employee’s perception of being valued and being part of an organisation. Keeping this in mind, the present study likes to recommend that organisations should adopt those performance appraisal methods that are contemporary, relevant, and could address identified challenges. Time and sincere efforts should be devoted to squarely addressing

challenges related to the institution, process, instrument, and rater for the successful implementation of an effective performance appraisal system in an organisation.

Support of management and proper cost-benefit analysis are necessary to increase the efficacy of the performance appraisal system. Process-related challenges (i.e., less frequency, one-way process, less feedback, no second review, no appeal, and less reward) clearly emphasise the need to improve frequency, feedback, the opportunity to review and appeal, along with an equal focus on reward, apart from disciplinary actions in the appraisal system. The selection of appropriate methods is one of the critical points to make an appraisal system successful. Moving further, organisations should focus on methods based on team- and self-appraisal. This will improve acceptance of the appraisal system, as well as team spirit. The rater is a source to creep in subjective bias in the system, as an untrained rater reduces the efficiency of the performance appraisal system, thus defeating the end objective of the performance appraisal system. A close observation of the rater-related biases (i.e., biasness, less reliability, the chance of error by the rater, and appraise irrelevant issues) emphasises on the application of objective methods and rater training.

Limitations of the Study

Since the present study tried to learn the problems in performance appraisal methods, respondents were reluctant to provide proper information. There has not been any research work in that particular field; it was hard to find scholarly articles on the topic for the literature review. Since the present study is confined to performance appraisal methods, the results cannot be generalised to other factors related to commitment.

Managerial Implications

It is worth stating that employees should receive proper recognition for their work. The study recommends removing identified factors from the performance appraisal methods in practice. It will help retain a motivated workforce, improve productivity, identify training needs, and work towards employee development. The improved efficacy of the performance appraisal system would also have a positive impact on other HR decisions, and will contribute to better strategic decisions by aligning HR policies with organisation goals.

Future Research Implications

The present study can be a gateway for upcoming researchers to know how to make performance appraisal

methods effective; the identified factors can be further tested to understand their exact implications on the performance appraisal practices of an organisation.

REFERENCES

- Adrian, F. (2016). 10 common problems with performance appraisals and how to solve them. Chartered Management Institute. Retrieved from <http://www.managers.org.uk/insights/news/2016/april/10-common-problems-with-performance-appraisals-and-how-to-solve-them>
- Alderson, J. C., Clapham, C., & Wall, D. (1995). *Language test construction and evaluation*. New York: Cambridge University Press.
- Alharbi, S. H. (2018). Criteria for performance appraisal in Saudi Arabia, and employees interpretation of these criteria. *International Journal of Business and Management*, 13(9), 106. doi:<https://doi.org/10.5539/ijbm.v13n9p106>
- Armstrong, M., & Taylor, S. (2012). *Armstrong's handbook of human resource management practice*. London & Philadelphia: Kogan Page Publishers.
- Atiomo, A. C. (2000). *Human resource management*. Lagos: Malthouse Management Science Books.
- Atkins, P., & Wood, R. (2002). Self-Versus others' ratings as predictors of assessment centre ratings: Validation evidence for feedback programs. *Personnel Psychology*, 55(2), 871-907.
- Bernardin, H. J., & Beatty, R. W. (1984). *Performance appraisal: Assessing human behavior at work*. Boston: Kent.
- Bogardus, M. A. (2007). *PHR/SPHR: Professional in human resources certification study guide*. Indiana: John Wiley & Sons.
- Boswell, W. R., & Boudreau, J. W. (2002). Separating the developmental and evaluative performance appraisal uses. *Journal of Business and Psychology*, 16(3), 391-412. doi:<http://dx.doi.org/10.1023/A:1012872907525>
- Bratton, J., & Gold, J. (2012). *Human resource management: Theory and practice*. UK: Palgrave Macmillan.
- Campbell, J. J., Dunnette, M. D., Lawler, E. E., & Weick, K. E. (1970). *Managerial behavior, performance, and effectiveness*. New York: McGraw-Hill.
- Cardy, R. L., & Leonard, B. (2011). *Performance management: Concepts, skills, and exercises*. Armonk, New York, London, England: ME Sharpe.
- Cleveland, J. N., Murphy, K. R., & Williams, R. E. (1989). Multiple uses of performance appraisal: Prevalence and correlates. *Journal of Applied Psychology*, 74(1), 130.
- Coyle-Shapiro, J. A. M., & Kessler, I. (2002). Exploring reciprocity through the lens of the psychological contract:

- Employee and employer perspectives. *European Journal of Work and Organizational Psychology*, 11(1), 69-86.
- Dauda, Y. (2018). A review of performance appraisal systems in different countries: The UK, India, South Africa and Ghana. *International Journal of Applied Environmental Sciences*, 13(2), 203-221. Retrieved from <http://www.ripublication.com>
- Deb, T. (2006). *Strategic approach to human resource management*. New Delhi: Atlantic Publishers and Distributors.
- Deblieux, M. (2003). *Performance appraisal source book: A collection of practical samples*. Alexandria: Society for Human Resource Management.
- DeNisi, A. S., & Kluger, A. N. (2000). Feedback effectiveness: Can 360-degree appraisals be improved? *The Academy of Management Executive*, 14(1), 129-139.
- DeNisi, A. S., & William, K. J. (1988). Cognitive approaches to performance appraisal. In K. M. Rowland & G. R. Ferris (Eds.), *Research in Personnel and Human Resources Management*, 6, 109-155. Greenwich, CT: JAI Press.
- Dessler, G. (2016). *Fundamentals of human resource management*. Boston: Pearson.
- Drenth, P. J. D. (1984). Personnel appraisal, In P. J. D. Drenth, H. K. Thierry, P. J. Williams & C. J. de Wolff (Eds.), *Handbook of Work and Organizational Psychology*. New York: Wiley.
- Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P. D., & Rhoades, L. (2001). Reciprocation of perceived organizational support. *Journal of Applied Psychology*, 86, 42-51.
- Erdogan, B., Kraimer, M. L., & Liden, R. C. (2001). Procedural justice as a two-dimensional construct: An examination in the performance appraisal context. *The Journal of Applied Behavioral Science*, 37(2), 205-222.
- Fajana, S. (1997). *Human resources management*. Lagos: Labofin and Company.
- Folger, R., Konovsky, M. A., & Cropanzano, R. (1992). A due process metaphor for performance appraisal. *Research in Organizational Behavior*, 14, 129-129.
- Greer, C. R. (2001). *Strategic human resource management*. New Jersey: Pearson Custom Publishing.
- Griffin, W. R. (2012). *Fundamentals of management*. USA: South Western Educational Publishing.
- Grote, R. C. (2011). *How to be good at performance appraisals: Simple, effective, done right*. Harvard Business Review Press.
- Hair, J. F. Jr., Anderson, R. E., Tatham, R. L., & Black, W. C. (1995). *Multivariate data analysis* (3rd ed.). New York: Macmillan.
- Kateřina, V., Andrea Š., & Gabriela, K. (2013). Identification of employee performance appraisal methods in agricultural organizations. *Journal of Competitiveness*, 5(2), 20-36. doi:10.7441/joc.2013.02.02
- Kennedy, P. (1992). *A guide to econometrics*. Oxford: Blackwell.
- Kerlinger, F. N., & Pedhazur, E. J. (1973). *Multiple regression in behavioral research*. New York: Holt, Rinehart and Winston.
- Khurana, A., Khurana, P., & Sharma, H. L. (2010). *Human resource management*. Delhi: Star Offset.
- Kumar, M., Shirley, N., & Singh, G. D. (2017). A research paper on "employee 's performance appraisal system and its implication for individual and organizational growth. *International Journal of Enhanced Research in Management & Computer Applications*, 6(1), 7-13.
- Lee, C. H., & Bruvold, N. T. (2003). Creating value for employees: Investment in employee development. *The International Journal of Human Resource Management*, 14(6), 981-1000.
- Levy, P. E., & Williams, J. R. (2004). The social context of performance appraisal: A review and framework for the future. *Journal of Management*, 30(6), 881-905.
- Longenecker, C. O., Sims Jr., H. P., & Gioia, D. A. (1987). Behind the mask: The politics of employee appraisal. *The Academy of Management Executive* (1987-1989), 183-193.
- Longenecker, C. O., & Fink, L. S. (1999). Creating effective performance appraisals. *Industrial Management*, 41(5), 18.
- Longenecker, C. O., & Nykodym, N. (1996). Public sector performance appraisal effectiveness: A case study. *Public Personnel Management*, 25(2), 151-164.
- Make Staff Reviews Count. (2009). *Credit Union Magazine*, 74, p. 12.
- Marquardt, D. W. (1970). Generalized inverses, ridge regression, biased linear estimation, and nonlinear estimation. *Technometrics*, 12, 591-256.
- Mathis, L. R. & Jackson, H. J. (2011). *Human resource management: Essential perspectives*. USA: South-Western Cengage Learning.
- McNerney, D. J. (1995). Improved performance appraisals: Process of elimination. *HRFocus*, 72(1), 4-5.
- Miller, B. (2016). Problems with performance appraisals. *HR daily advisor*. Retrieved from <http://hrdailyadvisor.blr.com/2016/05/27/problems-with-performance-appraisals/>.
- Muczyk, J. P., & Gable, M. (1987). Managing sales performance through a comprehensive performance appraisal system. *Journal of Personal Selling & Sales Management*, 7(1), 41-52.
- Nandish, J. (2015). Top performance appraisal problems. Retrieved from <https://www.linkedin.com/pulse/most-serious-top-performance-appraisal-problems-jyothi-nandish>

- Neter, J., Wasserman, W., & Kutner, M. H. (1989). *Applied linear regression models*. Homewood, IL: Irwin.
- Nunnally, J. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill.
- Pereira, J. P., Natalya, E., & Slesarenko, I. (2020). The analysis of competency model for a performance appraisal system in the management of food service industry. *Proceedings of ICITS 2020*, 162-171.
- Pettijohn, C. E., Pettijohn, L. S., & d'Amico, M. (2001). Characteristics of performance appraisals and their impact on sales force satisfaction. *Human Resource Development Quarterly*, 12(2), 127-146.
- Poon, J. M. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Personnel Review*, 33(3), 322-334.
- Pride, M. W., Hughes, R. J., & Kapoor, J. R. (2012). *Business*. USA Mason: South-Western Publishing.
- Randhawa, G. (2007). *Human resource management*. New Delhi: Atlantic Publishers and Distributors.
- Richard, L. (2013). What are the problems with performance appraisals? *Small Business Studio*. Retrieved from <http://smallbusiness.chron.com/problems-performance-appraisals-1913.html>
- Roberts, G., & Pregitzer, M. (2007). Why employees dislike performance appraisals. *Regent Global Business Review*, 1(1), 14-21.
- Roberts, G. E., & Reed, T. (1996). Performance appraisal participation, goal setting and feedback: The influence of supervisory style. *Review of Public Personnel Administration*, 16(4), 29-60.
- Rothwell, W. J. (2012). *Encyclopedia of human resource management set-3 volumes*. New York, NY: Wiley.
- Rubin, E. V., & Edwards, A. (2020). The performance of performance appraisal systems: Understanding the linkage between appraisal structure and appraisal discrimination complaints. *International Journal of Human Resource Management*, 31(15), 1938-1957. doi:<https://doi.org/10.1080/09585192.2018.1424015>
- Schermerhorn, R. J. (2011). *Organizational behavior: Experience, grow, contribute*. Indianapolis, New York: Wiley Publishing.
- Schraeder, M., Becton, J. & Portis, R. (2007). A critical examination of performance appraisals. *The Journal for Quality and Participation*, 21(1), 20-25.
- Sharafi, T., & Shahrokh, Z. D. (2012). The relationship between family-to-work conflict of employee and co-workers' turnover intention. *Management Science Letters*, 2(1), 1-10.
- Siraj, H., & Putranto, N. A. R. (2019). Evaluating performance appraisal system to improve employee performance in Maja house Indonesia. *Proceeding of 4th ICMEM 2019 and the 11th IICIES 2019, Bali, Indonesia*, (pp. 544-548). ISBN: 978-623-92201-0-5.
- Sullivan, J. (2011). The top 50 problems with performance appraisals. *Talent Management and HR*. Retrieved from <http://www.eremedia.com/tlnt/the-top-50-problems-with-performance-appraisals/>
- Tabachnick, B. G., & Fidell, L. S. (2001). *Using multivariate statistics* (4th ed.). Boston, MA: Allyn and Bacon.
- Thomas, S. L., & Bretz Jr., R. D. (1994). Research and practice in performance appraisal: Evaluating employee performance in America's largest companies. *SAM Advanced Management Journal*, 59(2), 28.
- Vasantham, S. T. (2019). Different types of techniques employed in performance appraisals. *International Journal of Innovative Technology and Exploring Engineering*, 8(4S2), 413-416.