

Performance Appraisal of the Employees of Local Private Manufacturing Enterprises in Bangladesh

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Abstract:

The present study attempts to focus on the performance appraisal practice of the employees of local private manufacturing enterprises in Bangladesh. The researcher found that some enterprises use combined techniques to evaluate performance of the employees and some use single technique. Maximum of the enterprises provide feedback to the employees regarding their performance and all the enterprises use the results of the appraisals for taking decisions regarding confirmation of job, identification of training needs, promotion potential and salary increases of the employees. Maximum of the employees are 'neither satisfied nor dissatisfied' with the performance appraisal practice of their enterprises. The researcher recommends further study in this area to cover the performance appraisal practice of local private manufacturing enterprises after 1997 and to evaluate the performance appraisal practice of the employees of local private manufacturing enterprises in Bangladesh. The author also recommends a comparative study between the performance appraisal practice of local private business enterprises of Bangladesh and performance appraisal practice of multinational business enterprises.

Key Words : Performance Appraisal, Manufacturing Enterprise.

Introduction

There is no doubt that employees' job performance is an important concern for all employers but satisfactory performance does not occur automatically. It demands an appropriate management of employee performance.

Performance Appraisal is defined as "the systematic evaluation of the individual with respect to his performance on-the-job and his potential for development (Beach, 1965). Without information regarding performance, managers and employees can only assume as to whether they are working toward the right goals, in the correct way and to the desired standard (Gephart, 1995). Performance Appraisal plays another important role in organizational strategy, which is ensuring strategy-consistent behavior (Mohrman, Resnick-West and Lawler III, 1989). A truism of organizational life is that people engage in the behaviours that they think will be rewarded (Kerr, 1975). "In almost every major survey most employees who...get evaluations and most supervisors who give them rate the process- a resounding failure (Schellhardt, 1996)". Another survey was conducted in 2000 on behalf of the Society for Human Resource Management and it was found that only one in three respondents were satisfied with their performance appraisal systems (Society for Human Resource Management, 2000).

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Performance Appraisal programmes help to achieve several goals, which highlights the importance of using performance appraisal programmes to any business organization (Oberg, 1972). These are:

- Help supervisors in observing their subordinates more closely and in doing a better coaching job;
- Provides employees with feedback on how they are doing and by this way motivate them;
- Provides management with backup data, which helps them in taking decisions concerning merit increases, transfers, dismissals and so on;
- Identify people with promotion potential, pinpoint development needs, and by this way improve organization development;
- Set up a research and reference base for personnel decisions.

The fundamental decisions about what type of performance to evaluate and how to evaluate that performance should be shaped by four desirable criteria. These are validity, reliability, freedom from bias and practicality including user acceptance (Fisher, Schoenfeldt and Shaw, 2004).

From the agro-based economy, the economy of Bangladesh is shifting towards industrial economy and today, there is a greater social consensus regarding the role of private sector, which it can and should play in the economic development of Bangladesh.

In Bangladesh, there is a 'poor knowledge-base' regarding the practice of performance appraisal of employees in the various local private manufacturing enterprises of our country. So, it is the urgently needed to bring to light the practice of performance appraisal of the employees of the local private manufacturing enterprises of our country which may serve as a meaningful starting point for its development. The present study is a modest attempt in this direction.

This 'knowledge-base' regarding the performance appraisal of the employees of the local private manufacturing enterprises of Bangladesh may help in making objective analysis of the same and incorporating necessary changes regarding it.

The researcher tried to address the following specific study issues relating to the performance appraisal of the employees of the local private manufacturing enterprises in Bangladesh:

- (a) What types of performance appraisal techniques are used by these enterprises?
- (b) Is there any feed back system in the performance appraisal ?
- (c) In what purposes do the organizations use the results of employee performance ?
- (d) What sorts of attitudes do the employees have towards the performance appraisal practice of their organizations?

Objectives of the Study

In light of the above mentioned study questions/issues, the following are the objectives of the study:

- To make a 'knowledge base' regarding the practice of performance appraisal in local private manufacturing enterprises in Bangladesh;
- To discern the attitudes of the employees towards the performance appraisal of their enterprises.

Research Method

Area Surveyed : The study was confined to Dhaka City and its adjacent areas. The Dhaka City was selected as study area because Dhaka is the main locus of manufacturing enterprises of Bangladesh. Time and cost were other important considerations for such a decision. In case of most of the sampled enterprises, the factories are located in some adjoining industrial belts of Dhaka like Tejgaon, Demra and Narayanganj. So, in order to cover production workers, the

researcher also covered these adjacent areas of Dhaka City.

Selection of Sample Enterprises : In order to select sample enterprises, a list of companies (with information regarding years of production experience and number of employees of these companies) enlisted with Dhaka Stock Exchange Limited was obtained and 10 enterprises were selected in such a way so that industries of different nature and sizes are represented in the sample enterprises. Only those enterprises were selected which had production experience for a minimum of 4 years because it was felt that newly started enterprises, which had just gone into production, might not have developed any definite human resource management practice. On the basis of the number of employees, the manufacturing enterprises were classified into 3 categories- small (employing more than 100 but less than 250); medium (employing 250 or more but less than 500) and large (employing 500 or more).

Selection of Sample Employees : The information collected in this study fell into two categories: (a) factual data and (b) attitudinal data. In order to collect factual data regarding the performance appraisal of the employees of the local private manufacturing enterprises in Bangladesh, 10 persons belonging to the position of the head of human resource departments were selected. The stratified random sampling technique was used to collect attitudinal data from the management, 15 managers were selected from the top level and among these 15 top level managers 5 managers were taken from small enterprises, 4 were taken from the medium enterprises and the rest 6 were taken from the large enterprise. The study took 30 managers from the mid level and among these 30 mid level managers 10 were taken from the small enterprises, 8 were taken from the medium enterprises and the rest 12 were taken from the large enterprises. The study took 50 employees from the lower level management and among these 50 lower level managers the study took 20 lower level managers from the small enterprises, 12 lower level managers from the medium enterprises and the rest 18 managers from the large enterprises. In order to select sample workers, 10 workers from each of 10 sample enterprises irrespective of the sizes were selected. Thus the total no. of 100 workers was used as samples.

For selecting respondents belonging to different levels of management and workers, lists of these employees were obtained from the relevant authority. The list was alphabetically serialized taking first name first and the required numbers of respondents belonging to different levels of management and workers were randomly selected with the help of random number table. Out of 95 respondents belonging to different levels of management, 7 were on leave and 5 did not return the questionnaires. Thus the total number of available respondents finally stood at 83 (95-12), which constituted 83 (95-12) respondents.

Out of 100 sample workers, 15 were on leave, which constituted (100-15) 85 workers as respondents. Thus the responses of 168 (83 from different levels of management and 85 workers).

Data Collection : The study used both primary and secondary sources of data. The various secondary sources of data include: published reports of the Peoples' Republic of Bangladesh, the various documents of the planning commission, statistical year book of Bangladesh Bureau of Statistics, other books, reports and articles relevant to the topic of the study. Most of the data required for the study were collected from primary sources through questionnaires. In order to collect the factual data for this, a separate set of questionnaire was prepared for the human resource managers of the sample enterprises.

In order to collect the attitudinal information towards the performance appraisal practice, two sets of questionnaires were prepared, one was for three different levels of management i.e. top, mid and lower management and another set of questionnaire was prepared for the workers. Liker-type 5-point scale was used in preparing the attitudinal sections of these two sets of questionnaires.

Before going to final survey, a pilot survey was conducted in one of the largest and oldest enterprises selected for the study. On the basis of the data yielded by the study and suggestions received from the human resource managers and other managerial persons, necessary changes were made in the questionnaires. The researcher herself took the interview of human resource managers with questionnaires. The questionnaires of managers were sent to the managers through mail and questionnaires of workers were sent to the respective supervisors through mail and were collected from the supervisors.

Analysis of the Data : All the collected data were edited, coded and classified by the researcher before making the analysis. The analysis of data was done at three stages. The first stage relates to the compilation of the practices relating to the performance appraisal in the 10 sample industrial enterprises. At the second stage, the employees' attitudes towards the performance appraisal practice in their enterprises were tabulated and the results of the attitudes of employees were analysed. Correlations between employees' age, education and experience and their attitudes towards the performance appraisal practice of the enterprises scrutinized at the third stage. The software package of SPSS was used for the purpose of analysing data. Appropriate tools of statistics chi-square test and correlations were used to analyse the data.

Results and Discussion

Performance Appraisal Practices in the Enterprises under Study: All the enterprises have formal appraisal programs and in case of all these enterprises, appraisals are done annually. 20% of the enterprises use only rating scale technique, 10% use a combination of rating scale and critical incident, 40% use a combination of rating scale and essay appraisal and the rest 30% use only MBO (Management by Objective).

Analysis on the basis of the size of the enterprises showed that 40% of the small enterprises use only rating scale technique, 20% use a combination of rating scale and critical incident technique and the rest 40% of the enterprises use a combination of rating scale and essay appraisal. In case of medium enterprises, 50% of them use a combination of rating scale and essay appraisal and the other 50% use MBO technique and in case of large enterprises, 66.67% of the enterprises use MBO technique and the rest 33.33% use a combination of both rating scale and essay appraisal technique.

So, the study reveals that some enterprises use a single technique to evaluate the performance of the employees and some of them use combined techniques. The study also reveals that although majority of the large enterprises uses MBO technique but none of the small and medium enterprises does it and in none of the enterprises there is the use of 360 degree performance appraisal technique.

In case of all the enterprises under study, the employee's immediate supervisors do appraisal and in nine out of ten enterprises covered by the study there is the system of informing employees about the results of the appraisals. It has been observed that the enterprises generally use the results of the appraisals for following purposes:

- Make employees informed on how they are doing
- Taking decision regarding making the job permanent
- Identifying training needs of the employees
- Identifying promotion potential of the employees
- Salary increase

Employees' Opinions regarding Performance Appraisal Practices in their Enterprises : The table 01 shows that majority (60.12%) of the employees considered performance appraisal practices in their enterprises as 'Neither satisfactory nor dissatisfactory'. The chi-square test shows the employees' responses as independent of the size of the enterprises (chi-square=7.201, 8 df)

and also of the group of respondents (chi-square 12.773, 12 df). Further analysis revealed that as compared to lower (8.89) levels managers and workers (20), a greater percentage of top (33.33) and mid (34.62) level managers considered performance appraisal practices in their enterprises as 'Satisfactory'.

Correlations between Employees' Age, Education & Experience and their Opinions regarding Performance Appraisal Practice :

Distributions of employees' (on the basis of their different groups, on the basis of different sizes of enterprises and by taking all samples together) opinions regarding performance appraisal practices in their enterprises according to their age, education & experience are shown in tables 02, 03 and 04 respectively. Coefficients of correlations calculated separately between different groups of employees' age, education & experience and their opinions regarding performance appraisal practices in their enterprises revealed that in none of the cases the correlation was significant (table 02). The table 03 shows that coefficients of correlations calculated on the basis of the different sizes of enterprises revealed insignificant correlations for all variables in cases of small and large enterprises and significant correlations for two variables, namely, age (positive and significant at 1%) and experience (positive and significant at 1%) in case of medium enterprises i.e. with increase in the age and experience of the employees of medium enterprises their opinions regarding performance appraisal practices in their enterprises also became favourable. When the coefficients of correlations were calculated by taking all samples together it was found that insignificant correlations exist for all variables (table 04).

Table 01: Employees' opinions regarding performance appraisal practices in their enterprises

Size of the enterprises	Respondents		Opinions				
	Group	No.	Very much satisfactory	Satisfactory	Neither Satisfactory nor dissatisfactory	Dissatisfactory	Very much dissatisfactory
Small	Top	4		2	2		
	Mid	8	-----	4	1	3	-----
	Lower	17	-----	1	12	4	-----
	Worker	42	1	9	24	8	-----
Medium	Top	4		2	2		
	Mid	7	-----	2	5	-----	-----
	Lower	12	-----	-----	8	4	-----
	Worker	18	1	1	11	4	1
Large	Top	4			3	1	
	Mid	11	-----	3	7	1	-----

	Lower	16	-----	3	11	2	-----
	Worker	25	-----	7	15	2	1
All	Top	12		4 (33.33)	7 (58.33)	1 (8.33)	
	Mid	26	-----	9 (34.62)	13 (50)	4 (15.38)	-----
	Lower	45	-----	4 (8.89)	31 (68.89)	10 (22.22)	-----
	Worker	85	2 (2.35)	17 (20)	50 (58.82)	14 (16.47)	2 (2.35)
Total		168	2 (1.19)	34 (20.24)	101 (60.12)	29 (17.26)	2 (1.19)

Table 02: Coefficients of correlations between employees' (on the basis of the different groups of employees) age, education & experience and their opinions regarding performance appraisal practices

Variables	Top Management N=12	Mid Management N=26	Lower Management N=45	Workers N=85
Age	.029 (.928)	-.196 (.336)	-.078 (.611)	.098 (.373)
Education	.222 (.489)	-.255 (.208)	.074 (.631)	-.074 (.500)
Experience	.305 (.336)	-.351 (.079)	-.060 (.697)	.014 (.896)

Table 03: Coefficients of correlations between employees' (on the basis of the different sizes of enterprises) age, education & experience and their opinions regarding performance appraisal practices

Variables	Sizes of the enterprises		
	Small N=71	Medium N=41	Large N=56
Age	.090 (.457)	.442**(.004)	-.001 (.992)
Educational level	-.050 (.680)	.076 (.635)	-.053 (.699)
Experience	.081 (.502)	.462**(.002)	-.076 (.576)

Table 04: Coefficients of correlations between employees' (by taking all samples together) age, education & experience and their opinions regarding performance appraisal practices

Variables	Employees N=168
Age	.111 (.151)
Education	-.022 (.773)
Experience	.080 (.303)

Conclusions

In all the sampled enterprises, there is presence of formal appraisal programmes and these enterprises appraise the employees' performance annually. The study reveals that some enterprises use a single technique to evaluate the performance of the employees and some of them use combined techniques and in none of the enterprises, there is the use of 360-degree performance appraisal method.

It was observed that in maximum of the enterprises under study, there is the feedback system for appraising employees about their performance. All the sample enterprises under study use the results of the appraisals for taking decisions regarding confirmation of job, identification of training needs, promotion potential and salary increases of the employees.

Majority of the employees are 'Neither satisfied nor dissatisfied' with the performance appraisal practices in their enterprises. The chi-square test shows the employees' responses as independent of the size of the enterprises and also of the group of respondents. Significant (significant at 5%) positive correlations exist between age and experience of the employees of medium enterprises and their opinions regarding performance appraisal practices in their enterprises.

Findings of the study can help in making further study which will cover the practice of performance appraisal of local private manufacturing enterprises after 1997 and it can also help in evaluating the performance appraisal practice of the local private manufacturing enterprises. Findings of this research can help in conducting a comparative study between the performance appraisal practice of local private business enterprises of Bangladesh and performance appraisal practice of multinational business enterprises.

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