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Organizational Context Factors Influencing Employee Performance Appraisal: A Research Framework

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Abstract

Trends in the current literature emphasize the role of the organizational context in employee performance appraisal processes (e.g. Levy & Williams, 2004; Armstrong & Ward, 2005 and Murphy & DeNisi, 2008). The current study aims to develop a comprehensive research framework in order to investigate the employee performance appraisal systems and processes based on main organizational contextual dimensions, in highlighting the relevance of customization according to a company's specific organizational context. In addition, focusing on a strategic approach on human resources management, the study offers insights on the role of organizational context in developing employee performance appraisal systems that could contribute to higher performance in overall organizational strategy implementation.

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1. Introduction

Increased employee performance represents an important objective for companies in order to maintain their business success. As a consequence, the organizational effort is directed towards improving individual performance, taking into account the organizational context in which the performance is produced (Den Hartog, Boselie, & Paauwe, 2004). Formulated this way, contextual factors, such as cultural norms or the impact of new technologies, characteristic to all organizations, are part of performance management processes and need to be accounted for as an important research interest (Fletcher, 2001).

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Furthermore, new approaches concerning employee performance appraisal systems in different companies should be based on their specific organizational context (Iqbal, Akbar, & Budhwar, 2014), though developing new models on organizational contexts in relation to employee performance appraisal is of utmost theoretical and practical interest.

Therefore, in the light of this research, the main purpose of this paper is to identify the prevalent organizational contextual factors with a significant influence on employee performance appraisal process, and, as a consequence, with a positive impact on increased employee work performance.

To achieve this purpose, the paper has covered the following specific objectives:

- To identify the prevalent contextual factors with a significant influence on employee performance appraisal, based on the current literature research models;
- To identify the main dimensions of the HR management context, highlighting the role of HR motivation as a dynamic organizational factor;
- To develop a flexible research framework highlighting the influence of organizational context factors on employee performance appraisal.

2. The organizational context

2.1. The context of employee performance appraisal

Studies referring to different organizational contexts emphasize that employee performance appraisal should be adjusted to the organizational context where it takes place (Molapo, 2002). The employee performance appraisal should be customized according to each organization context in order to be effective in fostering employee work performance. Moreover, Molapo (2002) emphasizes that the internal environment of an organization, such as lack of equipment, lack of materials and the workplace environment itself, can determine low levels of performance, and the methods applied to employee performance appraisal should take into consideration such circumstances.

Another study outlines the importance of establishing compatibility between employee performance appraisal and the organizational context of the company where it is implemented (Pulakos, 2009) and recommends to consider the compatibility between the organization's context and infrastructure, as well as the existing support for implementing an adequate performance management system.

Thus, it is important to highlight that the management team should consider factors, such as organizational culture, legal framework, the organizational policy, etc. in developing effective employee performance appraisal (Herreid, 2006). Also, according to a study of Mohram et al. (1991) (in Herreid, 2006), the main characteristics of effective performance appraisal are: 1) flexibility in rapport to changes occurring to the specific organizational context, and 2) being aligned to company's vision and main objectives. Therefore, in order to develop effective employee performance appraisal, managers should identify and consider the most important organizational contextual factors since these factors have an outstanding impact on their employees' levels of performance.

2.2. Contextual factors influencing employee performance appraisals in organizations

According to studies on effective performance management in organizations, particularly emphasizing high levels of employee performance, the organizational context is very important for successfully accomplish company's strategy and objectives (St-Onge & Morin, 2009; Haines III & St. Onge, 2012). Therefore, in the overall context of business globalization, authors focus on outlining the role of particular organizational contexts where employee performance appraisals take place, outlining the interest on future research comprising the wider cross-cultural context (Den Hartog, Boselie, & Paauwe, 2004).

Moreover, Erdogan (2002) highlights the role of social context of employee performance appraisal, mentioning the role of contextual factors represented by the perceived organizational support, organization culture, and the quality of the exchange (relationship) between members and the leader. It is noteworthy that the organizational context was associated with employees' perceptions on system's practices and on leader's behaviors, being also related to employees' trust in team management or organizational citizenship behavior (Zheng, Zhang, & Li, 2012).

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