

COMPARISON OF PERFORMANCE APPRAISAL SYSTEM IN ORGANIZATIONS IN PRIVATE AND PUBLIC SECTOR

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Abstract: *The presented paper deals with the issue of employee performance appraisal as one of the most important HRM function, which significantly influences the staff performance. Acceptance of the performance appraisal system is one of the preconditions for its successful implementation in the organization. This paper therefore focuses on attitudes of staff towards the performance appraisal system applied in their organizations. The aim of the paper is the comparison of the attitudes of employees of public and private organizations towards the performance appraisal system used. In order to achieve the presented aim, seven statistical hypotheses were tested using the Mann-Whitney U test. Five statistical hypotheses out of the total seven tested were accepted. Overall, the results can be assessed positively since, despite certain differences identified in attitudes of employees of the private and public sectors, both groups' attitudes were found to be rather positive towards the performance appraisal system.*

Keywords: *performance, performance appraisal, performance appraisal system, high schools, public sector, private sector.*

JEL Classification: M12

1. THEORETICAL BACKGROUND OF PERFORMANCE APPRAISAL

The issue of performance appraisal is becoming more and more the main focus of attention on both the academic and practical level. Performance appraisal used to be regarded a marginal responsibility of the line manager, whose duty was to perform an annual report on the performance of employees. Performance appraisal was once considered a process involving a line manager simply completing an annual report on subordinate's performance, but as time passed, it has become an integral part of the performance management system and performance appraisal is today considered the key element of performance management [4].

The modern approach to employee appraisal represents a standardised procedure for detection, assessment and adjustment efforts, including the setting of objectives and targets, which affect the employee performance appraisal. Armstrong describes performance management as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capability of teams and individual contributors [1]. Fletcher further defines performance appraisal as an umbrella term for a variety of activities through which organizations seek to assess employees and develop their competences, enhance their performance and distribute rewards [4].

The purpose of employee performance appraisal is not only to recognize the current level of performance of a worker, but also to recognize their strengths and weaknesses, to create a basis for employee remuneration according to their achievements, to motivate employees to improve their performance, to recognize the needs in education and development, to recognize the worker's potential (and their limits), to create a basis for planning of needs of employees and identifying the future work tasks,

etc. [5]. Performance management at the individual level consists of the synchronization of work of each employee with the strategic plan of the organization, so that the efforts of an employee are oriented on the products and processes which contribute to the success of the organization as a whole [2].

Numerous authors have previously paid attention to the performance appraisal. According to Armstrong, performance appraisal may be seen as a top-down after-the-fact form of appraising subordinates for the purposes of obtaining information on which to base decisions on wages [1]. Performance management, however, is a continual cycle of performance planning, design and/or redesign of structures, managing performance and reviewing the performance. Performance appraisal is one of the intensely researched topics in the field of industrial/organizational psychology [2]. It is a formal process of employee monitoring [2] and usually involves "evaluating performance based on the judgments and opinions of subordinates, peers, supervisors, other managers and even workers themselves" [6]. Similarly, performance appraisal has been defined as "activities through which organizations seek to assess employees and develop their competences, enhance performance and distribute rewards" [4].

Performance appraisal is defined as evaluating an employee's current or past performance relative to his or her performance standards. The appraisal process therefore involves [3]:

- Setting work standards;
- Assessing the employee's current performance relative to these standards;
- Providing employee with feedback with the aim of motivating the worker in order to eliminate performance deficiencies or to continue to perform highly.

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Lansbury suggests that performance appraisal is the process of identifying, evaluating and developing work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time aiding employees in order to feel recognition, receive feedback, feel responsible for work and get career guidance [8].

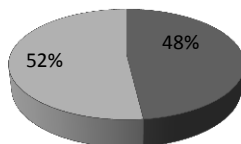
Generally, organizations use performance appraisals for evaluation and developmental purposes. Performance appraisal acts first of all as a basis for the improvement of human resources. It is reflected on remuneration, hiring of new employees, training and development of current employees, restructuring workflow and on employee motivation. It may also help identify the strengths and weaknesses, to assess training needs and to identify the potentials for promotion.

2. METHODOLOGY

The aim of the paper is to compare the attitudes of employees of public and private organizations towards the performance appraisal systems used. Favorable attitudes towards and acceptance of the performance appraisal system applied in the respective organization by the employees is a prerequisite for its successful implementation. Therefore, the attention is focused on the perception of the carrying out of performance appraisal by the certain category of employees working in different types of organizations.

Due to the fact that the attitudes of employees towards the performance appraisal process can be significantly affected by the nature of job and the resulting different evaluation criteria, only one type of job, the position of a high school teacher, was chosen for research. This chosen position is characterized by specific and more or less uniform performance criteria, regardless of the type of school in which the teacher works. Hence high schools were chosen to be the objects for the research. The research sample consists of high school teachers (n = 52). The research sample composition in terms of type of school is shown in Graph 1.

■ private high schools ■ public high schools



Graph 1 The composition of the research sample
Source: own research

Data collection was conducted via email and in person using a standardized questionnaire, which made it possible to find out information about the performance appraisal system and the teachers' attitudes towards it in their respective organizations. The objectives of the research were the following seven aspects of the performance appraisal system studied (dependent variables):

- The perception of the importance of quantitative performance criteria.
- The perception of the importance of qualitative performance criteria.

- The way of carrying out of performance appraisal (systematically or unsystematically).
- The degree of clarity of the performance appraisal system.
- The degree of interconnection of the performance appraisal results to the rewarding of teachers
- The perception of righteousness of the performance appraisal system.
- The rate of overall satisfaction with the current system of performance appraisal.

The aspects above were the subjects of comparison between the public and private high schools. The statistical U-test method was used in testing of research hypotheses at a significance level of $p = 0.05$.

3. FINDINGS

H1: There is a statistically significant difference in terms of perception of the importance of quantitative performance criteria using in performance appraisal between teachers of public and private high schools.

The first variable that was the subject of research is the perception of the importance of the use of quantitative performance criteria in evaluating high school teachers. Given that the work of a teacher is very specific and it is of an intellectual nature, that is without tangible material output, it is very difficult to measure. We were interested in how teachers perceive the importance of measurable and non-measurable performance criteria when assessing their overall work. The resulting U-test, as shown in table 1, confirms that teachers of public and private high schools differ in the degree of importance they attach to the measurable criteria.

Teachers working in private schools tend to believe that the school management should evaluate measurable criteria (such as pedagogical documentation management, timely fulfillment of tasks with deadlines, etc.).

Table 1 Comparison of perception of importance of the use of quantitative criteria in performance appraisal system between private and public high schools

Mann Whitney U	p
226,500	,020

Source: Statistics 21

H2: There is a statistically significant difference in terms of perception of the importance of qualitative performance criteria in performance appraisal between teachers of public and private high schools.

One of the specific characteristics of the work of a teacher is the qualitative nature of the job. The question is therefore how teachers of private and public high schools perceive these qualitative indicators of their performance. The resulting U-test confirmed the given hypothesis. It was found that private school teachers assign a higher degree of importance to this criterion (as was the case of quantitative criteria also). Considering the results of hypotheses H1 and H2, we can see that teachers of private high schools generally attribute a higher degree of importance to the performance appraisal system compared to the public school teachers.

Table 2 Comparison of perception of importance of the use of qualitative criteria in performance appraisal system between private and public high schools

H3: There are statistically significant differences in terms of perception of the way performance appraisal is carried out between the teachers of private and public high schools.

Another important variable in performance appraisal is its systematic implementation. This hypothesis examined whether the private and public schools differ in this aspect. The results, shown in Table 3, confirm that the evaluation of employees is performed more systematically and regularly in private schools compared to public schools. The confirmation of this hypothesis also shows that private school teachers are more positive about the performance appraisal system, which is applied more systematically by the schools' management when compared to public school teachers.

Table 3 Comparison of perception of the way performance appraisal is carried out between private and public high schools

Mann Whitney U	p
230,500	,028

Source: Statistics 21

H4: There are statistically significant differences in terms of the degree of clarity of performance appraisal system between teachers of private and public sector.

The condition for the acceptance of the performance appraisal system is its clarity and transparency. It is obvious that if the performance appraisal system is not sufficiently transparent, it will have a negative impact on employees, their motivation and ultimately on their performance. This hypothesis is accepted, based on the statistical results.

Table 4 Comparison of degree of clarity of performance appraisal system between teachers of public and private high schools

Mann Whitney U	p
213,500	,003

Source: Statistics 21

H5: There is a statistically significant difference in terms of the perception of righteousness in performance appraisal system between teachers of private and public high schools.

Another important aspect which impacts the staff's attitudes to the performance appraisal system is the degree of the perceived righteousness. This factor could be considered as one of the most important ones since the feeling of one's underappreciation can lead to decrease in performance, demotivation and frustration. Therefore, the role of school management is to eliminate the risk of an unfair performance appraisal system settings.

Table 5 Comparison of the perception of righteousness in performance appraisal system between teachers of private and public high schools.

Mann Whitney U	p
270,500	,162

Source: Statistics 21

The results of the U-test did not confirm this hypothesis, as there are no differences in the perception of righteousness among teachers of private and public schools. Evaluation of both groups were rather positive, the public school teachers marked the degree of righteousness slightly higher.

H6: There is a statistically significant difference in terms of the degree of interconnection of the performance

appraisal results to the rewarding between teachers of private and public high schools.

Since the performance appraisal system should act as the stimulus of workers performance, it has to provide tangible feedback. Otherwise, performance appraisal system will not fulfill its function, but will present just another useless bureaucratic act which is perceived by employees as a necessary evil. Therefore the extent to which employees perceive evaluation to be linked to their rewarding was monitored also.

Table 6 Comparison of the degree of interconnection of the performance appraisal results to the rewarding between teachers of public and private sector.

Mann Whitney U	p
164,000	,001

Source: Statistics 21

According to the U-test results, the hypothesis H6 is accepted, the conclusions of the results are quite interesting. The private school teachers expressed a weaker link between the performance appraisal and the rewarding system.

H7: There is a statistically significant difference in the level of overall satisfaction with the performance appraisal system among teachers of private and public high schools.

The last variable examined was the degree of overall satisfaction with the existing system of performance appraisal. Based on the results, we can see the private schools teachers show a higher level of satisfaction (1.88) compared to public schools teachers (2.11). The resulting U-test did not confirm the hypothesis, it is clear that the respondents do not differ and both groups show a high level of satisfaction, which can be evaluated very positively.

Table 7 Comparison of the level of overall satisfaction with the performance appraisal system among teachers of private and public high schools.

Mann Whitney U	p
271,500	,137

Source: Statistics 21

4. DISCUSSIONS

Several literature sources point to the fact that performance appraisal is an important HRM activity. Firstly, it is the basis for providing a number of other HR actions such as training or career development. The second aspect, which highlights the importance of the HRM function, is that it allows to obtain important information about employees, the rate of implementation of tasks and goals. Finally, it is a very important and a fair instrument to stimulate employees, allowing both to differentiate staff according to their performance and to create the basis for determining the reward of the employee. Of course, in order for the performance appraisal system to fulfill these functions, it must be accepted by the employees, otherwise it can have a negative impact on the overall operation of the organization.

The objective of the paper is the issue of performance appraisal of employees and its comparison by type of ownership. Since private schools are a relatively modern phenomenon in the Slovak market, there is an absence of research that would compare public and private schools. In the presented research, the attention was focused on finding statistically significant differences in 7 selected

aspects of teacher performance appraisal. 5 out of the total 7 statistical hypotheses tested were accepted.

The first two hypotheses were focused on the differences in the perception of the importance of quantitative and qualitative criteria in teacher performance appraisal. The results confirmed that private high schools teachers are more aware of the importance of such quantitative as well as qualitative performance indicators. In terms of the private sector, the results show that performance appraisal is carried out more systematically and regularly compared to public high schools. This again corresponds to findings of other research claiming that teachers in private high schools consider their performance appraisal system more clear and transparent than public high school teachers. The last hypothesis confirmed that teachers of public and private high schools perceive the link of results of performance appraisal to rewarding in different rate, the higher rate being recorded for the sample of teachers of public schools.

In summary, it can be stated that private high schools teachers hold more favorable attitudes towards the

appraisals. This can be justified by private high schools being a relatively new trend and they often operate on the principle of market competitive behavior, which may be reflected in a higher level of awareness of the importance of an efficient performance appraisal system of its staff.

5. CONCLUSION

Performance appraisal gets increasing attention from scientists as well as the management of organizations, as it is an important means by which organizations can influence employee performance and, ultimately, the objectives of the organization. Therefore, the organization management should pay sufficient attention to setting effective performance appraisal systems. Only a performance appraisal system which is accepted and perceived by the employees as fair can perform fulfil its function. Otherwise, the performance appraisal will only represent an unnecessary administrative burden for the organization.

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