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Human Resource Practices Predicting Manager Performance Appraisal: Evidence from an Airline Company in Bangladesh

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Abstract

This study examines the effects of recruitment and selection, decision decentralization, training and development, career development, promotion, and work environment on manager’s performance appraisal. Using a 100-person sample from an airline company in Bangladesh, it shows significant positive relationships among these study factors.

Key Words: Performance appraisal, Training, Manager, Developing Country

Background

Performance appraisal usually involves ‘evaluating performance based on the judgments and opinions of subordinates, peers, supervisors, other managers and even workers themselves’ (Jackson & Schuler, 2003). Over two decades ago, Bernardin and Beatty (1984) identified many interdependent purposes of performance appraisal, include improving the use of resources and serving as a basis for personnel actions. Similarly, Cleveland and colleagues (Cleveland, Mohammed, Skattebo, & Sin, 2003) have shown that in practice, performance appraisals appear to be directed to four purposes: to make distinctions among people, distinguish a person’s strengths from his or her weaknesses, implement and evaluate human resource systems in organizations, and document personnel decisions. The efforts of employees can determine the success and survival of an organization (Drucker, 1994; Barney, 1995), and appraisal is potentially one way in which those efforts can be aligned with the aims of an organization, employees can be motivated and their performance managed (Cook & Crossman, 2004). The objective of the present study is to investigate the effects of recruitment and selection, decision decentralization, training and development, career development, promotion, and work environment on performance appraisal among managers in an Airlines firm. The findings can assist Airlines to know why and how different variables of performance appraisal influence manager’s performance effectively.

Literature Review

The existence of an appraisal process is central to demonstrating that training and development needs are reviewed against targets at organizational and individual level (Investors in People, 1998). For human resource (HR) specialists, the increased use of appraisal is welcome because the establishment of an appraisal system represents the systematic collection of information about employees which provides the bedrock of all HR practice (Bach, 2005). Appraisal data is valuable source of information about the effectiveness of recruitment and selection and equal opportunity policies (Bach, 2005). So far in my knowledge no study has been conducted yet to investigate the likely determinants predicting performance appraisal of employees in Airlines Company in Bangladesh. One of the previous researches focused on the perception of performance appraisal process in the context of Readymade Garments (Miah & Talukder, 2012) but not in Airlines Company. Several factors might affect performance appraisal, and unlike other studies of human resource management, the present study sheds some lights if not substantial to the extant
literature especially in a developing country as Bangladesh. The study assumed six variables that could affect performance appraisal of managers in an Airlines Company in Bangladesh. In the sections that follow variables influencing the performance appraisal will be spelled out in turn.

**Recruitment and Selection (RS)**

It is argued that proper staffing is critical to build and sustain competitive advantage (Boxall, 1996). Recruitment and selection is a major Human Resource Management (HRM) function as it encompasses all organizational practices and decisions. Recent technological advances, globalization, social trends and changes within organizations have brought new challenges for recruitment and selection (Rowley & Benso, 2002). To effectively face the new challenges recruitment and selection needs to be integrated with business strategies (Lam & White, 1998). Recruitment and selection strategies flow ultimately from the organization’s mission and strategic objectives i.e., the strategies and processes of recruitment and selection must be compatible with business strategies (Nankervis, Compton & Baird, 2002). Social scientists argue that through the integration with business strategies, recruitment and selection helps achieve strategic goals and augment performance appraisal (Becker & Gerhart 1996). It is proposed that:

**Hypothesis 1:** Right recruitment and selection will be positively related to performance appraisal.

**Decision Decentralization (DD)**

In decentralized system decisions may be taken faster, recruitment can be tailored to the specific needs of the organization and less complex procedures are needed. In addition, effectiveness is increased because decentralization increases managers’ discretion, thus enabling them to recruit, evaluate, offer incentives, promote, suggest training needs, and communicate according to their specific demands. The philosophy underlying decentralization and deregulation is well-known: centralized HRM is rigid, unresponsive, slow and ineffective (Meyer & Gerhard, 2010). In addition, the success of decentralized systems greatly depends on the skills managers and HR professionals possess to carry out their tasks and responsibilities. Thus, greater autonomy and decentralization of responsibilities require considerable investment in management qualifications at all levels. Decentralization is the linchpin of current HR reform efforts (Hays, 2001). While decentralization is by no means a new idea, the calls for its adoption have been more refocused in recent years (Kellough & Selden, 2003). HR decentralization has moved from the realm of rhetoric to concrete administrative action: Evidence of HR decentralization abounds at all levels of government (Ingraham & Sally, 2002). It is proposed that:

**Hypothesis 2:** Decision decentralization in human resource practices will be positively related to performance appraisal.

**Training and Development (TAD)**

Employee Training and Development (TAD) is aimed at improving individual, team and organizational effectiveness (Kraiger & Ford, 2007) and is regarded as one of the most widespread human resources human resource practices (Boselie, Dietz, & Boon, 2005). As the overall focus of TAD is on improving employee performance (Kraiger, McLinden, & Casper, 2004), a central issue is whether there is a direct relationship between TAD and employee outcomes. Such an assumption seems to exist, at least, based on its widespread presence across countries and cultural settings (Kraiger & Ford, 2007). From the ‘best practice HRM perspective’, high levels of training opportunities will lead to superior
organizational performance (Guest, 1997; Purcell, 1999). More specifically, the fulfillment of employee developmental needs leads to flexible, autonomous and empowered employees based on their self-regulated behavior and discretionary effort (Pfeffer, 1998). The ‘best practice’ model, therefore, argues more or less implicitly, that all firms will be better off if they adopt the same ‘best practices’ (Khilji & Wang, 2006). Extending this argument, TAD advocates suggest that, when based on reflective and systematical planning, TAD may have a positive impact on employee and organizational performance (Wright & Boswell, 2002). It is proposed that:

**Hypothesis 3:** Training and development will be positively related to performance appraisal.

**Career Development (CD)**

The positive gains for organizations of providing employees with satisfying and rewarding career development opportunities are fairly well established. For example, a number of prior studies have highlighted the significant relationships between perceived career development opportunities and positive work attitudes such as job satisfaction (Chen, Chang, & Yeh, 2003) and organizational commitment (Blau, Merriman, Tatum, & Rudman, 2001). Employers need to provide employees with a range of career development opportunities that promote their employability security. In other words, an economic exchange model is proposed where employee loyalty and high performance (albeit perhaps over the short term) is generated through the provision of valued and marketable career development opportunities (Sturges et al., 2005). Kraimer et al. (2011) present some empirical support for the positive relationship between career opportunities and role-based performance. It is proposed that:

**Hypothesis 4:** Career development will be positively related to performance appraisal.

**Promotion**

Promotions serve the critical role of ensuring the optimal allocation and utilization of human resources in organization (Kaplan & Ferris, 2001). Promotions represent opportunities for coalitions to maintain or wrest control of key organizational positions. The multiple stakeholders affected by a promotion decision make the mechanism by which these decisions are made a critical part of the human resource function. Markham, Harlan, and Hackett (1987) noted that promotion enhances human capital and deploys it more effectively, thereby improving job performance and increasing satisfaction and commitment. Ruderman, Ohlott, and Kram (1997) conducted research in three Fortune 500 companies reported the impact on the promotion decision-making process. The study determined that promotions are awarded on the basis of proven competencies and the potential for development. Employees are most likely to have positive perceptions of their organization and organizational justice when they receive more rewards, such as promotions. The present study is designed to determine how promotion affects performance appraisal, when the promotion is tied to meeting increasingly demanding performance standards. It is proposed that:

**Hypothesis 5:** Promotion policies will be positively related to performance appraisal.

**Work Environment (WE)**

Enhanced environmental control improves employee performance and organizational effectiveness (O’Neil, 2008). A growing body of research shows strong links between degree of environmental control and outcomes such as stress and group and individual performance and speed and cost of business processes between departments (Carayon & Smith, 2000; Lee & Brand, 2005). Examination of work environments is a worthy endeavor because of the link
between work environments and long-term care quality outcomes (Scott-Cawiezell et al., 2004). Work environment refers to the social-psychological characteristics of a work setting (Chan & Huak, 2004). It is determined by many factors such as the physical features, the organizational policies in the work setting and the characteristic behaviors of people at work. Vischer (2007) incorporated psychological dimensions such as employee-employer relationships, motivation and advancement, job demands and social support as the key determinants of the physical environment of work. So, the environment which can provide a good balance of all these factors is said to be favorable work environment. A poor work environment has proved to be associated with reduced job satisfaction, absenteeism, somatic complaints, burnout and depression (McCowan, 2001). It is proposed that:

**Hypothesis 6:** Work environment will be positively related to performance appraisal.

### Conceptual Model

A model was tested (see Figure 1) that derived from a review of the literature by integrating theory and research pertaining to recruitment and selection policies, decision decentralization, training and development, career development, promotion policies, and work environment and their relationship with performance appraisal. Competent appraisal of individual performance in an organization serves to improve the overall effectiveness of the entity. According to D. McGregor (1960), author of *The Human Side of Enterprise*, the three main functional areas of performance appraisal systems are: administrative, informative, and motivational. Appraisals serve an administrative role by facilitating an orderly means of determining salary increases and other rewards, and by delegating authority and responsibility to the most capable individuals. The informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strengths and weaknesses.

**Figure 1: The Hypothesised Model**

![Conceptual Model Diagram]

Finally, the motivational role entails creating a learning experience that motivates workers to improve their performance. When effectively used, performance appraisals help employees and managers establish goals for the period before the next appraisal. Since performance appraisal is crucial to bring success to an organization, it is necessary to analyze the factors which affect performance appraisal. In this study, performance appraisal is the only outcome variable whereas recruitment and selection (RS), decision decentralization (DD), training and development (TAD), career development (CD), promotion, and work environment (WE) are the predictor variables.

### Methods

The participants were full-time employees of a leading domestic airline in Bangladesh. The effective sample consisted of 100 participants. The study administered convenience sampling to select the participants. In general, random samples provide a good approximation of the population and offer better assurance against sampling bias; thus are
more representative than non-probability samples (e.g., Lazewitz, 1968). Nevertheless, due to situational and financial constraints, researchers in many fields rely heavily upon convenience sampling (Randall & Gibson, 1990). Of 100, 32% were from the top and mid-management and the rest 68% were from the front management. Of 100 respondents, 70 were male and 30 were female. All the questions in the survey questionnaire were of 5-point Likert Scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). All the participants were given a letter, attached to the questionnaire, from the researcher explaining the context of the research. No information was asked on the identity or contact information of the respondents. The study area was limited to Dhaka City the capital of Bangladesh. The name of the Airlines has not been disclosed due to ethical obligations. All employees received questionnaire through mail following ethical approval. Employees were assured of the confidentiality to their responses. The instrument consisted 21 items with seven constructs e.g., recruitment and selection, decision decentralization, training and development, career development, promotion, work environment and performance appraisal. SPSS version 22 was used to analyze the data, including a reliability test, regression analyses and Pearson’s correlations to investigate the relationships between variables.

Results

Descriptive statistics, reliabilities, and coefficient values of all the variables are displayed in Table 1. Cronbach’s α for the variables used in this study ranged from .71 to .92 which exceeds the suggested cut-off value of .70 (Hair et al., 2010). Both correlation and regression analysis were conducted to explore the relationship. Hypothesis 1 predicted that right recruitment and selection would be positively related to performance appraisal within employees. The study confirmed a significant positive relationship between recruitment and selection and performance appraisal (r=.51**; p<.01). This was supported by regression results (β=.44*; p<.05) displayed in Table 2.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Recruitment and Selection</td>
<td>3.65</td>
<td>.72</td>
<td>.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Decision Decentralization</td>
<td>3.25</td>
<td>.53</td>
<td>.49**</td>
<td>.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Training and Development</td>
<td>3.60</td>
<td>.91</td>
<td>.42**</td>
<td>.37**</td>
<td>.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Career Development</td>
<td>3.21</td>
<td>.70</td>
<td>.14</td>
<td>.47**</td>
<td>.42**</td>
<td>.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Promotion</td>
<td>3.88</td>
<td>.84</td>
<td>.73**</td>
<td>.57**</td>
<td>.51**</td>
<td>.35**</td>
<td>.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Work Environment</td>
<td>3.60</td>
<td>.69</td>
<td>.60**</td>
<td>.66**</td>
<td>.54**</td>
<td>.48**</td>
<td>.76**</td>
<td>.83</td>
<td></td>
</tr>
<tr>
<td>7. Performance Appraisal</td>
<td>3.47</td>
<td>.63</td>
<td>.51**</td>
<td>.58**</td>
<td>.50**</td>
<td>.52**</td>
<td>.66**</td>
<td>.73**</td>
<td>.77</td>
</tr>
</tbody>
</table>

N=100, **p<.01; all items measured in 5 point Likert scale.

Hypothesis 2 predicted that decision decentralization in human resource practices would be positively related with effective performance appraisal. The results supported hypothesis in finding a significant positive relationship between decision decentralization (r=.58**; p<.01) and performance appraisal. This was also supported by regression results (β=.68*; p<.05).

Hypothesis 3 predicted that training and development would be positively related to performance appraisal. The results supported hypothesis in finding a significant positive relationship between training and development (r=.50**; p<.01) and performance appraisal. This was confirmed by regression analysis (β=.34*; p<.05). Hypothesis 4 predicted that
career development would be positively related to performance appraisal. The results confirmed a significant positive relationship between career development \((r=.52^{**}; p<.01)\) and performance appraisal. This was also supported by regression analysis \((\beta=.46^{*}; p<.01)\). Hypothesis 5 predicted that promotion would be positively related to performance appraisal. The results confirmed a significant positive relationship between promotion \((r=.66^{**}; p<.01)\) and performance appraisal. This was supported by regression results \((\beta=.49^{*}; p<.01)\). Hypothesis 6 predicted that work environment would be positively related to performance appraisal. The results confirmed a significant positive relationship between work environment \((r=.73^{**}; p<.01)\) and performance appraisal. This was supported by regression results \((\beta=.66^{*}; p<.05)\). It has been evident that all the six independent variables were positively related to performance appraisal.

### Table 2: Regression results of variables affecting manager’s performance appraisal

<table>
<thead>
<tr>
<th>Variable</th>
<th>Performance Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\beta)</td>
</tr>
<tr>
<td>Recruitment and Selection</td>
<td>.44*</td>
</tr>
<tr>
<td>Decision Decentralization</td>
<td>.68*</td>
</tr>
<tr>
<td>Training and Development</td>
<td>.34*</td>
</tr>
<tr>
<td>Career Development</td>
<td>.46*</td>
</tr>
<tr>
<td>Promotion</td>
<td>.49*</td>
</tr>
<tr>
<td>Work Environment</td>
<td>.66*</td>
</tr>
</tbody>
</table>

\(^{*}p<.05\); Dependent: Performance Appraisal

### Discussion

The primary objective of this study was to test the linkages between Recruitment and Selection, Decision Decentralization, Training and Development, Career Development, Promotion and Work Environment and Performance Appraisal. The study gained support for all the hypotheses suggesting a significant positive relation between the predictors and outcome variable. Hypothesis 1 was supported, suggesting a positive relation between recruitment and selection and performance appraisal. This was consistent with a study by Ichniowski and Shaw (1999) where they reported an effective practice of recruiting and selection was associated with performance appraisal of employees. Another study indicated that right recruitment and selection had a positive impact on effective performance appraisal (Arthur, 1994; Huselid et al., 1997). The research confirmed a significant positive relationship between decision decentralization and performance appraisal. Past research asserted that decentralization while making decision had increased the efficiency and effectiveness of human resource practices and public administration in general (Oswick & Grant, 1996), thus supported hypothesis 2.

Hypothesis 3 was supported by the results. Research from the area of strategic human resources strived to link investment in human capital through various interventions, including training to broader organizational outcomes such as a firm’s financial performance and shareholder value (Pfau & Cohen, 2003). Training could improve performance in terms of increased sales and productivity, enhanced quality and market share, reduced turnover, absence and conflict (Salas & Cannon-Bowers, 2000). The research indicated significant positive relationship between career development and effective performance appraisal.
Employees increase their effort and commitment to the attainment of organizational goals because they wish to gain access to valuable career development opportunities that are on offer (Kraimer et al., 2011). Crawford (2004) further suggested that career development was related to performance appraisal. The research confirmed a significant positive relationship between work environment and effective performance appraisal. This was consistent with a study reported by Talukder (2014) with ten manufacturing firms in Bangladesh. The working environment affects company performance (Dul & Neumann, 2009) whereas performance appraisal is one of the substantial components of human resource practices.

Limitations

The present study is not beyond limitations. The study was limited to a single firm which limits the ability to generalize to other work settings, industry sectors, or national or cultural contexts. The sample size was very small (n=100) making it impossible to make valid generalizations to larger populations. The location of the fieldwork may also have posed a threat to internal validity because respondents were asked about their feelings around a variety of work related issues, and were asked to undertaken the survey while also at work. As such, they may not have answered completely truthfully on some items, or not responded at all, especially if they felt their responses could affect them or their job in a negative way. Another limitation of the study was not being used traditional and global measures of performance appraisals rather used modified instruments which might raise questions regarding validity of the data being collected. Furthermore, the study employed the use of convenience sampling, which cannot be considered representative of the population. Sometimes it is possible to show that the sample is very similar to the intended population in certain ways. In this case, the researcher can argue that the sample is representative™. Another limitation is the reliance on self-reported questionnaire data, which causes concerns about possible mono-method bias and percept-percept inflated measures. Further empirical and/or mixed methods study with large sample size in service industries could give significant directions to the researchers on the ways to make performance appraisal effective.

Conclusion

Organizational success is largely determined by how successfully employee talent is identified, developed and deployed in critical positions. Performance appraisal is a way towards achieving it. Performance appraisal is essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Strategically it is hard to imagine a more important human resource management system than performance appraisal. However, the Airlines Company can strive to do the following at all levels: 1) design jobs and work systems to accomplish organizational goals, 2) hire individuals with the desire and abilities to perform effectively and 3) train, motivate and reward employees for performance and productivity. It is this sequence that allows organizations to disperse their strategic goals throughout the organization. Within this context the evaluation of performance is a controlled mechanism that provides not only feedback to individuals but also an assessment of how things are progressing. Without performance information managers of an organization can only guess whether employees are working toward the right goals, in the correct way and to the desired standard.

One of the most important activities of human resource management personnel is maintaining and enhancing the productivity of the workforce. After all, the efforts and costs involved in recruiting and selection process, it is important to develop employees so that they can use their fullest capabilities. In that light, appreciating the capabilities are also important. More importantly, an employee would only be motivated to work in a positive environment.
The present study suggests that the Airlines Companies in order to maintain a positive working environment and enhance its promotion policies to open new paths for the employees to obtain success. In future, the only successful Airline Company would be those that are able to make their employees feel worthy through effective and fair performance appraisal. The firm must understand the importance of performance appraisal and the variables affecting it to fulfill organizational goals as was the main goal of the present study. Employee perceptions (e.g., Airlines) towards performance appraisals are a crucial element in determining the long-term effectiveness of the system. If employees are unhappy with appraisals they will not see the added value. This in turn could lead to larger organizational behavioral implications of low morale and productivity, higher rates of absenteeism and tardiness, inevitably, employee turnover. To conclude, tapping into the employee’s mind and revealing how they think about appraisals could open up new insights to gear up the performance of any organization.

References


