

Analyzing Performance Appraisal System of Service Sector through Organizational Politics

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Abstract

The main goal of this study was to look at how organizational politics, personal bias, and performance rating systems are connected. Current research in Pakistan doesn't look at how biases affect performance reviews, which limits workers' chances for personal growth and financial gain, and only looks at factors that are specific to their industry. The performance of the appraisal system is investigated in this article in relation to organizational politics. Twenty managers and 250 middle-level employees make up the sample size for the analysis. To evaluate the hypothesized hypothesis, regression analysis was used. The research in this paper demonstrates the considerable effects of organizational politics and performance evaluation systems. *Organizational politics is considered an independent variable, while performance assessments are regarded as a dependent variable. The results suggested that there is a*

significant effect of the observed variables. This suggests that when politics become more widespread in an organization, performance evaluations will also grow as a consequence of workers using political techniques to their benefit. This is because performance assessments are based on how well an employee performs their job. To contribute to the formation of public companies, managers must foster and value a positive culture. Long-term commendation must make employees feel valued by their management team in order to be effective in evoking attitudes.

Keywords: Employee perception, Organizational politics, Public Sectors of Pakistan, Performance Appraisal System

1 Introduction

The process of adopting the evaluation procedure for the recognition, evaluation, and improvement of results is known as performance management. The framework for evaluating people's and organizations' performance as well as the integration of that performance can be useful tools for advancing the organization's goals. The performance management process often has a number of bias-related problems. The Anchoring effect, partiality, Leniency effect, Halo effect, etc. are examples of personal bias. The company uses a performance appraisal system to give employees incentives, identify opportunities for growth, and make observations and fairness judgments about their work, teams, management, and businesses (Dawson et al., 2020).

Rewards will therefore continue to diminish rather than boost the positive attitudes and performance of employees if performance evaluations are perceived as being unjust (Walden) (2019). Employees express irritation with the implementation of performance appraisal systems and have a poor opinion of the PA system as a consequence (Khan et al, 2020). If the performance review process is implemented right, it will encourage a positive organisational culture, encourage employees to gain knowledge, and focus their efforts on achieving the company's objectives. In Pakistani workplaces, an encouraging manager acts as a deterrent to the pressure that employees experience as a result of office politics. Similar to this, teamwork between a supervisor and an employee lessens the negative effects of organisational politics on the assessment of work performance (Dawson et al., 2020).

It has been shown that organisational politics are reactions to and consequences of organisational culture. Culture plays a significant role in Pakistani institutions. One of the most crucial ways that culture is passed on to employees is through human resource activities like performance evaluations (Armah,2020). Employee recognition and satisfaction with performance review are significantly influenced by employees' perceptions of fair performance evaluation, according to Landells and Albrecht's research (2019). This article focuses on the problems with the employee assessment systems that are impacted by organizational politics. The reliability of the approach may be affected by the evaluator's propensity to introduce personal bias into the performance evaluation process. The improvement of Pakistan's public sector's appraisal system, which is impacted by political scheming and personal bias, is also addressed in this study.

1.1 Research Objectives

Finding the effects of individual prejudice and organisational politics on Pakistan's performance evaluation systems is the article's key contribution. Consequently, the following is the study's goal:

1. To determine how organisational politics affect performance evaluation methods.

2 Literature Review

2.1 *Organizational Politics*

According to a study, organisational politics has been connected to a variety of detrimental work consequences, such as emotion dysregulation (Cho & Yang, 2018). According to Mansbridge (2018), the sociological idea of organisational politics "depicts the political arena of the workplace and individuals' attempts to achieve a personal profit at the price of the organisation." According to some accounts, the organisational politics of a certain workplace may have an effect on the level of pleasure experienced by workers (Dappa et al., 2019). The top management uses the assessment systems for political purposes to support their favourite employees, and they accomplish this by falsifying the ratings or scores (Chaudhry et al., 2016). However, when done well, political participation can help people gain power and money (Harris et al, 2016). According to Haque et al. (2017), a different researcher, it is crucial to examine the impact of

organisational politics on performance management systems when they are prevalent. Performance reviews are perceived as highly political processes that managers and employees may bargain in their favour (Rosen et al., 2017).

Employee views of organisational politics and their possible effect on performance were examined by Haroon et al. in 2017. This suggests that politics alone has a negative impact on workers' performance. Previous studies concentrated on how organisational politics were perceived to be. In particular, even while the company's policy is thought to be robust, some employees may engage in political activities like self-promotion and incorporation to further their own interests rather than the company's overall benefit (Yongxing et al, 2019).

2.2 Performance appraisal systems:

According to Ciobanu and Ristea (2015), "The basic objective of performing a performance assessment is to raise the effectiveness or performance of workers." (The underlying purpose of doing a performance assessment is to increase the effectiveness or performance of employees.) Malik, a different researcher, defines PAS as "Actions through which organisations attempt to analyse people, increase their competence, improve performance, and allocate resources." PAS is sometimes referred to as "People Assessment Systems" (2016). According to the findings of another research, Kwaku, 2015, PAS in companies determines employee development, the administration of punishments, the exchange and distribution of monetary incentives, career planning, and employee analysis. According to Wilkie (2015), one of the most significant issues that arises when traditional performance evaluations are eliminated is that ratings don't correspond to actual performance and, as a result, have little bearing on actual business outcomes. This is one of the most significant problems that arises when traditional performance evaluations are eliminated. Another researcher's (Grote, 2016) critique of current performance assessment methods is the time lag that exists between when assessments are normally issued and when performance really takes place. According to Dipboye (2018), time and resources are being squandered, the progress of employees is being hampered, and bad attitudes are being promoted in the workplace. This leads to workers and managers feeling demoralised and resentful of their jobs. However, being too lenient in performance assessments is a widespread

concern, and the bulk of research has been focused on developing tools that are less prone to this inclination.

Establishing and monitoring staff performance goals, performing ongoing performance analysis to ensure progress toward specified goals, and achieving the objectives for which the PA system was created should be the management's top priorities when it comes to ensuring the efficiency of PA systems. Only then will the PA system be able to fulfil its intended purpose (Malik, 2016). Training and development are crucial for boosting effectiveness, and performance assessment systems must be fair and reasonable across the board. Input should be solicited from all organisational levels (Champ, 2017). Culture of an organisation may be seen as both a very valuable resource and a barrier to replication; both of these perspectives have the potential to have a significant impact on performance (Joseph, 2019). When the majority of employees in an organisation disagree with the beliefs and behaviours of senior management, the culture of that organisation deteriorates, which has a negative influence on the performance assessment methods used in that organisation (Joseph, 2019).

Methodology of research:

Deductive reasoning was employed to examine the relationship between the variables of the assumptions given in the analysis above and test the created hypothesis (Nisbet, 2018). The correlation between the variables in this study was also tested using correlation designs. The magnitude and direction of a link are two characteristics that are highlighted by a correlational study (André, 2017). The practice of using questionnaires is fairly common today. It has a high response rate and is accessible to a wide variety of respondents (Champ, 2017), but we have gathered data by visiting the company and distributing the questionnaire. The public service firms, including five companies in Pakistan are the chosen target demographic for this study. This study used the non-probability sampling technique. Another method is convenience sampling, in which study participants from the target population are included if they can fulfil certain practical requirements, such as those related to accessibility, location, or participant readiness (Dörnyei & Etikan, 2007). (2016). Both managerial-level employees and middle-level employees of those publicly traded organisations provide the data. By distributing the questionnaires, cross-sectional primary data is gathered. The theory is put to the test using SPSS

software. Both survey administrators and respondents may easily understand and use the 5-point Likert scale.

4 Analyses of Data and Interpretation

5.1.1 Reliability and validity:

Table 1 displays the reliability test results (see appendix). Cronbach's alpha should be more than 0.07 in value. The performance appraisal instrument's dependability score, which is 0.733, is higher than the required level of alpha. This indicates that the performance appraisal system's instrument is acceptable. Organizational politics is significant and reliable because it has an alpha value of ($p > 0.07$).

Analysis 1: Middle level employees:

Table 1: Cronbach's Alpha of each variable

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Performance appraisals	.733	.733
Organization politics	.743	.744

In order to test the presented hypothesis, a simple linear regression technique will be used. In spite of the fact that binary outcomes may also be utilized, linear regression models are the most typical approach for investigating the connection between a continuum result and a set of independent factors (Schmidt, 2014).

H1. Organizational politics has a significant relationship with Performance Appraisal Systems

Organisational politics is considered as an independent variable, while performance assessments are regarded as a dependent variable. Both the significance level $p = 0.00$, ($p < 0.05$), and the value of beta, which is 0.37, are significant. This suggests that when politics become more widespread in an organisation, performance evaluations will also grow as a consequence of workers using political techniques to their benefit. This is because

performance assessments are based on how well an employee performed their job (Table3a,3b,3c). Therefore, we concur that the second hypothesis is correct.

Table 3 (a) Model Summary

Model	R	Adjusted R Square	Std. Change Statistics		F	Sig.	F	Durbin-Watson		
			Error the Estimate	of R Square Change						
1	.371 ^a	.138	.134	.50855	.138	39.548	1	248	.000	1.587

a. Predictors: (Constant), OP

b. Dependent Variable: PAS

Table 3 (b) ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.228	1	10.228	39.548	.000 ^b
	Residual	64.137	248	.259		
	Total	74.365	249			

a. Dependent Variable: PAS

b. Predictors: (Constant), OP

Table 3 (c) Coefficients

Model	B	Std. Error	Standardize		Sig.	95.0% Confidence Interval for B	
			Coefficient	t		Lower Bound	Upper Bound
			Beta				

1	(Constant)	1.594	.187		8.545	.000	1.227	1.962
	OP	.354	.056	.371	6.289	.000	.243	.465

a. Dependent Variable: PAS

Conclusion

This article's major objective was to investigate the relationships between organisational politics, personal bias, and performance evaluation systems. Current research in Pakistan ignores the impact of prejudices on performance reviews that limit employees' opportunities for personal growth and financial gain and only focuses on industry-oriented aspects. As organisational bias levels rise, the number of biased performance appraisals also rises. In order to benefit their preferred individuals, top management tampers with assessment processes, which affects the norms and values of the businesses as well. It therefore has a substantial connection to performance evaluation systems.

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