

Does The Employee Informal Performance Evaluation has Contributed to Effective Performance Management of Non Managerial Staff: Reference to the People's Banks in Anuradhapura, Sri Lanka

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Abstract: The focus of this study was to examine whether employee informal performance evaluation has contributed to effective management of non managerial employee's performance. As a large amount of research studies have been concentrated in to formal performance evaluation and have generated controversial findings. Relating to the study, a research framework consists with one independent variable which was employee informal performance evaluation and one dependent variable, was effective performance management of non managerial staff. All people's banks managers in Anuradhapura District were considered and where 25 unit heads (executive level) were entitled to represent the research sample. A self develop questionnaire was used to collect data with telephone discussions on research objective. T test, and likert scale, used through SPSS to analyzed data and all dimensions were strongly significant in the study. Researcher found that there was a high degree of contribution of informal performance evaluation practices to identify and management of precious performance in non managerial employees and further findings reveal that attitudes as the major consideration of informal assessment while commitment, accountability, and coordination were taken high value to assess contribution of employee respectively.

Keywords: Human Resource Management, Effective Performance Management, Informal performance evaluation, Non managerial employee

Introduction

Effective and efficient utilization of human resource is the generic purpose of human resource management where performance evaluation is the sound technique can be used to identify the human specification gap with whose suitable job and its standards (Opatha 2009). Accordingly human resource practitioners' use both informal and formal employee performance evaluation methods to evaluate employees' performance in relation to the organizational expectations. And almost Human resources strategies are executed through documented formal employee evaluation procedure.

Through above phrase we can smell an initial idea about what is meant by the term employee performance evaluation. There are so much of strategies and techniques are available for human resources manager to evaluate their employees. But this research concentrates on how informal performance evaluation in achieving the efficient utilization on decisions of non managerial staff.

Accordingly this research topic lives entirely with Human resources discipline. Performance evaluation is defined as "the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance" (Lansbury, 1988). The terms 'performance assessment',

'performance evaluation', 'performance management' are also used to describe the process. Finally the information of performance evaluation facilitated to making decisions on human movement as promotion, demotion or extends the probationary period; thus precious and systematic approach is required to measure true performance of employee to manage it.

Employee performance evaluation is designed to assess each individual's contribution to the organization. The performance of individuals against organizational goals determines whether the organization meets its goals. The basic objectives of performance evaluations are two-fold: firstly to reward employees for meeting organizational objectives and secondly to identify which objectives are not met and to develop action plans to ensure they are achieved in future.

Employee performance appraisal has been practiced by numerous organizations since centuries. Though it is viewed that performance appraisal is an inseparable part of organizational life. According to the Longenecker and Fink (1999), there are several reasons that formal performance appraisals are to stay in organizations. It cited that formal appraisals are required to justify a wide range of human resource decisions such as pay raises, promotions, demotions, terminations, and transfers etc. It is also required to determine employees' training and development needs. A large amount of research studies has been concentrated in to formal performance evaluation and have generated controversial findings. Therefore almost employees always tend to being with expected performance hiding their negative work culture to consume positive consequences of organization. Therefore sound consideration is required to measure hiding work culture of employee for better performance related decision which is informal evaluation.

This study aims to investigate the impact of informal performance evaluation on non managerial employee and investigate its contribution for quality managerial decision making on human resource's performance management with special references to the Peoples' Banks in Anuradhapura District.

However, sufficient caution should be observed in implementing appraisal system including formal & informal evaluation practices. Ineffective appraisal system can bring many problems including low morale, decreased employee productivity, a lessening of an employee's enthusiasm and support for the organization (Somerick, 1993).

However number of performance evaluation methods can be used formally to identify employee performance and get an approach to performance management. And human resources practitioners eventually use employees' job and organization related informal information such as observation, peer comments, get electrical support (video/recording) informal discussion, etc. required to enrich their decisions made on formal evaluation of performance.

Research Problem

According to the Besterfield M, Besterfield S. (2002) Deming believes that 85% of the factors that affect the employee's performance stem from the systems which are beyond the control of the employee as it hidden culture of human body and, only 15% of the factors are attributable to the employee in which almost decisions are taken by. On the other hand, human resource (HR) practitioners do not subscribe the view of TQM proponents based on hidden culture. Therefore researcher believes that informal performance evaluations almost contribute to consider hidden nature of employees and it might be contributed towards productive performance management.

Formal Performance evaluation is not always continuous process but it is required with a certain time period with identified objectives, criteria, policies and performance standards with convinced employee category. At formal evaluation procedure almost employees ready themselves being with expected performance. Therefore almost non managerial employees intentionally tent to adopt their personal characteristics such as behaviors, personality, attitude, perception, emotional intelligence, knowledge and skills with their job performance standards.

This is the major problem to managers, is preciously identify the actual level of performance of

their staff. Thus this study is conducted to find out, if any, association or contribution informal performance evaluation on effective employee performance management.

Accordingly the researcher explores that **does the employee informal performance evaluation has contributed to effective performance management of non managerial staff: reference to the People's Banks in Anuradhapura, Sri Lanka**

Objectives of the Study

In relation to upon study researcher considered to identify the relationships and significance between informal performance evaluation and effective performance management of non managerial employees related people's bank in Anuradhapura district.

Hypothesis of the Study

To conduct and facilitate to upon research researcher developed following hypothesis as

Ho: Informal Performance Evaluation has significantly contributed to effective performance management of non managerial staff

Review of Literature

Effective and efficient utilization of human resource is the generic purpose of human resource management where performance evaluation is the sound technique can be used to identify the human specification gap with whose suitable job and its standards in which informal performance evaluation leads to identify true work behavior of employee (Opatha 2009).

According to the Rafikul Islama,* and Shuib bin Mohd Rasad (2006), Informal Evaluation uses to evaluate employees performances based upon the criteria: quantity/quality of the work, planning/organization, **initiative/commitment, teamwork/cooperation**, communication, **attitude** and external factors.

And Gerald R. Ferris, James H. Dulebohn, Dwight D. Frink, Jane George-Falvy, Terence R. Mitchell and Linda M. Matthews (1997) has discussed about employee **accountability** and its importance when managing humans on their performance.

According to the Cecilia Navarete; Judith Wilde; Chris Nelson; Robert Martínez; Gary Hargett 1990 Informal assessment techniques can be used at anytime without interfering with instructional time. Their results are indicative of the employees performance on the skill or subject of interest. Informal assessment, on the other hand, requires a clear understanding of the levels of ability the employees bring with them. Only then may assessment activities be selected that employee can attempt reasonably. Informal assessment seeks to identify the strengths and needs of individual employees without regard to grade or age norms.

A study by Cadwell (1995), two managers called as Lord & Taylor, a department store used the first informal evaluation process in 1913. They rated the employees by their personality traits rather than their ability to do the job or their results in which they used informal consideration to appraise. Performance appraisals over the years have evolved to become the preferred method for observing, evaluating and measuring employee performance appraisals where informal evaluation acts major role And, sufficient caution should be observed in implementing appraisal system including formal & informal evaluation practices. Formal evaluation is successful when it is associated with informal evaluation. (Cadwell 1995)

Fish & Frey expressed about informal assessment techniques to identify performance where researcher included observations, inventories, checklists, rubrics, portfolios, participation, as well as peer and self evaluation (Fisher & Frey, 2007).

According to Somerick (1993), Informal assessment techniques can be used at anytime without interfering with instructional time. Their results are indicative of the employee's performance on the skill or subject of interest. Ineffective appraisal system can bring many problems including low morale, decreased employee productivity, a lessening of an employee's enthusiasm and support for the organization.

According to IFSTA (1989), the informal evaluation is based solely on the opinion of the rater, which may not always be a supervisor but more importantly, may not be aligned with the organization. This type of evaluation creates a problem for organizations, which they can either choose to ignore or institute a formal evaluation process.

Laford in his 1998 Responder Magazine article summed this up by stating "the issues discussed at the formal evaluation should not be a surprise to anyone involved. Rather, the evaluation should be a review of the informal performance related interaction between the employee and the supervisor". These day to day evaluations are important but they also need to be summarized in a formal evaluation. Informal evaluations or the day to day evaluation that is often made by peers and supervisors alike, to identify **commitment, coordination, accountability, and attitude** does not help the employee "get aligned" with the organization's goals in that movement but can be contributed for formal performance evaluation (IFSTA (1989).

Employee oriented informal Performance evaluation may generates ten types of benefits as Employees learn of their strengths and weaknesses, New goals and objectives are agreed upon, Employees can be active participants in the evaluation process with high moral, The relationship between the supervisor and the employee is moved to an adult-adult level, Work teams may be restructured for maximum efficiency, Employees renew their interest in being part of the organization, Training needs are identified, Time is devoted to discussing quality of work without regard to money issues (Sachs 1992).

And Muri 1983 has discussed with informal evaluation on school where while informal assessment utilizes open-ended exercises reflecting student learning, teachers (and students) can infer "from the mere presence of concepts, as well as correct application, that the student possesses the intended outcomes" (Muir & Wells 1983, 95). Another important aspect of informal assessments is that they actively involve the students in the evaluation process—they are not just paper-and-pencil tests.

A study by Daft (1994) states a "performance appraisal comprises the steps of observing and assessing employee performance informally or formally, recording the assessment and providing feedback to the employee". It is the manner in which a supervisor delivers the assessment that can have a biggest impact on the employee. The evaluation must be a good balance between positives and negatives in order to encourage employees to change their job performance; where informal orientation is fruitful in organization context.

Therefore researcher both contribution of Rafikul Islama, Shuib bin Mohd Rasad (2006), and Gerald R. Ferris, James H. Dulebohn, Dwight D. Frink, Jane George-Falvy, Terence R. Mitchell and Linda M. Matthews (1997) facilitated his study where researcher used employee Attitudes, commitment, coordination and accountability as dimensions of his study.

Methodology

In this study researcher investigated the relationship in between informal performance evaluation and its contribution to effective performance management. And this study enriched being with dependent and independent variables where correlation was identified than cause and effect relationship. As this study based on non managerial staff the scaled questionnaires has been facilitated to collect data through the head of the units of bank. The twenty-five bank executives (units head) considered as a representative sample with linking seven branches in Anuradhapura area.

A self completion standard questionnaire was administered for data collection purpose. Questionnaires were sent to selected executives with ideal involvement of researcher. Considered variables as **commitment, coordination, accountability, and attitude** were measured through five scale questionnaires as strongly agree, agree, some what agree, disagree, strongly disagree and it was completed by the unit heads who had sound experience about performance evaluation and performance management. And required analysis was performed with Statistical Package for Social Sciences (SPSS).

Result and Discussion

In relation to the study the response rate was 100% on motivated supervision of researcher. 22 heads in sample represented male and balance was represented by female. It is 88% and 12% respectively. According to the study the each and every executives tend to personally (informally) evaluate the behaviors of their subordinates. But their making decision style is varying person to person on generated information. According to the below tabulation 84% of executives agree that the informal evaluation can be contributed to formal performance evaluation in which they reach effective management of employee performance for sound error free decisions. And other executives agreed to use only formal evaluations for performance related decisions.

Table 1- Executives' consideration on evaluation methods

		Executives	
		In No	In Percentage
Performance Evaluation	Informal evaluation only	0	0%
	Formal evaluation Only	4	16%
	Informal to Formal evaluation	21	84%
	No need to consider	0	0%
	Total	25	100%

(Source: Survey data)

Table 2: Executives' consideration on evaluation criteria

Dimensions (Non Managerial Staff)	Mean	SD	T (test value 0)	Sig. (2-tailed)
Attitudes of employee	4.60	.500	46.000	.000
Coordination of employee	3.72	.614	30.306	.000
Commitment of employee	4.04	.935	21.615	.000
Accountability of employee	3.96	.841	23.554	.000

(Source: Survey data)

And when considering the Pearson's Correlation Coefficient it is too much positive in between

dependent and independent variables of the study as it is 0.72. It reveals that relationships in between informal performance evaluations of non managerial staff and its contribution to manage employee performance are strongly positive and significantly correlated. And when considering the mean value of dimensions all are positively contributed towards informal evaluation to management of performance. Among them identification of employee attitude was taken high attention from managers and commitment, accountability, and coordination were considered respectively to identify employee performance informally. Not only that related to the t test even that has been proved where also all variable are identified as very significance to identify employee performance informally. Once more that means as the informal evaluation on employees may help for making decisions about employee performance management; it might be employee training/development, promotion, demotion or extend probationary or dismiss the employment period as informal evaluation helps to identify true behavior of staff.

Conclusion

According to the findings of correlation analysis, it is shown that informal evaluation practices was positively and significantly correlated with effective employee performance management in relation to the Peoples banks in Anuradhapura area. Therefore without doubt to accept the hypothesis formulated for the study is supported by statistical evidence.

The findings of the study facilitates to theoretical and practical context. Therefore formal evaluation procedure might facilitate to hide the true working culture of employees and informal evaluation practices may contributes to identify the hidden working culture of employees. And the negative affect of informal evaluation is almost occurred due to subjective errors. But especially the informal evaluation is based solely on the opinion of the rater, or evaluator which may not always be a supervisor. Then informal evaluation is much more subjective procedure and it might contribute to measurement error thus more importantly, when informal procedure is obvious or not honest findings vary and it may not be aligned with the organization.

Finally informal PE is very important to the evaluation when it is sound and honestly practice. So its skills should be increased then have to remove error of perceptual, interpreting, attitude and autocratic leadership styles and well known training system and record system of observations at bias less context. Further researcher concentrated to capture the interest of potential researchers towards alignment informal evaluation procedure with organizational requirements to reduce work related stresses or extended practices about informal evaluation.

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