Identifying and Ranking the Requirements of Employee Performance Appraisal Effectiveness via a Comparison of Q Methodology Results with those of Friedman Method Case Study: SAIPA Company

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Abstract: The present study seeks to compare the results of examining the requirements of employee performance appraisal effectiveness in SAIPA Company using the two methods of Q methodology and Friedman Method. The process of implementing performance appraisal and common errors were described and the variables usefulness of feedbacks, fairness in evaluation, communications, elimination of rating errors and participation in the performance appraisal process were extracted from the perspective of experts of SAIPA Company (Delphi Method) as the requirements of employee performance appraisal effectiveness and were ranked, respectively using Friedman Method. This is an applied research in terms of purpose and a descriptive-survey research in terms of data collection method. Experts in SAIPA Company as well as some university professors were consulted for the face and content validity of the questionnaire and factor analysis method was used for its reliability in Q methodology.

Key words: Evaluation, performance appraisal, performance, Q methodology, reliability

INTRODUCTION

The modern world is the world of organizations world and the main administrators of institutions are humans. In an organization, individual need to be aware of their position in order to be able to achieve the predetermined occupational goals. This awareness makes them informed about the strengths and weaknesses of their performance and behavior and take measures to make their endeavors more effective. Organizations also need to recognize their employees' efficiency in order to be able to improve their performance and the general position of the organization and add to the quality and quantity of their products or services and create positive changes in their movement process (Kazemi, 2001). Before making any important decisions such as salary and wages' increase, transfer, appointment and dismissal, organizations should evaluate their employees and measure their performance, talent, potential and effectiveness using appropriate criteria, because creative, innovative, committed and capable human resources play an important part in the organizations' survival of growth and dynamicity and in the realization of their objectives (Ibid). On the other hand, employees need to be aware of their own position in order to achieve their predetermined occupational goals. This awareness causes one to be informed of the strengths and weaknesses of his or her performance and make attempts toward further effectiveness of his or her endeavors (Jiang et al., 2012).

However, the old models are considered inefficient nowadays and many of the systems of human resources and management do not seem to be appropriate. Many organizations have found out in the recent decade that they lack a performance appraisal system by which to be able to transfer the priorities and objectives to the employees (Iqbal et al., 2014).

Due to the special importance of performance in organizations and the role that it plays in achievement of the organizational objectives on the one hand and the particular inefficiencies and problems that exist in this field such that employees and managers find performance appraisal a time-consuming and useless activity, it seems necessary to conduct a study in this area in order to investigate the requirements of performance appraisal effectiveness using two different methods.

A review of literature: Scholars define employee performance appraisal as act of systematically measuring individuals in relation to their way of doing tasks (Saadat, 2014), specifying the employees' potential abilities to improve their duties and grow in their jobs, clarifying the optimal way of motivating the employees and giving a

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feedback to individuals so that they get to know their weaknesses (Dessler, 2000). To understand the concept of performance appraisal, we should first understand the concept of performance. Performance refers to the degree of doing duties that completes an employee's job (Byars and Rue, 2008). Some use performance for the process of doing work and the way of doing tasks. What is important in employee performance is to design an optimal system for giving feedback and developing performance scales for its continuous improvement (Seyed, 2002).

Scott believes that performance is the way through which employees perform their duties and appraisal refers to judging employees' performance. The purpose of appraisal is to ensure the quality and quantity of performance based on the predetermined criteria. In addition, Chia *et al.* (2015) have defined performance appraisal as the continuous process of evaluation and management of human behaviors and outputs in the workplace. Ziyin Sang and Parkash Chataut have also defined employee appraisal as the formal process of evaluating and giving feedback to employees regarding their way of performing their activities and also recognizing their potential talents in order to actualize them in future.

Performance appraisal refers to measuring performance by comparing the status quo with the ideal status based on predetermined indicators with certain features.

Performance appraisal is the periodic assessment of staff performance by the immediate supervisor (Kazemi, 2001). Performance appraisal is the systematic assessment of individuals' work on their way of performing their duties and determining their potential for growth and improvement (Mirsepasi, 2008). There are many models and methods for evaluating individuals; what is important about the use of these evaluations is that they should be proportionate with the needs of the organization and that they give to the users the closest estimate to the reality (Doaei and Alizadeh, 2010).

Examining the requirements of employee performance appraisal effectiveness and the literature: Many studies have been conducted on employee performance appraisal. Some of the studies show employees and managers' dissatisfaction with and negative attitude toward the performance appraisal systems. Dissatisfaction can have various reasons. For example, insufficiency of the assessees' participation in the design and implementation of the appraisal system, incomplete and poor communication between the assessor and the assessee and poor and inefficient management of performance appraisal program (Kuvaas, 2011). The studies carried out in Iran in hospitals affiliated to Tehran

University of Medical Sciences and in West Azarbaijan Regional Water Stock Company reflect the respondents' relative dissatisfaction with the performance appraisal system in their organization.

In his M.A Thesis in Tehran University in 2012, entitled as "identification and prioritization of the barriers to the establishment and implementation of 360° performance appraisal system in the marine industry organization", Asadzadeh investigated the obstacles to the establishment of performance appraisal system. He has concluded that the current system of performance appraisal is a traditional system and implementation of this system is not effective due to the wide range of jobs.

In his M.A Thesis in 2011 at Allameh Tabatabai University entitled as "decision support system for employees' evaluation and personal development based on competency model and 360° assessment in Iran Khodro Company with an emphasis on the competency model and the evaluation centers using AHP technique", Razazi presented a decision support system for improving the process of appraisal and personal development.

Khadem wrote his M.A Thesis in 2010 at Tarbiat Modarres University about pathological evaluation of NAJA (Iranian Police) staff (case study of Police Assistant of Human Resources) in which he investigated the five factors affecting performance, namely power, organizational support, motivation, performance feedback and credit and finally dealt with the factors affecting the staff's performance in the human resources department of police.

In some other studies, the determinants of the reduction of performance appraisal effectiveness have been introduced as lack of feedback arising from evaluation to assessees, the lack of joint meetings between managers and staff to review the results and analyze the data obtained by appraisal, performing appraisal by assessors who have not received adequate training before the start of the appraisal (the managers' not playing the role of manager as a coach. The findings of the study conducted National Iranian Oil Company show that a lack of continuous and correct appraisal interferes with the human resources improvement performance.

In 2010, at Tarbiat Modarres University, Zabet wrote his M.A Thesis about the effect of performance appraisal on the improvement of human resources in the police headquarters, investigated the 360° performance appraisal criteria and identified those who should do the appraisal and has then determined the weight of each criterion in the organization under study using MADM technique.

In 2000 in Tarbiat Modarres University, Abdollahzadeh investigated the impact of employee

appraisal on improving the performance of human resources based on the 5 components of innovation, identification of efficient employees, educational needs, rule-governedness and the development of personal capabilities.

Fathabadi wrote his M.A Thesis in 1994 at Tehran University on the impact of employee appraisal on human resource improvement and identified 5 components of innovation, training needs, development of personal abilities, personality development and the relationship between superior and subordinate as the factors that influence the improvement of human resources.

Performance appraisal is organizationally one of the oldest management processes. In European countries such as Germany, England, France, the Netherlands and Sweden, the appraisal issue has been used as an important part of human resource management for many years. For example in the civil services in the UK, tens of books, short films and pamphlets of appraisal guide have been prepared and displayed in appropriate situations for employees. In France and Germany, appraisal is also considered part of the cultural tradition of this country and the personnel records have annual evaluation results in the organizations of this country, whether in the public or in private sector. In fact, the evaluation notes in these countries are regarded as the test report.

Lu *et al.* (2015) carried out a study in the field of human resource management in which he dealt with performance appraisal as an effective component in human resource management. These studies investigate the information related to human resource management on one hand and the information related to employees on the other and consequently compare the result of the theoretical principles of performance appraisal with what actually goes on in organizations.

Iqbal *et al.* (2014) conducted a study entitled as "Effectiveness of performance appraisal" in which they introduced the five factors affecting employee performance, including perceived fairness, satisfaction with appraisal, performance feedback, elimination of rating errors and agreement as the assumptions of the research and investigated the effect of these variables on the process of performance appraisal and finally ended their study with different rating of these factors in different organizations.

Jiang *et al.* (2012) dealt in his studies with the relationship between human resource management and employee performance. In this study, human resource management components have been referred to as variables affecting employee performance and performance appraisal has been introduced as the factor of measuring and improving employee performance.

Golec and Kahya (2007) presented a Fuzzy Model for the evaluation and selection of the staff based on qualifications and competency in 2007. They used a

Table 1: The components affecting the performance appraisal process

Rows	Component	Rows	Component
1	Trust	11	Facilitation of communication
2	Control over performance	12	Feedback (explanations)
3	Usefulness of feedbacks	13	Validity
4	Positive outcomes	15	Accountability
5	Prevention from bias	15	Fairness in evaluation
6	Remaining unknown	16	Confidentiality
7	Sensitivity	17	Comparative information
8	Support	18	Training
9	Sufficient time	19	Monitoring the performance
10			appraisal system the evaluation Repetition of continuously

comprehensive hierarchical structure and Fuzzy Model at two levels of evaluation and selection in order to minimize personal judgments. The components affecting the performance appraisal process are presented in Table 1.

The main question of the research: The performance appraisal system is an important and basic aspect of human resource management. It is obvious that the performance appraisal management systems play a significant role in organizations and determine the degree to which the organizations have performed well in accordance with their objectives and can specify which parts of the organization require improvement.

Considering the fact that attention to human resources should be stressed in order to increase the organizations' efficiency they should be periodically evaluated so that the efficient employees can be distinguished from the inefficient ones. Therefore, the main question of this research is what are the requirements of employee performance appraisal effectiveness from the perspective of experts in SAIPA Company? How should these requirements be prioritized based on Q methodology and Friedman Method?

MATERIALS AND METHODS

This is an applied research in terms of purpose, because its ultimate goal is to improve the employee performance appraisal method in SAIPA Company. It is also a descriptive survey in terms of data collection method.

Data collection tool: The data collection tools are library information including books and articles in Persian and Latin, the documents of the organization, Delphi questionnaire and Q-cards.

Data gathering method: At the first stage of Q methodology, the library information, documents and the history of the organization's performance appraisal were examined. At the second stage, 10 managers and experts in the field of human resources were interviewed and different pieces of information were collected from them regarding the requirements of the performance

appraisal process. In the third stage, the collected data were evaluated and the contents of the discourse were summarized into 120 short phrases, referred to as Q-phrases. In the fourth stage, the propositions were given to 3 experts in order for them to identify the similar and vague cases. Finally, 43 propositions were recognized as the Q-sample and each statement was written on a single card. In the fifth stage of the research, each phrase was written on a card and was given to 20 experts in the field of human resources in order for them to sort the q-cards on the chart using the forced distribution and based on Q-sorting instruction. The data obtained from the sorting were entered in SPSS software to identify the participants' different mentalities by help of factor analysis.

In Friedman Method, after extracting the components from the previous studies, the requirements were identified and a questionnaire was prepared. Delphi method was used to determine the content validity of the questionnaire in such a way that, after reviewing the literature and extracting the components influencing the employee performance appraisal effectiveness, we presented the experts with the components and they examined them and we added some components after that consultation. The experts were then consulted again and the number of experts at this stage was 20 experts in the field of human resources in SAIPA Company.

We used the library method for the collection and compilation of literature on the subject and for a review of the literature. For this purpose, we used the books and articles available in libraries, the internet and dissertations:

- Written in Farsi on the research subject
- The Population and sample
- The statistical population of this study includes 20 experts from SAIPA Company

The validity and reliability of the questionnaires: The method used in this study to determine the validity of Delphi Questionnaire and Q-phrases is the face-content method which has been advised by the experts from SAIPA Company as well as the university professors.

The results of examining the reliability of Delphi Questionnaire showed that the total alpha coefficient = 0.81 and as it is >0.7 and is a significant value, one may conclude that the questionnaire used in this method has good reliability. The alpha coefficient obtained for q-phrases = 0.88.

RESULTS AND DISCUSSION

The statistical methods used for the data analysis and statistical tests: We have used SPSS software in this

Table 2: Identifying the components

Rows	Components
1	Elimination of rating errors
2	Usefulness of feedbacks
3	Giving information about the evaluation results
4	Providing the cultural background for performance evaluation
5	Issuing smart workbooks
6	Participation in the evaluation process

Table 3: Ranking the components using friedman test

Variables	Rank mean	Rank
Usefulness of feedbacks	3.23	1
Fairness in evaluation	2.98	2
Communication	2.96	3
klimination of rating errors	2.95	4
Participation in the evaluation process	2.88	5

study for the data analysis. After the data were collected, their analysis was done at descriptive and inferential levels. At the descriptive level, we described the demographic variables such as age, gender, history and level of education using the statistical indexes and at the inferential level, we used the following statistical tests.

Factor analysis: We have used the factor analysis in Q method for the data analysis in order to classify the variables. The factors were rotated using varimax method.

Table of commonalities: In the following table of commonalities, the numbers lower than 0.5 were omitted due to their few commonalities with other individuals. Accordingly, the components were identified as arranged in Table 2.

Friedman test: Friedman rank test is a ranking test. This test has been used for ranking the research components. As shown in Table 3, the degree of importance of different factors in the performance appraisal system effectiveness has the following order of priority usefulness of feedbacks, fairness in evaluation, communication, elimination of rating errors, participation in the evaluation process.

CONCLUSION

In order to increase the employee performance appraisal effectiveness in SAIPA Company it is recommended that the requirements extracted from the experts' views as well as from the research should be explained for the organization members and the following actions should be taken for implementing the experts' suggestions.

Based on the results of ranking the variables, elimination of rating errors, usefulness of feedbacks and

participation in the evaluation process are common in the two methods. It is, thus, recommended that the training course of familiarity with evaluation errors be administered for all assessors. Besides, the holding of effective feedback sessions should be explained for the assessors and sufficient time should be allocated to them. As participation in the evaluation process has been left out in the courses of evaluation and self-evaluation, it is recommended that the needed revision be made in this part of the process and an adequate weighting be considered for self-evaluation.

SUGGESTIONS

Considering the fact that accountability has been identified as a requirement it is recommended that all jobs in SAIPA Company have job description and the job description be communicated to the employees and assessors.

Since, the variable fairness in evaluation has been identified as a requirement it is recommended that training course be held in order to explain the need for evaluation and to determine the supervisory and supportive authority for the assessees in the organization.

Since, the variables appraisal results effectiveness and issuance of smart workbooks are closely interrelated in terms of concept, the employee performance change process should be clear in the results and should be considered in the appointments made in the organization. A software should be used to implement the process and the prior results should be made available to employees via the company's intranet.

Since, the variable communication has been identified as a requirement, adequate training courses are recommended to be planned and implemented in the organization regarding the effective communicative skills.

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