

Performance Appraisal and its Effects on Employees' Motivation and Job Promotion

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Abstract: Appraisal is an important instrument in the manpower management, if it is performed correctly and logically, it can conduct the organizations to their goal and the personnel will achieve their interests . In this paper we study the effects of performance appraisal results on the employees' motivation and job promotion in Toyserkan's health system.

Key words: Appraisal, Motivation, Promotion, Health System.

INTRODUCTION

Performance appraisal refers to a process, which studies and evaluated the job performance of personnel Formally (Mondy, 1987). Appraisal is an effective instrument in the human resources management, which if performance correctly and logically, the organizations will reach their personnel will achieve their interest (Rezghi Ros tami, 2000). The act of motivation the employees are in the heart of the organizations. Success in every organization depends upon the personnel motivation conducted by their directors (Abedinirad & Hazer, 1995). According to Herzberg (1990), there are many factors (job) identification, the essence of job, responsibility, advancement and improvement (Herzberg, 1990). In addition, there are other factors, such as: the administration quality and its policy in a n organization or company, the supervision quality, the (niutal) relations between personnel, terms of reference, pays and status , security and performance appraisal.

Identifying the proficient employees and presenting them rewards (bonus) as a sign of motivation, in order to improve their performance are among the essential factors in performance appraisal (loker,1977). KavussiShal (1999) believes t hat the appraisal system is a good instrument to improve the quality and quantity of the manpower's performance. Nowadays, performance appraisal is considered as an important aspect in human resources management and a part of the control process in administration (KavussiShal, 1999).

Planning the appraisal process is an important subject in the government's official system which is annually conducted in the governmental organizations , spending a large amount of time and expenditures to reach the objectives like: manpower development, including improvements , promotions and assignments in managerial positions, persuasion and punishment, salary increase, personnel's performance feedback and determining their educational needs. In order to reach the objectives of an organization, every person must have sufficient awareness of h e r/ h is position with such as awareness, the employees will detect the strong and weak points of their performance and behavior, so that they will probably resolve the problems and deficiencies and will turn them into more efficiency and effectiveness .

Therefore, appraisal can be considered as an important factor in identifying the people's talents and capacities and its results can make them aware of advancements , plans and goals. An organization, itself, needs to detect the employees' efficiency to improve the manpower's status, for the purpose of increasing the volume of the production and services and making positive changes in its trend (KavussiShal, 1999). In spite of the permanent efforts in planning more effective system for performance appraisal, there is convincing evidence o f t h e authorities dissatisfaction of the appraisal methods (Fox, 1987). The main reason for such d i s s a t i s f a c t i o n is the complexity of the process , leading to an incapability of planning an exhaustive appraisal system. The appraisal systems are usually involved with the following problems: the lack of adequate support by managers , impracticability, the appraiser's failure in conducting a right and fair appraisal, and the

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lack of accordance with realities (Lures, 1980). Many of the problems, with which the employees of the state organizations concern, are the direct result of the manager's incapability in the appraisal process. Solving many occupational problems in various fields, such as : job assignment, promotion, transfer, dismissal, training and salaries mainly upon the inefficiencies in the appraisal system (Zavvarzadeh, 1998).

According to Mirsepassi (1998), the present appraisal system is a window-dressing and may not lead to expected results . It wastes the manager's time as a mere formality. He believes that despite of the reasonability and scientific importance appraisal, it has usually failed in various organizations (particularly the state ones) as a result of complete indifference and has been criticized by personnel and even by manager (Mirsepassi, 1998). Many managers filling out the appraisal forms emphasize the employees ' seniority. In this way, they put an end to the spirit of the creativity, perseverance and sincerity of the junior employees . The present writer has observed several times that the excellent grades are periodic, so that the unit supervisor gives grade with the question "whose turn is this year?" , before she/he fills up the forms . In addition, the HR department (personnel department) changes the appraisal grades in such a way that the high grades will be allocated to the approved persons. Nonetheless, even if an employee obtains a high grade, this will be no benefit to him/her according to the minimum entitlement. Answering the question "Is performance appraisal necessary?" some of the managers state as follows: "We usually tell the HR not to grade the employees such a way that they would be deprived of group u p g r a d i n g and we sign the graded forms . Or we tell them to divide the final grade between the a p p r a i s a l factors , so that the employee can obtain the expected grade". (Mirsepassi,1998).

According to the above mentioned problems, the present writers decided to study the effects of the performance appraisal results on the motivation and job promotion of Toyserkans health system personnel and provide suggestions in order to improve the appraisal process .

Purpose:

As we said above this study aims to investigate the effect of the performance appraisal results on the motivation and job promotion of Toyserkan's health system. It attempts to verify the following hypothesis:

- 1- The performance appraisal result has a meaningful effect on the employee's motivation.
- 2- The performance appraisal result has a meaningful effect on job promotion of personal.

Method:

The present research was an applied and descriptive analytical study performance in 1385 AH. (From March 20, 2006 to March 19, 2007). The research population is the official personnel of Toyserkans health system, including health houses, urban and rural health centers , hospitals and health-care system staff. The data collection instrument was a 37-question questionnaire including 35 closed questions measured by Likert's scales and two open ones . The reliability coefficient of the questionnaire was calculated by "Cronbach's Alpha" and estimated about 0.85. This is a large number which indicates a high reliability. After providing the proper questionnaire, 220 questionnaires were sent to employees who were employed in the official personal of Toyserkan health system.

Data Analysis:

After gathering the questionnaires, the necessary data were obtained from them. Various statistical tools were used in order to analyze the data, in the following fields:

1. Descriptive statistics: including the frequency tables, and the calculation of the central indices and distribution indices.
2. Inferential statistics: in testing the research questions, T-test and sign tests were used.

Finding:

Of the total number of respondents, 113 were males (51%) and 107 were females (49%). The average age of the sample was 40.09 (s.d.=8.19). The subject's a g e ranged widely from 20 to 59 years: the number of subjects in their 20s, 30s, 40s and 50s were 25 (11.4%), 79 (35.9%), 95 (43.2%) and 21 (9.5%), respectively.

The average years of work experience (tenure) in their current organization was 17.5 years (s.d.=7.01). Their educational levels varied to a large extent. The sample comprised 60 (27.3%) under high school graduates, 76 (34.5%) high school graduates , 31 (14.1%) two -y ear college graduates , 39 (17.7%) four-year college graduates and 14 (6.4%) subjects who enrolled in graduate school. These educational levels indicated that organization require a divers e work force with various s kills and expertise. To examine the hypothesis we calculate the mean of responses to related questions of each hypothesis. Please notice that the code of

responses to questions are 1 (very low), 2 (low), 3(to some extant), 4 (high) and 5 (very high).

Thus we can do test $H_0: \mu \leq 3$ versus $H_1: \mu > 3$ as a way to examine the hypotheses. We can use a T-test to do this test but we notice that it requires the distribution of variable should be normal. Of course when the distribution of variable has not been close to normal we can use the nonparametric Test such as Sign-Test. Therefore at the first we use a normality test such as Kolmogorov -Smirnov test to examine whether or not the observations follow a normal distribution. For the normality test, the hypotheses are, H_0 : data follow a normal distribution versus H_1 : data do not follow a normal distribution.

At the first we examine the general effect of performance appraisal results based on the view of respondents. Table 1 indicates the results of Kolmogorov-Smirnov test. According to the results of Table 1 the distribution of observations is normal and therefore we can use the T-test. The results of T-test presented in Table 2. Table 2 indicates that the mean of effect of performance appraisal is less than medium.

The results of examining the first hypothesis are presented in Tables 3 and 4. Table 3 indicates the results of Kolmogorov-Smirnov test. According to the results of Table 3 the distribution of observations is normal and therefore we can use the T-test. The results of T-test presented in Table 4. Table 4 indicates that the mean effect of performance appraisal on employee's motivation is less than medium.

The results of examining the second hypothesis are presented in Tables 5 and 6. Table 5 indicates the results of Kolmogorov-Smirnov test. According to the results of Table 5 the distribution of observations is not normal and therefore we can use the sign-test. The significant value for this test is 0.99 indicates that the mean effect of performance appraisal on job's promotion is less than medium.

Determining the highest and lowest levels of respondent's satisfaction of the appraisal scores, according to the questions 34 and 35 of the questionnaire:

1. Determining the highest level of satisfaction: according to the data, can be designed that the most respondents were satisfied with the performance; in other words , the performance class was fashionable according to them.
2. Determining the minimum satisfaction (or the maximum dissatisfaction): The most respondents were dissatisfied with the persuasion, in other words , the persuasion class is fashionable.

Table 1: Kolmogorov-Smirnov Statistics for normality test

Mean	Standard deviation	Value of statistic	Significance value	Result
2.83	0.58	0.85	0.463	normal

Table 2: T-test for studying the general results of performance appraisal

T-statistic	Degree of freedom	Significance value	95% confidence interval
-4.33	219	1.000	(2.75, 2.90)

Table 3: Kolmogorov-Smirnov Statistics for normality test

Mean	Standard deviation	Value of statistic	Significance value	Result
2.58	0.80	0.84	0.471	normal

Table 4: T-test for studying the general results of performance appraisal.

T-statistic	Degree of freedom	Significance value	95% confidence interval
-7.63	219	1.000	(2.49, 2.70)

Table 5: Kolmogorov-Smirnov Statistics for normality test

Mean	Standard deviation	Value of statistic	Significance value	Result
2.82	1.27	0.04	0.009	Non-normal

Conclusion:

Analyzing the data shows that the appraisal are somehow medium according to the respondents. This indicates that the appraisal methods in the health – care system are not effective and do not have an influence on the appraisal improvement. Soroush (2000) expresses the same point in this field. The research outcome also shows that the performance appraisal results have a little effect on increasing the motivation level. Various factors can increase the personnel's motivation which itself results in the employees improvement and more organization efficiency, including: the observance of justice and fairness in appraisal, practicing the realistic(and not mental) appraisal, the managers complete control over the appraisal process , the appropriateness of the educational needs, providing timely feed-back and participation of the appraised in the appraisal.

According to Soroush (2000), performance appraisal has a little effect on job motivation. The present research also shows that the appraisal results have not so much influence on the personnel job improvement. Since the job promotion is one of the appraisal uses, the managers should take this factor in consideration.

According to Rezaghi Rostami (2000), managing the promotion thoroughly will make the employees show

their talents. Abedi (2004) has reached the conclusion that according to 95 percent of the respondents, the present appraisal process has had a very little effect on their success and promotion. Analyzing the percent data also shows that about 75% of the respondents believe that the current appraisal process have a medium or weak effect on identifying the creative and talented employees .

According to Abedi, a majority of the respondents (about 87%) consider performance appraisal as a weak process . It is obvious that the manpower as an important and valuable resource has the capacity of creation, innovation, reasoning, thinking and managing in the field of the other organizational resources in order to make use of all executive potentials of human resources and reach the strategic organizational objectives . Javadein (2001) believes that identifying the meritorious personnel is one of the primary goals of the performance appraisal systems .

According to the respondents, the present appraisal system is exposed to several errors and mistakes. About 65% of the respondents believe that the present appraisal method has a medium and weak effect on the personnel reinforcement and activity programming so; it can be considered as an ineffective process in this field. Abedi have come to the conclusion that more than 65 present of the respondents believe that the appraisal process has a poor effect on the need announcement and educational programs. It seems necessary to conduct educational programs to reach the optimal level of performance by adapting the employees to the latest technological and operational achievements of the similar organizations, identifying the latest strategic decisions made by the organizations senior managers and harmonizing the performance with the thoughts against the environmental competitions so, it will make the organizations environmental more active and reflexible. The organizations which are continually involved with identifying their potentials by using some controlling and alarming mechanisms , will certainly act more success fully in the external competitive environment. Confirming this fact, Javadein (2001) believes that one of the appraisal objectives is to identify the personnel's educational needs. The research also came to the conclusion that according to 65 percent of the examined population, the present appraisal method has a medium or weak effect on the personnel job improvement. Generally speaking, it does not affect the job improvement. According to Soroush (2000), performance appraisal has a little effect on increasing the personnel efficiency. According to Aghass i-beyg, most of the respondents believe that the current appraisal processes pay no attention to the personnel job output. Also, the appraisal instruments and standards have not changed during many years. The research shows that the employees had medium or little satisfaction of the appraisal results. According to 95% confidence interval, the satisfaction level stood between medium and low. Poorfard has reached the result that the managers in g directors of electricity companies are not satisfied with the subjects such as appraisal system, the educational programs, and the scientific technological development. Analyzing the research results also shows the personnel participation level is medium or low in improving the appraisal method. According to Soroush (2000), performance appraisal has a little effect on increasing the personnel participation. Najafbeygi (1998) believes that one of the factors causing personnel difficulties in organizations is that the personnel problems are still investigated behind the closed doors and without using the opinions and views of the managers and other directors, let alone the employees.

The research also showed that in the present appraisal processes, there is a low or medium level in the justice, the concreteness of the method standards and the authorities control on the appraisal trend . Sameni (2002) has reached the conclusion that the performance appraisal of the state employees working in Tehran province telecommunication company has failed in promoting and optimizing them, for reasons such as : not implementing the process of appraisal cycle , performing appraisal in a mental manner, lack of the educational courses for the appraisers and the appraised, lack of a control mechanism in appraisal and the existence of a credit less and ineffective appraisal system that does not affect the employees status .

Most of the respondents believed that the appraisal processes is necessary. According to Abedi (2004), they are usually against crossing-out of the appraisal process, while they emphasize its accuracy and correctness. Mirsepassi (1998) showed that according to 95% of his research population, appraisal is a necessary instrument, while the current processes under the title of appraisal are a kind of window-dressing. Javan Mabudi (1997) has reached the conclusion that according to the managers and employees , both the appraisal is not considered as a necessary fact and the managers and supervisors only oblige themselves to fill the forms out. Regarding the openness of the questions 36 and 37 of the questionnaire, the following results have been reached: Question 36: "In your opinion, do the present appraisal forms need a change or reform? If yes, mention some of the necessary changes."

Totally, 82.73 percent of the research population answered this question and 17.27 percent didn't. 50.55 percent of the respondents thought that the appraisal criteria should conform with the personnel status and group performance. 26.92 percent considered no relation between many parts of the appraisal and some jobs

(position). 16.46 percent of them requested a reform in the appraisal standards and the appraisers; According to 2.75 percent of them, it is necessary to separate the appraisal parameters, the forms are very general and should be more specific; According to 3.30 percent of them, it is necessary to consider a suggestion committee and some prerogatives.

Question 37: "Have you ever benefited from the appraisal advantages? Explain it". 65 percent of the research population declared that they have never benefited from appraisal. According to more than half of them, it is because of the discrimination, injustice and favoritism; The other reasons stated were: prerogatives for a number of employees (14.85%), low level of education (1.98%), having a short record of service (9.9%), the appraisers good knowledge about the appraised (5.94%), not forming a quorum (10.89%), minimum entitlement law, budget deficiency and the authorities turnover (each with 0.99%); 23.6 percent of them stated that they had benefited advantages like: job promotion or about 10% to 20%. Several reasons were mentioned by them for gaining those advantages, such as forming a quorum and obtaining the maximum grade in appraisal during three consecutive years (by 78.38% of them), performing the job correctly (by 16.22% of them), and chance (by 5.4% of them). About 11.4 percent of the research population either didn't answer the questions or answered irrelevantly.

Analyzing the research findings can also lead us to the conclusion that according to a majority of the respondents, the current appraisal method is very weak and inappropriate in all field of the present research; therefore, it seems necessary to reform this important process both in content and in performance.

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