Examining the Correlation Between Performance Appraisal and Legal Termination in Employment

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Abstract—The main objective of this study is to examine the correlation between annual performance evaluations in private hospitals and legal termination. Specifically, the study investigates whether employees are dismissed due to subpar performance following their assessment by performance appraisal management. This study utilized a quantitative approach to evaluate data from four distinct private hospitals in order to ascertain whether employees are terminated due to subpar performance subsequent to evaluation by a performance assessment management system. 100 surveys were distributed, but only 68 were received. The study's findings indicate a deficient and feeble connection between performance appraisal evaluation and legal termination in private institutions.

Keywords—Durban, Legal Termination, Performance Evaluation, Private Healthcare Facilities

I. INTRODUCTION

Terminating employees in accordance with the law is unquestionably the most crucial action a company can take in the current business landscape. The primary objective of this study is to examine the correlation between annual performance assessments conducted in private hospitals and instances of legal termination. The study specifically looks into whether managers dismiss employees for poor performance after they have received a performance appraisal. Performance management is a strategic approach that aims to enhance employee performance and develop the abilities and skills of individual and group contributors. It is designed to increase organizational effectiveness by nurturing the talents and skills of employees (Rasheed et al., 2011).

II. LITERATURE REVIEW

Toppo and Prust (2012) conceptualized work performance as encompassing both contextual and job performance. Moreover, they illustrated that job performance pertains to the proficiency with which an individual carries out tasks, while contextual performance encompasses supplementary abilities that are mainly connected to the organizational setting, psychological factors, and social aspects, with the purpose of assisting in the attainment of organizational objectives or goals (Khan et al., 2012). Contextual variables encompass attributes such as exerting more effort and enthusiasm, willingly offering assistance with tasks, and endorsing and backing an organizational objective or set of goals (Mohsin & Zahid, 2012). Yusoff (2014) defines performance appraisal as a systematic process that evaluates a person's task performance and links this information to the individual. Moreover, it is suggested that
performance appraisal provides information for human resource management activities such as termination, promotion, merit-based compensation, and lawful dismissal (Adnan & Al-Adwan, 2012). The information obtained from the performance appraisal can also be utilized to monitor the level of effort and contribution made by employees, which can be beneficial for future training and development purposes (Arumugam et al., 2011). Moreover, performance appraisal facilitates the chance for individuals to participate and engage in the process of approving activities and human resource planning (Khair & Saeed, 2011). Managers and other organizations, including stakeholders like customers, evaluate each individual's performance. Performance assessment can be conducted using many methodologies. There are three main types of approaches to take into account. Graphic Rating Scales (GRS) are the primary category of performance appraisal procedures. They are the most commonly employed approach and methodology for rating performance. Under this system, employees will be assessed using either a five-point scale or a seven-point scale. The second category of performance appraisal methods consists of comparison strategies such as forced distribution, rank-order, and paired comparisons, which are used to evaluate employees. This method will be used to assess and compare employees with each other. Individuals will be evaluated based on a provided performance measurement, utilizing the rank-order methodology to determine their level of performance, ranging from high to poor. Due to the ordinal scale qualities of the rank-order methodology, the precision of performance measurement and evaluation would be reduced. Moreover, by employing the paired comparison methodology, each member of an organization will be compared to other members and assessed to ascertain who excels the most. This method is commonly employed to evaluate an individual's overall capacity to successfully complete a task. Ultimately, when dealing with a substantial number of individuals under examination, the forced distribution strategy is widely regarded as the most effective approach among all available methods. Hameed and Waheed (2011) determined that this methodology assigned people a range of metrics, from poor to good. Behavioral checklists constitute the third group. This group comprises the following practices: behavioral-observation scales (BOS), mixed standard rating scales (MSRS), and behaviorally anchored rating scales (BARS). The initial group, known as BOS, is established with the purpose of augmenting BARS. In this scenario, the assessors analyze an individual based on the frequency of significant episodes or specific individual behaviors. The assessor observes the individual for a predetermined duration and assesses their severity level on a scale. The second group (MSRS) is interested in both the nature of the performance aspect and the specific levels of performance that are determined. In this case, the assessors' responses to the various aspects of an individual's performance determine their evaluation. Evaluators assess specific behaviors that exemplify the levels of average, low, and high performance within each performance dimension. BARS is an acronym that represents the amalgamation or fusion of rating scale approaches and behavioral incidents. In this case, individuals' performance will be assessed using an unanchored scale (Gbolahan, 2012).

Research Hypothesis: The increase in employee performance resulted in a decrease in the number of employees being legally terminated.

III. Research Method
The study was carried out at four different private hospitals in Durban. The main purpose of this research is to analyze the association between the annual performance appraisal evaluation and legal termination at private hospitals. A quantitative method was used in this research to analyze the gathered data from four different private universities to find out whether employees are terminated based on their poor performance after being evaluated by performance appraisal management system. 100 questionnaires have been distributed, however only 68 questionnaires were received.

IV. DATA ANALYSIS

Table 1 - Demographic Analysis

<table>
<thead>
<tr>
<th>Items</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>38</td>
<td>55.1</td>
</tr>
<tr>
<td>Female</td>
<td>31</td>
<td>44.9</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-22</td>
<td>11</td>
<td>15.9</td>
</tr>
<tr>
<td>23-26</td>
<td>21</td>
<td>30.4</td>
</tr>
<tr>
<td>27-32</td>
<td>17</td>
<td>24.6</td>
</tr>
<tr>
<td>33-38</td>
<td>8</td>
<td>11.6</td>
</tr>
<tr>
<td>39-44</td>
<td>7</td>
<td>10.1</td>
</tr>
<tr>
<td>45-49</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>50+</td>
<td>2</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Table (1) shows the demographic analysis for the current study. As for participants' gender; 38 participants were male and 31 participants were female. As for participants' age; 11 participants fall in a group of 18-22 years old, 21 participants fall into a group of 23-26 years old, 17 participants fall into a group of 27-32 years old, 8 participants fall into a group of 33-38 years old, seven participants fall into a group of 39-44 years old, three participants fall into a group of 45-59 years old and only two participants fall into a group of 50 years old and above.

Table (2) shows the reliability test for performance appraisal as independent factor and legal termination as dependent factor. The Cronbach Alpha for performance appraisal = .874 for 14 items which is more than .6 accordingly performance appraisal’s fourteen items used in this study were reliable and The Cronbach Alpha for legal termination = .864 for 12 items which is more than .6 accordingly legal termination’s twelve’s items were reliable.

Table 3 - Correlation Analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>Performance Appraisal</th>
<th>Legal Termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Appraisal</td>
<td>.781**</td>
<td>.000</td>
</tr>
<tr>
<td>Termination</td>
<td>.781**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>68</td>
<td>68</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Table (3) shows the correlation analysis between performance appraisal as independent variable and legal termination as dependent variable. The Pearson correlation value = .781** which is greater than 0.01 this indicates that there is a positive and strong correlation between performance appraisal and legal termination in private hospitals in Durban, South Africa.

Table 4 - Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.781**</td>
<td>.610</td>
<td>.604</td>
<td>.45479</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Performance Appraisal

In table (4) the value of R Square is .610 which means that 61% of the variables are explained.

Table 5 - ANOVA

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>21.383</td>
<td>1</td>
<td>21.383</td>
<td>1033</td>
</tr>
<tr>
<td>Residual</td>
<td>13.651</td>
<td>66</td>
<td>.207</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35.035</td>
<td>67</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table (5) shows the value of F for both factors is 103.383>1 which indicates there is a significant association between performance appraisal and legal termination.

Table 6 - Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The value Beta = .781 as seen in table (6) is greater than 0.01 which means that there is a positive and strong relationship between performance appraisal and legal termination at private hospitals in Durban, South Africa.

V. Conclusion
Every hospital should document the explanations and assessment for the termination decision. Integrity is improved with documented performance appraisal assessments and cases of poor performance. Hospitals should be able to provide certain procedure of performance evaluator or an effective guidance to help poor performers in enhancing their performance. The result of this research demonstrated that there is poor and weak association between the evaluation of performance appraisal and legal termination at private hospitals.

VI. References


