

Performance Appraisal: Implication on Employees' Performance in Architectural Organizations of Bangladesh

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Abstract

The present study highlights the status of the Performance appraisal system of Architectural Organizations of Bangladesh and its implication to the employees' performance. The respondents of this study were the architects who were employed minimum for 1 year. The purposive sampling technique was used in the selection of respondents. Quantitative and qualitative method of research was utilized for gathering of data. Interviews, focus group discussion and survey questionnaires were the main instrument used in this study. The result of the study showed that the performance appraisal system of the architectural organizations are taking shape, developing and trying to put its remark in the new business field of architecture. On the other hand, the results reflected that the performance appraisal system of the organizations has both positive and negative impact on the architect employee's performance. Further, the respondents identified some major gaps in the Implementation of the company's appraisal system: no appropriate rewards are given to best employees, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation tools. It is recommended that the company should revisit and redesign its appraisal system so that it can match to its vision and mission towards the achievement of its organizational goals.

Keywords: Company Performance, Employee Efficiency, Employee Motivation, Employee Reward System, Evaluation

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1. Introduction

This present study is on Performance appraisal, one of the vital factors of “Human Resource Management Practices” in Architectural Organizations of the Bangladesh. The study refers to the architects’ perceptions of Human Resource Management (HRM) practices in the architectural industry, where the employee architects are the “assets” considered by the firm, and somehow these influences the job satisfaction of them performance appraisal is an important issue for any company. It gives the proper idea of the employees’ strength, weakness, area of development, scopes of improvement and also to decide the reward, benefits and compensation required for the employees. Apparently, it seems to be a less important factor in the Architectural organizations, but like other companies, the human resource has a great impact even for the architectural firms. In Bangladesh, the human resource management practice is newly introduced and many companies do not have the idea of employee evaluation... Also, some companies don't treat the human resource as a valuable resource for the enterprise. In spite of that, some companies take the human resource very seriously and positively and try to manage this department with great care. Architecture is one of the developing businesses in Bangladesh, and there are still scope and possibilities for improvement in this area. Architects are known as the visual artists, and their creative works are considered as the art merged with the science of building construction for the humans’ basic need living hood. With fulfilling these criteria of HRM architecture can be a successful business, and the architects can be the most valuable asset of this business. In the present globalization trend, the best possible practices have logical foundation. Global dimension and the recent human Resource Management changes in organizations also have changed their direction to a current trend. The new trend of Performance-based HRM system must have unique aspects that reflect from both the characteristics of traditional and performance-based on best practice in HRM. This process allows reconciliation the interests of the company with the benefit of each while comparing the knowledge and skills required by the organization to those who reside in people. Knowledge management skills involve identifying people who can provide the benefit of the organization willingly. For this the required Skills are:

- i. Identification of the necessary skills which is helpful for achieving the objectives of the organization (strategic, tactical and operational)
- ii. Assessment of the skill of the members of the organization
- iii. A plan to bring existing powers with the necessary
- iv. Setting and monitoring targets both individual and collective performance. These goals should be possible to verify the use of these skills

Performance Appraisal refers to a well maintained, systematic process of evaluating the of employees' performance and to find out the possibilities and abilities of an employees which will be helpful for his further growth and developing his skills. The following ways are used to make performance evaluation:

- a) The senior architects analysis the juniors' payment and income and then compare it with the settled plans and targets
- b) The senior architect determines the junior architect's performance appraisal factors.
- c) The senior employees are given the option and privilege to guide the junior employees.

2. Literature Review

“Performance management is the process so that employees' activities and outputs can be ensured by the managers which contribute to the organization's goals. This process needs to identify what activities and outputs are desired, monitoring whether they occur, and providing feedback to help employees meet prospects” (Noe et al., 2004). Employee can enhance their productivity and commitment through Performance appraisal systems (Brown and Benson, 2003). If performance evaluation system can be practiced by an organization appropriately, that will raise productivity and efficiency, get better customer satisfaction and market share and increase employee commitment which is one of the vital tools for an organization (Duchon, 2007). Dailey and Kirk (1992) stated in their research paper, performance appraisal and planning systems did not accepted successfully which effected their sensitivities of unfairness and they were assumed to leave the organization.

Shahzad et al. (2008) researched 'Impact of HR Practices on Perceived Performance of University Teachers in Pakistan' and found the association between performance evaluation practices and teachers' performance is quite weak (0.15, $p < 0.01$). Corresponding HRM practices like formal training and incentive pay can improve opportunity of performance appraisal and it guides to superior influence of productivity (Brown and Heywood, 2005). Paul and Anantharaman (2004) revealed in a study that development oriented appraisal which has included in human resources practices showed a remarkable positive association with organizational commitment. An empirical study by Marwat et al. (2006) indicated positive correlation (0.47) between employees' performance and Performance appraisal. One study by Khan (2010) titled 'Effects of Human Resource Management Practices on Organizational Performance – An Empirical Study of Oil and Gas Industry in Pakistan' found a positive coordination between performance appraisal and organizational performance.

One research study conducted by Hossain (1992) on Non- Profit Organizations in Bangladesh and found Job evaluation method for compensation purpose was available 67% organizations surveyed. Hossain and Ahmed (2002) surveyed on American Tobacco Company Limited

(BATB) and found BATB used the mechanism of 'Performance Appraisal and Career Enhancement (PACE)' in TNA. Through this systematic mechanism the company rates the (a) overall performance, (b) competence profile, (c) development plan, and (d) future career of the employees. Mahmud (2007) investigated on HRM practices of SQUARE in Bangladesh and found the company evaluates the employee's past performance; mainly for reward, promotion and development purpose. One study carried out by Ehsan (2008) on WPSA in Bangladesh and found the performance management system is out of date and subjective. Absar et al. (2010) on fifty manufacturing firms in Bangladesh and showed that performance appraisal have significant influence on organizational performance.

3. Hypothesis

After reviewing the literatures basing on it and setting the objectives for of this present study, the specific hypotheses were formulated for verification through empirical investigation.

H1: Performance Appraisal practices are not positively associated with architectural organizational performance. (Ho)

This null hypothesis predicted that performance appraisal practices will be negatively associated with organizational performance. A number of studies support that strong performance appraisal policy has assertive connection with organizational performance. Lee and Lee (2007) found that effective and good performance appraisal system enhances productivity and quality. Rahman (2006) found that comprehensive performance appraisal enhance employees' commitment. Researchers found assertive and remarkable relation between performance appraisal and organizational performance (Khan, 2010; Ahmed & Schroeders, 2003; Chang & Chen, 2002; Kuo, 2004; Sang, 2005). Khan (2010) found value. Absar et al. (2010) established positive and significant value. Chi-square test was used to investigate if the two variables are analytically related with each other significantly. It was used to analyse the impact of one factor over the other factor. From the Table-28, it is confirm that with the mark able value of 0.00 at 1% level of significance, also it can be confirmed that there is a significant association between the Employee Performance appraisals and organizational performance. The hypothesis 4 is not accepted. Williams (1996) found weak correlations with several measures of performance management and that were .11 (F value =8.99) for participation, .14 (F value =15.41) for feedback, and .16 (F value =16.47) for difficulty of goals set. The reason for the results is that in huge numbers of the Architectural organizations there is no proper well designed system of employees' performance evaluation. In government organizations it is done on the basis of typical year ending confidential reporting of performance after every year end and in private sector if there is any system, it has no serious impact on employees' or organizational performance. The employees do not measure its importance when it has no link with promotion and benefits and service

4. Result and Analysis

Table 1 Reliability of Sub scale of Subjects of Performance appraisal

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.992	.993	10

Cronbach's alpha coefficient shows a high stability of the questions of performance appraisal where the sub-scale is has high consistency (Cronbach's alpha > 0.99). Finally all the sub-scales had a high repeatability of the designed questionnaire was measured through intra-class correlation coefficient for performance appraisal.

Table 2 Chi-Square Test for Factors of Performance appraisal:

<i>Factors Sig</i>	<i>Pearson Chi-square value</i>	<i>df</i>	<i>Asymp.</i>
Employees' performance must be measured and evaluated on a base of measureable results which can be quantified and the basic goal or aim	68.000a	5	0.00
Appraisal measurement in organization is oriented towards development	104.833b	6	0.00
Feedback on performance and required counselling is provided to employees	241.333b	6	0.00
Appraisal system is not biased and transparent	260.000b	6	0.00
Bonuses, promotions and selected training are given upon the appraisal evaluation	341.667b	6	0.00
All employees of the organization has clear concept of performance appraisal	170.000a	5	0.00
Modern and the latest techniques and technology is used for appraisal evaluation	146.833b	6	0.00
Team and individual behaviour has influence of appraisal	164.333b	6	0.00
Performance appraisal is conducted on a regular basis	179.500b	6	0.00
Performance appraisal is not used for penalization in the organization	176.000b	6	0.00

Source: Primary Data

Chi-square test was used to identify if the two variables are analytically related with each other meaningfully. It was used to analysis the impact of one factor over the other factor. From the Table-24, it is clear that with the remarkable value of 0.00 at 1% level of

significance and it can be said that there is a significant association between the factors of performance appraisal and organizational performance.

Table 3: Sampling Adequacy Test for Factors of Performance appraisal:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.947
Bartlett's Test of Sphericity	Approx. Chi-Square	6.982E3
	df	45
	Sig.	.000

KMO and Bartlett's Test measures the sampling competence using correlations and partial correlations to know if the variables in the sample were competence to correlate. It is indicated that the KMO value is 0.947 which is an obviously satisfactory for proceeding factor analysis. The Bartlett's test of sphericity test was done to know if there is a relationship between the variables. The P value < 0.05 indicates that it can be continue with the factor analysis of performance appraisal

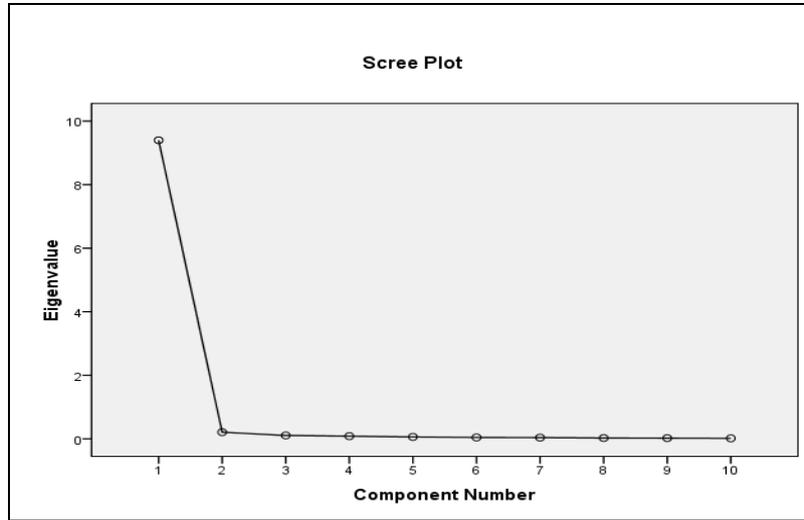
Table 4: Total variance explained by components of factors and Graph for scree plots of eigen values for factors

Component Matrix^a	
	Component
	1
employees' performance must be measured and evaluated on a base of measureable results which can be quantified and the basic goal or aim	.965
Appraisal measurement in organization is oriented towards development	.974
Feedback on performance and required counselling is provided to employees	.970
Appraisal system is not biased and transparent	.970
Bonuses, promotions and selected training are given upon the appraisal evaluation	.952
All employees of the organization has clear concept of performance appraisal	.961
Modern and the latest techniques and technology is used for appraisal evaluation	.977
Team and individual behaviour has influence of appraisal	.977
Performance appraisal is conducted on a regular basis	.978
Performance appraisal is not used for penalization in the organization	.972

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Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.398	93.982	93.982	9.398	93.982	93.982
2	.208	2.077	96.059			
3	.106	1.057	97.116			
4	.084	.836	97.953			
5	.059	.594	98.547			
6	.043	.432	98.979			
7	.038	.382	99.360			
8	.025	.253	99.613			
9	.023	.228	99.842			
	.016	.158	100.000			



The table-4 and Scree plot displays the 93.98% variance explained by a single factor (Performance appraisal is conducted on a regular basis).

Strongly Disagreed Disagreed Somewhat Disagreed Indifferent/Natural
 Somewhat Agreed Agreed Strongly Agreed

employees' performance must be measured and evaluated on a base of measurable results which can be quantified and the basic goal or aim

0 55 45 80 70 45 5

Appraisal measurement in organization is oriented towards development

5 40 60 80 60 45 10

Feedback on performance and required counselling is provided to employees

5 5 50 115 70 50 5

Appraisal system is not biased and transparent

5 10 35 100 105 40 5

Bonuses, promotions and selected training are given upon the appraisal evaluation

5 5 30 100 125 30 5

All employees of the organization has clear concept of performance appraisal

5 10 75 90 95 25 0

Modern and the latest techniques and technology is used for appraisal evaluation

5 25 60 85 75 45 5

Team and individual behaviour has influence of appraisal

5 15 40 75 100 45 20

Performance appraisal is conducted on a regular basis

5 20 30 85 100 40 20

Performance appraisal is not used for penalization in the organization

5 10 40 65 105 55 20

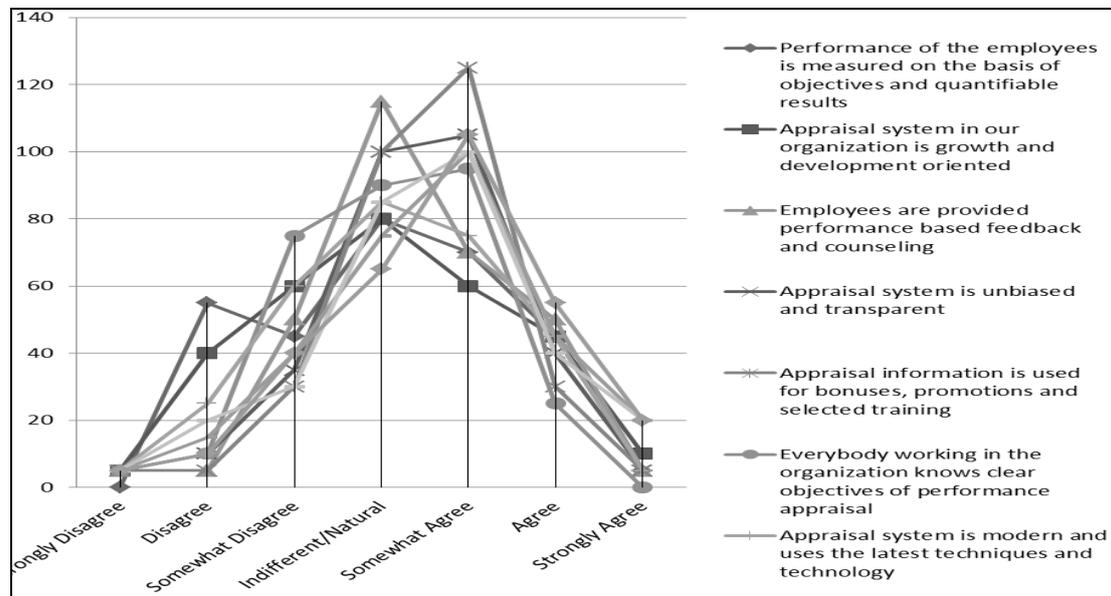
Most of respondents are agree to this point that Bonuses, promotions and selected training are given upon the appraisal evaluation. Respondents are having clear concept of performance appraisal. An architectural firm is a performance base industries and employee of the firm are well known about the issues and Feedback on performance and required counselling is provided to employees time to time for their work from the senior architect or management.

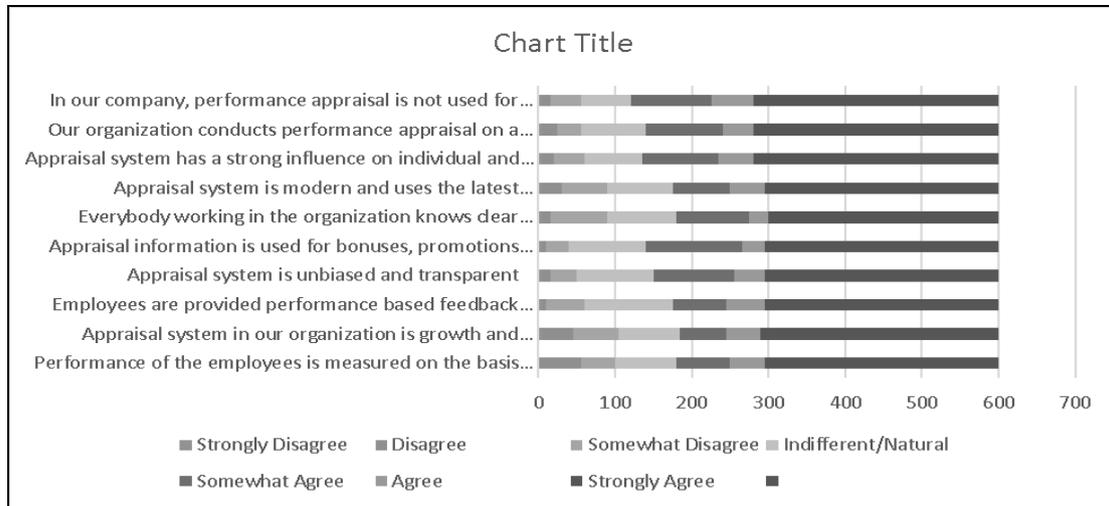
120 respondents are agreed to employees' performance must be measured and evaluated on a base of measureable results which can be quantified and the basic goal or aim, 80 respondents are neutral to employees' performance must be measured and evaluated on a base of measureable results which can be quantified and the basic goal or aim, rest of the respondent are disagree about employees' performance must be measured and evaluated on a base of measureable results which can be quantified and the basic goal or aim

115 respondents are agreed to Appraisal measurement in organization is oriented towards development, 80 respondents are neutral to Appraisal measurement in organization is oriented towards development, rest of the respondent are disagree about Appraisal measurement in organization is oriented towards development.

135 respondents are agree to the option Feedback on performance and required counselling is provided to employees, 60 respondents are neutral to the option Feedback on performance and required counselling is provided to employees, rest of the respondent are disagree about the option Feedback on performance and required counselling is provided to employees.

Figure 1: Performance appraisal Graph





The general techniques of employee evaluation followed in Bangladesh

The company has its own process and parameters for performance evaluation of employees. Once in a year at the end and the fiscal year shall be January-December. No performance evaluation shall be evaluated before completion of probationary period said hereinafter. Increment totally depends on employee's performance. Increments can and will vary from employee to employee.

Initial evaluation

During the initial half year of employment the employee will be evaluated twice. Both evaluations will result in salary increment according to the settled grades and levels. First evaluation will be held after three month, with is considered a probation period. First evaluation will bring the employee to level J. Second evaluation will be held after another three month (a total of six month of employment). Second evaluation will bring the employee to level I.

Each employee is requested to take comments and indications from evaluation seriously and to improve in the areas suggest. It is expected that points of "needs improvement" are kept at an absolute minimum as they may result in discontinuation of the employee.

Templates being used for evaluations can be found through the company Intranet.

Yearly evaluation – Employee Development Conversation (EDC)

For employees who at the time of the year end have passed probation period and period for continues training (after six month) will be participating in employee development conversations. Besides the employee; department group leader and HOD will participate. Group leaders are overall responsible for the initiation and progress of EDC.

The evaluation will contain the following elements:

- The talk which we call EDC Employee Development Conversation (EDC) will be held at the end of December. Both production and non-production employees will be evaluated. EDC itself will not include discussions regarding salary, but will be focusing upon the development of the employee within the company.
- Employee's comments: each employee will be given a sheet to fill up with his or her own comments towards his or her own performance, development and future wishes. The template is available through the company Intranet.
- Group leader's comments: the Group leader will fill up a standard sheet for each employee which will be the basis for his evaluation of the employee.
- Salary review: the management will prior to the EDC's settle next year salary according to their impression of the employees. Group Leaders will hereafter be invited to add their comments towards the settlement. When EDC's are finalized the management will initiate individual talks with employees which salary has been changed. Though it is expected, it might occur that salary isn't changed due to lack of improvements performed by the employee.

Administrative employees

Previous grades and level schedule for administrative employees has been removed. Administrative employees will be evaluated through the same process as productive employees.

The employee evaluation is the perfect process to judge the employee's ability for working, communicating with others and remain discipline in the office. This gives a clear view about the employee's quality and potentiality.

5. Conclusion

It is found that 11. 50% of the firm has no Performance Appraisal System, 30% has moderate Performance Appraisal System and only 20% firms have Performance Appraisal System. Performance appraisal is important for Architects, as they are creative field workers, appreciation works as their motivation and energy. Proper rewards should be given for the good performance. In Bangladesh, only appreciation of good work is considered as reward. Along with that different benefits can be provided. Evaluation process should be more precise and more organized. Involvement of all the team members for the evaluation is important for inter personal relationships among the team members.

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