

**Integrating Management and Employee Expectations in
Determining Organisation-Specific Performance
Appraisal Systems' Design**

by

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ABSTRACT

The purpose of this study was to determine a model to integrate managerial and non-managerial expectations, regarding performance appraisals, in an organisation-specific performance appraisal system's design. The sample consisted of 178 respondents that completed a newly developed questionnaire, aimed at obtaining the respondents input in the performance appraisal system's design. The results of the managerial group were compared to the non-managerial group. Some significant differences were obtained regarding the design of the performance appraisal system. The results and implications are discussed.

OPSOMMING

Die doel van die studie was om 'n model te ontwikkel vir die integrasie van bestuurslede en nie-bestuurslede se verwagtinge, rakende prestasiebeoordeling, ten einde 'n organisasiespesifieke prestasiebeoordelingstelsel te ontwerp. Die steekproef, van 178 respondente, het 'n nuutontwikkelde vraelys beantwoord om hulle insette te bepaal rakende die tema. Hierdie insette word daarna gebruik as 'n bydrae tot die ontwerp van die prestasiebeoordelingstelsel. Die resultate van die twee groepe (bestuurslede en nie-bestuurslede) is vergelyk en sekere statistiese beduidende verskille het daaruit voortgespruit. Die implikasies en resultate word bespreek.

KEYWORDS: Performance appraisals, Performance appraisal systems

CONCEPT DECLARATION:

I, Hendrik Johannes Louw, declare that “Integrating management and employee expectations in determining organisation-specific performance appraisal systems’ design” is my own work. All the resources, that I used for this study, are cited and referred to in the reference list by means of a comprehensive referencing system.

I declare that the content of this dissertation has never been used for any qualification at any tertiary institution.

Hendrik Louw

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**INTEGRATING MANAGEMENT AND EMPLOYEE EXPECTATIONS IN
DETERMINING ORGANISATION-SPECIFIC PERFORMANCE APPRAISAL
SYSTEMS' DESIGN**

A study investigating the difference between employee and management needs and expectations of performance appraisals, with the aim of utilising the information obtained as contributor to the performance appraisal system's design.

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CHAPTER 1:

General Introduction

1.1 PROBLEM STATEMENT

Performance appraisals are part and parcel of modern-day organisations. However, performance appraisals are generally multi-purpose systems (Williams, 2002:219) often without clear focus (Wiese & Buckley, 1998). Employees and managers have struggled with performance appraisals. Both employees and managers recognise the widespread ineffectiveness and resistance to appraisals as well as their unintended, undesirable effects. Most people treat these outcomes as anomalies to be cast aside, blaming the givers as “ineffective managers” and the receivers as “malcontents” (Coens & Jenkins, 2000:2).

Having said this, it is pertinent to note that organisations are growing more and more dependent on formal appraisals to make personnel decisions. Organisations are aware that well-developed appraisal systems increase the probability of retaining, motivating and promoting productive people. Performance appraisals are seen as an essential tool for the effective management of organisational human resources and that the proper management of human resources is a critical variable affecting an employee's productivity (Latham & Wexley, 1994:1).

Further, the perceptions, needs and expectations that management and staff have of performance appraisals rarely co-incide, leaving either party, and often both parties, disenchanted and disillusioned by a cumbersome system that is impractical and time consuming. Fisher (1994) confirms that the design and structure of the performance appraisal system is important to staff and management and of equal importance to the actual appraisal interview. Authors agree that performance appraisals should be to the advantage of managers and employees (Wilson & Western, 2000) but few systems, if any, involve these stakeholders in the design of the system.

In a recent study by Fandray (2001), it was found that 32% of the human resources practitioners surveyed were either unsatisfied or very unsatisfied with the performance management system in their organisation. They cited deficiencies in leadership development, coaching, 360-degree feedback, development planning and a lack of support from top management as the greatest difficulties that they experienced with these systems. It was further reported in this study, that 42% of the organisations surveyed stated that executives do not review their organisation's current performance appraisal system.

The problems that organisations face with the design of their performance appraisal systems are thus:

- Organisations follow a top-down approach, often enforcing what they believe performance appraisals should achieve, rather than what employees and management expect of such a system.
- Organisations don't know how to ascertain what management and staff expect of performance appraisals.
- Organisations don't know how to mediate between differing expectations and needs of staff and management, and how to translate these mediated expectations to performance appraisal systems design.
- As a result, performance appraisals often lack buy-in from either management or employees (and often both) as these stakeholders had not been consulted in the systems' design.

To design performance appraisal systems, the needs and expectations that management and employees have of performance appraisals (and performance appraisal systems) must be aligned to assist with the system's design. Furthermore, every element of the performance appraisal's design must be investigated as the needs and expectations that staff and management have of each element will impact on the level of buy-in (from all stakeholders) as well as

the credibility of the system in its entirety. There are three main areas of performance appraisal systems' design:

- Performance appraisal objectives (What is the purpose of the system?)
- Performance appraisal design (Measurement criteria, outputs, behaviours)
- Performance appraisal process and methodology (How the performance appraisal is conducted, including the appraisal interview and feedback) (Williams, 1998:191; Saunders, 2002:60; Olson, 1981:45; Mohrman, Resnick-West & Lawler, 1989:19; Orpen, 1995).

1.2 RESEARCH OBJECTIVE

The aim of the research is to develop a model, including a survey instrument, which can assist organisations, through the alignment of management and employee expectation, to design an organisation-specific performance appraisal system.

Four main aspects will be addressed, namely:

- Employee expectations and needs of performance appraisals systems' objectives.
- Management expectations and needs of performance appraisals systems' objectives.
- Performance appraisal systems' design principles.
- Performance appraisal methodology.

The questions should be asked: What must a performance appraisal achieve? Is the appraisal there to satisfy line management's needs or is it there to satisfy the needs, wants and objectives of staff members? The answer lies in a combination of these questions in that the appraisal must comprehensively address both the needs and expectations of line management and those of staff members (not

forgetting the needs of the organisation within which the system functions). Using both these groups' needs and expectations in the system's design will contribute towards the credibility and usage of the appraisal system.

Research Question:

"What are the needs and expectations that managers and employees have of performance appraisals and how can these be translated into performance appraisal system design principles?"

1.3 WORK PLAN

The chapter breakdown is as follows:

CHAPTER 1: General introduction

CHAPTER 2: Performance appraisal objectives

CHAPTER 3: Performance appraisal design

CHAPTER 4: Performance appraisal methods

CHAPTER 5: Research methodology

CHAPTER 6: Results

CHAPTER 7: Conclusions and recommendations



Chapter 2: Performance appraisal objectives

2.1 INTRODUCTION: PERFORMANCE APPRAISAL OBJECTIVES

The famous business term “structure follows strategy” applies equally to system design as it does to organisational structure – the difference lies in that structure would refer to system design and methodology, and strategy would refer to the system’s objectives. Thus, methodology should always follow objectives. This may seem rather obvious, however, literature as well as practice, tends to indicate that performance appraisal systems are implemented without having clear objectives (and most often not taking the needs of the main system stakeholders into account).

In a survey conducted by the Institute of Manpower studies (as reported in Williams, 2002: 27) it was indicated that performance management (of which the appraisal forms the key factor) had various aims, including improving organisational effectiveness, motivating employees, improving training and development, setting objectives/targets, providing feedback on performance, changing organisational culture and linking pay to productivity. However, these aims were the “official” aims documented by the designers of the performance appraisals. These do not account for the actual expectations of employees or line managers.

Performance appraisals, through goal setting, should lead to focussed performance – performance aimed at achieving certain goals. However, Roberts (1994) states that the major failure of performance appraisals is that what is measured is often not done, thus questioning the global objective of performance appraisal (or even performance management as a whole).

The purpose of this chapter is to delineate the most common objectives (by no means an exhaustive list) of performance appraisal systems. The objective(s) of the performance appraisal system lay the foundation for the system’s design and also form the “golden thread” that provides the system with a sense of cohesion.

The objectives also serve as a design control measure, as every element that is designed needs to act synergistically towards achieving the predetermined objectives.

2.2 GLOBAL OBJECTIVES OF PERFORMANCE APPRAISAL SYSTEMS

Objectives of performance appraisal systems are as diverse and as numerous as the authors that compile them, and it should be as such – performance appraisal systems’ objectives should be organisation specific, as the system should be aimed at a specific context for a specific purpose. However, for the purpose of this study, when an organisation designs its performance appraisal system, and involves management and employees to assist in the design, the organisation should provide the “lay” person (managers and employees that are not performance appraisal experts) with general performance appraisal guidelines. These guidelines act merely as design input and guide the “lay” person, who does not possess in-depth knowledge of performance appraisal systems design, through the design process.

After studying the literature closely six main themes were identified. These will now serve as framework for classifying the various global objectives:

- **Administration**
- **Communication and motivation**
- **Planning**
- **Assessment**
- **Person development**
- **Outcome action**

2.2.1 Administrative objectives

Amongst the many objectives that performance appraisals may have, the most obvious is that of human resources administration. McGregor, as quoted by Anderson, provides a classification for the objectives of performance appraisals and underscores the administrative objectives as providing an orderly way of determining promotions, transfers and salary increases. He adds that the administrative objective is closely related to the informative objectives, where performance appraisals provide management with data on the performance of subordinates and the individual with information on his/her perceived strengths and weaknesses (Anderson, 1993:13).

This is supported by Olson (1981:31) where he states that performance appraisals provide a flow of information about performance and developmental needs of employees, to enhance future personnel decisions about job assignments, promotions, transfers and terminations.

When the administrative function of performance appraisals are addressed Lefkowitz (2001) heeds the design team to remember that the appraisal should be easily understood and that one should be able to review it at a glance.

2.2.2 Communication and motivation

Communication and motivation are key elements to any employment relationship. Anderson (1993:13) states that performance appraisals create a learning experience that motivates staff to develop themselves and improve their performance. Grote (2000) adds to this that performance appraisals fulfil an important communicative function by reinforcing and entrenching the organisation's core values and competencies.

Gill (1998) indicates, in elementary terms, that performance appraisals should constitute an open communication, where both manager and employee state what is done well and what needs improvement. Olson (1981:31) supports this notion by stating that performance appraisals form the vehicle for management and employees to develop a mutual understanding of responsibilities and goals. Poon (2004) quotes Murphy and Cleveland who state that performance appraisals frequently have task-performance goals (eg. to motivate or maintain performance) and interpersonal goals (eg. to maintain a positive work group climate) as specific performance appraisal objectives.

Latham and Wexley argue that staffing, performance appraisal, training and motivation principles are four key systems necessary for ensuring the proper management of an organisation's human resources. They further emphasize that staffing, training and motivation is based on a performance appraisal foundation (Latham & Wexley, 1994: 3). Thus, the performance appraisal should aim at contributing information on which these systems can be built.

Champion-Hughes (2001) indicates that performance appraisals can improve employees' work satisfaction and contribute towards employee involvement. However, this can only be accurate if all employees are involved with the goal setting process (i.e. system design must allow for joint goal-setting). A recent survey found that executives are (generally) unhappy with their performance appraisal system (Wade & Recardo, 2001:xi). The question then remains whether executives would be more satisfied with their performance appraisal system, if they had been involved with its design.

A further facet to the communication objective of performance appraisals, is the ability to give feedback to employees about their performance on various tasks. DeNisi, (2000:121) argues that performance appraisals are most often employed as a means of providing feedback to employees about their performance on the job. Pratt (1986:2) supports this view by stating that feedback is given, regarding

the employee's past and present performance, to ensure an improvement in performance.

2.2.3 Planning

Performance appraisals can be used for various planning activities, as well as a strategic planning tool. According to Coutts and Schneider (2004), performance appraisals are part of a larger set of human resources practices. They argue that it is the tool for evaluating the degree to which every employee's day-to-day activities tie in with the goals of the organization. Pratt (1986:2) indicates that performance appraisals can be used for labour planning, both in an audit function and as a tool for forecasting staffing needs. Lefkowitz (2001) supports using performance appraisals as a strategic input by stating that performance appraisals facilitate the creation of a clear vision throughout the organisation, if linked to the organisation's strategic plan and that appraisals should enable the organisation to transform strategic plans into real accomplishments.

On a more operational level, goal setting, as an appraisal objective, is also seen as a planning function, as an employee plans his/her future performance, with his/her immediate supervisors, through the performance appraisal's goal settings (Pratt 1986:2)

2.2.4 Assessment

The most obvious objective of performance appraisals is that of assessment – the evaluation of an employee's performance, as objectively as possible, against specified job goals (Olson, 1981:31).

Furthermore, apart from assessing the individual's performance against his/her specific job goals, performance appraisals can also be used to assess the individual's capacity for advancement (Pratt, 1986:2).

Through the assessment function of appraisals, a powerful means of managerial control is created, by the setting of objectives in a hierarchical fashion and a review of success or failure in achieving these objectives (Edmonstone, 1996).

2.2.5 Person development

It is important to note that from a survey conducted in the USA, it was found that only 42% of the surveyed employees stated that they receive regular feedback regarding their performance from their manager and only 25% indicated that their manager coached them to improve their performance (Bates, 2003).

When person development is addressed there are two main areas of development referred to in literature. Firstly, increasing job performance through the measurement and guidance process, and secondly improving the individual's skills set and thus facilitating long-term improved performance.

Schweiger and Sumners (1994) categorically state that performance appraisals are mainly used for two purposes, namely judgemental and developmental outcomes. Judgemental refers to the categorising of employees as good performers or poor performers, and developmental outcomes refer to the enhancing of the employee's skills set.

Olson (1981:31) emphasizes operational impacts, attained through performance appraisals, which provide the basis for improving job performance. He states that through identifying specific areas for employee improvement, developing mutually agreed-upon plans to improve the employee's performance, providing support and specific feedback to the employee and gaining commitment and involvement from the employee, performance will improve. He then addresses the second employee developmental scenario by stating that incorporating

greater use of employee skills and capabilities, directly (and indirectly) influences productivity (or performance). Longenecker (1997) supports this view.

Pratt (1986:2) addresses the secondary developmental objective by highlighting that performance appraisals can serve as a vehicle to identify and plan around areas where the employee needs additional training to enhance their skills set.

According to Fletcher (2001), the objective of multi-source feedback (360-degree) was generally aimed at employee development, which is now changing – organisations are now increasingly using it in the context of annual performance appraisal processes.

2.2.6 Outcome action

Appraisals are not an end in themselves and need to be aimed at some action, post assessment. There are various areas to consider here, amongst them, promotion opportunities, remuneration reviews, employee developmental areas and corrective disciplinary measures.

Grote (2000) and Edmonstone (1996) state that to transform the organisation from “best-effort” into a results-driven organisation, performance appraisals should be used to better reward high performers and directly target poor performers for improvement/termination. Edmonstone (1996) and Longenecker (1997) further add that appraisals should form the foundation for remuneration and reward, based on performance.

Pratt (1986:2) states that organisations either directly link the appraisal to salary reviews – where the score obtained at the appraisal affects the increase obtained – or indirectly, where the appraisal influences the increase but there is no direct link to the appraisal. He also states that whatever the outcome action of the

appraisal is, fairness and parity must permeate the system to ensure that all staff members receive a fair and equitable appraisal.

Further, it must be noted that apart from the intentional desired and planned outcomes of performance appraisals, there are also unintentional, undesired and unplanned outcomes. Poon (2004) indicates that organisational executives were more concerned about the effect of the performance ratings given, than whether or not the ratings accurately reflected employees' performance (from a study by Longenecker et al in Poon (2004)). This illustrates that the unintentional effects of the results of performance appraisals are widely recognised.

Hunt (2005:2) perhaps summarises the global function or objective of performance appraisals best – that of satisfaction. He postulates that the employer should be satisfied that the employee is functioning well, in terms of the needs of the organisation, and the employee needs to be satisfied that the employer and the organisation are looking after his/her needs.

2.3 STAKEHOLDER EXPECTATIONS OF SYSTEMS' OBJECTIVES

It is imperative to note that each organisational stakeholder, whether a participant in the appraisal or not, will have his/her own expectations of the system (Williams, 2002:220). These expectations should be incorporated in the objectives determined for the system (as far as possible).

Table 2.1
Differing expectations of managers and employees

| Managerial expectations | Employee expectations |
|---|---|
| Easy to use system | Feedback |
| Encourages employee motivation | Avoiding interpersonal conflict |
| Clarifies and communicates what is expected of the employee | Enhances status within the organisation |
| Increases employee performance | Manages impressions |
| Avoids interpersonal conflict | Identifying and meeting developmental needs |
| Builds and maintains good interpersonal and working relationships | Discussions around advancement opportunities |
| Enhances own status within the organisation | Developing personal competence |
| Manages impressions | Enhancing self-esteem and other aspects of well-being |
| Develop employees' competence | Defence against criticism |
| Enhances employees' self-esteem and other aspects of well-being | Conveying upward feedback |
| | Seeking improvement in working conditions |

(adjusted from Williams, 2002:220)

2.4 SUMMARY: PERFORMANCE APPRAISAL OBJECTIVES

In summary, the following themes permeate literature as objectives of performance appraisals:

- **Administration:** Performance appraisals have an administrative component which assists with transactional human resources activities, such as promotions and dismissals.
- **Communication and Motivation:** The relationship between manager and employee must be enhanced through the appraisal process. Here, the motivational aspect of performance appraisals is accounted for. Corporate communication – the communication of the organisation’s global strategy, vision and mission – also forms an integral part of the performance appraisal. This, in turn, gives rise to the next objective:
- **Planning:** Performance appraisals assist the manager and employee to strategise the employee’s role for the coming period. Goals are set and expectations communicated (both organisational and individual goals and expectations). Accountability for, and ownership of, organisational and individual goals (for both the organisation and the employee) form part of the planning process.
- **Assessment:** The most obvious objective of a performance appraisal must be that of assessing the employee’s work delivery against the predetermined goals and expectations (and measurables). Through this assessment it must be determined whether the employee has met these goals and expectations, exceeded them or did not satisfactorily deliver results. Furthermore, the causes of failure (or under-delivery) must be determined to ensure that the following period’s performance improves. This objective will also give input into person development as a systems objective.
- **Person development:** Performance appraisals should not have a punitive methodology (especially in a skills-scarce environment), but should be remedial in nature, aimed at correcting under-delivery (or at least on first engagement). Often, performance appraisals lose credibility and legitimacy as measures of employee performance when they are utilised for disciplinary purposes. At best, discipline should be an outcome of performance appraisal (a result of unsatisfactory employee

performance), and not an objective in itself, so that system design may not be affected by this and lose sight of the primary goal of objective measurement. Further, skills, necessary for the individual's career aspirations, must also be assessed so that the organisation can assist the individual, through formal learning (course work at an accredited institution) or informal learning (mentoring, coaching and on-the-job training), to obtain the skills necessary for career progression. The development of skills is not a one-sided benefits case, as the organisation has an opportunity to ensure that it develops the skills that it will need in the future.

- **Outcome action:** The appraisal system must have an outcome action-whether it is a recognition strategy, for good performers, or disciplinary action for poor performers. However, the system will be fundamentally flawed if it is not seen as leading to action – if it is seen as a “dead” administrative process it will be seen as pointless and thus incur the wrath of both management and employees.

Authors are undecided about linking performance appraisals to remuneration – some authors argue that it gives the system legitimacy and ensures buy-in from all stakeholders, while others argue that appraisal systems are tainted with subjectivity, which leads to legal disparities when the appraisal directly impacts on remuneration. The link to remuneration will be discussed in greater detail in the performance appraisal design section below (Chapter 3).

These objectives must serve as input to the system's stakeholders that will determine whether these are the objectives that *they* expect of the system. The role of the system design team would be to mediate the differing expectations of the various stakeholders and formulate systems objectives from there.



Chapter 3: Performance appraisal design

3.1 INTRODUCTION: PERFORMANCE APPRAISAL DESIGN

Halachmi (2005) offers a list of arguments for the use of performance appraisals, which also point to the role that performance appraisals fulfill within the organisation:

“If you cannot measure it you do not understand it; If you cannot understand it you cannot control it; If you cannot control it you cannot improve it; If they know you intend to measure it, they will get it done; If you do not measure results, you cannot tell success from failure; If you cannot see success, you cannot reward it; If you cannot reward success, you are probably rewarding failure; If you will not recognize success you may not be able to sustain it; If you cannot see success/failure, you cannot learn from it; If you cannot recognize failure, you will repeat old mistakes and keep wasting resources...”

This argument indicates how performance appraisals are married to business strategy, and how performance appraisals contribute to organisational results. Key to this, is the design of the performance appraisal system.

In this section three main points will be discussed:

- Global system design facets.
- Performance appraisal criteria determination.
- Performance appraisal form design.

3.2 GLOBAL SYSTEM DESIGN FACETS

When designing performance appraisals, it must be noted that they form part of a performance appraisal system, which in turn forms part of numerous larger systems. Within the area of global system design, various sub themes that impact on performance appraisal system design, were identified from the literature:

- Organisation culture
- Stakeholder involvement
- System attributes
- Documentation
- Linking pay to performance

3.2.1 Organisation culture

The organisation's culture permeates all systems within the organisation - performance appraisals are no exception – and thus the organisation's culture has a direct impact on the performance appraisal (and performance appraisal system) design. Unless performance appraisals are congruent to the organisation's culture and code of conduct, the performance appraisals are likely to be rejected (Soltani, Gennard, van der Meer & Williams, 2004). However, culture is a fluid concept and the reciprocal influence that performance appraisals have on the culture elements within an organisation must also be recognised.

Pratt heeds us to remember that whatever performance appraisal system is introduced, it remains an intervention into the organisation's culture and politics, which comes with the normal resistance and questioning (Pratt, 1986:13).

According to McManus (2003) the systems used within an organisation shape the perceptions and feelings of employees (which are representative of the organisation's culture) and which in turn influence productivity.

The organisational system, within which the appraisal will be implemented, is another facet to the organisational culture that needs to be kept in mind when designing a performance appraisal. The main reason why well designed performance appraisal systems fail, according to Hunt (2005:20), is because the organisation within which the system is implemented is not considered an "open" organisation. Hunt indicates that the secretive nature of many

organisations (regarding matters such as finance and remuneration) often leaves employees demotivated due to a lack of insight into the organisation's functioning. Further, Hunt (2005:23) lists the elements of an "open" organisation, which must be taken into consideration when designing performance appraisals:

- Consultation.
- Involvement in organisational decision-making.
- Open policies and procedures.
- A flat managerial structure.
- Having rights and responsibilities.
- Recognition of the needs of the individual, not just in relation to work.

Liebenberg (1984:12) supports this view by stating that employee participation with the system's design ensures that better results are obtained and that the outcomes of the system are more readily accepted. Taking this into consideration, it must be underscored that the performance appraisal should match the organisation's culture and level of "openness". The appraisal should not be used as an intervention to change organisation culture.

Linking individual performance to organisational objectives is one of the main aims of performance appraisals (see chapter 2). To operationalise this objective, Fandray (2001) suggests that a set of role-based competencies should be compiled: Firstly, every employee should be informed of 5 or 6 qualities that ensure success for every member of the organisation (global, organisation cultural and strategic goal related qualities). Secondly, translate these qualities into job specific performance criteria.

In summary, there is a direct relationship between the organisation's culture and the performance appraisal used within that culture, but the performance appraisal should follow the organisation's culture, not vice versa.

3.2.2 Stakeholder involvement

Performance appraisals are designed to serve a specific target audience – organisational stakeholders. Thus, to ensure the success of any performance appraisal, it is imperative to involve as many organisational stakeholders as possible.

Mohrman et al (1989:28) and Williams (1998:2) state that it is imperative to get the right people involved (when designing performance appraisals) – the people that will be using the system. Coutts and Schneider (2004) specifically highlight that the employee must have an opportunity for meaningful input in the system's design.

Further, if managers and employees are not involved with the system's design, they will not be committed to it (Mohrman et al, 1989:31). This is supported by Pratt (1986:13), who points to legitimacy: Employees that were not consulted in the design stage will not see the system as legitimate, which leads to further acceptance difficulties (buy-in legitimacy). The system must also be seen as relevant to the organisation and its goals (true legitimacy). However, they do not suggest a method to involve management and employees. Saunders (2002:21) underlines the importance of transparency and buy-in and indicates that it is imperative to consult all parties that will be involved in, or affected by, the assessment process.

In support of this, Pratt (1986:13) states that all stakeholders must be consulted during all phases, but it is crucial to consult during the appraisal design phase. He states that at least the following aspects should be discussed:

- i. Utility and objectives of the appraisal system.
- ii. Scope of the appraisal system (who will be appraised; how many appraisers; etc).
- iii. Appraisal interviews (who will conduct them; how regularly; training).
- iv. Appraisal reports (appraisal form design; performance criteria; etc).

Closely linked to stakeholder involvement, is the communication that accompanies an appraisal system. Pratt (1986:13) highlights that when a new system is introduced staff members will need answers to at least the following questions:

- i. What is the purpose of the appraisal system?
- ii. How will it affect the individual and what contributions are expected of the individual?
- iii. How often will appraisals be conducted?
- iv. Who will conduct the appraisal?
- v. What subjects will be discussed at the interview?
- vi. What reports are to be completed and what do they look like?
- vii. What happens after the appraisal?

Another area where stakeholders need to be involved with the appraisal system's design, is what training will be presented to stakeholders. Pratt (1986:13) states that all participants and stakeholders must be trained in the use of the system. Coutts and Schneider (2004) support this by iterating that the appraisal system's design must ensure that the appraiser has the skills required of him/her to conduct the appraisal related tasks.

3.2.3 System attributes

When the design of the appraisal system is undertaken, the system's various attributes must be addressed. Below is a list of various attributes that should be addressed:

- **Credibility, reliability, relevance, objectivity, transparency and timeliness**

Lefkowitz (2001) advocates that performance measures must be objective (measures using data that can not be manipulated); credible (measures that address the goal that they are supposed to) and timely (measures that provide stakeholders with regular feedback). Swan

(1991:18) highlights that performance measures used must be relevant to the job as well as accurate measures of performance. He also stresses that the measures used must allow for inter-individual comparisons across the organisation. Inter-individual comparison is only possible when the system focuses on performance variables and not on personality traits (Coutts & Schneider, 2004).

Further, Swan (1991:18) underscores the importance of the measures being reliable (in that different raters will arrive at the same conclusion) and that the information is useful.

Fandray (2001) supports the notion of transparency and co-operation by stating that performance goals (as discussed at the performance appraisal) must be reached through mutual agreement, by both manager and employee. He further stresses that the goals must be flexible enough to allow for fluctuations in the economy and business, and that the metrics used to measure performance must be clearly articulated, as these contribute toward transparency.

Another vital aspect to be taken into consideration when designing a performance appraisal system, is the time at which appraisals should be conducted. The performance-appraisal calendar should be linked to the organisation's business calendar, thus co-ordinating performance appraisals throughout the organisation (Fandray, 2001).

- **Feedback**

The regularity of feedback is a perennial facet according to the literature regarding appraisal design (Coutts & Schneider, 2004; Garber, 2004:63; Wall, Conlon, Cullen & Halligan, 2002). Feedback must constantly be given (or as regularly as possible) and Analoui and Fell (2002) indicate that regular feedback is imperative to maintain the credibility of the appraisal process. Feedback must aim at fostering employee growth and development (Coutts & Schneider, 2004).

Garber (2004:63) classifies performance appraisal systems according to the level of feedback provided by each system, which highlights the importance of this design facet. When a performance appraisal system is designed, feedback, as one of the key elements to the appraisal, must be duly considered within the organisation's universe of functioning. Garber's list classifies performance appraisals into 6 categories:

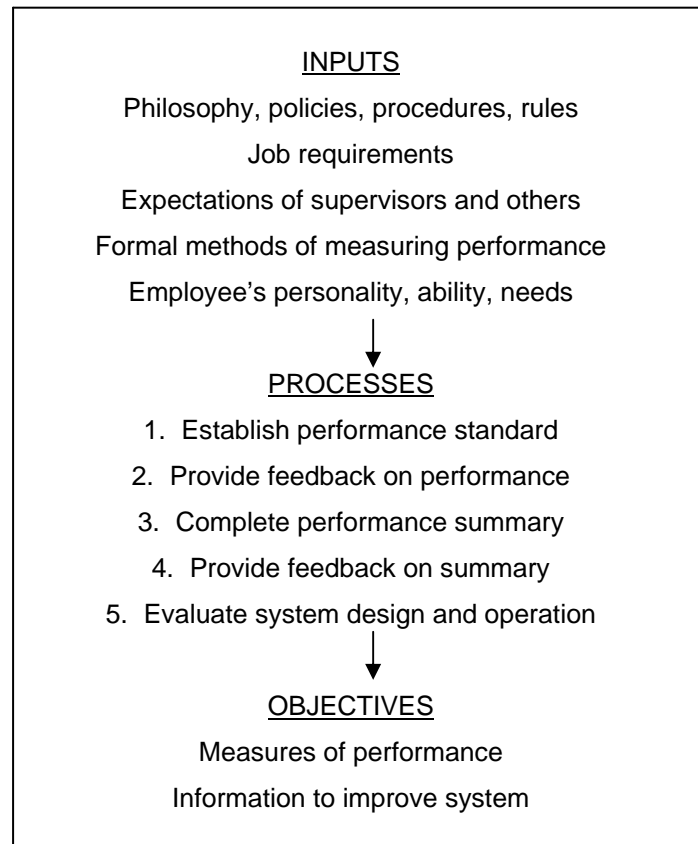
- No feedback.
- No formal feedback or documentation.
- Formal feedback system including written documentation, but no personalised communication.
- Formal feedback system including personalised communication from supervisor to supervisor.
- Formal system, multi-source (360-degree).
- Self-directed feedback, where control of the performance feedback is placed in the hands of the recipient (the recipient may choose the persons who will provide feedback etc).

Thus, organisations should concentrate their performance appraisal design to the last three levels of Garber's feedback classification, with the ideal being the last category.

- **Continuous improvement**

Performance appraisals are iterative and cyclical by nature and thus, with each iteration there exists an opportunity to improve the current system, if such improvement design elements are included in the system's design. Baker (1988:18) suggests the following model of performance appraisal system design:

Figure 3.1
Baker's general system design



(Adjusted from Baker, 1988:18)

Baker's model illustrates that with performance appraisals a system is at play, with inputs, throughputs (processes) and outputs (objectives). However, this model does not indicate the cyclical and iterative nature of performance appraisals. The outputs, or objectives, form inputs for the next cycle's iteration of performance appraisals – without this, the appraisals will never improve.

When the system is designed, a method for evaluating the system should also be included in the system's design. Baker (1988:11) states that one of the most appropriate methods for evaluating a complex system, such a performance appraisal system, is discrepancy analysis. This method consists of the following main parts:

- Document and evaluate the system design.
- Determine if the system is being implemented according to its design.
- Determine if the objectives of each part of the system are being achieved.
- Determine if the system is producing usable outputs.

Edmonstone (1996), summarises the measurement of the performance appraisal system by stating that the most important criteria of a performance appraisal system is whether it assists the organisation in providing better service to customers.

- **Developmental focus**

Apart from any other objective(s) that performance appraisals may have, there should be an underlying theme or focus of employee development. McManus (2003) states that appraisal should be in the form of a personal development plan, where feedback is constantly provided (as opposed to annual reviews) to eliminate an unexpected review outcome.

To aid in the developmental focus of performance appraisals, a mid-year review should be conducted, when the organisation has its half-year financial results available, so that management can adjust plans to meet changing demands (Fandray, 2001). As part of the performance appraisal, development guidelines should be determined for all employees, based on their roles in the organisation (Fandray, 2001). Lastly, Fandray (2001) stipulates that the manager's role should be one of a coach, helping individuals to achieve success, as opposed to that of a judge.

- **Behaviourally Anchored Rating Scales**

Another global design facet is the Behaviourally Anchored Rating Scale (BARS), as it can be applied in most appraisal methodologies.

According to Hunt (2005:164), BARS are devised by determining the key aspects of job performance (from the job description), then developing “anchors” by asking individuals to describe a number of critical incidents – key events in working life. The incidents are then assigned to the key aspects. Thereafter, the incidents are scaled and a rating scale is produced for each key aspect of job performance. This rating scale has a high level of validity and reliability, due to its job specificity (BARS are discussed in greater detail in Chapter 4 – Performance appraisal methodology).

These attributes underscore the importance of the performance appraisal’s design following the organisation’s structures, systems, culture and rhythm, and not the other way around.

3.2.4 Documentation

When designing the performance appraisal system, the documentation that supports it must also be considered. Fandray (2001) warns that documentation should merely facilitate the appraisal process and that the process should not become a prisoner of paperwork and administration. This is supported by Edmonstone (1996), who states that the system should be minimalist and not generate huge amounts of data.

Pratt (1986:13) states that it is imperative to complete the policies and procedures for the use of the performance appraisal in the design of the appraisal system. Further, Wiese and Buckley (1998) remind us that even though the technical qualities of performance appraisals influence the quality of the ratings, the administrative context within which they are used also strongly influences the quality of performance appraisals. The appraisal form’s design holds a close link to the documentation design element of the system - this is discussed in greater detail in 3.3 below.

3.2.5 Linking pay to performance appraisals

Whether remuneration should be linked to performance appraisals is an intensely debated matter in the literature. Vroom's expectancy theory (in Milkovich & Wigdor, 1991) provides a psychological foundation for linking pay to performance. The expectancy theory predicts that employee motivation will be enhanced and the likelihood of desired performance increased under pay-for-performance plans when the following conditions are met:

- Employees understand the planned performance goals and view them as attainable.
- There is a clear link between performance and pay increases that is consistently communicated and followed through.
- Employees value pay increases and view the pay increases as meaningful (i.e. large enough to justify the effort required to achieve the planned performance goals) (Milkovich & Wigdor, 1991:81).

In keeping with Vroom's expectancy theory, Schweiger and Sumners (1994) emphatically state that performance appraisals should be linked to pay, as employees who perceive a positive relationship between performance and remuneration, are more likely to be high performers.

Boice and Kleiner (1997) support this view and indicate that if remuneration is not directly linked to performance appraisals, it is possible that employees may discount the appraisal process.

In contrast to these views, Longenecker (1997) indicates that performance appraisals are potentially effective tools for linking performance to remuneration, but states that it is difficult to achieve clear linkages between remuneration and appraisal and thus advises against its use. This view is supported by Creelman (1995) who underscores that numerous authors warn against the use of appraisals for remuneration purposes, stating that it is common knowledge. However, he adds that his own research indicated that organisations that were utilizing performance appraisals for remunerative purposes were well satisfied with the results.

Smith and Rupp (2004) argue that higher wages send a message that the organisation values its employees, especially if these wages are higher than the market wages paid for their skills and that the additional income leads to more diligent work performance. If this is extrapolated to performance appraisals, one may argue that performance-linked pay should lead to improved performance.

From this, each organization must investigate their remuneration and performance philosophies, set against their specific cultures, as these will determine whether performance and remuneration should be linked, via performance appraisals.

3.3 PERFORMANCE APPRAISAL CRITERIA DETERMINATION

The indicators, or criteria against which employees will be evaluated, must also be determined when designing a performance appraisal system. Cascio (1998:42) defines criteria as “evaluative standards that can be used as yardsticks for measuring employees’ success or failure.” Further to this, Gill (1998) indicates that the performance appraisal must be based on an accurate job description, as this provides the criteria against which performance will be appraised.

Pratt (1986:27) indicates that there are three elements that contribute to “good” or “bad” performance, and should be taken into consideration when designing performance appraisal criteria:

- The job content: Job factors must be agreed upon, preferably in the form of a job description which is reviewed at every appraisal.
- The job context: Here organisational factors that impact on performance must also be taken into consideration
- The individual: The individual’s personality or attributes should not be appraised, but rather the individual’s contribution to the organisation.

According to Pettijohn, Parker, Pettijohn and Kent (2001) evaluative criteria are known by many names, for example qualitative/quantitative,

behaviour/trait, subjective/objective. They argue that criteria are most often labelled as input and output criteria, where input criteria include personal qualities and activities and output criteria are characterised by results attained by the individual's performance, such as number of sales. Further, there is a preference for input criteria over output criteria, as it is debated that the individual has greater control over input (behavioural) criteria. Also, when criteria are determined it is imperative to involve the employee, as this greatly enhances the employee's perception of the fairness of the appraisal.

Halachmi (2005) illustrates another facet of criteria determination. He cautions that in some instances, people change their behaviour to pass arbitrary performance measures as opposed to truly improving delivery per se, thus the importance of determining the "correct" measures. The difficulty in this process lies with the ever-changing nature of modern business. The performance criteria-setting process has difficulty keeping up with the pace of the organisation's needs, quickly becoming obsolete or arbitrary.

Armstrong and Baron (1998:108) report, from the IPD survey conducted in 1997, that the following were used as criteria for measuring performance:

- Achievement of objectives.
- Quality.
- Customer care.
- Competence.
- Contribution to team.
- Working relationships.
- Aligning personal objectives with organisational goals.
- Flexibility.
- Productivity.
- Skill/learning target achieved.
- Business awareness.
- Financial awareness.

However, this is not a finite list of performance appraisal criteria, and the list of criteria must always be job specific within an organisational context.

3.4 PERFORMANCE APPRAISAL FORM DESIGN

A further element that needs to be clarified when the appraisal system's design is contemplated is the actual appraisal form. The form should be the manifestation of the design elements and that should align with all the elements mentioned above. Pratt (1986:47) indicates three global criteria that appraisal documentation should comply with:

- It should facilitate the objectives and administration of the scheme.
- It must be acceptable to the appraisers and the appraised.
- It must be as simple as possible.

The rating scale and methodology embarked on, must be clearly defined prior to developing the appraisal form (see Chapter 4 regarding methodology). Fink and Longenecker (1998) indicate that one of the critical success factors to ensure that performance appraisals achieve their objectives, is that the appraisal must have a technically sound rating process (rating procedures, user-friendly instrument and a system to monitor compliance and store data) in place. Boice and Kleiner (1997) state that the measurement system must be given careful consideration and they advocate the use of an even numbered rating scale (eg 1-4) to eliminate the central tendency effect which leads to most employees being rated as "average". Along with the form's design, a decision needs to be taken in terms of what happens with the appraisal forms and scores after they have been completed (system outputs).

3.5 PERFORMANCE APPRAISAL TRAINING

As previously mentioned, training is one of the most critical stakeholder engagements. However, it is more than mere communication. The purpose of performance appraisal training, for assessors and the assessed, is to gain an essential understanding of the system's functioning and the interpersonal skills needed to appraise and be appraised.

Fink and Longenecker (1998) indicate that managers who perform the actual appraisal should be regarded as one of the critical success factors to ensure that performance appraisals achieve their objectives. Further, these authors quote Cardy and Dobbins (1994)(in Fink & Longenecker, 1998) who indicated that appraiser training can increase the overall quality of the rating experience for employees and managers alike, while simultaneously improving rating accuracy. Longenecker (1997) supports this as he states that for the appraisal process to have positive outcomes, the appraisers must have the necessary skills to appraise effectively.

Schweiger and Sumners (1994) support the view that training is the single most significant contributor to the success of a performance appraisal system and state that performance appraisal training (for the appraiser) must cover at least the elements mentioned below. Wall et al (2002) agree with the elements that should be included in an appraiser training programme:

- Give adequate and timely feedback;
- Practise active listening skills;
- Set adequate performance goals;
- Avoid psychometric errors; and
- Deal with emotional barriers to express constructive criticism.

3.6 GENERAL PERFORMANCE APPRAISAL DESIGN CHECKS

Once the system's design is complete, Edmonstone (1996) provides a checklist to ensure that the main contributors to the system's success have been addressed:

- The process should begin with data collection and diagnosis aimed at establishing a base line of existing systems.
- Collaboration with employee representatives (trade unions) is of paramount importance – however, it should not lead to a negotiated process.
- Adequate communication throughout the process.

- Training investment regarding both the mechanics of the system and the interpersonal skills required for its execution.
- An element of self-appraisal is included.
- Recognition that performance appraisal is a central managerial function.
- An understanding that the process must be reviewed and rejuvenated on a regular basis.

This is by no means an exhaustive list, but should provide guidelines to the design team.

3.7 CONCLUDING REMARKS: PERFORMANCE APPRAISAL DESIGN

From the above, the main factors that performance appraisal systems designers should keep in mind, are:

- Global design facets
 - Organisation culture
 - Stakeholder involvement
 - System attributes
 - Documentation
 - Linking pay to performance.
- Performance appraisal criteria determination.
- Performance appraisal form design.
- Performance appraisal training.
- Performance appraisal design checks.

The detail of these facets should then be evaluated by both employees and management to determine the importance (weight of each) as well as the specifics included in each facet.



Chapter 4: Performance appraisal methods

4.1 INTRODUCTION: PERFORMANCE APPRAISAL METHODS

This section deals with the question of implementation – now that we have designed an appropriate organisation specific system, how should we go about implementing it and making it work? Two main areas will be addressed, namely the method of appraising the employee and the process through which the employee will be appraised.

4.2 PERFORMANCE APPRAISAL METHODOLOGIES

As many authors as can be found in the field of performance appraisals, as many methodologies exist. The list below is by no means an exhaustive list of methodologies, but merely focuses on the most common approaches found in literature. However, the methods that are in vogue, are the Multi-rater or 360-degree appraisal method and its successor, the Balanced Scorecard Method, and this will be the core focus.

4.2.1 Multi-rater feedback (360-Degree)

The risk of the appraisal being contaminated by the appraiser's subjective judgement has often been considered the biggest obstacle within performance appraisal systems. Multi-rater feedback methods try to minimise this by making use of multiple appraisers. Hunt (2005:10) defines this methodology as entailing the gathering of ratings from a number of people who interact with the appraisee, including superiors, colleagues on the same level, subordinates and possibly customers or others outside the organisation.

Garber (2004:82) states that the philosophy of 360-degree appraisals is holistic approach, where the individual receives feedback from a variety of perspectives to provide a more comprehensive concept of how he or she is perceived. This system consists of a standardised questionnaire that investigates numerous aspects of the individual's job performance. Boice and Kleiner (1997) strongly advocate the use of a multi-rater system as the

“triangulation” of ratings ensures that both employees and managers have greater confidence in the system.

According to Analoui and Fell (2002) this methodology emerges mainly amongst self-managed work teams. Contrary to this, Fletcher (2001) indicates that multi-source feedback (360-degree appraisal) has become widely adopted (due to the shortfalls of traditional top-down appraisals).

Fletcher (2001) further indicates that organisations that have adopted this process have abandoned it within 2 years. Bascal (1999) states that 360-degree appraisals are worse than normal manager-employee rating systems, as they create more subjective data with different sources often contradicting each other. A 360-degree system is also very expensive. Hunt (2005:137) states that the reason for organisations abandoning this method is because it was inappropriately implemented and applied – this method (according to Hunt) is not appropriate for all performance appraisal objectives as it is primarily a developmental tool and should not be used to determine remuneration. Further, Hunt indicates that an organisation’s structure and culture must be aligned with the spirit of 360-degree appraisal and that 360-degree appraisals should not be used in isolation.

Peiperl (2005) supports Hunt’s view and adds that the main reason for the failure of 360-degree appraisals, is the peer rating element. She further argues that this is due to four paradoxes inherent in peer appraisal:

- The paradox of roles, where colleagues shift between the role of the peer and the role of the judge.
- The paradox of group performance, where the individual is being assessed, but the reality is that the largest components of work are being done in groups.
- The measurement paradox, where it is assumed that simple, easy-to-use appraisal systems generate the most useful appraisals. However, these don’t – customised, qualitative feedback is often more useful in improving performance.

- The paradox of rewards, where the incumbents are so focussed on the remunerative outcome of the system, is that the individual peer feedback (which leads to improved performance) is neglected.

It is important to note that Peiperl (2005) stresses that these elements do not have simple solutions, but that the system's designers and users need be aware of them and attempt to compensate for these facets. Further, Peiperl (2005) underscores the importance of linking the appraisal methodology to the system's objectives and ensuring that all users are aware of these purposes.

4.2.2 Balanced scorecard

The balanced scorecard combines four elements (financial, customer, internal business process and learning and growth performance) of an organisation's performance into a composite measure. This method should always give an accurate indication of an organisation's current status or future potential, due to its foundation principles mentioned above (Halachmi, 2005). Adsit, London, Crom and Jones (1996) support this view and state that customer satisfaction is "a critical performance indicator".

According to Dence (in Holloway, Lewis & Mallory, 1995:133) this method advocates that benchmark parameters (performance measures) should centre around the customer, measure how business processes create value (quality, service delivery and cost effectiveness), and provide benefits in terms of encouraging internal innovation and learning. He adds that the aim of this method is to measure processes across the business in its entirety, rather than at the hierarchical levels that make up the business.

The fundamental principle of the balanced scorecard methodology is that of global integration – an attempt at measuring an individual's total impact on and contribution to the organisation. Armstrong and Baron (1998:118) state that managers are being assessed against four elements, namely:

- Strategic contribution: what managers need to do to achieve targets.

- Role performance: This refers to activities that must be performed to maintain and improve managers' core roles.
- Common responsibilities and behaviours: These measure areas of behaviour that are dictated by company values.
- Competency assessment: These elements refer to skill and knowledge improvement.

4.2.3 Forced ranking

In a recent American survey, it was found that 34% of the organisations surveyed make use of forced ranking in their performance appraisals (T & D, 2003). Swan (1991:19) states that forced ranking entails the rating managers being asked to rank the employees reporting to them relative to other employees. He adds that this method is not widely used outside of the military services, as it doesn't arrive at a judgment of the employee's performance, but is merely a way of expressing the judgement. Schweiger & Sumners (1994) support this view. Thus, forced ranking should be used as a higher level methodology and should occur after the actual appraisal methodology has been used, eg employees are rated by the 360-degree methodology, but thereafter the scores are ranked using the forced ranking methodology.

4.2.4 Global Essays

The rating manager is given only one question at the end of a rating period – What is your overall evaluation of the individual's performance for the rating period? The rating manager must then answer this question with a lengthy essay. The rating manager solely decides on what the rating criteria is and has carte blanche to decide what to include and what to exclude from the appraisal essay. Swan indicates that this method is outdated and advises against its use (Swan, 1991:19). Schweiger and Sumners (1994), support this view.

4.2.5 Trait rating

Swan (1991:19) states that this method revolves around a list of personality traits or qualities (such as “problem solving skills”). The rating manager then assigns a numeric value to each item, indicating to what extent the individual possesses this trait/quality. Mohrman et al (1989:50) lists this approach as a performance-based appraisal methodology. Coutts and Schneider (2004) state that the trait-focussed approach has been proven to be biased, ineffective for purposes of employee feedback and legally unjustifiable.

4.2.6 Organisational records

This method relies solely on “hard” data, produced for any purpose other than performance appraisal – for example accident reports, absence records and production rates. The data (or evidence) are compiled and an appraisal is arrived at based on the evidence only. Organisational records can provide highly objective and job relevant appraisals. However, increasingly few jobs rely on documentation as their core function (for example a customer service agent) (Swan, 1991:19).

4.2.7 Critical incidents

The flaws in the trait-rating methodology gave rise to the critical incidents method. Where trait rating focuses on the personality of the employee, critical incident methods focus on the facts of the employee’s performance. Throughout the rating period, the rating manager would document the employee’s positive and negative behaviours on the job. At the end of the rating period, these “critical incidents” are compiled into an appraisal (Swan, 1991:19). Mohrman et al (1989:50) support this definition and further classify this method as a behaviour-oriented methodology.

4.2.8 Behaviourally Anchored Rating Scales (BARS)

Swan (1991:19) as well as Schweiger and Sumners (1994) state that this method is based on a thorough and rigorous job analysis of each job that the system will be applied to. Critical incidents are gathered and generalised to performance dimensions. These performance dimensions are then evaluated and validated by a group of job-knowledgeable individuals. The performance dimensions that meet the predetermined level of agreement amongst these individuals, are then scaled in terms of effectiveness (or ineffectiveness) using a 7- or 9-point scale. Thereafter, a final instrument is arrived at – the scaled incidents are used as behavioural anchors in a BARS instrument. Mohrman et al (1989:50) categorise BARS as a behaviour-orientated approach with predetermined descriptors of behaviour.

4.2.9 Objectives and goal-setting procedures

Often referred to as “management by objectives (MBO),” this method is based on a comparison of expected and actual performance. At the outset of each appraisal period, the rating manager (either alone or in collaboration with the employee) sets objectives or goals with standards or levels of accomplishment expected for the period (Swan, 1991:19; Schweiger & Sumners, 1994). According to Mohrman et al (1989:50) this approach can be classified as results-oriented approach. Levinson (2005:3) states that the essence of MBO lies in an effort to be fair and reasonable, to be able to predict behaviour (relative to performance), as well as being able to judge performance more carefully. Stewart and Stewart (1987:6) state that MBO works well if sufficient effort is invested, especially in a sales or production environment where objectives can easily be quantified.

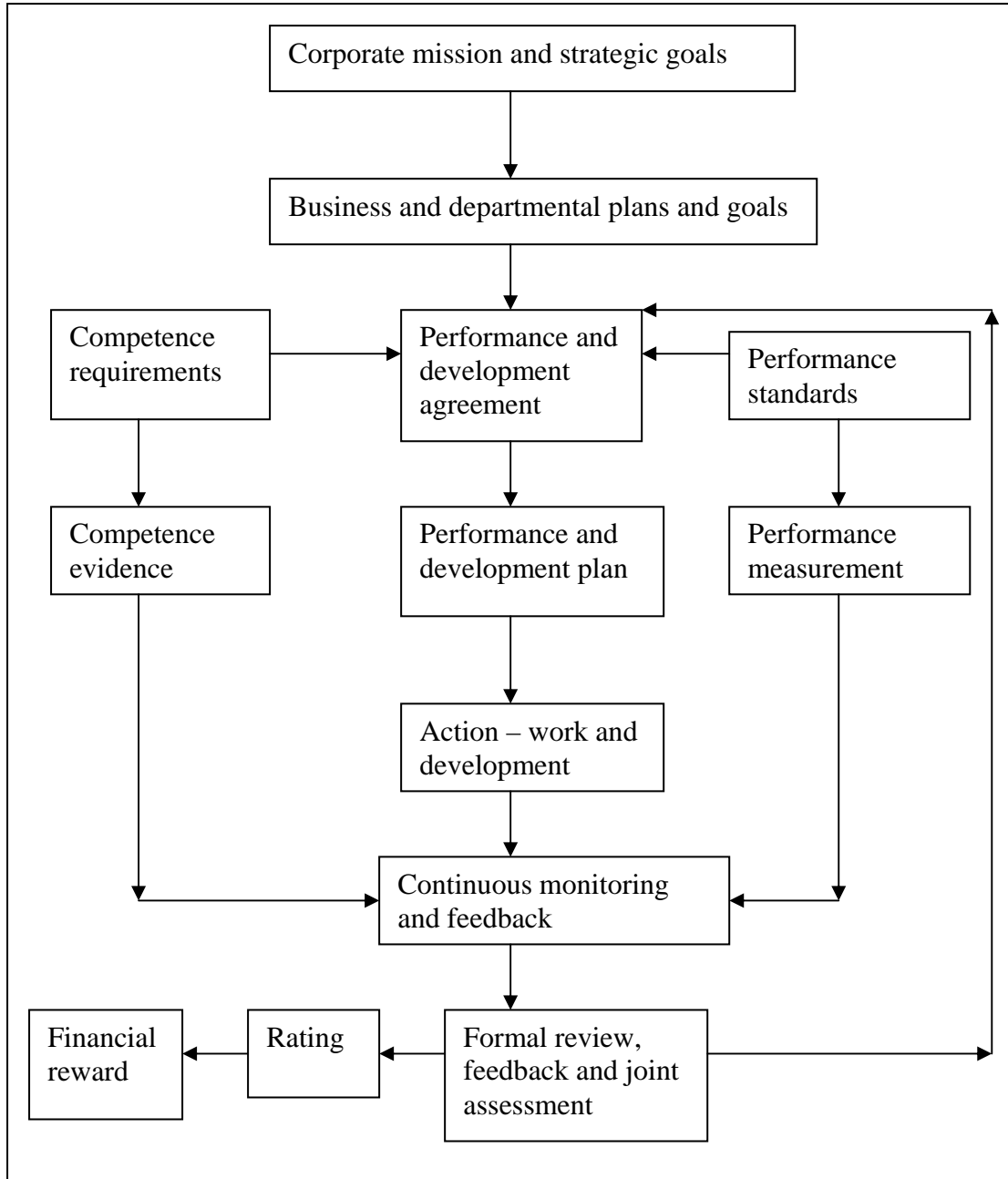
In summary, the cardinal principle is a test of whether a specific method will work for an organisation’s specific situation. Further, the methodology may have to be varied according to each different operational site, as each site may have differing needs (for example a manufacturing plant as opposed to head office’s clerical environment).

4.3 PERFORMANCE APPRAISAL PROCESS

Once the organisation has designed the system and selected the method of appraisal, the process through which employees will be appraised needs to be addressed. Gill (1998) and Swan (1991:19) state that job description review should be the first step in the appraisal process.

Armstrong and Baron (1998:58) suggest the use of a performance management sequence (refer to table 4.1 below), designed by Cave and Thomas (in Armstrong & Baron, 1998).

FIGURE 4.1
Cave and Thomas' performance management sequence



(Adjusted from Armstrong & Baron, 1998:58)

This sequence refers to performance management in its entirety and not to performance appraisals specifically. However, the following phases of performance management (from Table 4.1) are specific to performance appraisal:

- Performance and development agreement.
- Performance and development plan.
- Action – work and development.
- Continuous monitoring and feedback.
- Performance standards.
- Performance measurement.
- Competence requirements.
- Competence evidence.
- Formal review, feedback and joint assessment.

Dence (in Holloway et al, 1995: 132) and Baker (1988:16) indicate that whatever methodology is decided on (depending on internal organisation specific requirements) the following process steps should always be present:

- Determine the key performance areas.
- Set the key standards and variables to measure.
- Identify the most relevant competitors (to allow benchmarking) and the and the top-performing competitors in that class.
- Measure regularly and objectively (quantitative).
- Analyse the top-performing competitor (qualitative).
- Specify programmes and actions to close the gap and implement these.
- Monitor ongoing performance.

4.4 THE APPRAISAL INTERVIEW

The appraisal interview is potentially the greatest pitfall of performance appraisals. It is here that a huge number of unpredictable variables are in play – simultaneously. The greatest of these variables is human behaviour – predicting and responding appropriately to employee and managerial statements and reactions.

When the appraisal system is designed, the objectives of the appraisal interview need to be defined. Field (1987:637) states that the appraisal interview has the following aims:

- To inform the staff member of where they stand with regard to their performance.
- To recognise good work and indicate areas for improvement.
- To develop the incumbent in his/her current role.
- To discuss career opportunities within the organisation, and the route that must be followed to achieve advancement.
- To compile an individual assessment record.
- To inform members of staff of areas where their performance is below acceptable standards.

Olson (1981:139-147) suggests the following ways of “improving” the appraisal interview:

- The appraiser needs to be acutely aware of, and alert for, background notions and potential pitfalls in the system.
- Open-ended questions allow open discussion. Avoid binary type questions, global questions, questions that the appraisee may experience as threatening or questions that may be seen as cued (leading questions).
- The appraiser needs to listen.
- The appraiser needs to react within the context of the appraisal and guard against personal feelings (often awakened by the conflict that may arise within an appraisal interview) and acting on those feelings.
- The appraiser needs to search for intentions.
- The appraiser needs to use the collective noun “we” rather than “I”. This suggests a willingness to share responsibility for unacceptable performance.
- The appraiser should change places with the employee. The appraiser should attempt to transpose what is said into the mind set of an employee.
- The appraiser must focus on job responsibilities and goals and not on character traits.
- The appraiser must deal with negative feedback head-on.

- The appraiser needs to follow through. Set an action plan, after agreement is reached, and ensure that the action plan is adhered to.
- The appraiser needs to “facilitate” and deal with disagreement. Here the appraiser needs to display good listening and conflict resolution skills.
- The appraiser needs to confront apathy. When an appraiser is confronted with an apathetic employee, the reason for the apathy must be investigated.
- The appraiser needs to manage the emotional content of the interview. Some employees may become enraged, regardless of the manager’s tact and skill at transferring a negative rating.
- The appraiser needs to manage expectations. The manager needs to deal with the impatience of the employee regarding promotions and increases.
- The appraiser needs to deal with the employee who wants to resign. Often, after negative reviews, an employee may threaten to resign.
- The appraiser needs to experiment with various techniques of handling the interview.
- The appraiser needs to end the interview on a high note.
- The appraiser needs to evaluate his/her appraisal practices.

When taking the above list into consideration, it is clear why Keil (1977:55) states that nearly everything that is known about personal dynamics needs to be accounted for in an appraisal interview – as all personal dynamics will be present in the interview.

4.5 SUMMARY: PERFORMANCE APPRAISAL METHODOLOGIES

From the above, it is clear that there are a number of methods to appraise performance – the key variable is the organisation, its structures, processes and cultures. These will determine the performance appraisal methodology appropriate for that specific organisation. A thorough methodology is always underscored by a diligent process, of which the appraisal interview has the largest impact on the organisation’s perception of the system. The methodology and process are key factors in the system’s design.



CHAPTER 5

Research methodology

5.1 INTRODUCTION: RESEARCH METHODOLOGY

This study set out to determine a method to integrate the expectations of managers and employees around performance appraisals, with the aim of developing an organisation-specific performance appraisal system. The study focussed on a two-group comparison, comparing the responses of managers and those of employees, against a newly developed questionnaire.

In this chapter, the research design will be discussed with specific reference to:

- i. Sample.
- ii. Sampling method.
- iii. Measuring instrument.
- iv. Data gathering process.
- v. Statistical model.

5.2 RESEARCH DESIGN

Due to the nature of this study, a quantitative research approach was used. As this was not a study in causality, hypothesis testing was not appropriate. A survey-type design was used to collect data. Survey research samples many respondents and requires all respondents to answer the same set of questions or items, measuring multiple variables. Thereafter, association amongst variables is measured with statistical techniques (Neuman, 2000:250).

5.2.1 Sample

After the data had been collected, using the sampling method above, the data were captured and analysed in SPSS for Windows. The biographical data, describing the sample, were presented in two tables (table 5.1 and 5.2) – general biographic data and organisation-specific biographic data. The general biographic data indicated gender, age, how many years' work

experience the respondent has completed and academic qualification. This is presented in table 5.1.

TABLE 5.1
General biographical data of respondents

| Gender | Frequency | Percentage |
|-------------------------------|------------------|-------------------|
| Female | 103 | 57.9 |
| Male | 73 | 41.0 |
| Unanswered | 2 | 1.1 |
| Total | 178 | 100 |
| Age | Frequency | Percentage |
| Younger than 25 | 42 | 23.6 |
| 25 - 30 | 43 | 24.2 |
| 31 - 35 | 37 | 20.8 |
| 36 – 45 | 36 | 20.2 |
| 46 – 55 | 12 | 6.7 |
| 56 - 65 | 4 | 2.2 |
| Unanswered | 4 | 2.2 |
| Total | 178 | 100 |
| Academic qualification | Frequency | Percentage |
| Less than matric | 15 | 8.4 |
| Matric | 74 | 41.6 |
| Post matric certificate | 29 | 16.3 |
| Diploma | 49 | 27.5 |
| Degree | 5 | 2.8 |
| Honours degree | 3 | 1.7 |
| Master degree | 1 | 0.6 |
| Doctorate | 0 | 0 |
| Unanswered | 2 | 1.1 |
| Total | 178 | 100 |
| Years' work experience | Frequency | Percentage |
| Less than 3 years | 26 | 14.6 |
| 4 – 6 years | 39 | 21.9 |

| | | |
|--------------------|-----|------|
| 7 – 10 years | 46 | 25.8 |
| 11 – 15 years | 25 | 14.0 |
| More than 15 years | 40 | 22.5 |
| Unanswered | 2 | 1.1 |
| Total | 178 | 100 |

From table 5.1 it is clear that the gender distribution is slightly skewed to female. Also, the majority of the sample is below the age of 35 (68.6% of the sample). Fifty percent of the sample stated that their highest academic qualification is matric or lower and 62% of the sample has 10 years' working experience or less. Thus, the sample would seem to be a young, less experienced and less academically qualified sample. This must be taken into consideration when interpreting results.

The organisation-specific biographic data indicate whether the respondent was in a managerial role, for how many years he/she has been in that role, whether the respondent has appraised someone else's performance and whether the respondent has previously undergone a performance appraisal.

TABLE 5.2
Organisation specific biographical data

| Managerial role | Frequency | Percentage |
|---|------------------|-------------------|
| Managerial | 30 | 16.9 |
| Non-Managerial | 146 | 82.0 |
| Unanswered | 2 | 1.1 |
| Total | 178 | 100 |
| Has your performance been appraised? | Frequency | Percentage |
| Yes | 97 | 54.5 |
| No | 76 | 42.7 |
| Unanswered | 5 | 2.8 |
| Total | 178 | 100 |

| Have you ever appraised someone else's performance? | Frequency | Percentage |
|--|------------------|-------------------|
| Yes | 149 | 83.7 |
| No | 26 | 14.6 |
| Unanswered | 3 | 1.7 |
| Total | 178 | 100 |
| Years in role | Frequency | Percentage |
| Less than 3 years | 72 | 40.4 |
| 4 – 6 years | 41 | 23.0 |
| 7 – 10 years | 24 | 13.5 |
| 11 – 15 years | 4 | 2.2 |
| More than 15 years | 3 | 1.7 |
| Unanswered | 34 | 19.1 |
| Total | 178 | 100 |

It is observed, from table 5.2, that a large section of the sample did not fulfil a managerial or supervisory role (82%). This was anticipated, as most organisations have fewer managerial staff than non-managerial staff – often an inherent feature of a hierarchical organisation structure. When the respondents were asked if their performance had ever been appraised, 54.5% stated that it had been appraised. When viewed against this the response obtained from the question “Have you ever appraised someone else’s performance” is somewhat anomalous. The respondents indicated that 83.7% of them had at some stage appraised someone else’s performance. A further concern with the sample obtained, was that the years’ experience within a role, whether it was managerial or not, seem to be minimal, as 63.4% of the sample indicated that they have less than 6 years’ experience within a role.

5.2.2 Sampling method

As this study focussed on a comparison of managerial and non-managerial employees, the sample selection played a vital role in obtaining results that are statistically significant and a true reflection of the differing opinions, needs and expectations of these two groups. The approach taken was to sample the entire population of the organisation in question (population of approximately 400). The target population was managers and non-managers, which entails the entire organisation. However, due to the nature of organisations, the pool of managers was smaller than non-managers, which resulted in a minor selection bias threat, as, on a quantitative level, the two groups were not equivalent (Neuman, 2000:236). This was taken into account when the data obtained were analysed.

5.2.3 Measuring instrument *(see addendum 1 & 2)*

5.2.3.1 Introduction: Measuring instrument

The survey instrument was developed based on an in-depth literature study. Mainly interval level items were included, by means of a 6-point Likert-type rating scale. A 6-point scale was used to minimise the central tendency effect while providing sufficient degrees of difference. Biographical data were also obtained in order to describe the sample. As this questionnaire was newly developed, it was necessary to pre-test the questionnaire, for which a convenience sample was used.

When the questionnaire was designed, the decision was made not to provide a definition of performance appraisal in the questionnaire, to ensure that respondents' thinking wasn't influenced in any particular direction. Also, the cover letter attached to the questionnaire (*see addendum 2*) asked the respondents not to rate their current appraisal system, but rather to state their needs and objectives of the ideal system they would like to use.

The questionnaire focuses on the three foundation stones mentioned above

(Chapter 1 - 4), as main constructs, namely:

- Performance appraisal objectives (What is the purpose of the system?).
- Performance appraisal design (Measurement criteria, outputs, behaviours).
- Performance appraisal process and methodology (How the performance appraisal is conducted, including the appraisal interview and feedback).

These were the main constructs within the questionnaire and thus these are discussed in greater detail below:

5.2.3.2 Performance appraisal objectives

From the reviewed literature the following were identified as common themes around performance appraisal objectives, and were used in constructing the questionnaire:

- Administration.
- Communication & motivation (which includes relationship building aspects).
- Planning (which encompasses goal setting and expectations).
- Assessment.
- Person development.
- Outcome action.

These objectives were evaluated by asking the study participants to indicate to what extent they agreed that a specific objective was important. The questions were all rated on a 6-point Likert-type scale, using the terms “strongly agree, moderately agree, agree, disagree, moderately disagree and strongly disagree”.

5.2.3.3 Performance appraisal design

The ferocity of debate regarding whether outputs or behaviours should be measured, was quite evident from the literature reviewed. Thus, it made sense to put this question to the main stakeholders of the performance appraisal system – employees and management. Key factors included the link between performance appraisals and employee development (including feedback and improving performance), categorising employees according to performance, training that should be included and the link with the organisation’s strategic objectives.

5.2.3.4 Performance appraisal process and methodology

Upon completion of the literature review, it was noted that the number of appraisal methodologies and processes are as great in number, and as varied, as the organisations that use them. As discussed in Chapter 4, the methodologies focussed on are the ones most commonly found in the relevant literature; namely 360-degree appraisal and balanced scorecard methods. Thus, these methods were focussed on in terms of appraisal methodology in the questionnaire.

5.2.3.5 Structure of the questionnaire

After a thorough literature review, a questionnaire consisting of 48 items, was constructed (*see addendum 1 – Pre-test questionnaire*). Of these, the first was a question constructed to obtain consent from the participant to use the information from the completed questionnaire for research purposes (as confirmation of the consent given on the consent form – *Addendum 2*).

Thereafter, a biographical section, consisting of 6 items was compiled. These included the participant’s age, home language, gender, job level/category and years’ work experience.

Upon completion of the biographical section, four items were compiled to determine the participant's exposure to performance appraisals (to determine relevance). These items included questions to determine whether the individual had ever undergone a performance appraisal, whether the individual had ever appraised someone else's performance, whether the individual felt that performance appraisals were relevant and how regularly the individual feels that appraisals should be conducted.

The second section, which was specific to the questionnaire's theme, consisted of 37 items. These items were related to the underlying constructs, namely, performance appraisal objectives, performance appraisal design and performance appraisal methodology.

Items 11–22 referred to the objectives of performance appraisals, and the individual had to rate the statements on a 6-point Likert-type scale, with the following descriptions: strongly agree; moderately agree; agree slightly; disagree slightly, moderately disagree and strongly disagree. Thereafter, two open-ended questions (items 23 & 24) were put to the incumbents to indicate firstly the three most important objectives of performance appraisals and secondly the three least important objectives (by using the numbers of the objectives listed in items 11-22).

Thereafter, items 25–31 discussed the outcome expectations that the individual has of performance appraisals. These (at least partially) acted as control measure of the objectives (item 11–22) above. These items also impact on the performance appraisal design.

Items 32–35, 37, 41, 42, 43 focussed on performance appraisal design, with some overlap in the areas of methodology (division according to literature). Items 36, 38, 39, 40, 44, 45 focussed on performance appraisal process and methodology, with some overlap with performance appraisal design. Again these items were scored on a 6-point Likert-type scale. The items were all composed as positively narrated statements.

Items 46 and 47 were open ended questions, aimed at increasing the questionnaire's validity. The items requested the participant to indicate whether any of the items included in the questionnaire were unclear and whether the participant had any other comments around the theme of performance appraisal design.

5.2.3.6 Changes from pre-test

A pre-test was conducted using seven participants, selected as a convenience sample. The purpose of pre-testing was to standardise the questionnaire by determining whether the lay-person (not a performance appraisal specialist) would understand the questionnaire, as well as to fine hone any questionnaire design elements.

i. Changes to biographical section

After the pre-test, the item on home-language was discarded, as this added very little to the quality of the information obtained and did not contribute significantly to the description of the sample. This question was substituted with an item regarding highest academic qualification, as it was argued that the respondents' level of formal education may impact on their perceptions and/or expectations of performance appraisals.

ii. Changes to other items

Items 32–37, 41, 42, 43 were reviewed in an attempt to minimise socially desirable responses. Items 23 and 24 were redesigned to ask the incumbent to rank the objectives (item 11-22) in order of importance (in a column provided). The order of the questions was slightly altered, leaving the question regarding ranking, as item 30.

A further item was added to ask the participants to indicate the level of importance associated with employee and managerial involvement in the design of performance appraisal systems.

5.2.3.7 Completion of the questionnaire

The sample was taken from a cellular service provider, based in Midrand, Gauteng. Due to a lack of electronically accessible infrastructure amongst respondents, paper copies of the questionnaire, cover letter and consent form were given to the employees of the entire organisation, by the human resources department. The human resources manager also informed the organisation of the study by an organisation-wide e-mail. A total of 400 questionnaires were distributed at the company's offices and a week was given for the respondents to return their completed questionnaires to the HR department. Further, the researcher's contact details were provided to all respondents (on the letter of introduction) so that the respondents could ask any additional questions (should anything be unclear). Only one respondent made use of this and wanted clarity on whether the respondents should rate their existing appraisal system or the ideal system (this was specified on the cover letter – see *addendum 2*).

During the time period that the respondents had to complete the questionnaire, the organisation underwent an armed robbery, which impacted on the response rate. The researcher then allowed another five working days for additional responses to be completed.

A total of 135 responses were received at the first cut-off date, but several late responses were received a week later, increasing the sample size to 183. Unfortunately, five respondents did not give their consent for the results to be used for research purposes and thus the total sample was reduced to 178 (44.5% of total population).

The responses were then coded and computerized on MS Excel, after which the data were captured in SPSS for Windows v 13. A research psychologist was then consulted to assist with the analysis of data. The results are presented in chapter 6.

5.2.4 Statistical model

The main objective of this study was to determine a method to design a performance appraisal system, specific to an organisation, through an integration of managerial and employee expectations. To achieve this aim the following statistics will be applied:

- i. The general responses to items (non-biographical) will be reviewed, through various statistics of distribution:
 - a. A mean score for each item.
 - b. A standard deviation score for each item.
 - c. Skewness and kurtosis of each item.

This will be done to determine the general response patterns to the various items. Further, when the two groups' (managers and non-managers) responses are evaluated, it will be set against the general response from the entire sample – thus the need for these statistics.

- ii. As the measuring instrument has been newly developed, internal consistency validity will have to be determined, using Chronbach's alpha coefficient.
- iii. An exploratory factor analysis will be conducted to determine the actual number of factors tested using this measuring instrument.
- iv. A two-group comparison, between managers and non-managers, using the Mann-Whitney statistic (a non-parametric distribution can be seen from the biographical data, as 16.9% of respondents fulfilled a managerial role and 82% of respondents fulfilled a non-managerial role), to test for significant differences between these groups, on each element of performance appraisal system design. This statistical procedure will be conducted to determine where managers and non-managers differ (significantly) in terms of their needs and expectations of the performance appraisal system's design. The Mann-Whitney test results will be confirmed by a t-test (used with caution, as the t-test should only be used with a parametric distribution).

Thereafter, the results will be reviewed in an integrated manner and tested against the literature already discussed.



Chapter 6

Results

6.1 INTRODUCTION: RESULTS

To identify a method for the integration of managerial and employee expectations in the design of an organisation-specific performance appraisal system, a questionnaire was developed and applied (see chapter 5). The questionnaire comprised two main sections namely biographical data and various questions related to the research objectives stated above. These questions were mainly at the interval level, rated on a 6-point Likert-type scale (for more detail see chapter 5). After application, the data obtained were captured and analysed with the assistance of a research psychologist.

The sample of 178 respondents employed at a cellular service provider, was divided into managerial (30 respondents) and non-managerial staff (146 respondents, as two respondents did not indicate their role), to form two groups for comparative purposes. The descriptive statistics (biographical data) were used to create a picture of the sample obtained (see chapter 5). Measures of distribution were determined for each of the interval type items of the questionnaire. Non-parametric results were assumed, thus the Mann-Whitney statistic was used to test for significant differences between the two groups, on each of the items of the questionnaire.

As this questionnaire was newly developed, internal consistency reliability was determined using Cronbach's Alpha. To determine construct validity, an exploratory factor analysis was performed.

The results will be discussed in the following sequence:

- i. Statistics of distribution.
- ii. Questionnaire statistics.
- iii. Comparison between groups.

6.2 STATISTICS OF DISTRIBUTION

The general results, obtained on the items in the questionnaire, are discussed below. A table (see addendum 3) is provided to indicate the item number used in relation to the item it refers to. The biographical items (already discussed in Chapter 5) were removed from this list, as was item 30 (due to an extremely low response rate) and the two open ended items, numbers 47 & 48.

The following table indicates the results obtained on these items.

Table 6.1
Descriptive statistics: Items

| Item number | N | Mean | Std. Deviation | Skewness | | Kurtosis | |
|-------------|-----------|-----------|----------------|-----------|------------|-----------|------------|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| 11 | 178 | 5.3315 | 1.21535 | -2.685 | .182 | 7.559 | .362 |
| 12 | 178 | 5.4270 | 1.11879 | -2.961 | .182 | 9.919 | .362 |
| 13 | 178 | 5.5281 | 1.09017 | -3.129 | .182 | 10.458 | .362 |
| 14 | 178 | 5.6292 | .83540 | -3.974 | .182 | 20.627 | .362 |
| 15 | 178 | 5.6910 | .84374 | -4.271 | .182 | 23.177 | .362 |
| 16 | 178 | 5.0955 | 1.54294 | -2.094 | .182 | 3.571 | .362 |
| 17 | 178 | 5.3427 | 1.15003 | -3.001 | .182 | 10.603 | .362 |
| 18 | 178 | 4.6910 | 1.56589 | -1.422 | .182 | 1.385 | .362 |
| 19 | 178 | 5.1011 | 1.34916 | -2.057 | .182 | 4.128 | .362 |
| 20 | 178 | 5.2809 | 1.19782 | -2.553 | .182 | 7.719 | .362 |
| 21 | 178 | 5.6573 | .89599 | -4.558 | .182 | 25.296 | .362 |
| 22 | 178 | 5.3652 | 1.26058 | -2.721 | .182 | 7.544 | .362 |
| 23 | 178 | 5.4326 | 1.13916 | -3.276 | .182 | 12.113 | .362 |
| 24 | 178 | 5.3258 | 1.25122 | -2.967 | .182 | 9.632 | .362 |
| 25 | 178 | 5.1292 | 1.42224 | -2.340 | .182 | 5.465 | .362 |
| 26 | 178 | 5.2978 | 1.28709 | -2.791 | .182 | 8.398 | .362 |
| 27 | 178 | 5.4551 | 1.21697 | -3.213 | .182 | 11.046 | .362 |
| 28 | 178 | 5.0225 | 1.49559 | -2.037 | .182 | 3.969 | .362 |
| 29 | 178 | 5.3090 | 1.30190 | -2.829 | .182 | 8.629 | .362 |
| 31 | 178 | 4.7809 | 1.57748 | -1.467 | .182 | 1.311 | .362 |
| 32 | 178 | 4.9494 | 1.41130 | -1.702 | .182 | 2.568 | .362 |
| 33 | 178 | 4.1910 | 1.63214 | -.785 | .182 | -.252 | .362 |
| 34 | 178 | 4.7079 | 1.57453 | -1.298 | .182 | .813 | .362 |

| | | | | | | | |
|----|-----|--------|---------|--------|------|--------|------|
| 35 | 178 | 3.7079 | 1.73174 | -.313 | .182 | -.961 | .362 |
| 36 | 178 | 2.3483 | 1.69146 | .821 | .182 | -.624 | .362 |
| 37 | 178 | 1.9719 | 1.54565 | 1.282 | .182 | .412 | .362 |
| 38 | 178 | 4.7360 | 1.78283 | -1.579 | .182 | 1.561 | .362 |
| 39 | 178 | 4.5787 | 1.62849 | -1.535 | .182 | 1.981 | .362 |
| 40 | 178 | 5.0618 | 1.45035 | -2.255 | .182 | 5.194 | .362 |
| 41 | 178 | 4.4719 | 1.75048 | -1.081 | .182 | .138 | .362 |
| 42 | 178 | 4.5449 | 1.55527 | -1.415 | .182 | 1.677 | .362 |
| 43 | 178 | 3.4494 | 1.93108 | -.137 | .182 | -1.400 | .362 |
| 44 | 178 | 4.6573 | 1.71747 | -1.492 | .182 | 1.352 | .362 |
| 45 | 178 | 5.2584 | 1.23534 | -2.596 | .182 | 7.886 | .362 |
| 46 | 178 | 4.8090 | 1.52846 | -1.661 | .182 | 2.504 | .362 |

When viewing the contents of table 6.1, it must be remembered that the items were rated on a 6-point Likert-type scale, and were coded such that 1 represented the bottom end of the scale (strongly disagree) and 6 the top end of the scale (strongly agree). The scale was used in this manner throughout the instrument, with 6 always referring to “strongly agree”. In general, when looking at the mean scores obtained on the items, most items received a favourable response (the exceptions to this were items 36 and 37, where the mean score obtained was lower than 3, thus representing general disagreement with the statement). Also, from the skewness it is evident that a non-parametric distribution was obtained on all items. Further, the kurtosis supports the non-parametric distribution in most cases, as the scores obtained are greater than 2.5 times the standard error score (Morgan & Griego, 1998:58). Some items indicate a normal kurtosis, but these are not supported by the skewness scores, thus indicating that these items are still non-parametrically distributed.

When the standard deviation scores are observed, it will be noted that the standard deviations are small, the largest being 1.9 on item 43 (“*When performance appraisals are conducted, they should focus on comparing*”).

employees with each other”), again indicating a high degree of similarity in responses across the entire sample.

When looking at item 14 (*“Performance appraisals must be developed based on an employee development philosophy (aimed at bettering employee skills)”*) and 21 (*“An important function of performance appraisals should be to assist with employee development (with a view to career progression) eg training and skills development”*), the mean score obtained is above 5, showing that the majority of respondents indicated moderately agree or strongly agree. Also, the standard deviation, on both these items were low (0.8), thus indicating general agreement amongst the respondents with the mean score obtained. The implication is that the focus of performance appraisals should be centred on employee development (according to this sample).

The respondents were asked to rate the statement “Performance appraisals should be easy to use” (item 15), to which the mean response was 5.6, indicating that the majority of respondents tended to agree strongly with this statement. In addition, the standard deviation is also low (0.84), indicating general agreement amongst respondents. Even though this statement and the results obtained may seem obvious at first, it highlights a very important design element – simplicity.

Employee discipline as a function of performance appraisals received diverse reactions amongst the respondents. When asked to rate the statement “An important function of performance appraisals should be employee discipline” (item 18) the mean score obtained (4.6) indicates that most respondents marked agree slightly. However, a large standard deviation score (1.56) indicates that there was some disagreement amongst the respondents. This item did not indicate a significant difference between managerial and non-managerial staff (see comparison between groups below), which would indicate that the differing responses obtained on this item, cannot be linked to the person’s role within the organisation. Further, on item 35 (“If I get a low score I expect to be disciplined”) the mean response was even lower (3.7)

indicating that the majority of respondents rate the statement as disagree slightly. Also, the standard deviation obtained on this item (1.73) indicates that there wasn't general alignment amongst respondents. Thus, taking these two items into consideration, it would seem that respondents generally disagreed with discipline as a function of performance appraisal. However, this disagreement is not strong enough to exclude discipline as a function of performance appraisal in totality.

The output of performance appraisals were measured by items 31 – 37 on the questionnaire. On items 36 and 37 there was general disagreement with the statements “If I get a low score, I expect to be demoted” and “If I get a low score, I expect to get a salary decrease”, obtaining mean scores of 2.34 and 1.97 respectively (indicating that the majority of responses were “moderately disagree”). However, when respondents were asked to rate a positive outcome, linked to salary (item 31) there was general agreement amongst respondents that if they should obtain a high score on their appraisal, they would expect a salary increase. If viewed alongside item 19, which asked respondents to rate the statement “An important function of performance appraisals should be to determine salary increases,” it is interesting to note that this statement also received general agreement. Thus, the inference that can be drawn is that respondents felt that performance appraisals should be used to determine salary increases. However, this only applies to high scores and salary increases. The respondents indicated that performance appraisal scores should not lead to salary decreases.

With reference to Behaviourally Anchored Rating Scales, on item 44, “The rating scale used, when appraising individuals, must be rated according to specific behaviours”, the mean score obtained was 3.4, indicating general disagreement with this statement. However, the standard deviation obtained on this item was the highest amongst all the items at 1.93, which leads the researcher to ask whether the respondents understood the statement.

6.3 QUESTIONNAIRE STATISTICS

As the questionnaire used in this study was newly developed, certain analyses had to be performed to test the accuracy of the measuring instrument.

Firstly, the questionnaire's internal consistency reliability was determined using Cronbach's alpha coefficient. An alpha of 0.9 was obtained. As this is considered a very high alpha coefficient, it could indicate that many of the items are repetitious or that the scale has more items than is necessary to obtain a reliable measure of the concept (Morgan & Grieko, 1998:130).

6.3.1 Exploratory factor analysis

An exploratory factor analysis, presented in table 6.2, was also conducted for data reduction purposes, as it was necessary to determine whether the items could be grouped into composite variables. However, the main constraint around this technique, that influenced the results to a great extent, was the sample size. The general rule of thumb is that the sample should be ten times as great as the number of items in the instrument. This was not the case with this sample.

When the factor analysis was embarked on, a Kaiser-Meyer-Olkin statistic of sampling adequacy was obtained, and it was found to be adequate as a score of .828 resulted. Further, Bartlett's measure of sphericity was found to be significant.

The total variance explained was first tested against a 9-factor solution and then against a 4-factor solution, as both these combinations adequately explained the variance, with eigen values larger than 1. The one exception was on the 9-factor solution, the 4th factor's eigen value was slightly low at 0.8, and thus it was decided to investigate the 4-factor solution as well. Upon closer investigation, the 4-factor solution seemed to make more sense,

against the theoretical framework. In table 6.2 it can be seen which items loaded on which factors

Table 6.2
Items loading on factors

| Factor | Item number | 4-factor solution |
|---------------|--------------------|--|
| 1 | 23 | An important function of performance appraisals should be to clarify what is expected of employees in terms of performance |
| | 27 | An important function of performance appraisals should be to motivate employees |
| | 22 | An important function of performance appraisals should be to facilitate communication between employees and their managers |
| | 24 | An important function of performance appraisals should be to set performance goals for the year ahead |
| | 25 | An important function of performance appraisals should be administrative to assist with promotions |
| | 26 | An important function of performance appraisals should be the actual measurement (or assessment) of performance |
| | 21 | An important function of performance appraisals should be to assist with employee development (with a view to career progression) eg training and skills development |
| | 28 | An important function of performance appraisals should be to allow corporate communication (informing the employee of the company's values, strategy and mission) |
| | 29 | An important function of performance appraisals should be to facilitate the achievement of the individual employee's goals |
| | 2 | 36 |
| 32 | | If I get a high score, I expect an incentive/bonus/reward |
| 35 | | If I get a low score, I expect to be disciplined |
| 33 | | If I get a high score, I expect a promotion |
| 37 | | If I get a low score, I expect to get a salary decrease |
| 31 | | If I get a high score, I expect a salary increase |
| 34 | | If I get a low score, I expect to be counselled |
| 43 | | When performance appraisals are conducted, they should focus on comparing employees with each other (ranking them from highest to lowest) |
| 3 | 13 | Performance appraisals provide managers/ supervisors with an opportunity to guide employees to better performance |
| | 12 | Performance appraisals provide essential feedback to employees about their performance |
| | 11 | Performance appraisals are essential to career development |
| | 14 | Performance appraisals must be developed based on an employee development philosophy (aimed at bettering employee skills) |
| 4 | 42 | When performance appraisals are conducted, the appraisal system should assess the individual's contribution to the organisation's objectives (such as financial and strategic contribution) and not only at his/her execution of tasks |
| | 15 | Performance appraisals (documents) should be easy to use |
| | 39 | The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be |

| | | |
|--|----|--|
| | | quantifiable (measured by a number eg 10 units produced) |
| | 40 | Formal performance appraisal training, for appraisors, must be part of the system's design |
| | 16 | Performance appraisals must allow for distinction between employees |
| | 38 | Performance appraisals must be pilot tested before implementation |
| | 17 | Performance appraisal systems must have regular system reviews built in |
| | 41 | When performance appraisals are conducted, an individual should be appraised by a number of appraisors (not just his/her immediate superior) |

When the factorial grouping is observed, from the theoretical framework, it is clear that factor 1 refers to the objectives of performance appraisals. Factor 2 groups the outcomes of performance appraisals and factor 3 groups the items that pertain to the developmental purpose of performance appraisals. Factor 4 groups the items that pertain to the performance appraisal systems' design.

The following items did not load significantly on any of the factors:

- Employees (other than managerial or HR practitioners) must be involved with the design of the performance appraisal system.
- Line management must be involved with the design of the performance appraisal system.
- An important function of performance appraisals should be to determine salary increases.
- An important function of performance appraisals should be employee discipline.
- The rating scale used, when appraising individuals, must be rated according to specific behaviours (Behaviourally Anchored Rating Scale).
- An important function of performance appraisals should be to determine employee incentives/rewards (other than salary).

From the theoretical framework it could be stated that the first two of these items (*“Employees (other than managerial or HR practitioners) must be involved with the design of the performance appraisal system”* and *“Line management must be involved with the design of the performance appraisal system”*) can be included with factor 4 as these items request the participant's

view of whether employees should be involved with the system's design and whether line management should be involved with the system's design. Furthermore, the next three variables (*"An important function of performance appraisals should be to determine salary increases"*, *"An important function of performance appraisals should be employee discipline"* and *"An important function of performance appraisals should be to determine employee incentives/rewards"*), could be seen as part of factor 2 – the outputs of performance appraisals. The last variable, *"The rating scale used, when appraising individuals, must be rated according to specific behaviours (Behaviourally Anchored Rating Scale)"* on this list could pertain to factor 4, which encompasses performance appraisal design.

6.4 COMPARISON BETWEEN GROUPS

The main aim of this study was to establish a model, using managerial and employee input, to design a performance appraisal system. Thus, the crux of this study was a comparison between the responses received from respondents, who indicated that they fulfil a managerial role, and those who indicated that they do not fulfil a managerial role, to test for differences. From table 6.1, it can clearly be seen that the responses on the item requesting the respondent to indicate whether they fulfil a managerial role or not, were skewed to the non-managerial response, as 82% of respondents indicated that they fulfil a non-managerial role and only 16.2% indicated that they fulfil a managerial role. Thus, when testing for differences between these groups, non-parametric statistics were applied and the Mann-Whitney statistic, for independent samples, was used.

With the Mann-Whitney statistic, using the respondents' answers to the question of their managerial or non-managerial role as grouping variable, the following items all indicated a significant difference in means:

Table 6.3

Determining differences between two groups (Mann-Whitney)

| Variable | Mean Ranks | | Sig. |
|---|----------------|--------|-------|
| If I get a low score, I expect to get a salary decrease | Managerial | 103.85 | .038* |
| | Non-managerial | 85.35 | |
| The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be quantifiable (measured by a number eg 10 units produced) | Managerial | 108.28 | .015* |
| | Non-managerial | 84.43 | |
| Formal performance appraisal training for appraisors must be part of the system's design | Managerial | 105.07 | .033* |
| | Non-managerial | 85.10 | |

*significant at the 95% confidence level

Item 37, “If I get a low score, I expect to get a salary decrease”, presented a value of 0.038, indicating that managers disagree more strongly than non-managerial employees. A mean score of 1.9 was obtained which indicated general disagreement amongst most respondents.

Item 39, “The measurement criteria (Key Performance Areas) used in performance appraisals must be quantifiable,” obtained a mean score of 4.5, which indicates general agreement with the statement amongst all respondents. The Mann-Whitney statistic indicated that managerial staff agreed more strongly with the statement than non-managerial staff (with a significance score of .015; significant at the 95% confidence level). Again, due to the technical complexity of this item, it could be argued that possibly managerial employees were better informed regarding performance appraisals than non-managerial employees.

On item 40, “Formal performance appraisal training for appraisors must be part of the system’s design,” a significance score of .033 (significant at the 95% confidence level) was obtained, with managerial employees agreeing more strongly with the statement than non-managerial employees. It must be noted that the mean score obtained on this item was 5.06, which indicates general agreement with the statement. Further, when the t-test was used,

keeping in mind that the sample was not parametrically distributed, item 39 and 40 still tested as statistical significant differences (see table 6.4).

To confirm the results obtained from the Mann-Whitney test, a t-test was also conducted. However, it must be remembered that the distribution of the sample, on the item concerning the respondents managerial status, was non-parametric. For the following items, the test for equal variances was violated, and thus non-equal variances were assumed:

Table 6.4
Confirming differences between groups (T-Test: Non-equal variances)

| Variable | Mean | | Sig. |
|---|----------------|--------|--------|
| Performance appraisals provide essential feedback to employees about their performance | Managerial | 5.6667 | .054** |
| | Non-managerial | 5.3767 | |
| An important function of performance appraisals should be to determine salary increases | Managerial | 5.4333 | .031* |
| | Non-managerial | 5.0274 | |
| An important function of performance appraisals should be the actual measurement (or assessment) of performance | Managerial | 5.6000 | .050* |
| | Non-managerial | 5.2740 | |
| If I get a low score, I expect to be counselled | Managerial | 5.1333 | .052** |
| | Non-managerial | 4.6507 | |
| The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be quantifiable (measured by a number eg 10 units produced) | Managerial | 5.1667 | .013* |
| | Non-managerial | 4.4795 | |
| Formal performance appraisal training for appraisors must be part of the system's design | Managerial | 5.5667 | .002* |
| | Non-managerial | 4.9726 | |

*significant at the 95% confidence level

**these items were not truly significant, but were included due to their proximity to the significance cut-off score

From table 6.4, it is observed that if a parametric distribution is assumed, the respondents who indicated that they fulfil a managerial role agreed more strongly with the items listed, than the respondents who indicated that they fulfil a non-managerial role. The difference between the two groups was statistically significant. It is further noted that on both the Mann-Whitney and t-test, a statistically significant difference between the two groups was found on

“The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be quantifiable (measured by a number eg 10 units produced)” and “Formal performance appraisal training, for appraisors, must be part of the system’s design” items.

Further results from the t-test (used with caution, due to non-parametric distribution) indicate further statistically significant differences on items 12 (Performance appraisals provide essential feedback to employees about their performance), 26 (An important function of performance appraisals should be the actual measurement of performance), and 34 (If I get a low score, I expect to be counselled). The difference on all these items indicated that managerial employees agreed more strongly with the statement than non-managerial employees. However, it must be highlighted that these three items all obtained mean scores above 4, indicating general agreement to the statement.

In the t-test, for the following item, Levine’s test for equal variances was not violated and thus equal variances were assumed:

Table 6.5
T-Test results: Equal variances

| Variable | Mean | | Sig. |
|---|----------------|--------|-------|
| The rating scale used, when appraising individuals, must be rated according to specific behaviours (Behaviourally Anchored Rating Scale). | Managerial | 5.2667 | .039* |
| | Non-managerial | 4.5685 | |

*significant at the 95% confidence level

From table 6.5 it is observed that, if a parametric distribution was assumed, a statistically significant difference between the managerial and non-managerial respondents would be identified. Again it is highlighted that even though there is a statistically significant difference between the two groups, the means of both these groups indicate a positive response to the statement. Thus the significance merely lies in the degree of agreement with the statement.

6.5 SUMMARY: RESULTS

The results impact on the theoretical model in a number of ways. However, even where managerial and non-managerial employees' responses differed significantly, it was only in the degree to which the either agreed or disagreed with a statement. Thus, it can be inferred the managers and non-managers have similar needs and expectations of performance appraisals.

In general the sample responded positively to the questionnaire, and the variance in results indicates that thought was put into their reaction to the items. For further conclusions and recommendations, see chapter 7.



Chapter 7

Conclusions and recommendations

7.1 CONCLUSIONS

The aim of the study was to incorporate the expectations of both managers and non-managers in the design of an organisation-specific performance appraisal system. To achieve this, a comprehensive questionnaire was constructed to compare the expectations of managers and non-managers on the following dimensions of performance appraisals:

- Performance appraisal systems' objectives.
- Performance appraisal systems' design principles.
- Performance appraisal methodology.

From the results presented and discussed in Chapter 6, the following conclusions can be made:

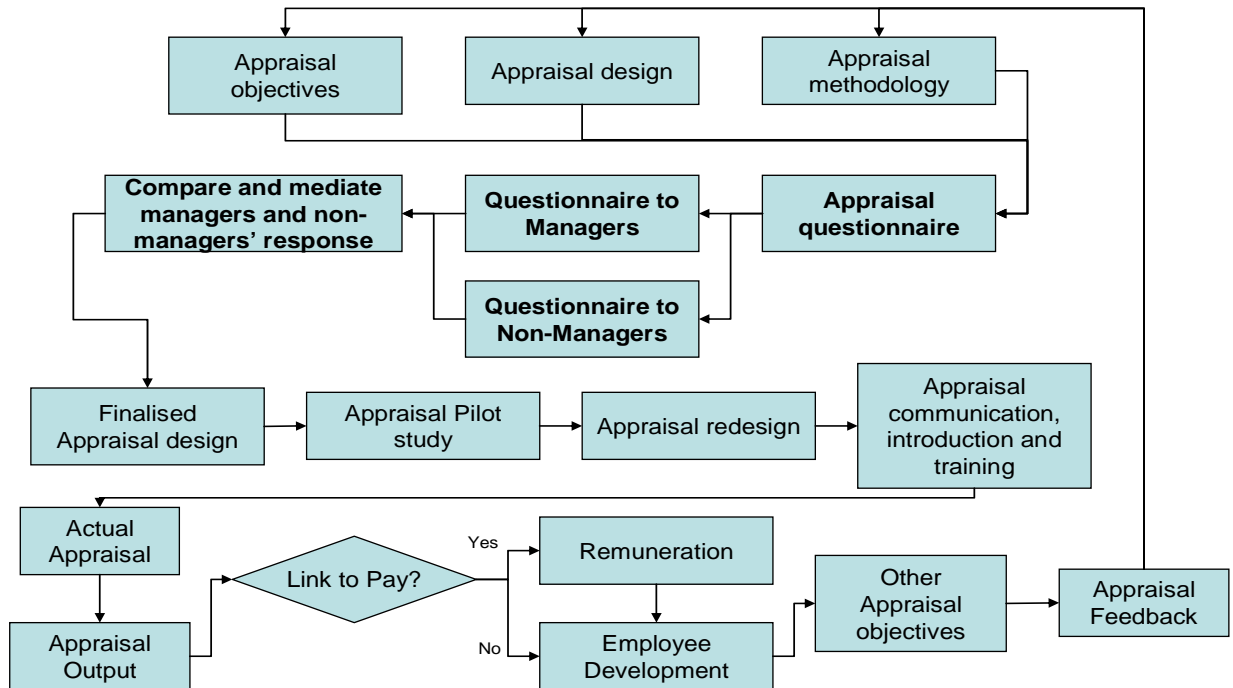
i. The expectations of managers and non-managers concurred on the following aspects and were therefore included in the final content and design of the organisation specific appraisal system:

- Performance appraisal system objectives:
 - Career and employee development.
 - Diverentiation between employees.
 - Employee discipline and counselling.
 - Determining salary increases and promotions.
 - Determining employee incentives.
 - Facilitation of communication bewteen managers and non-managers.
 - Clarifying expectations that managers have of their employees, through goal setting.
 - Facilitate employee administration.
 - Measurement of performance and the employee's contribution to organisational objectives.
 - Employee motivation.
 - Corporate communication.
- Performance appraisal system design principles:

- Feedback as system design element.
 - Performance guidance from manager to employee.
 - Ease-of-use.
 - A pilot study preseding the system's implementation and regular system review.
 - Line management and employees should be involved with the design of the performance appraisal system.
-
- Performance appraisal methodology:
 - Multiple raters should be used to determine a score.
 - Behavioural Anchored Rating Scale should be used as method of measurement.
- ii. The following aspects lacked sufficient congruence between the expectations of managers and non-managers and thus, need further investigation due to the impact on the systems:
- Reducing remuneration when employees receive a low score.
 - Quantifying Key Performance Indicators.
 - Performance appraisal training.

Diagrammatically, the model can be presented as follows:

FIGURE 7.1
The model as process



7.2 SUGGESTIONS FROM THE FINDINGS OF THIS STUDY

Based on the findings of this study, the following suggestions are made with reference to performance appraisal system's design:

- Managers and employees should be consulted when the system is designed, to ensure that the system meets the needs and expectations of the system's main users.
- The system should be an iterative process, learning from and improving with each application.
- From the input obtained from managerial and non-managerial employees, objectives of the performance appraisal system should be clearly delineated and communicated.

- The performance appraisal methodology must suit the culture of the organisation, thus the need to obtain input from both managerial and non-managerial employees.
- The system must be designed in such a manner to include credibility, reliability, relevance, objectivity, transparency and timeliness as a foundation. Feedback must also be focussed on as a performance appraisal design element.
- The impact that the performance appraisal system will have on remuneration must be addressed in the appraisal system's design. Whether the appraisal outcome should be linked to remuneration or not remains organisation specific and should be determined by stakeholder input.

7.3 RECOMMENDATIONS

Should similar studies be conducted in the future, the following suggested changes should be considered:

- i. The generalisability of the results could be improved by applying the survey instrument at numerous organisations and comparing the result across organisations. This would also improve the sample distribution in terms of managerial and non-managerial respondents. A larger number of respondents may also provide more significant results. Also, it is anticipated that in organisations where the level of education is higher, substantially different results could be obtained.
- ii. The survey instrument may be adapted somewhat to improve responses on items where respondents had to rank statements (for example item 31, where respondents had to rank the various objectives of performance appraisals). Further, the method of application could be adjusted to the culture of the organisation, as face-to-face contact may obtain greater response rates in some organisations. Computer-based questionnaires may also improve response rates in certain environments. Also, a more

qualitative approach may be more appropriate for certain organisations, especially where contact with or knowledge of performance appraisals is limited.

- iii. A greater cognisance should be taken of the impact of macroeconomic variables and current practices within organisations. For example, in an organisation, where profits are directly impacted by high oil prices, there may be a greater tendency to move away from remunerative outcomes of performance appraisals, due to the financial uncertainty within that organisation.
- iv. An additional variable, which was not taken into account with this study (as the study was conducted in an environment still governed by a paternalistic culture), is the element of performance appraisal ownership. Whether employees or line management retains ultimate accountability and ownership of the performance appraisal, should be based on the organisation's culture.

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Confidential

Please indicate your response, by making a cross in the appropriate block

Consent: I give permission that the information I provide below, may be used for research purposes (which will not be to my disadvantage/detriment in any manner)

| | |
|-----|----|
| YES | NO |
|-----|----|

1 Age

| | | | | | |
|-----|-------|-------|-------|-------|-------|
| <25 | 26-30 | 31-35 | 36-45 | 46-55 | 56-65 |
|-----|-------|-------|-------|-------|-------|

2 Highest Academic Qualification

| | | | | |
|-------------------------|----------------|----------------------------|---------|--------|
| Under Matric (grade 12) | Matric | Post Matric certificate(s) | Diploma | Degree |
| Honours degree | Masters degree | Doctorate | | |

3 Gender

| | |
|--------|------|
| Female | Male |
|--------|------|

4 Do you currently fulfil a managerial/supervisory role? (manager = people reporting to you/input into company strategy)

| | |
|-----------------|---------------------|
| Managerial role | Non-managerial role |
|-----------------|---------------------|

5 How many years have you been in this role?

| | | | | |
|----|-----|------|-------|-----|
| <3 | 4-6 | 7-10 | 11-15 | >15 |
|----|-----|------|-------|-----|

6 How many years' working experience do you have (in total)?

| | | | | |
|----|-----|------|-------|-----|
| <3 | 4-6 | 7-10 | 11-15 | >15 |
|----|-----|------|-------|-----|

7 Has your performance ever been appraised? (even outside the Altech group)

| | |
|-----|----|
| YES | NO |
|-----|----|

8 Have you ever appraised someone else's performance (a subordinate or a co-worker)?

| | |
|-----|----|
| YES | NO |
|-----|----|

9 How relevant are performance appraisals?

| |
|-----------------------------|
| Essential |
| Necessary but not essential |
| Not necessary |

10 How regularly should performance appraisals be conducted?

| |
|-----------------------------|
| Annually |
| 6 monthly |
| Quarterly |
| Monthly |
| More regularly than monthly |

Kindly indicate your view, of the IDEAL performance appraisal, on the following statements by making a cross in the appropriate block

11 Performance appraisals are essential to career development.

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

12 Performance Appraisals provide essential feedback to employees about their performance

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

13 Performance appraisals provide managers/ supervisors with an opportunity to guide employees to better performance

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

14 Performance appraisals must be developed based on an employee development philosophy (aimed at bettering employee skills)

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

15 Performance appraisals (documents) should be easy to use

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

16 Performance appraisals must allow for distinction between employees

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

17 Performance appraisal systems must have regular system reviews built in

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|



30.Ranking

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 18 An important function of performance appraisals should be employee discipline | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 19 An important function of performance appraisals should be to determine salary increases | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 20 An important function of performance appraisals should be to determine employee incentives/rewards (other than salary) | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 21 An important function of performance appraisals should be to assist with employee development (with a view to career progression) eg training and skills development | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 22 An important function of performance appraisals should be to facilitate communication between employees and their managers | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 23 An important function of performance appraisals should be to clarify what is expected of employees in terms of performance | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 24 An important function of performance appraisals should be to set performance goals for the year ahead | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 25 An important function of performance appraisals should be administrative to assist with promotions | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 26 An important function of performance appraisals should be the actual measurement (or assessment) of performance | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 27 An important function of performance appraisals should be to motivate employees | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 28 An important function of performance appraisals should be to allow corporate communication (informing the employee of the company's values, strategy and mission) | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 29 An important function of performance appraisals should be to facilitate the achievement of the individual employee's goals | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|---|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

30 Please rank questions 18 - 29, on a scale of 1 - 12, from least important (1) to most important (12) in the column next to questions 18 - 29.

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 31 If I get a high score, I expect a salary increase | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 32 If I get a high score, I expect an incentive/bonus/reward | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 33 If I get a high score, I expect a promotion | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|

| | | | | | | | |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|
| 34 If I get a low score, I expect to be counselled | Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree | <input type="text"/> |
|--|----------------|------------------|----------------|-------------------|---------------------|-------------------|----------------------|



35 If I get a low score, I expect to be disciplined

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|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

36 If I get a low score, I expect to be demoted

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|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

37 If I get a low score, I expect to get a salary decrease

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|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

38 Performance appraisals must be pilot tested before implementation

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
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39 The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be quantifiable (measured by a number eg 10 units produced)

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

40 Formal performance appraisal training, for appraisors, must be part of the system's design

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
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41 When Performance appraisals are conducted, an individual should be appraised by a number of appraisors (not just his/her immediate superior)

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
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42 When performance appraisals are conducted, the appraisal system should assess the individual's contribution to the organisation's objectives (such as financial and strategic contribution) and not only at his/her execution of tasks

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
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43 When performance appraisals are conducted, they should focus on comparing employees with each other (ranking them from highest to lowest)

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

44 The rating scale used, when appraising individuals, must be rated according to specific behaviours (Behaviourally Anchored Rating Scale). Example: Key Performance Indicator: **Timely completion of work**
Rating scale: 1= Never completes work on time; 2= occasionally completes work on time; 3= often completes work on time; 4= always completes work on time

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

45 Line Management must be involved with the design of the performance appraisal system

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

46 Employees (other than managerial or HR practitioners) must be involved with the design of the performance appraisal system

| | | | | | |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|
| Strongly Agree | Moderately Agree | Agree slightly | Disagree slightly | Moderately disagree | Strongly disagree |
|----------------|------------------|----------------|-------------------|---------------------|-------------------|

47 Were any of the above questions unclear? (Please explain) If not, please indicate N/A

48 Any other comments on the design of performance appraisals?

Thank you for participating in this study - Your input is appreciated!

Addendum 2: Cover letter & Informed Consent

Dear Colleague

Attached to this letter you will find a questionnaire regarding Performance Appraisals. It should only take 10 minutes of your time to complete it. Your response will be totally confidential, so please be as honest as possible.

I am currently busy with a master's degree in Human Resource Management and the attached questionnaire will assist me in completing my studies (for degree purposes). The study aims to find a way to incorporate your needs and expectations, as an employee or manager, in the appraisal system's design. When answering the questions, please think of the IDEAL system that you would like, and not your current system.

Your responses will be treated confidentially and will not be used to your detriment in any manner.

Should you have any further questions or comments, please feel free to contact me on 083 662 0633.

Please return the completed questionnaire by 26 May 2006 to your HR Consultant.

Thank you for your co-operation.

Henri Louw

Informed consent

“Integrating management and employee expectations in determining organisation-specific performance appraisal systems’ design” is a study designed to obtain and integrate managerial and non-managerial employees’ requirements in the design of the performance appraisal system. All that will be required of you, as a participant in this study, is the completion of this questionnaire. The results obtained will be treated as confidential and no risk or benefit will accrue to you, through your participation in this study.

Your participation is purely voluntary, and you may withdraw from the study at any point in time, without any adverse consequences. Should you wish to withdraw from the study, the data that you provided will be destroyed. Further, your anonymity is also assured, as neither your name nor identity number is required for this study.

The researcher’s contact details appear on the cover letter of the questionnaire, and you may use it to contact him at any time.

Please complete the following:

I fully understand the implications of participating in this study, understanding that my participation will be treated as confidential at all times and in all manners, and thus give consent for the data that I provide to be used in this study. I am also aware that I may withdraw from participation at any point during this study, and this will not affect me in any manner whatsoever. I give my informed consent for the use of the data I provide.

Signed: _____ Date: _____

If you are not in agreement with the above, please circle the following statement (and do not sign the above declaration).

I do not give consent for the use of the data I provide.

Addendum 3: Items and abbreviations

Items and abbreviations

| Item number | Item | Abbreviation |
|-------------|--|----------------|
| 11 | Performance appraisals are essential to career development. | Careerdev |
| 12 | Performance Appraisals provide essential feedback to employees about their performance | Feedback |
| 13 | Performance appraisals provide managers/ supervisors with an opportunity to guide employees to better performance | Guideempl |
| 14 | Performance appraisals must be developed based on an employee development philosophy (aimed at bettering employee skills) | Empdevphil |
| 15 | Performance appraisals (documents) should be easy to use | Easyuse |
| 16 | Performance appraisals must allow for distinction between employees | Distinction |
| 17 | Performance appraisal systems must have regular system reviews built in | Regreview |
| 18 | An important function of performance appraisals should be employee discipline | Empdiscipl |
| 19 | An important function of performance appraisals should be to determine salary increases | Salincrease |
| 20 | An important function of performance appraisals should be to determine employee incentives/rewards (other than salary) | Incentive |
| 21 | An important function of performance appraisals should be to assist with employee development (with a view to career progression) eg training and skills development | Empdev |
| 22 | An important function of performance appraisals should be to facilitate communication between employees and their managers | Communication |
| 23 | An important function of performance appraisals should be to clarify what is expected of employees in terms of performance | Expectations |
| 24 | An important function of performance appraisals should be to set performance goals for the year ahead | Goalsetting |
| 25 | An important function of performance appraisals should be administrative to assist with promotions | Administrative |
| 26 | An important function of performance appraisals should be the actual measurement (or assessment) of performance | Measurement |
| 27 | An important function of performance appraisals should be to motivate employees | Motivate |
| 28 | An important function of performance appraisals should be to allow corporate communication (informing the employee of the company's values, strategy and mission) | Corpcomm |

| | | |
|----|--|---------------|
| 29 | An important function of performance appraisals should be to facilitate the achievement of the individual employee's goals | Indivgoals |
| 31 | If I get a high score, I expect a salary increase | HighSalary |
| 32 | If I get a high score, I expect an incentive/bonus/reward | HighIncentive |
| 33 | If I get a high score, I expect a promotion | HighPromotion |
| 34 | If I get a low score, I expect to be counselled | LowCounsel |
| 35 | If I get a low score, I expect to be disciplined | LowDiscip |
| 36 | If I get a low score, I expect to be demoted | LowDemote |
| 37 | If I get a low score, I expect to get a salary decrease | LowSalDec |
| 38 | Performance appraisals must be pilot tested before implementation | Pilot |
| 39 | The measurement criteria (Key Performance Indicators/Key Performance Areas) used in performance appraisals must be quantifiable (measured by a number eg 10 units produced) | KPIQuant |
| 40 | Formal performance appraisal training, for appraisors, must be part of the system's design | Training |
| 41 | When Performance appraisals are conducted, an individual should be appraised by a number of appraisors (not just his/her immediate superior) | MultiRator |
| 42 | When performance appraisals are conducted, the appraisal system should assess the individual's contribution to the organisation's objectives (such as financial and strategic contribution) and not only at his/her execution of tasks | OrgObject |
| 43 | When performance appraisals are conducted, they should focus on comparing employees with each other (ranking them from highest to lowest) | Comparison |
| 44 | The rating scale used, when appraising individuals, must be rated according to specific behaviours (Behaviourally Anchored Rating Scale). | BARS |
| 45 | Line Management must be involved with the design of the performance appraisal system | LineInvolve |
| 46 | Employees (other than managerial or HR practitioners) must be involved with the design of the performance appraisal system | EmplInvolve |