

Performance Evaluations and Employee's Perception of Job Security

Nicole Komendat, Toni Didona

Albizu University

Abstract- This study investigates employee's perception of job security in relation to performance evaluations in the workplace. Job security can affect many facets of performance and attitude in the workplace. Not all organizations conduct performance evaluations, which can result in adverse outcomes for both them and their employees. The purpose of this study is to investigate the relationship between performance evaluations and employee's perception of job security. In addition, this study seeks to determine if there is a difference in receiving none, below average, average and above average evaluation feedback in terms of job security in performance evaluations being present or not. A one-way ANOVA was performed to evaluate the total score for job security and the performance rating the participants received. There was a significant difference between above average and average ratings ($p=.04$). Between the three groups (above average, average, and no performance rating) a significant difference was also found ($p=.012$). This indicates how important the evaluation process is while giving feedback to employees.

Index Terms- Job security, Performance Evaluations, One-way ANOVA

I. INTRODUCTION

In order to maximize productivity in an organization, managers should monitor workers and identify where advancement can be achieved (Brown & Heywood, 2005). More recently, performance evaluations are used to bridge the gap between current performance and desired performance through training and development (Deepa, Palaniswamy & Kuppusamy, 2014). A performance evaluation is a structured communication between an employee and a supervisor (Deepa et al., 2014) where goals are established to benefit both parties (Brown & Heywood, 2005) as well as feedback on performance, promotions, salary, and other administrative decisions are determined (Dorfman, Stephan & Loveland, 1986).

This process will give employees the opportunity to develop their strengths and learn their weaknesses in an effort to set goals and determine their position, if presented to them in a positive attitude (Dorfman, et al., 1986). The interaction between an employee and management can provide an opportunity to solve issues or confusion that may arise during one's tenure within an organization. Performance evaluations can be formal or informal, are always given by upper management, and are more likely to be implemented in larger organizations (Brown & Heywood, 2005). A qualitative study investigating nursing students'

perception of evaluations revealed through an interview that while formal performance evaluations are seen as holistic, the students preferred an informal approach with feedback conducted continuously (Yonge, Myrick & Ferguson, 2011). However, organizations differ in how often they conduct evaluations. In fact, Landy, Barnes-Farrell and Cleveland (1980) suggest they are usually conducted annually dependent on the administrative schedule.

Performance evaluations create the dynamic in the workplace that lead to better relationships and a positive work environment for the organization as a whole (Agarwal & Mehta, 2014). Not all organizations promote a healthy relationship between a supervisor or manager and their subordinates. Consequently, many employers lack the concern to assess how employees perceive the evaluation as being fair and results in a positive change or the opposite (Swiercz, Bryan, Eagle, Bizzotto & Renn, 2012). Landy et al. (1980) found if the evaluation is above average then it is more likely to be perceived as fair than those employees who receive below average ratings. Other factors may lead to the employee's perception of the appraisal such as support of colleagues, ego and interpretation of justice (Dusterhoff, Cunningham & MacGregor, 2014).

When the performance evaluation is aimed to improve the employee's future performance their quality of work and ability improves (Xu Zhangbei Humin, 2014). Performance evaluations are also a key to success in the long term rather than looking into the present financial status of the organization (Aktepe & Erosz, 2012). These evaluations can contribute to a positive relationship with a supervisor that can be established over time and may lead to confidence in the employee's security in the workplace (Cheng, Huang, Lee & Ren, 2012).

As the times and the economy change, organizations must keep up with demands by restructuring and reducing their workforce, ultimately this may lower employee's perception of job security (Hongchun, 2014). Job security is defined as employment conditions on a continuous contract (Zeytinoglu, Keser, Yilmaz, Inelmen, Özsoy & Uygur, 2012) with a perspective of the future position in the organization influenced by events in and surrounding the workplace (Schreurs, Hetty van Emmerik, Günter & Germeys, 2012). Evidence has shown that it has a tendency to shift throughout one's tenure in an organization (Scheurs et al., 2012). Consequently, job security becomes a subject of interest in research.

Scheurs et al. (2012) reports that as job security decreases employees are unable to meet the demands and objectives of their everyday duties. There are many threats to an individual's job security, which can result in job insecurity, such as layoffs due to the rise in technology advancement (Greenhalgh & Rosenblatt, 1984). For example, manufacturing jobs that were

available decades ago are now taken over by smart machines or software. When Greenhalgh and Rosenblatt (2010) investigated the evolution of job insecurity they found four elements that developed from interviewing participants: desired continuity, threat, job features at risk, and powerlessness. These four elements were also used in the study done by Ashford, Lee and Bobko (1989) who suggest it is crucial to research job insecurity consistently especially in times of change and with the rise of globalization. Specifically, job features at risk are organizational changes such as, a manager resigning; threats are workplace rumors rather than formal announcements (Greenhalgh & Rosenblatt, 2010).

From the perspective of the employee, job insecurity is seen as a discontinuity in a commitment from their employer (Scheurs et al., 2012). Since a large portion of the adult life is spent in the workplace, a constant fear of losing one's position could be overwhelming. In Ashford's et al. (1989) view, when an employee feels their job security is threatened they will find other employment opportunities. Furthermore, organizations are in competition to find the most qualified candidates, who are more accessible with the rise of technology and social media strategies. Ashford et al., (1989) states that turnover and distrust will be reduced as job security and commitment rise. Turnover is a process when an employee exits the organization either to go to another organization or for their own needs (Campion, 1991). However, studies have found that turnover is unlikely if job satisfaction is present (Agwarwal & Mahta, 2014). Job satisfaction is defined as how comfortable an employee is with their job (Deepa et al., 2014) making them more likely to have a positive attitude (Cullen, Edwards, Casper & Gue, 2014).

If an organization has the opportunity to increase job satisfaction they should utilize it, otherwise it can result in the loss of a high performing employee (Agarwal & Mehta, 2014). Zhang, Hu and Qiu (2014) found a relationship between job satisfaction and the feedback employees receive in their performance evaluation. Not only should goals and weaknesses be addressed while giving feedback but salary and promotions will also promote employee satisfaction (Dorfman et al., 1986). If an employee believes the organization contributes to their job security they will find this supportive, resulting in engagement to achieve organizational goals (Hongchun, 2014). Organizations are willing to make sacrifices for their leading employees because they have become threatened by an unstable economy and a rise in competition (Agarwal & Mehta, 2014).

A study performed in Finland required nine companies to complete a weekly diary followed by a survey and it shows that in times of support from supervisors employees experienced less job insecurity (Scheurs et al., 2012). Hongchun (2014) concluded that with the presence of job security the employer-employee relationship strengthened. Communication creates a healthy work environment so the employee's feel they are a part of something (Agarwal & Mehta, 2014). If an employee isn't aware of their performance they tend to become uncertain of their status within the organization (Scheurs et al., 2012).

In a study in China with 864 employees, Zhang (2014) found a significant positive impact of employees voicing their suggestions on improving the organization during performance evaluations. Since the objective in most organizations is to lower turnover and raise productivity it is in the organization's best

interest to introduce performance evaluations and increase job security.

There is quite a bit of literature on the decrease in job security (Greenhalgh & Rosenblatt, 1984; Ashford et al, 1989; Staufenbiel & König, 2010) and little research on how performance evaluations increase the construct. However, in a field study done in Turkey by Senol (2011), a relationship was found between external motivational factors, such as employee relations and organizational culture, and job security (Senol, 2011), but this study did not include performance evaluations as a construct. Comparatively, Cullen et al., (2013) found a relationship in change related uncertainty and employee's performance and satisfaction with organizational support as a mediator. Therefore, it is hypothesized that employees who receive performance evaluations will have higher job security than those who do not receive performance evaluations in the workplace. Also, employees who receive above average performance evaluation feedback will have higher job security than those who receive below average feedback.

II. METHODS

A. Participants

The participants in this study were adults over the age of 18 (age range: 20-71 years). After removing incomplete responses, a sample of 102 participants was achieved with 64% women and 36% men. Participants were recruited using convenience snowball sampling. The job titles of the participants were 41.2% professionals, 22.5% managerial level and 9.8% executives with incomes ranging from \$0-\$550,000. They were found using convenience snowball sampling through computer-mediated tools such as LinkedIn, Facebook, and email blasts. This indicates the research cannot be used to make an inference about the population as a whole. The participants were sent the Recruitment Email and an Informed Consent form was mandatory to open before the survey began. Faculty and students from Albizu University were excluded as well as individuals who were underage at the time of the survey.

B. Instrumentation

The survey link that was given to all participants was created using the online survey tool Survey Monkey. Demographic information was collected from all participants including age, gender, ethnicity, education, job position, income, marital status, children, birth country, citizenship, and people per household. Participants were asked in a yes or no format if their current or most recent employer conducts performance evaluations and what their performance was rated (above average, average, below average, and no performance evaluation), followed by the job security scale. Permission was obtained to use a 10-item job security scale ($\alpha=.87$) developed by Oldham, Kulik, Stepina, & Ambrose (1986) used in the online survey. This study derived from the equity theory, which suggests that employees compare themselves to coworkers and job security was one of the constructs tested (Oldham et al., 1986). The job security scale is a 7-point Likert-scale (1 = *very inaccurate* to 7 = *very accurate*). Two items in the job security scale were reversed scored items (My job is not a secure one; If this organization were facing economic problems my job would be the first to go). The ten questions were collapsed into three categories of economic

stability (e.g. Regardless of the economic conditions, I will have a job in this organization), job stability (e.g. I'll be able to keep my present job as long as I wish), and job security (e.g. I am secure in my job). It was estimated to take 10 minutes to complete and they were able to exit the survey at any time if they chose.

III. RESULTS

The data analysis was conducted using the online survey development Survey Monkey. The data was entered in Microsoft Excel, then analyzed using Statistical Package for the Social Sciences (SPSS) to investigate descriptive and inferential statistics. With this data, graphs were developed to provide a visual comparison between groups. Of the 102 total participants, 71 participants received performance evaluations at their current or most recent employer and 31 participants did not receive performance evaluations.

A One-way ANOVA was performed to evaluate the total score for job security and the performance rating the participants received. There was a significant difference between above average and average ratings ($p=.04$). Between the three groups (above average, average, and no performance rating) a significant difference was found ($p=.012$). The above average ratings were $\alpha=22.53$ and average were $\alpha=19.71$.

When separating the job security construct the pre-test criteria for normality was satisfied for the 3 groups (economic stability, job stability and job security). However, homogeneity was not satisfied for economic stability ($p=.041$). Job stability met homogeneity ($p=.315$) but there is no statistically difference between the two groups of performance evaluations being present or not Sig. 2-tailed ($p=.816$). Job Security met homogeneity ($p=.444$) but there is no significance difference between the two groups (yes or no) Sig. 2-tailed ($p=.124$). When combining the three constructs (economic stability, job stability, and job security) the total score met homogeneity ($p=.551$) but there was no statistically difference between the two groups (yes or no) Sig. 2 tailed ($p=.253$). A non-parametric test Mann-Whitney was ran for economic stability ($p=.696$) but there was no statistically difference between the two groups of performance evaluations being present or not.

There was no statistical difference in job stability, economic stability or job security when evaluating whether or not performance evaluations are given in the workplace. However, when combining the three and considering job security as a whole within the group in which performance evaluations are conducted a significant difference in total job security was found between two of groups of performance ratings (above average and average).

IV. DISCUSSION

Many studies evaluate how employees perceive performance evaluations (Smith, 1986; Landy et al.,1980). Asmuß (2008) studied how employees perceive critical feedback and found if the feedback is socially problematic the employee it is more difficult for the employee acknowledge the criticism. Those who

conduct performance evaluations should be trained on how to deliver feedback to employees especially if it is critical or negative in any way. When providing feedback for low performers the delivery should be presented in a supportive way to increase acceptance (Dorfman, et al.,1986).

Smith (1986) suggests training raters in evaluations will decrease errors and increase the effectiveness while providing employees with standards to compare their work to. Since there was no difference found in the presence of performance evaluations more could be considered with informal evaluations. Informal performance evaluations are also utilized in the workplace. Studies conducted in Canada concluded employees preferred to be rated more frequently with informal procedures supplementing formal evaluations (Gosselin, Werner & Halle, 1997; Yonge et al, 2011).

V. LIMITATIONS

Potential concerns in the performance rating data concluded no participants indicated they received a below average rating on their evaluation. This could mean they did not want to disclose the rating information or those willing to take the online survey have higher performance ratings than those who have below average. Also, the perception of the rating if seen as fair or unfair was not taken into account. This could have altered the employee's perception of job security.

There are other types of performance evaluations that can be utilized within an organization, that were not evaluated in this study. For example, divisional performance evaluation systems compare and evaluate performance of divisions, such as teams or departments (Aktepe & Erosz, 2012). Some participants indicated they didn't receive performance evaluations but answered they were still rated (above average and average) which could be considered informal evaluations or feedback given by upper management. However, it is still noted that communication, informal or formal, on performance is important for the wellbeing of employees and the organization.

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AUTHORS

First Author – Nicole Komendat, Albizu University, e-mail: Nirmala3737@gmail.com
Second Author – Dr. Toni Didona, Albizu University, e-mail: tdidona@albizu.edu