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**AN EVALUATION OF THE EFFECTIVENESS OF THE CURRENT
PERFORMANCE APPRAISAL SYSTEM UTILISED BY BCS-NET PTY LTD**

By

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DECLARATION

I, Sivaramon Govender, hereby declare that this research thesis is my own original work, that all reference sources have been accurately reported and acknowledged, and that this document has not previously, in its entirety or in part, been submitted to any University in order to obtain an academic qualification.

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Signed:  _____

Date: 07/03/2007

ABSTRACT

In this current hypercompetitive environment organisations are forced to become more efficient and effective. In this respect, one of the most popular tools used to streamline and improve service delivery is the application of performance appraisal systems. The objective of this study is to determine the extent to which the current performance appraisal system of BCS-Net Pty Ltd complies with the requirements and guidelines for performance appraisal as stipulated in the literature, in other words how effective is the current performance appraisal system utilised by BCS-Net Pty Ltd.

A quantitative research method was used to seek answers to the research questions. Survey questionnaires were sent to various respondents for data collection. The questions in the survey questionnaire were grouped into various criteria for an effective performance appraisal. All employees that were previously evaluated by the organisation were allowed to participate. A literature review was conducted to determine what criteria constituted an effective performance appraisal system.

After analysing the relevant information from the organisation's employees it became apparent that the current performance appraisal system of the organisation was ineffective and it did not meet all the requirements for the criteria for a successful and effective performance appraisal system. Secondly, there was a clear indication that not all the supervisors/managers were adequately trained to conduct a performance appraisal and there was no consistency with regards to the implementation of the current performance appraisal system across the organisation.

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List of Acronyms

HR – Human resource

PA – Performance appraisal

PAs – Performance appraisals

Percent – per cent

SPSS13 - Statistical package for the social sciences

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CHAPTER 1 - INTRODUCTION TO THE STUDY

1.1 Introduction

In this current hypercompetitive environment, organisations are forced to become more efficient and effective. In this respect, one of the most popular tools used to streamline and improve service delivery is the application of performance appraisal systems. However, since appraising is considered to be a particularly controversial management practice, the successful utilization of such a system faces numerous challenges and obstacles.

The history of performance appraisal is quite brief, but this is not very helpful, for the same may be said about almost everything in the field of modern human resources management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession (www.performance-appraisal.com/intro.htm).

There is, states Dulewicz (1989: 645), "a basic human tendency to make judgments about those one is working with, as well as about oneself." Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate.

Research is "an inquiry process that has clearly defined parameters and has its aim, the: discovery or creation of knowledge, or theory building; testing,

confirmation, revision, refutation of knowledge and theory; and/or investigation of a problem for local decision making” (McClure and Hernon 1991: 3-4).

This process involves the identification of a problem; the conducting of a literature review to place the problem in a proper perspective and the formulation of a theoretical framework by defining objectives, research questions and hypotheses, the adoption of a research design and methods, the collection of data, data analysis and the presentation of findings. The purpose of this chapter is to give an overview of this study, entitled “An evaluation of the effectiveness, of the performance appraisal systems utilised by BCS-Net Pty Ltd.” This chapter begins by providing the background to the problem with a brief introduction to the organisation, then followed by a presentation of the overall picture of the study starting from the statement of the problem to be addressed and the chapter outlines the research purpose, value and scope of the research.

1.2 Background to the Problem

With the proliferation of information technology companies in our current hypercompetitive environment, these companies are forced to become more efficient and effective in order to remain sustainable and competitive. The researcher is a shareholder in BCS-Net Pty Ltd, which is an information technology company that provides support services and systems implementation services to various clients. Being in the business of providing specialised services to its clients, BCS-Net Pty Ltd is very much dependant on its staff to ensure they provide the best quality of service to their clients to remain profitable and to avoid losing their client base. The current support personnel are highly paid, but morale has been low over the last few years. Even though the company has been profitable and employees are highly paid, the management has been confronted with resignations from some of the key support personnel within the organisation. As a shareholder of the organisation in question, the researcher had brief informal chats with a number of the support personnel regarding their concerns. The key concerns that were highlighted were unclear expectations, insufficient acknowledgement of their contributions and inconsistent feedback as to how they were performing. The

identification of these concerns and the need to remain profitable and competitive, prompted the researcher to conduct a study to determine effectiveness of the current performance appraisal system of the organisation.

1.3 Problem Statement

Performance appraisal is gaining more and more attention for two main reasons. Firstly, employees are a major source of gaining a competitive advantage over their rivals by cost reduction and quality enhancement. Secondly, the challenge of rapid technological change demands continuous skill development. "For managers to manage change effectively and beneficially, they need to consciously incorporate training and development into the very fabric of their everyday managerial practice." (Hamlin, Keep and Ash 2000: 29). Performance appraisal is such a device, which can integrate this activity. BCS-Net Pty Ltd employees are appraised annually to monitor staff performance and evaluate productivity.

Without the use of a performance appraisal system it is not possible to learn what to manage and how to manage. An ineffective performance appraisal system could also have a negative impact on how and what to manage. Hence, the role of a performance appraisal system can be considered as one of the key aspects of managing and should play a strategic role in managing the employees within BCS-Net Pty Ltd. An effective performance appraisal system should be able to assess the employees on the basis of the skills needed and develop them to meet the challenges of the current hypercompetitive environment. In light of the above challenges, the main problem that was identified was **"How effective is the current performance appraisal system utilised by BCS-Net Pty Ltd?"**

1.3.1 Sub-problems

In developing a research strategy to deal with and make recommendations on the main problem, the following sub-problems were identified:

- What are the components and characteristics of an effective performance appraisal system?
- What are the characteristics of the current performance appraisal system used by the organisation for all its employees?
- To what extent does the current performance appraisal system of the organisation satisfy the components and characteristics of an effective performance appraisal as set out in the theoretical framework in Chapter 2?

1.4 Purpose of the Research

The overall purpose of the research is to determine the effectiveness of the current performance appraisal system utilised by BCS-Net Pty Ltd.

To achieve this, the following main objectives are addressed:

- To collect biographical information on the employees who participate in the research.
- To collect information on the employees' opinions of the current performance appraisal system utilised by the organisation by means of a questionnaire.
- To determine the components and characteristics of an effective performance appraisal system.
- To determine the characteristics of the current performance appraisal system utilised by the organisation.
- To determine the extent that the current performance appraisal system of the organisation satisfies the components and characteristics of an effective performance appraisal as set out in the theoretical framework in Chapter 2.

1.5 Research Design

The study will make use of the following methods to collect and analyse relevant data, namely, a research methodology, which comprises methodological techniques (such as primary sources, secondary sources, personal visits, direct, and systematic observation, communication by telephone, postal dispatch and group administration) and survey techniques; method of data collection, which comprises the use of a questionnaire; data analysis; validity and reliability tests; ethical considerations; clarification of terminology; and conclusion.

1.5.1 Design and Analytical Techniques

A conclusive research design using a quantitative technique will be essential to provide empirical evidence regarding the effectiveness of the current performance appraisal system utilised by the organisation. A cross sectional descriptive study, based primarily on a self-administered questionnaire or a questionnaire administered by personal interview will yield the required qualitative and quantitative conclusive information. Self-administered questionnaires will also be sent to the respondents via email or by post.

1.5.2 Methods of Data Collection

Questionnaires analysing the current performance appraisal system of the organisation will be administered to the various respondents to get the necessary results that are required. A pilot study was conducted to eliminate any ambiguity in the questions, so as to ensure reliability and validity.

1.5.3 Data Analysis Technique

A database will be constructed in SPSS13. This database will be used to analyse demographic and perceptual factors. Significant tests will be used to determine which significant correlations between demographic and perceptual factors will be analysed. To measure the employee's perception of the current performance appraisal system utilised by the organisation, a

diagnostic survey will be used to measure their perceptions. Data from the survey instruments will be analysed using a correlation analysis. Data from the questionnaires will then be compared in relation to compliance with the theory as defined in the theoretical framework for the criteria for an effective performance appraisal system. Data will then be presented.

1.6 Obtaining Permission from the Organisation to conduct the Research

After a meeting with management and staff (as to the purpose and the benefit of the research to the organisation and the employees) the management subsequently issued a letter confirming its acceptance for the researcher to conduct the study within the organisation. The questionnaire was also accompanied by a letter of consent, where respondents either agreed or disagreed to participate in the study.

1.7 Value of the Research

The value of the research is as follows:

- By having an effective performance appraisal system the employees within the organisation will benefit by developing their knowledge, skills and abilities.
- The employees will receive regular feedback as to how they are performing and how they can improve their performance.
- Management will be continuously aware of what the employees are doing and how they are performing.
- The clients will benefit from better service as both management and employees will be communicating regularly as to how the employees can improve their service to the clients.
- Employee morale will be boosted through the constant interaction between management and staff.
- Lastly, if employee morale increases and the employees are made aware of their shortcomings, and how to overcome them, organisational productivity should improve.

1.8 Scope of the Research

All employees who had been previously evaluated by BCS-Net Pty Ltd were allowed to participate in the study, whereas all new employees who had not been through the organisation's appraisal process were not allowed to participate.

1.9 Terminology

For the purpose of this study, it is necessary that the following terms be defined in order to clarify the context within which they are used:

- **Development**

Andrews (1988: 134) states "... development is a continuation of education and training for the purpose of gaining satisfactory experience and skills as well as the correct attitude in order to be admitted to the highest managerial positions."

In this study, development is concerned with the preparation of employees to allow them an opportunity to progress with the organisation.

- **Effectiveness**

Pearsall (1999: 456) defines effectiveness as a "means to produce a desired or intended result." For the purpose of this study, effectiveness means the extent to which the organisation's current performance appraisal system meets the criteria for an effective performance appraisal system, as defined in Chapter 2 of the literature review.

- **Efficiency**

According to Pearsall (1999: 456), efficiency refers to the state or quality of being efficient, whereas Hunt (1997: 55) states that "efficiency is when employees work productively with minimal wasted effort or expense." In the context of this study, efficiency refers to an economic manner in which objectives are to be achieved.

- **Employee Dissatisfaction**

Johannsen and Page (1996: 94) define employee dissatisfaction as a “lack of satisfaction by the workforce.” It is a situation wherein workers are discontent or demoralised to an extent that commitment to productivity is low. In this study, employee dissatisfaction refers to employees’ feelings of being dissatisfied, disappointed and angry, as employees are not satisfied with the method at which performance appraisals are conducted, and the outcomes thereof.

- **Objectivity**

According to Pearsall (1999: 456), “objectivity refers to the state whereby someone is not influenced by his or her own feelings or opinions.” In the context of this study, objectivity refers to the situation wherein, at work, a supervisor is not influenced by her/his feelings or opinions when conducting a performance appraisal in the organisation.

- **Evaluator/Rater**

The person who conducts an evaluation of an employee’s job performance.

- **Performance Appraisal (PA)**

According to Werther and Davis (1993: 81), performance appraisal is a continuous process by which an organisation appraises job performance. Carrell, Elbert, Hatfield, Grobler, Marx, and van Der Schut (1998: 258) define performance appraisal as an “ongoing process of appraising and managing both behaviour and outcomes in a workplace.” In the context of this study, performance appraisal denotes a continuous process of diligent and purposeful observation and evaluation of an employee/ subordinate, so as to determine their knowledge, capacities, potential, aptitude, talents, shortcomings and limitations, measured against the job description. This implies the continuous collection of information on employees so that a report could be compiled.

- **Performance Appraisal System**

The performance appraisal system refers to the system whereby the supervisor is expected to compare employees on the basis of specific characteristics or work capacities (Pearsall, 1999: 371). In this study, the performance appraisal system provides for a performance appraisal of an employee by supervisors who should be conversant with work conduct.

- **Performance Management**

Performance management is defined by Armstrong (2001: 6) as a “means of getting better results from a whole organisation by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.” It is a process for establishing a shared understanding of what is to be achieved and how it is to be achieved and an approach to managing people, which increases the probability of achieving job-related success (Hartle, 1995: 12). Schultz, Bagraim, Potgeiter, Viedge and Werner (2003: 75) view performance management as the daily management of people. For the purpose of this study, performance management will be the total process of observing an employee’s performance in relation to job requirements over a period of time.

- **Personnel**

According to Cloete (1985: 5), personnel are the body of persons employed in an organisation. It is one of the generic processes involving staff matters. In this study, personnel will refer to the appointed employees who occupy the prescribed posts in BCS-Net Pty Ltd.

- **Subjectivity**

Pearsall (1999:1 427) defines subjectivity as based on or being influenced by personal feelings, tastes or opinion. For the purpose of this study, subjectivity will refer to a situation at work where supervisors regard performance appraisal as an end in itself and not a process that has to be carried out regularly, objectively, efficiently, effectively and with dedication.

- **Supervisor**

According to Katz (1997: 5), “a supervisor is a manager who evaluates individual employees or management at any level, and is held accountable for the output of one or more units as well as for the performance of employees within the units.” A supervisor will, therefore, be any officer who exercises control over one or more officers/employees on the various levels in the hierarchy of the organisation being researched.

1.10 Structure of the Dissertation

In Chapter 1 the background of the study of the problem statements are identified. Definitions and concepts are also presented. Chapter 2 presents a theoretical overview of the performance appraisal, the criteria for an effective performance appraisal process and performance management. An overview of the current performance appraisal system utilised by BCS-Net Pty Ltd is presented in Chapter 3. Chapter 4 discusses the research methodology used for this study. In Chapter 5 the results from the empirical study are presented and analysed. The final conclusion and recommendations are presented in Chapter 6.

CHAPTER 2 - A THEORETICAL OVERVIEW OF PERFORMANCE APPRAISAL

2.1 Introduction

This chapter provides a detailed discussion of the theoretical perspective that would be used in this study. The presentation of the theory on performance appraisal will give the reader a clear understanding as to the importance of effective performance appraisal systems within organisations and the different aspects and influences thereto.

2.2 Definition and Description of Performance Appraisal (PA)

Performance appraisal (PA) is the ongoing process of evaluating and managing both the behaviour and outcomes of employees in the workplace (Carrell *et al.* 1998: 258). Simply stated, it is the process whereby a supervisor judges and evaluates the work performance of a subordinate. Performance appraisal has been defined as a “process by which organisations establish measures and evaluate individual employee behaviour and accomplishments for a finite period of time” (Zairi, 1994: 93).

According to Lansbury (1988: 46) performance appraisal is the process of identifying, evaluating and developing the work performance of employees in the organisation, so that the organisational goals are more effectively achieved, while at the same time benefiting employees in terms of receiving feedback, recognition, catering for work and offering career guidance. Braton and Gold (1999: 214) state that performance appraisal acts as an information-processing system providing vital data for rational, objective and efficient decision-making regarding improving performance, identifying training needs, managing careers and setting rewards for achievements. According to DeNisi, Cafferty and Meglino (1984: 360-396) performance appraisal is an exercise in social perception and cognition embedded in an organisational context requiring both formal and implicit judgment.

Performance appraisal is defined by Baird (1992: 143) as the process of identifying, measuring and developing human performance. Performance appraisal systems must not only accurately measure how well an employee is performing a job, but they must also contain mechanisms for reinforcing strengths, identifying deficiencies and feeding such information back to employees so that they can improve future performance. Leap and Crino (1993: 331) regard performance appraisal as a process through which quantitative aspects of an employee's work performance are evaluated. Performance appraisal of individuals and the organisation is a basic task of management. Cascio (1995: 275) views performance appraisal as the systematic description of job-relevant strengths and weakness of an individual group. According to Bratton & Gold (1994:169) performance appraisal is arguably the most contentious and least popular activities within the human resources management cycle.

As performance appraisal is an activity that determines an employee's future in the organisation, such a system should be characterised by fairness, accuracy and the use of correct performance appraisal results. It must be handled with care. An employee's self-image, status in the work group, motivation, promotion, career opportunities, rewards and commitment to perform or improve are all affected by this process.

Organisations use various terms to describe the performance appraisal process. Performance review, annual appraisal, performance evaluation, employee evaluation and merit evaluation are some of the terms used.

2.3 What is Performance Management?

Schultz *et al.* (2003: 75) state that managers often confuse performance appraisal with performance management. However, they view performance management as the daily management of people, whilst performance appraisal is a discrete event, which most organisations perform once a year, to evaluate employee performance. Swanepoel (2003: 375) states that it is important to distinguish performance management from performance appraisal, as the former is a broader view of performance appraisal where rating is de-emphasized. Performance management

is defined by Armstrong (2001: 6) as a “means of getting better results from a whole organisation by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.”

Spangenberg (1994: 14) states that performance management is a set of techniques a manager uses to plan, direct and improve the performance of employees/subordinates in achieving the overall objectives of the organisation. Armstrong (1994: 25) shares this view of Spangenberg (1994: 14) by stating that performance management aims to achieve the following:

- ✚ The achievement of sustainable improvement in organisational performance;
- ✚ A level for change in developing a more performance-oriented culture;
- ✚ A tool to increase the motivation and commitment of employees; and
- ✚ A tool to assist in the development of a constructive and open relationship between individuals and their managers, ensuring continuous communication regarding work actually done throughout the year, and a means of focusing attention on the attributes and competences required to perform effectively and on what should be done to develop them.

This view is similar to that of Schultz *et al.* (2003: 75) who emphasizes performance management as a daily management of people in achieving the overall objectives of the organisation. Hartle (1995: 63-64) highlights certain crucial imperatives of performance management:

- ✚ The shared vision of the organisational objectives must be communicated to all employees;
- ✚ Individual performance goals are aligned with business and organisational objectives;
- ✚ Regular reviews of progress in reaching set objectives are undertaken, and from these reviews training, development and reward outcomes are identified; and
- ✚ Allowance is made for changes and improvement to overall performance.

Carrell, Elbert and Hatfield (2000: 224) refer to performance management as the entire 'box of tools' which management uses to control, guide and improve the employee performance. Tools such as reward systems, job design, leadership approaches, training efforts and the performance appraisal can all be seen as part of an effective human performance management system and a crucial part of most managers' jobs. Furthermore, performance management is a management tool that links organisational performance to individual performance. It seeks and identifies opportunities for growth and development. It therefore should be considered as an important system within companies or organisations (Carrell *et al.* 2000: 224)

2.4 South Africa's Performance Appraisal Dilemma

The implosion of various new businesses in post apartheid South Africa has fostered numerous international investments in this country. For this reason, it is crucial for companies to retain specialised skills. Performance appraisal is important for employee retention. In this regard, it is vitally important to understand the current state of performance appraisals in the South African context. According to Carrell *et al.* (1998: 258) a comprehensive survey of nine leading South African organisations undertaken by the University of Stellenbosch Business School, revealed a rather bleak picture of the way employee performance is managed and rewarded in South Africa. Major problems that were identified during the survey included the existence of a negative work culture. Changes in corporate strategy did not result in corresponding behaviour changes and insufficient line management support to manage performance. Regarding periodic and formal performance reviews, the following became abundantly clear: lack of follow-up to performance reviews, overemphasis on the appraisal aspect at the expense of development, inadequate performance information and maintaining objectivity (Carrell *et al.*, 1998: 258).

Despite the above problems many authors are of the opinion that the existence of a good performance appraisal system can be of great value to the organisation and the employees to enhance and improve organisational and employee performance (Carrell *et al.* 1998: 258).

2.5 Standards/Criteria for a successful and effective Performance Appraisal System

According to (Swanepoel, Erasmus, van Wyk and Schenk, 1998: 406) specific requirements for an appraisal system as a criterion for judging the work performances of individuals is relevance, reliability, the ability to discriminate or sensitivity, freedom from contamination, practicality and acceptability. The above requirements are legally and scientifically important to any appraisal system and are detailed below (Cascio, 1995: 277).

2.5.1 Relevance

The requirement of relevance refers to what is really important for achieving success in the job and the organisation. This view is reiterated by Swanepoel *et al.* (1998: 406), Plunkett (1996: 481) and Cherrington (1995: 281). From the above it is clear that the appraisal system must be directly related to the objectives of the job and the goals of the organisation. The following three processes are recommended by Cascio (1995: 227) to ensure relevance:

- ✚ Establish clear links between the performance standards of all jobs and the organisational goals;
- ✚ Establish clear links between the critical job elements of each job (as determined through the job analysis and the performance dimensions to be rated on the appraisal form); and
- ✚ Ensuring the regular maintenance and updating of job descriptions, performance standards and appraisal systems.

2.5.2 Reliability

According Swanepoel *et al.* (1998: 406) and Cherrington (1995: 282) the performance appraisal must produce evaluations or ratings that are consistent and repeatable. Additionally, Swanepoel *et al.* (1998: 406) state that the requirement for reliability does not only refer to the psychometric

properties of the measuring instrument itself, but the evaluator/rater must have sufficient opportunity to observe the subordinate's behaviour.

2.5.3 The ability to Discriminate or the ability to be Sensitive

By implication, the performance appraisal system must be capable of distinguishing effective and good performers from ineffective and bad performers. Swanepoel *et al.* (1998: 406) and Cascio (1995: 278) concur that if the appraisal system is unable to distinguish good performers from poor performers then the performance appraisal system cannot be used for administrative or developmental purposes and will undermine the motivation of both the supervisors and the subordinates.

2.5.4 Acceptability

In terms of Swanepoel *et al.* (1998: 407) the acceptability of a system is a crucial prerequisite, since the support and perceived legitimacy a system receives from both managers and employees will probably carry more weight in determining its success than its inherent technical soundness. Swanepoel *et al.* (1998: 407) also indicates that, in order to establish a positive attitude towards the system, it would be prudent to utilise all possible means of involving the eventual end users in its development, implementation and maintenance. They must also be made to feel that they are the actual owners of the appraisal system.

2.5.5 Practicality

Swanepoel *et al.* (1998: 407) indicates that an appraisal system should be easy to use, understand, user friendly and manageable. Swanepoel *et al.* (1998: 407) also add that design decisions related to the practicality and utility of an envisaged system could influence the practitioner to make some compromises, since an increase in practicality is usually at the expense of the measurement precision.

2.5.6 Freedom from Contamination

According to Swanepoel *et al.* (1998: 407), the appraisal system should be able to measure individual performance without being contaminated by extraneous factors that are beyond the employee's control, for example material shortages, inappropriate equipment or procedures. Cherrington (1995: 282) concurs with this view. Furthermore, Plunkett (1996: 481) indicates that care must be exercised to avoid judgement errors on the basis of contamination factors such as stereotyping, bias or an employee's deviation from the organisation's dominant culture approach.

2.6 Purpose/Objectives of Performance Appraisals

The overall purpose of PA is to provide information about work performance.

According to Gomez-Mejia, Balkin and Cardy (2001: 226) this information can serve a variety of purposes, which generally can be categorized under two main headings, administrative purposes and developmental purposes.

According to Swanepoel (2003: 373) administrative purposes concern the user of performance data as basis for personnel decision making, including:

- ✚ Human resource planning – for example, compiling skills inventory
- ✚ Reward Decisions – for example, salary and wage increases or bonuses
- ✚ Placement Decisions – for example, promotions, transfers, dismissals and retrenchments
- ✚ Personnel Research – for example, validating selection procedures by using appraisal criteria or evaluating the effectiveness of training programmes.

According to Swanepoel (2003: 373) developmental purposes of performance appraisal can serve individual development purposes by:

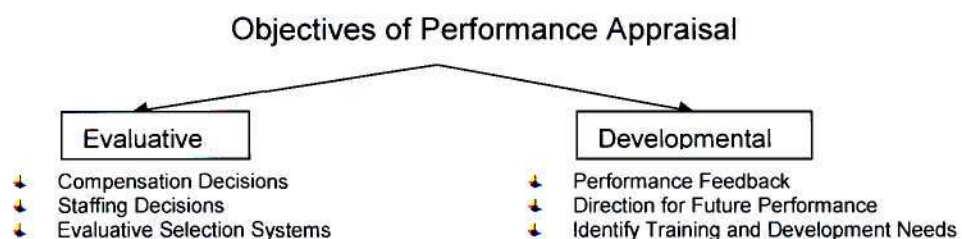
- ✚ Providing employees with feedback on strengths and weaknesses
- ✚ Aiding career planning and development and

- ✚ Providing inputs for personal remedial interventions, for example, referral to an Employee Assistance Programme.

Carrell *et al.* (2000: 260) state that PAs are a key element in the use and development of an organisation's most vital resources – its employees. They further state that appraisals are used for a wide range of administrative purposes, such as making decisions about pay, promotion and retention. Effective appraisals can significantly contribute to the satisfaction and motivation of employees, if they are used correctly. They also state that the objectives of PA fall into two categories: evaluative and developmental. These objectives are illustrated in Figure 2.1.

- ✚ The Evaluative Objective – This concerns determining compensation such as merit increases, employee bonuses and others increase in pay. Staffing decisions, such as promotions, demotions, transfers and layoffs are also likely to be affected by PAs, which can also be used to evaluate the recruitment, selection and placement systems.
- ✚ Developmental Objectives – This objective encompasses developing employee skills and motivation for future performance. The authors argue that performance feedback is primarily a development need, because almost all employees want to know how their supervisors feel about their performance. Development PAs are mostly focused on giving employees direction for future performance. Employees want to know what direction they should take in order to improve. Therefore, the result of appraisals influences decisions about training and development of employees.

Figure 2.1: Objective of an appraisal system



Source: Carrell *et al.* (2000: 225)

According to Graham and Bennett (1993: 233) the principal uses of PAs are:

- ✚ To assist management as to what increases in pay shall be given on the grounds of merit
- ✚ To determine the future use of an employee
- ✚ To indicate training needs
- ✚ To motivate employees to do better

Kreitner and Kinicki (1995: 404) state that the key objective of PA are salary administration, performance feedback, identifying individual strengths and weakness, documenting personnel decisions, recognition of individual performance, identifying poor performance, Assisting in goal identification, Promotion decisions, Retention or termination of personnel and evaluating goal achievements. Cherrington (1995: 276) provides the following objectives for PA:

- ✚ Human resource actions such as recruiting, dismissals and promotions
- ✚ Providing employees with information for their own personal development
- ✚ Identifying training needs for the employees and
- ✚ To integrate human resource planning and coordinate other hum resource functions.

Cascio (1998: 303-304) views PA systems as having a twofold purpose:

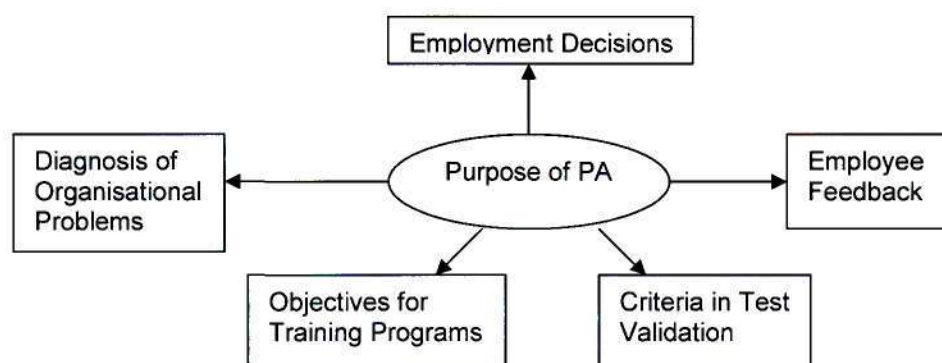
- ✚ To improve employee's work performance by helping them realise and use their full potential in carrying out the organisation's mission and
- ✚ To provide information to employees and managers for use in making work related decisions.

Figure 2.2 illustrates the specific purposes, which Cascio (1998: 304) identified for a PA system:

- ✚ Appraisals provide legal and formal organisational justification for employment decisions

- ✚ Appraisals are used as a criteria in test validation – that is, test results are correlated with appraisal results to evaluate the hypothesis that test scores predict job performance
- ✚ Appraisals provides feedback to employees – enhances career development
- ✚ Once development needs are identified, appraisals can help establish objectives for training programmes and
- ✚ With proper specification of performance levels, appraisals can help diagnose organisational problems.

Figure 2.2: Specific purpose of Performance Appraisal



Source: Cascio (1998: 304)

In the above section, the researcher described the objectives and purpose of PAs. Although differently presented by the authors, there are many similarities between them. The researcher found that the most important purpose and objectives are to improve work performance and to provide information to employees and managers for use in making work related decisions such as training and rewards. Essentially, the two objectives can be narrowed down to evaluative and developmental.

2.7 Who should evaluate Performance?

The most fundamental requirement for any rater is that he or she has an adequate opportunity to observe the employee's job performance over a reasonable period of time (for example, Quarterly). This requirement suggests several possible raters. Cherrington (1995: 295) states that as a general rule PA is more accurate and useful when the evaluations comes from sources closest to the person being rated. To make quality evaluations, raters/assessors need adequate opportunity to observe. Cherrington (1995: 295) also states that although supervisors should have the primary responsibility for the evaluation process, others could also be included in the procedure. These others could be subordinates, peers, the employee being evaluated, and clients or customers.

Kreitner, Kinicki (1995: 405) believe that supervisors, peers, subordinates and the employee should be involved in the evaluations process. According to Gerber, Nel and Van Dyk (1998: 172) superiors who have the best knowledge of employee's job performance and who are able to observe employee's job behaviour daily, should conduct the performance appraisal. They also indicate that supervisors, subordinates and the employee should be involved in the evaluation process. Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono and Werner (2001: 521) state that immediate supervisors, peers, subordinates, self, customers and computer appraisals should be involved in the evaluation process.

Cascio (1998: 316) indicates that there are several different choices of raters: the immediate supervisor, peers, customers or clients, subordinates, self-appraisals and computers appraisals. Likewise Carrell *et al.* (2000: 239) point out the same type of raters as Cascio (1998: 316) above: supervisors, same job peers, the served (customers and clients), self and subordinates, but refers to them as the complete circle of five 'S observers'. The 'S observers', is referred to as the 360-degree feedback system and refers to the employees being rated by the complete circle. The above theory clearly indicates that most authors have a similar view of who should be involved in the appraisal process and these are immediate supervisors, subordinates, peers and customers. Each of the possible raters is more closely examined overleaf.

2.7.1 The Immediate Supervisor

Nel *et al.* (2001: 521) point out that the immediate supervisor, is probably most familiar with the subordinate's performance and has the best opportunity to observe actual job performance on a daily basis. However, Nel *et al.* (2001: 522) also states that the disadvantage in using the immediate supervisor is that he or she may be too lenient in rating an employee in an attempt to gain the employee's support. Gerber *et al.* (1998: 172), state that because the immediate supervisor works closely with the employee, the supervisor is most suitable to perform the evaluation. They also indicate that the immediate supervisor's personal prejudice, personality clashes or friendships might hinder an objective appraisal. Cherrington (1995: 295) believes that since supervisors administer the rewards and punishments, they should be responsible for evaluating performance. Dessler (1997: 365) and Carrell *et al.* (2000: 239) state that the supervisor should be, and usually is in the best position to observe, and evaluate the subordinate's performance and is responsible for that subordinate's performance. Likewise, Cascio (1998: 316) also holds the view that the supervisor is probably most familiar with the subordinate's performance and has the best opportunity to observe actual job performance on a daily basis.

2.7.2 Peers

According to Cascio (1998: 316) and Nel *et al.* (2001: 522) the judgment by peers often provides a perspective on performance that is different from those of immediate supervisors, provided that peers are told exactly what to evaluate, as this could skew the feedback information. Carrell *et al.* (2000: 239) hold the same view as Cascio (1998: 316), but also points out that research has shown that factors such as race may have more of a bias effect when co-workers rate an employee, than when a supervisor does the rating.

According to Dessler (1997: 366), the appraisal of an employee by peers can be effective in predicting future management success. He also indicates that 'logrolling' where peers get together to give each other high ratings

could pose potential problems. Cherrington (1995: 296) states that co-workers are sometimes in a better position than their supervisors to evaluate their peers' job performances. He further states that the conditions for good peer appraisals are high level of interpersonal trust, a non-competitive reward system and opportunities for peers to observe each other's performances.

2.7.3 Subordinates

According to Cascio (1998: 316) and Nel *et al.* (2001: 522) subordinates know personally the extent to which supervisors actually delegate, how well he or she communicates, the type of leadership style he or she is most comfortable with and the extent to which he or she plans and organises; hence the appraisals by subordinates can provide useful inputs to the immediate supervisor's development.

Carrell *et al.* (1998: 291) also hold the view that subordinate appraisals can add value as the subordinates can identify the strengths and weaknesses of the supervisors. Cherrington (1995: 295-296) provides three reasons for using subordinate appraisals: it provides unique information; it creates incentive for change and reduces power differentials.

Gerber *et al.* (1998: 172) point out that the subordinate appraisals may be useful for evaluating skills such as the ability to communicate, the delegation of tasks, the dissemination of information, the resolution of personal disputes and the ability to work together with fellow employees. They believe this information can in turn be valuable for management development, promotion decisions and the allocation of workloads.

Dessler (1997: 366) states that it is common today for many firms to let subordinates anonymously evaluate their supervisor's performance. This practice is valuable when used for developmental rather than evaluative purposes.

Most of the above authors are of the view that with this type of appraisal, fear of retaliation must be eliminated and anonymity is necessary unless there is a high level of trust in the workplace.

2.7.4 Self-Appraisals

Cascio (1998: 316) believes that the opportunity to participate in the performance management process, particularly if appraisals are combined with goal setting, improves the employee's motivation and reduces his or her defensiveness during the appraisal interview. Cascio (1998: 317) is also of the opinion that self-appraisals tend to be more lenient, less variable, more biased and to show less agreement with the judgement of others. Carrell *et al.* (1998: 290) suggests that many personnel consultants believe that effective use of self-ratings is critical to the success in appraising white-collar employees. Cherrington (1995: 296-297) believes that self-appraisals are valuable for personal development and the identification of training needs, but they are not useful for evaluative purposes. However, Cherrington (1995: 296-297) provides some arguments in favour of self-appraisals such as: more satisfying and constructive than evaluation interviews; less defensiveness regarding the evaluation process and improves job performance through greater commitment to organisational goals. Gerber *et al.* (1998: 172) point out that although self-appraisals are doubtful, the differences between self and supervisor appraisals may provide a useful basis for an in-depth discussion about the employee's job performance.

2.7.5 Customer Appraisals

Cherrington (1995: 296-297) states as a general rule anyone who is in a position to observe the behaviours or outcomes of an individual should be included in the appraisal process, and this should include the customer. According to Cascio (1998: 317) and Nel *et al.* (2001: 521) the customers' objective cannot be expected to correspond entirely with those of the individual or the organisation. However, the information that customers provide can serve as useful input for promotion, transfer and training decisions. Carrell *et al.* (1998: 290) point out that evaluation by customers and clients is becoming more valuable as part of the multi-rater PA process, however, they believe it would be difficult or impossible for customers and

clients to give a total performance appraisal because they generally experience only part of the employee performance.

2.7.6 360° Feedback

Katz (1998: 42) states that the 360-degree, or multi-rater system is a questionnaire that asks many people (supervisors, subordinates, peers, internal and external customers) to respond to questions on how well a specific individual performs in a number of behavioural areas. According to Nel *et al.* (2001: 523) the 360-degree feedback can be valuable if it complies with the following requirements: be thoroughly tested for reliability and consistency; measures what it says it measures; be easy to use, straight forward, and simple; be clearly focused on a specific set of skills, competencies, or behaviours; generate clear detailed and personalised feedback; and guarantee confidentiality. Nel *et al.* (2001: 523) suggest that the following undesirable reactions could occur in 360-degree appraisals: the employee completely neglects the feedback; the employee only takes positive feedback into account; the employee is only motivated by negative feedback; and the employee is only interested in feedback that is given by someone who is considered as 'really important' such as the supervisor.

According to Jansen and Vloeberghs (1999: 456), multi-rater feedback requires 'bystanders' to assess a multitude of work situations which are controlled or managed by the person who is the focus of the feedback. This circle of bystanders would rate the focal person. The bystander's ratings are averaged and compared with self-ratings of the focal person. Negative differences provide data that indicate potential areas of personal development and performance improvement.

2.7.7 Computer Appraisals

Plunkett (1996: 496) points out that computer monitoring measures how employees achieve their output, monitoring their work as it takes place and

keeping track of their total output. Furthermore, Plunkett (1996: 496) states that computer monitoring enables employers to rate the employee's level of productivity and to rank them according to how efficiently and effectively they use each minute of each working hour.

According to Carrell *et al.* (2000: 241-242) computer monitoring involves the collection and analysis of individual or group behaviour at work using electronic devices in two ways: Electronic monitoring allows the employer to monitor in detail many employees simultaneously; and while the employee knows that the boss is present, electronic monitoring is 'there' all the time and sometimes, in very unexpected places.

Plunkett (1996: 496) states that critics of computer monitoring argue that it creates additional worker stress, fatigue and fewer turnovers. Workers fear unauthorised access to and disclosure of highly 'personal' and private information. In turn, management considers computer monitoring as helping to control costs, improve security, increase productivity and obtain more precise information needed for objective appraisals. In addition, Carrell *et al.* (2000: 242) state that computer monitoring is currently legal, technology is improving, cost are dropping and demand for such an objective performance management is growing. Dessler (1997: 359) supports Plunkett's (1996: 496) view by stating that more employers are turning to computerised performance appraisals systems today with generally good results.

The researcher concludes that although the immediate supervisor usually does appraisals, other individuals may also have a unique perspective or information to offer (Cascio, 1998: 316). Cherrington (1995: 308) reinforces this view of Cascio (1998: 316) and also adds that the immediate supervisor is the best person to assume this responsibility of collecting, integrating, summarising all relevant information and giving feedback to the employee.

2.8 Performance Appraisal Methods/Techniques

The methods chosen and the instruments used to implement these methods are crucial in determining whether the organisation manages its PA successfully.

According to Gerber *et al.* (1998: 174) PA require performance standards by which performance can be measured. These standards must be accurately determined and must be directly related to the work output required for a certain job. Job analysis provides the necessary information to establish relevant performance standards. These standards must be defined in the form of performance measures that constitute the criteria for the appraisal. Carrell *et al.* (2000: 228) point out that the dimensions listed on PA form often determine which behaviours employees attempt and raters seek and which are neglected. PA methods and instruments should signal the operational goals and objectives to the individuals, groups and the organisation.

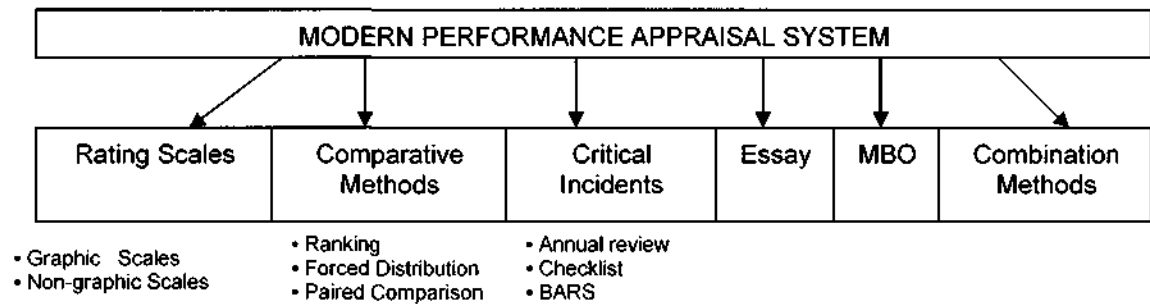
According to Cascio (1998: 316) many rating formats focus on employee behaviours, either by comparing the performance of employees to that of other employees (so-called relative rating systems) or by evaluating each employee in terms of performance standards without reference to others (so-called absolute rating systems). In addition, Schultz *et al.* (2003: 475) state that the methods selected and used for performance appraisal depend on whether the judgment calls for a relative or absolute measure.

Swanepoel (2003: 385) states that appraisal techniques may be categorised according to the type of criteria used, namely: trait oriented methods (trait scales), behaviour oriented methods (Critical Incidents, BARS), results oriented method (MBO). Alternatively, techniques may be classified according to the main purposes that the procedure serves, namely:

- 📌 Comparative purposes (relative standards) and
- 📌 Developmental purposes (absolute standards).

In Figure 2.3 Carrell *et al.* (2000: 229) provide the PA methods discussed overleaf diagrammatically. It is referred to as the modern PA system. Each method in the diagram will be discussed in details so as to understand the various appraisal methods that are available to conduct an effective performance appraisal.

Figure 2.3: Modern performance appraisal systems



Source: Carrell *et al.* (2000: 229)

2.8.1 Relative Judgment Methods

When a supervisor compares an employee's performance to that of other employees doing the same job, it is referred to as relative judgment.

According Carrell *et al.* (1998: 272) a common problem in PA is the appraiser's tendency to assign uniform ratings to employees regardless of performance. Relative judgment methods can be used to tease out differences between employees by providing direct comparisons. According to Gomez-Mejia, Balkin and Cardy (1995: 259) relative judgment methods has the advantage of forcing supervisors to differentiate among their workers. Relative judgment methods include the following:

- **The Ranking Method**

This method requires that the evaluator rank employees from highest to lowest in terms of global criterion. Carrell *et al.* (1998: 272) state that problems of central tendency and leniency are eliminated by forcing raters to evaluate employees using the ranking method. Swanepoel *et al.* (1998: 415) agrees that ranking basically entails the rank ordering of individuals, according to overall merit or according to other performance factors from best performer through to the worst performer. Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono and Werner (2003: 479) and (Cascio, 1998: 316) concurs with Swanepoel *et al.* (1998: 415).

However, Swanepoel (2003: 373) and Singer (Swanepoel *et al.* 1998: 415) believe that the use of this method should be limited to cases where: only a small number of individuals are to be rated; only the 'better than' is important and not the 'how much better than'; employees will not be compared across groups; and the evaluations is not aimed at feedback to employees. Nel *et al.* (2001: 524) reiterates that the ranking method should only be used when a small number of employees are to be rated. Nel *et al.* (2003: 479) state further that the disadvantage of this technique is that it does not assess an employee's progress in mastering certain job-critical skills.

- **The Forced Distribution Method**

When using this technique, the evaluator is required to assign portions of their workers to a number of specified categories on each performance factor (Swanepoel, 2003: 373; Nel *et al.* 2001: 524). Carrell *et al.* (1998: 272) state that this method requires supervisors to spread their employee evaluations in a pre-described distribution. They further add that this method eliminates central tendency and leniency biases. Gerber *et al.* (1998: 180) concur with Carrell *et al.* (1998: 272).

Nel *et al.* (2003: 479) provide some disadvantages that need to be considered when using this method, which may be detrimental to morale. This method emphasises individual performance at the expense of team performance; promotes competition and invites legal action. However, Nel *et al.* (2003: 479) also state that many organisations are using this technique because they: create and sustain high performance by eliminating weak performers and retaining strong performers; establish well-defined consequences such as larger salary rewards; make performance management a corporate priority and inform employees about their standard of performance.

- **The Paired Comparisons Method**

This method requires the rater to compare each worker separately with every other worker and the eventual ranking is determined by the number of times the worker was judged to be better than the other worker was. Carrell *et al.* (1998: 274); De Cenzo and Robbins, (1996: 333); Lewis, Lewis and Souflee, (1991:136); Kreitner, (1986: 331); McKenna and Beech, (2002: 175); Nel *et al.* (2001: 524) and Swanepoel, (2003: 385) all agree that although this approach allows for everyone to be compared with everyone else, the process could become difficult when large numbers are involved. Similarly, Dessler (1997: 345) states that this method helps make the ranking method more precise by comparing every subordinate with every other subordinate in terms of every trait such as quantity and quality of work. Carrell *et al.* (2000: 232-233) regard this method as quick and fairly easy to use, if few employees are being rated. They contend that raters prefer this method to ranking or forced distribution, because they compare only two employees at a time, rather than all employees.

However, Cascio (1998: 310) argues that due to the fact that these comparisons are made on an overall basis and not in terms of specific job behaviours or outcomes, they may be subject to legal challenge.

2.8.2 Absolute Rating Methods (Absolute Standards)

With the absolute judgment method, supervisors are asked to make judgments about an employee's performance based on performance standards (Schultz *et al.* 2003: 475). According to Gomez-Mejia *et al.* (1995: 261) absolute formats allow employees from different work groups, rated by different managers, to be compared to one another. If all employees are excellent workers, they can all receive excellent ratings. The feedback to the employee can be more specific and helpful. However, according to Schultz *et al.* (2003: 475) the disadvantage is that all workers in a group can receive the same evaluation, if the supervisor is reluctant to differentiate among workers. Absolute judgment methods include the following.

- **The Essay Method**

This method requires the rater to write a report in the form of an essay, describing the strengths and weaknesses of the employees. However, Swanepoel, (2003: 387), Nel *et al.* (2001: 525), De Cenzo and Robbins (1996:328), Kreitner (1996: 329) and Mckenna *et al.* (2002: 174) argue that this method is time consuming and the success is very much dependant on the writing skills of the raters. Carrell *et al.* (1998: 275) is in agreement with the above authors and believes that because this method forces supervisors to discuss specific examples of performance, it can also minimise supervisory bias and the halo effect. Furthermore, he states that this method minimises central tendency and leniency problems, because no rating scale is used.

- **The Critical Incidents Method**

This method requires the supervisor to record continuous actual job behaviours that are typical of success or failure as they occur. Because this method emphasises specific job behaviour, it is easy to give feedback to the employee about his specific job. It provides an opportunity to the employees to develop themselves. Carrell *et al.* (2000: 234) state that this method uses specific examples of job behaviour that have been collected from supervisors or employees or both. They also mention that the emphasis is on specific actions as critical examples of excellent or poor behaviour.

According to Swanepoel *et al.* (1998: 418), Nel *et al.* (2003: 480) and Cascio (1998: 312) this method is time-consuming and can be influenced by incidents that are recorded towards the end of the review or by incidents that may have been forgotten or omitted.

- **The Forced Choice Method**

With this method the evaluator is provided with a list of paired job related descriptions from which he or she is forced to select the description that best fits the employee in each case. According to Nel *et al.* (2003: 480) it

is partly an objective method of evaluation, but the evaluator may be forced into making a selection between two descriptions, neither of which may describe the employee's performance.

Cherrington (1995: 294) on the other hand, states that this method consists of a number of statements arranged in pairs and for each pair the evaluator must check the one statement that is most or least descriptive of the performance of the person. The pairs of statements are so designed that they appear equally favourable, but one description is actually more descriptive than the other is. Each pair has equal social desirability, but unequal ability to discriminate. Furthermore, Cherrington (1995: 294) argues that experiments have shown that this method is less biased than other methods. Plunkett (1996: 487) argue that this method is one of the most prevalent appraisal methods used in industry today. However, Plunkett (1996: 487) is of the opinion that young, inexperienced workers are disadvantaged since they appear inferior when contrasted with others. Plunkett (1996: 487) acknowledges that there should be an alternative way to compensate for these shortcomings in the design of this method.

- **The Graphic Rating Scale Method**

This rating scale measures various employee characteristics that are related to a specific job. The basic assumption behind graphic rating scales is that the rater makes a choice across a continuum between two poles, usually ranging from strong agreement to strong disagreement, or from exceptional to poor. According to Nel *et al.* (2001: 526) these rating scales are very popular because they are easy to apply and understand. Nel *et al.* (2001: 526) states that these rating scales are less time-consuming and provide a high degree of consistency, provided that raters are trained to avoid rater-errors.

Swanepoel (2003: 388) states that because they are standardised and allow for comparisons between individuals, are acceptable to users and less time consuming to develop and administer than some other formats,

this makes this type of rating extremely advantageous. According to Cherrington (1995: 288) these rating scales are most frequently used.

- **The Behaviourally Anchored Rating Scales (BARS)**

BARS are a variation of graphic rating scales, differing in that the performance dimensions are defined in behavioural terms and the various levels of performance are anchored by examples of critical incidents. This method requires a high level of participation from the supervisor because BARS is job specific. This method identifies incidents that are relevant to the performance of jobs, usually assisted by job analysis. Each job dimension is then assigned a numerical value, which shows a weight that it is attached to it. These dimensions provide criteria for evaluating employees (Gerber et al 1998: 172).

This method is considered to be the strongest performance appraisal technique (De Cenzo *et al.* 1996: 330; Kreitner, 1986: 329; Swanepoel, 2003: 387). Lewis *et al.* (1991: 138) asserts that the kind of behaviour in human resources might lend itself to the use of BARS. However, behavioural systems are not without disadvantages. This method can be very time consuming and requires a huge amount of effort to develop these scales (Cherrington, 1995: 294, Carrell *et al.* 2000: 234 and Net *et al.* 2001: 526). Additionally, Plunkett (1996: 489) is of the opinion that the BARS method uses statements that describe both effective and ineffective job performance and as a result, the focus of this method is mainly on a person's activities and not on the end results. Therefore, with this method the employees could find themselves in a situation where they may have performed all the activities, without achieving the desired results. From Plunkett's (1996: 489) view, the researcher concludes that the BARS should be very carefully developed, keeping the desired results or outcomes in mind, when developing behavioural statements.

- **The Trait Appraisal Method**

Using this approach, an individual's personal traits or characteristics are rated. The traits typically found on trait based rating scales are decisiveness, intuition, reliability, energy and loyalty. Gomez-Mejia *et al.* (1995: 261) argue that trait ratings are too ambiguous and could cause a bias when performing an evaluation. Kreitner & Kinicki (1995: 402) state that although the traits approach is widely used by managers, it is generally considered by experts to be the weakest because of the ambiguity relative to actual performance. For instance, rating an employee low on initiative does not reveal how to improve their job performance.

- **Management by Objectives (MBO)**

This method provides for an initial goal-setting phase, based on the formation of long-range organisational objectives that are devolved through to departmental goals and finally, individual goals. The individual goals are set mutually by the employee and their manager. The aspect of joint participation in goal setting is one of the major strengths of the MBO method, provided that the goals are achievable and measurable. As it provides employees with the chance to set their objectives, it is an objective and participative method of appraisal (Schultz *et al.* 2003: 481). According to Byars and Rue (2000: 277) the MBO process integrates the following steps: establishing clear and precisely defined statement of objectives, developing an action plan to meet these objectives, Implementation of the plan, measurement of the objectives, taking corrective action when required and establishing new objectives for the future.

Harvey and Brown (2001: 345) describe MBO as a technique to identify organisational goals at all levels and to encourage participation in setting the standards for evaluating subordinate performance. Participation in the goal setting process allows managers to control and monitor performance by measuring results against the objectives employees

helped to set. According to Gomez-Mejia *et al.* (1995: 265-266) the MBO technique provides clear and unambiguous criteria by which worker performance can be judged. It eliminates subjectivity and the potential for error and bias that goes with it. Swanepoel (2003: 389), states that MBO is a system of management that focuses on setting and integrating individual and organisational goals, but due to its process can also be used for evaluating performance. It entails: supervisors and employees mutually establishing and discussing specific goals and formulating action plans, supervisors aiding and coaching their employees to reach their set of goals and each supervisor and employee reviewing the extent to which objectives have been attained at a present time.

Although the MBO technique has been popular it is not without its disadvantages. According to Schultz *et al.* (2003: 481) the drawback of MBO is that it only addresses the results and not on how performance should be managed. Schultz *et al.* (2003: 481) also suggests that MBO has failed in the past as it has resulted in a magnitude of paperwork rather than performance. The emphasis in MBO is often on goal setting and not on ways of achieving the set of goals.

Similarly, Swanepoel *et al.* (1998: 421), like Schultz *et al.* (2003: 481), argues that MBO does not address how performance should be managed and is therefore unable to appraise whether achievements are really the outcome of individual excellence or external factors. Gomez-Mejia *et al.* (1995: 266) contends that although outcomes measures are objective, they may give a seriously deficient and distorted view of employee performance levels.

- **Combination Methods**

According to Carrell *et al.* (1998: 283) it has become common practice to combine two or even three PA methods into an employer's overall PA programme (for example, the essay and MBO approaches can be added to a rating scales approach for a fuller, perhaps more effective, PA system). Similarly, Robbins & De Cenzo (1998: 291) are of the view that

because of the drawbacks in absolute and relative standards, the obvious solution is to consider using appraisal methods that combine relative and absolute standards. This combination could make it easier to compare employees more accurately across departments.

From the above literature review, the research concludes that both the relative and absolute judgment appraisals methods have advantages and disadvantages.

2.9 Potential Problems with Performance Appraisals

Numerous factors can cause a PA system to be ineffective. In general, these factors may be linked to the PA system itself, as well as to the individual who conducts the appraisal. Literature reveals the following factors distorting a PA system.

2.9.1 Rater Errors

Swanepoel (2003: 380) states that PA requires supervisors or managers to observe and judge behaviour as objectively as possible. Mullins (2002: 707) argues that since observation and judgment are conducted by human beings and managers who may not be experts in all the operations in their departments, this could result in the appraisal process being prone to distortions.

Gerber *et al.* (1998: 174) argues that poorly trained evaluators can lead to failure in the application of the PA process. According to Cascio (1995: 296), rater's memories are quite fallible and raters subscribe to their own set of valid or invalid expectations about people. In addition Nel *et al.* (2003: 481) state that performance evaluations are fraught with danger, mainly because many human agendas can come into play. A discussion on some of the common rater's errors will now be outlined:

2.9.2 Unclear Standards

Whether performance is evaluated according to goal achievement, or value added, a common problem is inconsistencies of standards between raters. The main problem lies in the way that different people define standards. 'Good', 'average' and 'fair' do not mean the same thing to everyone (Dessler, 1997: 344).

According to Dessler, (1997: 344) the lack of standards with no objective evaluation criteria will cause the raters to make subjective guesses or feelings towards performance. Standards must be job related, reasonable and challenging in order to have the most potential to motivate. Plunkett (1996: 481) states that unless supervisors clearly define and properly communicate the standards of performance, when gathering information and making observations of their subordinates, they will not be able or capable of making and sharing adequate appraisals.

2.9.3 Halo Effect

The halo effect occurs when a rater allows one particular aspect of an employee's performance to influence the evaluation of other aspects of performance. Swanepoel (2003: 380) states that the halo effect allows the rating assigned to one performance dimension to excessively influence, either positively or negatively, the ratings on all subsequent dimensions. Cherrington (1995: 278) and Plunkett (1996: 481-482) are in agreement with Swanepoel (2003: 380). Plunkett (1996: 481-482) however warns that supervisors must guard against allowing isolated events or appearances to dominate total impressions and objectivity towards an employee. Dessler (1997: 360) points out that the halo effect normally occurs when employees are friendly or unfriendly towards the supervisor, and that being aware of this problem is a major step towards preventing the problem from occurring.

2.9.4 Central Tendency

This tendency is to assign all ratings for all employees as average, even though the job performance may reflect substantial differences (Carrell *et al.* 2000: 237; Cherrington, 1995: 278; Bolander, Snell and Sherman 2001: 331 and Dessler, 1997: 360). Dessler (1997: 360) further points out, that this may distort evaluations and make them less useful. The solution to this problem lies in ascertaining the reasons for applying the central tendency and then counselling the supervisor. Carrell *et al.* (2000: 236) argues that this error also occurs because the supervisor cannot evaluate employee performance objectively, due to the lack of supervisor ability, or fear that they will be reprimanded if they evaluate employees too highly or too strictly.

2.9.5 Leniency or Strictness

This is the tendency of some raters to assign either mostly favourable ratings or mostly very harsh ratings to all employees. Nel *et al.* (2001: 527) state that inexperienced supervisors often appraise performance too leniently and rate an employee highly because they feel it is the easiest route to follow. Strictness is the opposite of leniency and can occur if the supervisor believes that no one has achieved the required standards. In both the above cases, counselling is probably the best method of resolving this problem (Cherrington, 1995: 278; Swanepoel *et al.* 1998: 411 and Carrell *et al.* 2000: 237).

2.9.6 Recency

Raters could be easily influenced by recent incidents in the individual's performance referred to as recency. Recency tends to influence the supervisors overall perception of the individual's performance (Cherrington, 1995: 279; Swanepoel *et al.* 1998: 410 and Carrell *et al.* 2000: 237). Nel *et al.* (2001: 528) and (Cascio, 1998: 316) are in agreement with the above authors but are of the opinion that the recency tendency could be combated by holding more frequent and regular performance appraisals. Carrell *et al.*

(2000: 237)'s view to combat the recency tendency, is also to conduct more regular performance appraisals and to keep a log of critical incidents or extraordinary examples of the employee's behaviours and outcomes.

2.9.7 Bias

When a rater is influenced by characteristics such as age, gender, race, religion or seniority of an employee, this is referred to as supervisor bias. Bias may be conscious or unconscious and can be difficult to overcome because it is usually hidden (Nel *et al.* 2001: 528). Carrell *et al.* (2000: 236) agrees with the above statement and points out that this is the most common PA error. Dessler (1997: 361) is of the same view but argues that most supervisors are stricter when appraising older subordinates; therefore constituting a bias towards older workers. Furthermore, Dessler (1997: 361) states that counselling is the only way that a supervisor could be made aware of the problem. Nel *et al.* (2001: 528) believes that with proper rating training and specific development of the appraisal systems by means of job analysis, performance evaluations can be improved.

2.9.8 Comparability

The degree, to which the values of ratings given by various supervisors in an organisation are similar, is referred to as comparability (Gomez-Mejia *et al.* 1995: 268). Comparability is concerned with whether supervisors use the same measurement yardstick. The perception of one supervisor's view of excellent performance may be very different from that of another supervisor, who may view the same performance as average.

2.9.9 The Influence of Liking

When raters allow their likes or dislikes of an individual to influence their assessment of the individual's performance, this is referred to as the influence of liking and the cause of PA errors. According to Gomez-Mejia *et*

al. (1995: 270) liking plays an important role in PA because both likings and ratings are person focused.

Similarly Plunkett (1996: 497) states that a rater may give an employee high ratings if the rater has a good relationship with the individual and low ratings if not. Plunkett (1996: 498) lists the following behaviours that should be avoided when appraising subordinates:

- ✚ Stereotyping – Choosing to ignores a person's uniqueness and individuality;
- ✚ Projecting – accusing others of the very faults you possess; and
- ✚ Screening- noticing only the negative aspects or their performance and ignoring positive contributions.

Although there were some other rater errors also highlighted in the literature, the errors that were discussed above were found to be more commonly mentioned in all literature that was researched.

2.9.10 Employee's Poor Attitudes towards Performance Appraisal

Literature reveals that the behaviour of the employee, who is being evaluated, has a tremendous effect on the PA activity. According to Lindsey (1986: 7) if the individual places value on the product of evaluation, the individual will be willing to change behaviour. If, however, the individual does not place any value on the product, the process will not provide any positive individual feedback. For any PA system to be successful, the system must be accepted by the evaluator.

2.9.11 Choosing the correct PA system

Literature reveals that it is better to design a system encompassing all the needs of the organisation than to adopt an 'off the shelf' or cheaper system. According to Carrell *et al.* (1998: 293) when creating or modifying PA systems, employee involvement should become the standard approach.

2.9.12 Method/Instrument Problem

Carrell *et al.* (1998: 267) maintains that the methods chosen and the instruments (or forms) used to implement these methods, are crucial in determining whether the organisation manages its performance successfully. In addition, Carrell *et al.* (1998: 267) state that the dimensions listed on the PA form often determine which behaviours employees' attempt, and raters seek and which are neglected. PA methods and instruments should signal the operational goals and objectives to the employees, groups and the organisation at large. McDonough (1995: 424) agrees that the design of the appraisal form will depend on the nature of the organisation and the employees to be appraised. Literature reveals that an incorrect implementation of the instruments or methods will result in an ineffective PA system.

2.9.13 Lack of Feedback

If insufficient feedback is provided to employees, performance whether good or bad cannot be validated. The result is a limitation on performance improvement. Proper and constructive feedback is vital to validate performance. According to Gerber *et al.* (1998: 182) feedback in the PA process means that employees will be provided with an objective appraisal of the current situation to inform them how their performance can be improved.

2.9.14 Inconsistent link between Performance and Rewards

According to Cascio (1998: 326) research results indicate that if employees do not see a link between appraisal results and employment decisions regarding issues such as merit pay and promotion, they are less likely to prepare for performance feedback interviews, less likely to participate in them and may not be satisfied with the overall performance management system.

2.9.15 Lack of consideration of new Technological Developments

According to Marquardt (1996: 101-110) new technological developments are important when assessing employee skills. Performance appraisal is bound to be ineffective if employees are not assessed in accordance with any new technological developments, which require new skills and expertise to gain and sustain a competitive advantage, in order to provide effective and efficient services to their customers.

2.10 Combating Rater Errors

Most of the problems with performance evaluation are indicative of poor supervisory skills; most of which can be overcome by proper training of evaluators. According to Cherrington (1995: 280) the ability to evaluate performance is a critical administrative skill. To be a good supervisor or manager, a person must be a competent evaluator. Cherrington (1995: 280) points out that the following are necessary for making good performance evaluations: The evaluator must know the job responsibilities of each subordinate; the evaluator must have accurate information about each subordinate's performance; the evaluator must have a standard by which to judge the adequacy of each subordinate's performance and the evaluator must be able to communicate the evaluations to the subordinates and explain the basis on which they are made.

Dessler (1997: 361) argues that the following ways to overcome rater errors are, the rater must be familiar and understand the performance appraisal errors that could occur; the right appraisal tool must be selected and supervisors or raters must be adequately trained or counselled, to ensure that they eliminate rating errors.

2.11 Strategic focus on Performance Appraisal

According to Bolander *et al.* (2001: 331) strategic relevance refers to the extent to which standards relate to strategic objectives of the organisation. The strategic approach is gaining popularity as organisations see PA as an important means to achieve organisational objectives. Noe, Hollenbeck, Gerhart and Wright, (1997:

198) and De Cenzo *et al*, (1996: 322) concur that a performance appraisal system should link employee activities with the organisation's goals. This calls for flexibility in the system, in order for it to be adjusted to the changing goals and strategies of an organisation.

2.11.1 Aligning Performance Appraisal with the Organisation

Literature reveals that PA attains its fullest potential when it is aligned with organisational objectives. PA is strategic: when it is linked to the organisation and when individual goals are linked with organisational goals (Noe *et al*. 1997: 198-199).

2.11.2 Performance Appraisal linked to Competitive Advantage

An effective PA is linked with the organisation's competitive position in the following ways (Kleinman, 2000: 210):

- ✚ Improving job performance – Directing employee behaviour towards organisational goals, as PA is a means to let employees know what is expected of them. Employees can be directed as to how to meet organisational goals, in this way reinforcing the organisation's strategic objectives. An effective PA is an opportunity to monitor the employee's performance systematically and measure their performance in relation to the strategic organisational plan.
- ✚ Making the correct employee decisions – PA is primarily used to make evaluative decisions concerning promotion, salary increases, rewards and training, this type of positive decision through performance evaluation could enhance competitive advantage as employees will be acknowledged for their good performance. Acknowledgment of good performance increases employee morale and could result in a more effective and efficient employee. The net result of this could give the organisation a competitive advantage.

2.11.3 Linking Performance Appraisal to Motivation

According to Maslow (1970: 35-47) people are motivated by social, esteem and self-actualization or self-fulfilment needs. People who have the ability to do the job, does not ensure they will perform satisfactorily. A critical dimension of their effectiveness is their willingness, to exert high energy levels, – their motivation (DeCenzo & Robins 1999: 286). DeCenzo & Robins (1999:286) view performance appraisals as a vital component of motivation. They contend that employees have to know what is expected of them and that their performance will be measured. They must be confident, exercising their efforts to the best of their abilities. This will result in better employee performance, according to their measurement criteria and consequently they will be rewarded. Literature reveals that motivation can definitely increase organisational performance, thereby contributing to the strategic objectives of the organisation.

2.11.4 Linking Performance Appraisal to Selection

Choosing the best applicant to fill a position in an organisation is referred to as selection. According to Lundy and Cowling (1996: 206) selection is the process defined as all movement of human resources into, within and from the organisation. Literature reveals that the selection process cannot be seen in isolation from performance appraisal. Selection of an employee has to be linked with organisational strategy in order to archive organisational objectives. By appraising staff, management can identify if capable staff have been selected or not. Therefore, the selection process is linked with performance appraisal and has a strategic focus.

2.11.5 Linking Performance Appraisal to Rewards

Extrinsic rewards include both direct pay and indirect benefits. Rewards also include intrinsic rewards such as recognition, security, career development, feelings of self worth and a sense of achievement. Literature reveals that employees usually consider intrinsic rewards to be more important as they

can provide job satisfaction, increase motivation and improve productivity and therefore rewards have a strategic focus (Lundy & Cowling, 1996: 298).

2.11.6 Linking Performance Appraisal to Development

Training and development are crucial in matching an organisation's human resources to its organisational objectives. According to Lundy & Cowling (1996: 288) a PA is a source of data in which training and development decisions in relation to improvements to current performance and plans for future development can be based. Lundy & Cowling (1996: 288) also state that PA represents an important and potentially effective tool within a process of strategic human resource management. Thus by utilising PA, employee performance can be measured and improved upon, leading to optimum performance and organisational efficiency and hence the strategic focus.

2.12 The Performance Management Cycle as a Requirement for an Effective Appraisal System

Viedge (Schultz *et al.* 2003: 77) state that in order for a manager to manage a subordinate effectively, a subordinate should not have more than seven objectives with associated objectives. Viedge (Schultz *et al.* 2003: 77) argues that too many objectives make the subordinate lose focus. Additionally, Viedge (Schultz *et al.* 2003: 77) views performance management as a cycle rather than a process, as it should be continuous. Performance appraisal is a vital element in the performance management cycle.

2.12.1 Viedge's Performance Management Cycle

Viedge (Schultz *et al.* 2003: 77-81) points out that performance management can be seen as a cycle that consists of the following steps:

- ✚ Clarify expectations – The initial meeting between the manager and the subordinate in the performance management cycle should be a discussion about setting performance objectives and measures.
- ✚ Plan to facilitate performance – Supervisors or managers need to assist subordinates to achieve their objectives. The supervisor or manager's intervention may be necessary because the subordinate does not have either the authority or resources to make things happen in many instances
- ✚ Monitor performance – Subordinates' performance need to be continuously monitored so that their shortcomings can be quickly identified.
- ✚ Provide feedback – By providing continuous feedback, subordinates will be constantly aware of how they are performing or how they can improve their performance.
- ✚ Coach, counsel and support employees – If the performance monitoring reveals a serious performance deficit, the manager may have to coach the subordinate. If a subordinate's performance is substandard due to personal or interpersonal problems, the manager or supervisor may have to counsel the subordinate and offer solutions to resolve these problems. A good manager should support their staff.
- ✚ Recognise good performance – Ideally, good performance should not only lead to recognition, but also the material benefits for the subordinate. Essentially there should be a clear link between good performance and rewards in order to ensure that the subordinates are motivated.
- ✚ Deal with unsatisfactory performance – When a subordinate fails to perform as expected and if the subordinate's poor performance persists, it may be necessary to start disciplinary procedures. In terms of the labour relations act (1998), employees who fail to perform to the necessary standards must be offered assistance to

improve performance including, if necessary, reassignment to a different position in order to help them to remain employed.

2.12.2 Spangenberg's Annual Performance Cycle

Similarly to Viedge above, Spangenberg (1994: 29-32) provides the following key steps in an overall performance cycle.

- ✚ Performance planning – Goals for key processes linked to organisational and customer needs.
- ✚ Design – Process design facilitates efficient goal achievement.
- ✚ Managing performance (and improvement) – set appropriate sub-goals; process performance managed and regularly reviewed with sufficient resources allocated.
- ✚ Reviewing performance – Annual review.
- ✚ Rewarding performance – Function rewards commensurate with value of organisational performance and function contribution.

2.12.3 Torrington and Hall's Performance Cycle

Torrington and Hall (1995: 317) refer to the issues mentioned below as the key aspects of effective performance as their performance cycle. The aim of this performance cycle is to enhance individual performance and support any performance management system.

- ✚ Planning performance – The authors suggest that the handing out of a job description or a list of objectives to an individual is not enough. Performance expectations need to be understood. Furthermore, training, development and the required resources necessary for an individual to achieve their objectives must take place.

- ✚ Supporting performance – The manager or supervisor has a continuous role in providing support and guidance with regard to unforeseen barriers that may affect an employee's performance.
- ✚ Ongoing review – The manager needs to be kept up-to-date on the employee's progress while the employee needs to be kept up-to-date on any organisational change which may impact agreed objectives.

2.13 Summary

Performance appraisal can improve an employee's work performance by helping to identify and use their full potential in contributing to the organisational objectives. Management use PA to make work related decisions such as training needs and rewards. An effective PA system generally has two purposes: evaluative, to let employees know where they stand, to make decisions on salary increases, merit increases, promotions, demotions, transfers and to evaluate recruitment; and developmental, to guide an employee as to how they can improve their performance from their strengths and weaknesses.

Training needs can also be identified to improve an employee's performance. For appraisals to be effective the correct person or persons must evaluate an individual using the appropriate appraisal methods or techniques, which could either be relative judgment methods or absolute judgment methods. Evaluators need to be aware of possible rater and performance appraisal errors and the organisation should ensure that raters are fully trained to overcome these rater and performance appraisals errors. Lastly, in order for PAs to be effective, the organisation must ensure that PA has a strategic focus.

On the other hand performance management is the daily management of people and could be more effective in managing performance than performance appraisals.

CHAPTER 3 – CURRENT PERFORMANCE APPRAISAL SYSTEM OF BCS- NET PTY LTD

3.1 Introduction

In order to understand the significance of this study, the researcher will outline the current performance appraisal system utilised by BCS-Net Pty Ltd in this chapter. This overview will be compared in Chapter 6 to the theoretical framework required for an effective performance appraisal system. BCS-Net Pty Ltd has adopted a very simple performance appraisal process. This process was adopted because the organisation has a relatively small human resource department, and the management are of the opinion that the immediate supervisor should be able to monitor and provide feedback on their subordinates in order to determine future promotions, developmental needs and rewards. The current appraisal process will be discussed below.

3.2 The human resource department

The human resource and the administrative departments are combined. The human resource manager is also the administrative manager. The main aim of the human resource department is to ensure that the supervisors conduct the subordinate's annual performance appraisal, so that annual increases can be recommended and approved by the human resource manager. The HR manager is responsible for handling employee disputes, and also ensures that the necessary skills development programmes are implemented. The HR manager is also responsible for the implementation and the management of the organisation's "Black Economic Empowerment (BEE)" policy as stipulated by the department of labour in order to comply with government legislation. The current performance appraisal process has not been modified or updated within the last five years and the HR manager plays more of a support role than an active role in the performance appraisal process. The supervisors are allowed to choose the

performance appraisal techniques without approval or intervention from the HR department.

3.3 The purpose of the current performance appraisal process

The current PA process is conducted to determine whether the employees are capable of performing their duties and to ensure recognition of good performers.

3.4 The current appraisal method used

Although HR has introduced a standardised form that should be used to measure the employee's performance, this form is rarely used because the supervisors have modified the current performance appraisal forms to gather their criteria of important attributes for successful performance, resulting in inconsistencies in the appraisal method used. The HR department does not endorse the changes to the performance appraisal process, thereby unintentionally promoting these inconsistencies.

3.5 Responsibility for performance appraisal

The management at BCS-Net Pty Ltd are of the opinion that the immediate supervisor is in the best position to evaluate the subordinates and, thus, no one other than the immediate supervisor is currently involved in the appraisal process.

3.6 Works standards used for the current performance appraisal

The work standards are currently derived from the employee's performance contracts where their job descriptions are clearly defined. Although the information technology industry is continually evolving, the employee's job description is rarely updated and the employee is expected to ensure that they are sufficiently skilled to provide the necessary service that the clients demand. The supervisor regularly communicates any new requirements to their subordinates verbally. There is no formal procedure to record any new work standards by either job analysis or an increase in the employee's current workload. The quality of the subordinate's work is clearly defined, whereas, the quantity is determined by the project needs and

could vary depending on the scope of the projects that the various subordinates have been allocated.

3.7 Strategic relevance of the current performance appraisal

The managers of the various departments have bi-monthly meetings with their staff to monitor the progress of the various projects within the organisation. The mission, vision and objectives of the organisation are aggressively communicated during these meetings. Good performers are constantly acknowledged at these meetings. Although the above messages are communicated by management, the supervisor's do not relay the same messages to their subordinates. Performance appraisals are conducted annually, mainly to determine merit and annual increases. The performance appraisal forms and processes vary from supervisor to supervisor. Most of the employees are allocated to projects and these employees are expected to monitor and manage the entire project that they have been assigned. Employees who have been allocated to a project are held fully accountable for every aspect of the project. The current PA process varies from supervisor to supervisor and is not always easy to use and understand.

3.8 Performance appraisal methods

As indicated in the previous sections of Chapter 3, the supervisors do not use a standard approach to evaluating a subordinate's performance; hence the method varies depending on the supervisor. The supervisors use a mixture of relative and absolute judgment methods to evaluate an employee and there is no standardised method or approach that is relevant and that could be applied consistently when conducting performance appraisals.

3.9 Rater Proficiency

The supervisors seldom undergo training that is relevant to conducting performance appraisals. The management have assumed that the supervisors are adequately skilled to evaluate their subordinate's technical abilities. There seems

to be a minimal focus on human resource management and more of a focus on the technical abilities or proficiencies of the employees.

3.10 Providing Feedback

The supervisors provide the feedback on an ad-hoc basis to their subordinates. The supervisors do not communicate feedback consistently and feedback mainly occurs when projects are completed or project deadlines have been delayed.

3.11 Communicating performance outcomes

During the evaluation process, the supervisor communicates all the PA results to the employees. This is normally an interactive session, where the employees can question the evaluation process.

3.12 Seeking Appeals

The organisation has an effective and fair appeal process in place. The HR manager is actively involved in this process and is normally the mediator between the supervisor and the employee during an evaluation dispute.

3.13 Summary

The purpose of this chapter was to provide an overview of the current performance appraisal system utilised by BCS-Net Pty Ltd. Although, the organisation has a relatively simplistic process in place, the current process is not consistently implemented by all the supervisors. The current PA process has not been updated over the last five years and the HR department is not actively involved in the PA process.

CHAPTER 4 – RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

What is research design? It is planning. It is the visualization of the data and the problems associated with the employment of those data in the entire research project. Research design is common sense and the clear thinking necessary of the management of the entire research endeavour – the complete strategy of attack on the central research problem (Leedy, 1997: 93).

Leedy and Ormond (2001: 143) state that some authors follow a more philosophical approach to research design, while others follow a pragmatic approach. The importance of including both schools of thought in a study of social science research is increasingly emphasised by contemporary social scientists.

The aim of this chapter is to establish an appropriate research design for the given problem.

4.2 What is the meaning of research design?

The term research design is made up of two distinct elements, namely research and design. A brief definition of each will be discussed.

4.2.1 Definition of research

Various definitions can be given of the concept research. Some of the descriptions give a broad and generic view of research, while others refer specifically to social science research.

Allison, Owen, Rice, Rothwell and Saunders (1996: 18) define research as a collaborative human activity in which social reality is studied objectively, with the aim of gaining a valid understanding of it. The Oxford Dictionary (1998: 1309) defines research as a “systematic investigation to establish facts or principles or to collect information on a subject.”

Finally, Leedy (1997: 3) defines research as the systematic process of collecting and analysing information (data) in order to increase our

understanding of the phenomenon with which we are concerned or interested.

4.2.2 Definition of design

It is easier to define or describe the concept of design than the concept of research. The Oxford Dictionary (1995: 1169) states, "Design is a preliminary plan, concept or purpose". Yin (1994: 200) defines design as the preparation of the working plan aimed at systematically assembling, organising and integrating data, in order to solve the research problem. Finally, Leedy & Ormond (2001: 91) state, "research design includes the planning, visualisation of data and the problems associated with the employment of the data in the entire research project".

4.3 Validity and Reliability

The research must satisfy certain tests of validity and reliability. Leedy (1997: 32) states that validity and reliability are two words that you will encounter repeatedly in research methodology. They are used primarily in connection with measurement instruments. The integrity of your research may well stand or fall on the basis of how well you understand their meaning and how carefully you obey their demands. They govern the acquisition of data and the skilfulness with which you design the research structure and create the instruments of measurements as an integral part of it.

4.3.1 Validity

Leedy (1997: 32) states, Validity is concerned with the soundness, the effectiveness, of the measuring instrument. In a standard test, for instance, validity would raise such questions as, what does the test measure? Does it, in fact, measure what it is supposed to measure? How well, how comprehensively, how accurately does it measure it?

There are several types of validity. According to Leedy & Ormond (2001: 103):

- ✚ Face validity – is concerned with the subjective judgement of the researcher.
- ✚ Content validity – is the accuracy with which an instrument measures the representative sample, factors or situations under study.
- ✚ Criterion-related validity – employs two measures of validity, the second assessment instrument as a criterion check against the accurate correlation of first related measure.
- ✚ Construct validity – is any concept such as honesty that cannot be directly observed or isolated.
- ✚ Internal Validity – is the freedom from bias in forming accurate conclusions about cause and effect and other relationships within the data.
- ✚ External validity – is concerned with the generality of the conclusions reached from a sample to other cases.

Credibility is an important aspect to consider in this research project, as the objective was to identify the effectiveness of the current performance appraisal system used within the organisation. To confirm the findings in the quantitative study, the questions in the study were directly related as a validity process.

4.3.1 Reliability

The Oxford Dictionary (1998: 1301) defines “reliability as able to be trusted; predictable or dependable.” According to Leedy & Ormond (2001: 31), it is the extent to which, on repeated measures, the indicators yield similar results. Jackson (1995: 338) states that reliability in quantitative research projects can be assessed by repeating a question in a question schedule or by repeating an experiment. It is, however, more difficult to perform replication in qualitative projects, because the circumstances and individuals

can never be the same at a later stage. Reliability in qualitative projects can be assured by using, amongst others, multiple researchers as well as peer examination and mechanical recording devices.

4.4 Quantitative versus Qualitative research

It is best to visualise the distinction between quantitative and qualitative research as a continuum. All research methods could be placed somewhere between the extremes of pure quantitative and pure qualitative research (Jackson, 1995: 13).

According to Van Biljon (1999: 37) it is, however, necessary to indicate whether a research project has a more qualitative or more quantitative nature. This in turn would play an important role in decisions on processes to follow and measuring instruments to select. A summary of the main differences between qualitative and quantitative research are stated in Table 4.1. This table shows how quantitative and qualitative research differs in terms of hypotheses, concepts, measures, data, theory, research procedures and analyses.

Table 4.1: Differences between qualitative and quantitative research

4.4.1.1 Quantitative	4.4.1.2 Qualitative
<ul style="list-style-type: none">• Test hypothesis that the researcher starts with. Hypotheses are stated explicitly and are formulated beforehand• Concepts are in the form of distinct variables. Concepts have an unambiguous meaning• Measures are systematically created before data collection and are standardized. The researcher remains largely aloof	<ul style="list-style-type: none">• Capture and discover meaning once the researcher becomes immersed in data. Hypotheses are frequently undeclared or merely stated in the form of a research goal• Concepts are in the form of themes, motifs, generalizations, taxonomies. Concepts can be interpreted in a number of ways• Measures are created in an ad- hoc manner and are often specific to the individual setting or researcher. The researcher is involved with the phenomena/ events

<ul style="list-style-type: none">• Data are in the form of numbers from precise measurement• Theory is largely causal and is deductive• Procedures are standard, and replication is assumed• Analysis proceeds by using statistics, tables or charts and discussing how what they show relates to hypotheses	<ul style="list-style-type: none">• Data are in the form of words from documents, observations, transcripts• Theory can be causal or non-causal and is often inductive• Research procedures are particular, and replication is very rare• Analysis proceeds by extracting themes or generalizations from evidence and organising data to present a coherent, consistent picture
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Source: Van Biljon (1999:38)

4.4.1 Quantitative research

Mouton and Marais (1992: 159) define quantitative research as more highly formalised as well as more explicitly controlled, with a range that is more exactly defined, and which, in terms of the methods used, is relatively close to the physical sciences.

Leedy & Ormond (2001:101) reinforce this definition by defining quantitative research as more highly formalised as well as more explicitly controlled, with a range that is more exactly defined, and which, in terms of methods used, is relatively close to the physical sciences.

Quantitative research seeks to quantify human behaviour, through numbers and observations. The emphasis is on precise measurement, the testing of hypotheses based on a sample of observations, and statistical analysis of the data. Relationships among variables are described mathematically, and the subject matter is, as in the physical sciences, treated as an object (Jackson, 1995: 13).

4.4.2 Qualitative research

Yin (1994: 68) states that human behaviour is significantly influenced by the setting in which it occurs; thus one must study that behaviour in situations. The physical setting for example, schedules, space, pay and rewards and the internalised notions of norms, traditions, roles and values are crucial contextual variables. It is difficult to understand human behaviour without understanding the framework within which subjects interpret their thoughts, feelings and actions. The aim of qualitative research is to study individuals and phenomena in their natural settings in order to gain a better understanding of them. It is also evident that qualitative research does not follow a fixed set of procedures.

Mouton & Marais (1992: 155) define qualitative research projects as “those projects in which the procedures are not as strictly formalised, while the scope is more likely to be under defined, and a more philosophical mode of operation is adopted”.

4.5 Choosing the most appropriate research method

In many research studies it would be beneficial and appropriate to use a combination of both qualitative and quantitative methods. Time, resources or expertise may be the constraint in most cases, to combine both research approaches.

Therefore, Leedy (1997: 109) advises that one should choose one approach for the overall design of your first few studies. Furthermore, he advises against making this choice on the basis of what you want to avoid, rather than on what fits your research interests and skills. Thus, avoiding statistics or disliking mathematics is not a good reason for choosing qualitative study. Before choosing to design and conduct either type of study, consider the particular demands of the specific research approach, reflect on your individual strengths and weaknesses as a researcher and determine whether you have the characteristics/ attributes that will allow you to be successful with that approach.

Leedy (1997: 109) continues by designing a table to guide the researcher in the selection of an appropriate research approach. By listing many critical components that should be considered, Table 4.2 can help you in making a well-informed decision. Keep in mind, however, that the items in Table 4.2 are not ordered from most to least important. Time will weigh heavily into the research decision. Even if every item but one seems to 'fit' the qualitative approach, you still may not be able to choose that approach; (for example, if your audience would not accept such an approach). Consider each component carefully before making the final decision.

Table 4.2: Which approach should I use?

Use this approach if:	Quantitative	Qualitative
1. You believe that:	There is an objective reality that can be measured	There are multiple constructed realities
2. Your audience is:	Familiar with/supportive of quantitative studies	Familiar with/supportive of qualitative studies
3. Your research question is:	Confirmatory, predictive	Exploratory, interpretive
4. The available literature is:	Relatively large	Limited or missing
5. Your research focus:	Covers a lot of breadth	Involves in-depth study
6. Your time available is:	Relatively short	Relatively long
7. Your ability/desire to work with people	Medium to low	High
8. Your desire for structure is:	High	Low
9. You have skills in the area(s) of:	Statistics and deductive reasoning	Attention to reasoning and inductive reasoning
10. Your writing skills is strong in the area of:	Technical, scientific writing.	Literary, narrative writing

Source: Leedy (1997: 109)

4.6 Research Goal

Mouton & Marais (1992: 42) state that the research goal provides a broad indication of what researchers wish to attain in their research. Is the aim of the project to describe, to explain, or to predict, or is the aim exploratory? Is it to evaluate some practice or programme?

In order to achieve the primary objective of the research project, data has to be gathered and analysed on the inefficiencies in the current performance appraisal process. For this purpose, a data collection instrument that will meet the requirements of validity and reliability will be developed and a methodological approach in analysing the data will be conducted.

4.6.1 Exploratory projects

As clearly indicated in the term, the goal which is pursued in exploratory studies is the exploration of a relatively unknown research area. The aims of such studies may vary quite considerably. Van Biljon (1999: 53) states the objectives of such a project.

- ✚ Gain new insights into the phenomenon by becoming familiar with the facts, people, and concerns involved;
- ✚ Undertake a preliminary investigation and determine feasibility before a more structured study of the phenomenon;
- ✚ Generate many ideas and develop tentative theories and conjectures;
- ✚ Determine priorities and develop techniques for future research; and
- ✚ Develop new hypotheses about an existing phenomenon

Mouton & Marais (1992:43) state that exploratory projects usually lead to insight and comprehension rather than the collection of accurate and replicable data. The methods frequently used in exploratory projects include, in-dept interviews, the analysis of case studies and the use of informants.

4.6.2 Descriptive projects

The primary aim of descriptive projects is to portray accurately the characteristics of a particular individual, group, situation, organisation, tribe, sub-culture, interaction, or social object (Mouton & Marais, 1992: 155).

Van Biljon (1999: 54) states the aim of descriptive projects:

- ✚ Provide an accurate profile of a group;
- ✚ Describe a process, mechanism, or relationship;
- ✚ Give a verbal or numerical picture;
- ✚ Find information to stimulate new explanations;
- ✚ Present basic background information or a context;
- ✚ Create a set of categories or classify types;
- ✚ Clarify a sequence, set of stages, or steps; and
- ✚ Document information that contradicts prior beliefs about a subject.

Mouton & Marais (1992: 44) state that the single common element in all of these types of research is the researcher's goal, which is to describe that which exists as accurately as possible. The description of some phenomena may range from a narrative type of description (as historical analysis) to a highly structured statistical analysis.

4.6.3 Explanatory projects

Explanatory projects are built on exploratory and descriptive projects and go on to identify the reason something occurs. The primary aim of explanatory projects is to test a hypothesis for a cause and effect relationship between the variables.

Van Biljon (1999: 55) identifies the aims of explanatory projects.

- ✚ Determine the accuracy of a principle or theory
- ✚ Find out which competing explanation is better
- ✚ Advance knowledge about an underlying process
- ✚ Link different issues or topics under a common general statement
- ✚ Build and elaborate a theory so it becomes more complete
- ✚ Extend a theory or principle into new areas or issues
- ✚ Provide evidence to support or refute an explanation.

For the purposes of this study, the researcher used the descriptive approach. The data were collected by means of a questionnaire. According to Saunders *et al.* (2003: 281) questionnaires can be used for descriptive of exploratory research. The authors also state that descriptive research such as that undertaken using attitude and opinion questionnaires and questionnaires of organisational practices will enable you to identify and describe the variability of different phenomena. Explanatory or analytical research on the other hand will enable you to examine and explain relationships between variables, in a particular cause and effect relationship.

4.7 Developing the Questionnaire

Questionnaires are one of the most widely used survey data collection techniques. Because each person (respondent) is asked to respond to the same set of questions, it provides an efficient way of collecting responses from a larger sample prior to quantitative analysis (Saunders *et al.* 2003: 281). The design of the questionnaire could have an impact on the response rate and the reliability and validity of the data collected. For the above reasons the researcher noted Saunders *et al.* (2003: 281) for their recommendations for the effective design of a questionnaire:

- ✚ Careful design of individual questions;
- ✚ Clear layout of the questionnaire form;
- ✚ Lucid explanation of the purpose of the questionnaire;
- ✚ Pilot testing and
- ✚ Carefully planned and executed administration.

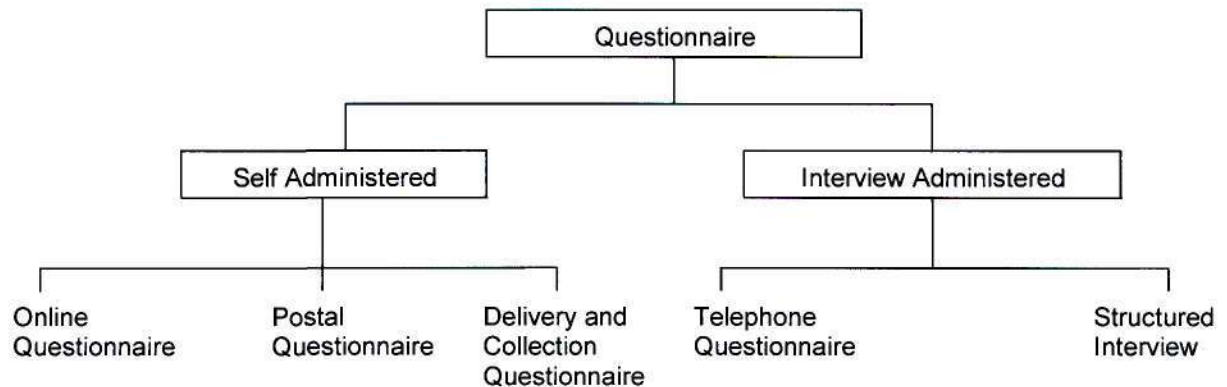
In addition to the above recommendations the research also took cognisance of Melville and Goddard's (1996: 43-44) guidelines for constructing a questionnaire in order to maximise effective data collection as follows:

- ✚ A questionnaire is complete if it gets all the data that is needed;
- ✚ A questionnaire should be short and not abuse the time and the concentration of the respondent;
- ✚ Only relevant questions should be asked;
- ✚ The questions should be precise, unambiguous and understandable;
- ✚ The questions should be objective and it should start with general questions; and
- ✚ A good questionnaire uses mostly closed questions, often with a four-point scale.

The above guidelines were closely followed in the design of the questionnaire used for the study. The questions formulated were closely linked to the most important concepts identified in the theoretical study and were verified for clarity, preciseness and objectivity. Likert's five-point scale was used in the design of the questionnaire. Saunders *et al.* (2003: 282) state that the choice of the questionnaire will be influenced by a variety of factors related to the research questions and objectives and in particular the characteristics of the respondents from whom you wish to collect the data; importance of reaching a particular person as a respondent; importance of respondent; importance of respondent's answers not being contaminated or distorted; size of sample you require for your analysis, taking into account the likely response rate; type of questions you need to ask to collect data; and the number questions you need to ask to collect you data.

Figure 4.1 illustrates the type of questionnaires and how, they are administered.

Figure 4.1: Types of Questionnaire



Source: Saunders *et al.* (2003: 181)

Each of the above type of questionnaires is explained below:

- ✚ Self-administered questionnaires are either posted on the Internet or mailed to a respondent (online), or questionnaires either are posted to respondents (postal) or are hand delivered and collected from respondents. With self-administered questionnaires the respondents would return the completed questionnaire to the researcher.
- ✚ Interview questionnaires are recorded by the interviewer on the basis of each respondent's answer. These interviews can take place either telephonically or on a one to one basis between the researcher and the respondent.

For the purpose of this research, the researcher mailed the questionnaires to the selected respondents. If the respondents found difficulty in completing the questionnaires, the researcher conducted telephonic interviews with those respondents in order to solicit their responses.

To ensure co-operation from the respondents, Leedy (1997:192) states that a covering letter should accompany each questionnaire. The covering letter serves: to explain the purposes of the questionnaire to the respondents; to inform them of the closing date for returning the completed questionnaire and to thank the respondents for their time and co-operation in completing the questionnaire.

4.8 Selecting the research Sample

According to Leedy (1997: 203) the quality of the population and representatives of the samples are important determinants for the results of the survey. A sample should contain all the characteristics of the entire population. Denscombe (1998: 11) is of the opinion that it is not good enough to assume that findings for the sample will be replicated in the rest of the population. With Denscombe's (1998: 11) view in mind, and to avoid any confusion of replication no sampling technique was used in this study. Randomisation was also unnecessary for this study, because the aim was to involve all employees who were willing to participate in the study.

Any staff member who had gone through some form of performance appraisal in the organisation was allowed to participate in the study. This method was chosen because all employees in an organisation contribute to productivity and efficiency in an organisation.

4.9 Pilot Study

Saunders *et al.* (2003: 308) state that prior to using your questionnaire to collect data it should be pilot tested, so that if necessary the questionnaire can be refined, so that respondents will have no problem in answering the questions and collecting data will be an easy task. The pilot test was conducted on a sample of 20 respondents and all ambiguity within the questionnaires was refined to avoid misinterpretation of the questions.

4.10 The Questionnaire

The questionnaire is divided into two parts:

- ↓ Section A, which contains biographical questions, is designed to provide a relevant profile of the respondents. Responses to 'section A' questions was not mandatory, as the researcher did not want to force the respondents to provide any information that they felt was confidential.

- ✚ Section B, which contains questions aimed at determining the respondent's opinions of the current performance appraisal system in the organisation.

The questionnaire was sent to 80 employees within the organisation. All 80 employees had been through the organisation's current performance appraisal system previously.

4.11 Response Rate

By the closing date for the return of the questionnaires, 75 questionnaires were collected, which represented a response rate of 93.75%. This is a relatively high response rate and the results could therefore be perceived as meaningful, from an organisational perspective.

4.12 Categories to be used in the Quantitative study

With the key components discussed in Chapter 2, the researcher used the above research methodology to solve the following sub-problems

- ✚ What are the characteristics of the current performance appraisal system used by the researcher's organisation for all its employees?
- ✚ To what extent does the current performance appraisal system of the organisation satisfy the components and characteristics of an effective performance appraisal as set out in the theoretical framework (Chapter 2)?

4.13 Summary

In this chapter the researcher provided the reader with an overview of the research methodology that was employed during this study. In the next chapter the results of the study will be analysed and presented.

CHAPTER 5 - ANALYSIS AND INTERPRETATION OF THE RESEARCH FINDINGS

5.1 Introduction

As explained in Chapter 1, this empirical study was undertaken to determine the effectiveness of the current performance appraisal system used by the BCS-Net Pty Ltd. To achieve this purpose a structured questionnaire was used as an instrument to collect data. The size of the population as well as the construction of the questionnaire was discussed in Chapter 4. The responses to the questionnaire (Appendix 1) were analysed using a statistical tool, and will be interpreted and discussed in this chapter.

5.2 Analysis of the Questionnaire

5.2.1 Procedure for Data Analysis

The questionnaire (Appendix 1) was designed using a five point likert scale for easy data coding. This was done to avoid the cumbersome procedures involved in preparing for data analysis. A majority of the questionnaires were quantitative. Only one question was open-ended/ qualitative, and was not answered by all the respondents. A content analysis was performed to analyse open-ended data. The statistical package for the social sciences (SPSS13) was employed to enter and analyse the quantitative data. SPSS13 is ideal for analysing data on investigations of human behaviour, as it is capable of performing contingency tables, both univariate and multivariate analysis and other statistical procedures or tests.

The questionnaire was divided into two sections:

- 📁 Section A – General Information; and
- 📁 Section B – Characteristics, components and guidelines of an effective appraisal system.

5.2.2 Analysis of Section A

The objective of this section was to provide demographic information about the respondents and to determine if this data would have any impact on the results. The following information job title; qualifications, number of years employed by the firm; gender; age; race and religion were gathered to determine if there was any impact on the results.

However, because this section was not mandatory, most respondents did not answer all the questions in this section. This section was subsequently excluded from the study, due to the low response rate.

5.2.3 Analysis of Section B

This section incorporated questions related to the characteristics and components of an effective appraisal system. The questions in this section were grouped according to the following statements: The purpose of the performance appraisal system; the effectiveness of the appraisal methods used; responsibility for performance appraisal; work standards used for performance appraisal; specific requirements for a successful and effective performance appraisal system; performance appraisal methods; rater errors and accuracy; rater training; explaining rating decisions; seeking appeals; linking organisational goals to the performance management cycle and providing feedback.

5.3 Analysis of the Responses received

For each of these sub questions a 5-Point likert Scale was used: Strongly Agree, Agree, Neither, Disagree and Strongly Disagree. It is to be noted that each of the questions had the option of 'Neither,' in case the respondents were neutral or did not want to answer a particular question. The responses received on each statement are presented in tabular, graphical or chart form. The tables were presented as follows: each sub question is displayed in the extreme left cells of the table; each table is labelled to indicate the main question number and the sub

question numbers in brackets; each question has a 'count' and a 'percent' column, where the respondents data, was captured according to responses received for each of the options, as per the 5 Point Likert Scale. The count column indicated the number of respondents that responded to that option and the percent column indicated the percentage of respondents in relation to the population that responded to that option. Each question has a 'total' column, where both the 'count' and 'percent' columns are summed, so that a comparison can be done, to determine the responses received in relation to the population. The population of the respondents was 75, therefore the maximum 'count' column total cannot exceed 75, and the maximum 'percent' column total cannot exceed 100. The legends on the graphs and charts are well defined for easy interpretation.

5.3.1 Purpose or objective of the Performance Appraisal System

Question 1 (Purpose of the performance appraisal system) was asked to elicit the respondent's view on the purpose of the performance appraisal system.

According to Carrell *et al.* (2000: 225-226), a performance appraisal system should serve two objectives to be effective, namely a developmental and evaluative objective.

The following table presents the results:

Table 5.1: a 5-point Likert measures the purpose of an appraisal system

Question 1 (1.1 to 1.3)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. Developmental	Count	12	30	9	24	0	75
	Percent	16	40	12	32	0	100
2. Evaluative	Count	21	48	3	3	0	75
	Percent	28	64	4	4	0	100
3. Neither of the Above	Count	0	0	36	30	9	75
	Percent	0	0	48	40	12	100

Analysis of the above table yields the following results:

- ✚ From the responses received 16% strongly agreed and 40% agreed that the purpose of the current PA system was developmental. 32% disagreed that it was not developmental and 12% chose to take a neutral stance.
- ✚ From the responses received 28% strongly agreed and 64% agreed that the purpose of the current PA system was evaluative. 4% disagreed that it was evaluative and 4% chose to take a neutral stance.
- ✚ A total of 40% of the respondents disagreed and 12% strongly disagreed that the current PA system was neither developmental nor evaluative, whilst 48% chose to take a neutral stance.

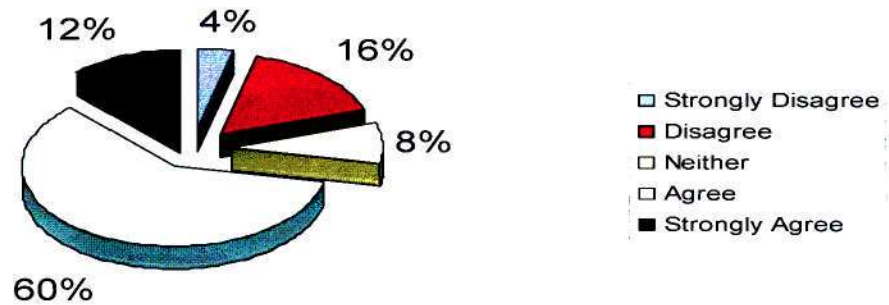
From the above results it is evident that the majority of the respondents are of the opinion that the current PA system was developmental and evaluative. However, it must be noted that 32% of the respondents disagreed that the current PA was developmental and a majority felt that it was more of an evaluative system. 52% of the respondents were also of the opinion that the current performance appraisal system was not both developmental and evaluative. In Chapter 2, the literature review clearly revealed that a performance appraisal should serve two objectives, namely, a developmental and evaluative objective in order to be effective.

5.3.2 The effectiveness of the Appraisal Method used

Question 2 (The effectiveness of the appraisal method used) sought the respondent's view as to the effectiveness of the current appraisal method that is being used. Carrell *et al.* (2000: 228) points out that the appraisal methods chosen and the instruments of performance appraisal forms used to implement these methods are critical in the management of performance in the organisation. Figure 5.1 depicts the respondent's view in terms of the effectiveness of the appraisal method and whether the technique used within the organisation was fair and unbiased.

Figure 5.1: Question 2 - The effectiveness of the appraisal method used

Question 2 - The appraisal method or technique used is fair and unbiased



From the above pie chart it is evident that 60% and 12% of the respondents agreed and strongly agreed respectively that the appraisal technique or method used is fair and unbiased. 16% and 4% of the respondents disagreed and strongly disagreed respectively. 8% of the respondents chose to remain neutral. The 20% of the population that are of the opinion that the appraisal method is not fair and biased, is a concern, thus one could determine that the use of the current appraisal method or technique with regards to biasness and being fair is ineffective.

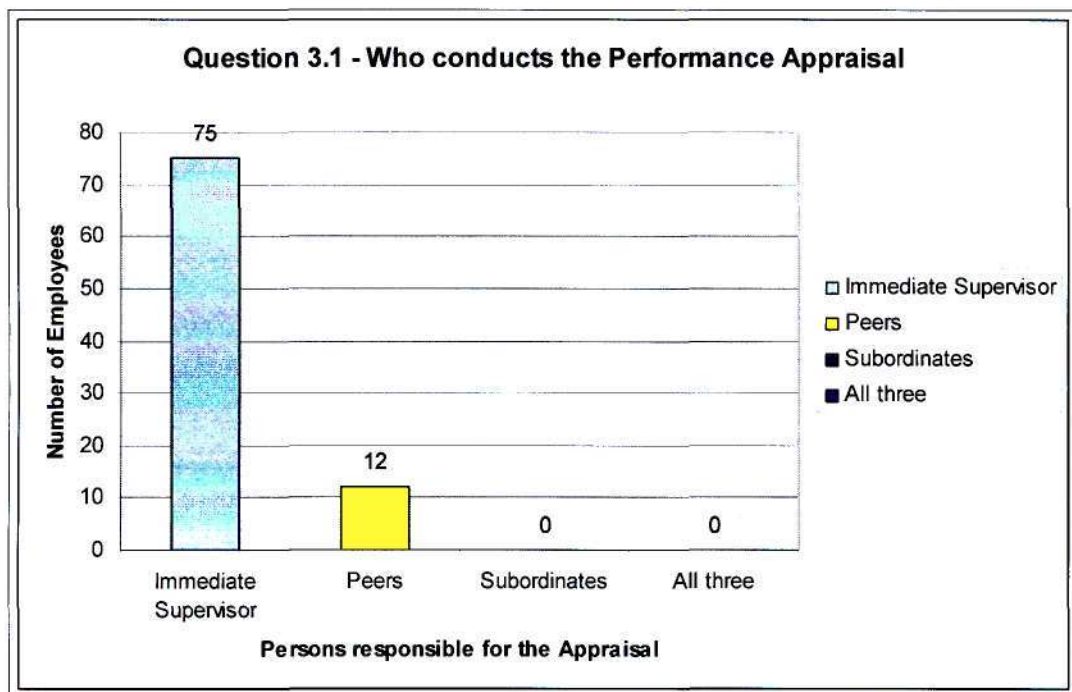
5.3.3 Responsibility for the Performance Appraisal

Question 3 (Responsibility for the performance appraisal) sought who conducts the performance appraisal for each respondent. According to Dessler (1997: 365), Cascio (1998: 316) and Carrell *et al.* (2000: 239), the supervisor should be and usually is in the best position to observe and evaluate the employee's performance and is responsible for that employee's performance. However, literature also stresses that besides the supervisor, other people or groups can become involved in appraising the performance of the employee.

The following figure (5.2) Question 3.1 presents information as to who conducts the respondent's performance appraisals within the organisation.

From Figure 5.2 it is evident that the entire population (100%) are evaluated by their immediate supervisor. Only 12 employees (16%) of the population of 75 are evaluated by their peers as well. None of the employees is evaluated by the subordinates or by all three (peers, subordinates and immediate supervisors).

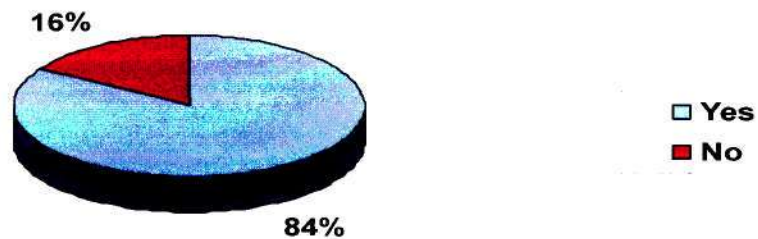
Figure 5.2: Question 3.1 - Responses to 'Responsibility or involvement in performance appraisal'



Question 3.2 also enquired as to whether the respondents were being appraised by the correct person or people. Figure 5.3 displays the results to this question.

Figure 5.3: Question 3.2 - Responses to 'Is the correct person/people appraising you'

Question 3.2 - Is the correct people/person appraising you



From the above pie chart (Figure 5.3) it is evident that the majority (84%) of the respondents are of the opinion that they are being evaluated by the correct person. Only 16% of the respondents believe that they are not being evaluated by the correct person or people. Respondents who answered 'No' to Question 3.2 were asked to reply to Question 3.3. Question 3.3 asked the respondents 'who should be appraising you.' All 16% of the respondents who responded 'No' to Question 3.2 believed that they should be appraised by their immediate supervisors, peers and subordinates. From the above results it is evident that the responsibility for the appraisal has not been implemented effectively and consistently across the organisation.

5.3.4 Work standards used for performance appraisal

Cascio (1995: 282 -283) states that the clearer the performance standard, the more accurate the appraisal can be. Cascio (1995: 282 -283) also states that existing standards must be reviewed and new ones developed, if needed. According to Gerber *et al.* (1998: 174) PA requires performance standards by which performance can be measured. These standards must be accurately determined and must be directly related to the work output required for a certain job. Question 4's (Work standards used for performance appraisal) objective was

to determine if the existing standards were well defined, specific, realistic, measurable and mutually understood. Furthermore, the researcher wanted to determine if the quantity and quality of work used for appraising performance was clear and agreed upon by all parties concerned. The researcher also wanted to ascertain if the existing standards were continually reviewed, renewed and discussed with the employee.

Table 5.2: 5-point Likert measures of the work standards used for performance appraisal

Question 4 (4.1 to 4.7)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. The standards required in my job are always well defined	Count	9	21	3	39	3	75
	Percent	12	28	4	52	4	100
2. The standards required in my job are always realistic	Count	6	54	3	9	3	75
	Percent	8	72	4	12	4	100
3. The standards required in my job are always measurable	Count	0	36	3	21	15	75
	Percent	0	48	4	28	20	100
4. The standards required in my job are mutually agreed on between me and my supervisor	Count	3	48	12	9	3	75
	Percent	4	64	16	12	4	100
5. The standards of quantity required in my work performance are clear	Count	6	39	0	24	6	75
	Percent	8	52	0	32	8	100
6. The standards of quality required in my work performance are clear	Count	6	45	0	18	6	75
	Percent	8	60	0	24	8	100
7. Existing standards are continually reviewed, renewed and discussed with me	Count	6	24	3	39	3	75
	Percent	8	32	4	52	4	100

Analysis of Table 5.2 yields the following results:

- ✚ From the responses received the majority disagreed (52%) and strongly disagreed (4%) that the standards required in their jobs were always well defined whereas only 28% agreed and 12% strongly agreed. This is a concern as the results indicate that at least 52% of employees do not have well defined standards. A total of 4% of the respondents chose to take a neutral stance.
- ✚ Most of the respondents agreed (72%) or strongly agreed (8%) that the standards required in their job are always realistic. Only 12% disagreed and 4% strongly disagreed that the standards required in their job were not realistic. A total of 4% of the respondents chose to take a neutral stance.

- ✚ Less than half of the respondents (48% agreed) felt that the standards required in their job are always measurable, whereas an equivalent of 28% disagreed and 20% strongly disagreed to their jobs standards being measurable. The 48% of the respondents who disagreed is another concern if the organisation wants to improve employee performance. Once again, 4% of the respondents took a neutral stance.
- ✚ Most of the respondents 64% and 4% agreed and strongly agreed respectively that the standards required in their job are mutually agreed upon between their supervisor and themselves. 12% of the respondents disagreed and 4% strongly disagreed that there was a mutual agreement between their supervisor and themselves regarding the standards required in their jobs. 16% of the respondents chose to take a neutral stance.
- ✚ More than half of the respondents (52% agreed) and 8% strongly agreed that the standards of quantity required in their work performance were clear, whereas a fair amount of the respondents (32% disagreed) and 8% strongly disagreed. The 40% of the respondents who disagreed reiterates another flaw within the current PA system that needs to be resolved.
- ✚ 60% of the respondents agreed and 8% strongly agreed that the standards of quality required in their work performance were clear, whereas 24% disagreed and 8% strongly disagreed. The 32% of the respondents who were not in agreement poses another threat to achieving optimal performance and needs to be resolved.
- ✚ 52% of the respondents disagreed and 4% strongly disagreed that their existing jobs standards are continually reviewed, renewed and discussed with them. Only 32% of the respondents agreed and strongly agreed (8%) that their exiting jobs standards are continually reviewed, renewed and discussed with them. A total of 4% chose to take a neutral stance. This high percentage of disagreement, that their existing jobs standards are not continually reviewed, renewed and discussed with them is another weakness in the current performance appraisal system.

The results overleaf clearly indicate a weakness in the implementation of work standards within the current PA system. A large number of employees are of the opinion that the standards required in their jobs are not realistic and that the standards are not continually reviewed, renewed and discussed with them. A relatively large amount of the respondents also felt that standards required in their jobs are not always measurable and also feel that the quantity required for work performance is not clear. A fair amount of the respondents also seems to be unsure of the quality required in their work performance. A small number of the respondents also believe that the standards required in their jobs are not mutually agreed upon between their supervisor and themselves. The fact that 16% of the respondents took a neutral stance could also indicate that they may be of the same opinion, that the standards required in their jobs are not mutually agreed upon between their supervisor and themselves. This is an issue that needs to be resolved, as this will definitely affect performance of these employees in the future.

5.3.5 Specific requirements for a successful and effective Performance Appraisal System

Question 5 (Specific requirements for a successful and effective performance appraisal system) required the respondents to indicate the extent to which they agreed that the current PA system met those requirements to be successful and effective. According to Kolb *et al.* (1995: 480), performance appraisal should translate organisational goals into individual job objectives. In order to achieve this, the performance appraisal system should meet specific requirements. According to (Swanepoel *et al.* 1998: 406) specific requirements for an appraisal system as a criterion for judging the work performances of individuals is relevance, reliability, the ability to discriminate or sensitivity, freedom from contamination, practicality and acceptability. The above requirements are legitimate and scientifically important to any appraisal system (Cascio, 1995: 277). Table 5.3 displays the respondents' views with regards to the extent to which specific criteria are met for the success and effectiveness of the current performance appraisal system

Table 5.3: Responses to 'Specific requirements for a successful and effective performance appraisal system'

Question 5 (5.1 to 5.7)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. The current performance appraisal system is directly related to the objectives of the job and the goals of the organisation	Count	6	42	6	9	12	75
	Percent	8	56	8	12	16	100
2. The current performance appraisal system is directly related to goals of the organisation	Count	6	36	6	18	9	75
	Percent	8	48	8	24	12	100
3. My performance appraisal will be very similar if it is done twice in a short period	Count	6	60	3	6	0	75
	Percent	8	80	4	8	0	100
4. The performance appraisal system distinguishes good performers from poor performers	Count	9	57	0	6	3	75
	Percent	12	76	0	8	4	100
5. The performance appraisal system is easy to use and understood by both supervisors and subordinates	Count	0	30	12	21	12	75
	Percent	0	40	16	28	16	100
6. My performance appraisal will not be influenced by external factors (economic conditions, etc)	Count	3	21	3	33	15	75
	Percent	4	28	4	44	20	100
7. I am satisfied with the number of times I am appraised during the course of the year	Count	0	15	0	33	27	75
	Percent	0	20	0	44	36	100

By analysing Table 5.3 the following is evident:

- ✚ A total of 56% agreed and 8% strongly agreed that the current appraisal system was directly related to the objectives of their jobs and the goals of the organisation, whilst 12% disagreed and 16% strongly disagreed. 8% choose to take a neutral stance. The 28% of the respondents who are in disagreement is a concern with the current performance appraisal system. This high disagreement correlates with the ineffective implementation of work standards as determined from Question 4.
- ✚ Most of the respondents 48% agreed and 8% strongly agreed that the current appraisal system was directly related to the goals of the organisation, whereas 24% disagreed and 12% strongly disagreed. Once again 8% of the respondents took a neutral stance. The 36% of the respondents who disagreed represents another shortcoming in the current performance appraisal system. This high

disagreement correlates with the ineffective implementation of work standards as determined from Question 4.

- ✚ A large majority of 88% were in agreement that their performance appraisal would be the same if it was done in a short period of time. The 88% that were in agreement constituted 80% who agreed and 8% who strongly agreed. Only 8% of the respondents disagreed, whilst 4% were neutral.
- ✚ A total of 76% agreed and 12% strongly agreed that the current performance appraisal system distinguishes good performers from poor performers, whilst a relatively low 8% disagreed and 4% strongly disagreed.
- ✚ 28% of the respondents disagreed and 16% strongly disagreed that the current performance appraisal system is easy and understandable to both the supervisor and themselves. This is majority of 44% of the respondents and a cause for concern. 40% of the respondents agreed that the current appraisal system is easy and understandable to both the supervisors and themselves. 16% of the respondents were neutral.
- ✚ A minority percentage of 28% agreed and 4% strongly agreed that their appraisal would not be influenced by external factors, whereas a relatively high 44% disagreed and 20% strongly disagreed. Once again, 4% took a neutral approach.
- ✚ 44% disagreed and 36% of the respondents strongly disagreed that they were not satisfied with the number of times that they were appraised during the course of the year, whilst a minority of 20% agreed that they were satisfied with the number of times they were appraised during the course of the year.

From the above analysis of Question 5 it is evident that a fair percentage of the population are of the opinion that the current performance appraisal system is not related to the objectives of their jobs and the goals of the organisation. Similarly fair numbers of employees (42%) are of the opinion that the current appraisal system is not directly related to the goals of the organisation. However, the majority of the respondents were confident that their appraisal would be very similar, if it was conducted over a short period of time. Similarly, a large majority felt that the current appraisal system distinguishes good performers from poor

performers. Most of the respondents felt that the current performance appraisal system was not easy to use and understandable by both the supervisor and themselves. A large percentage of the population also believed that their performance would be influenced by external factors and were not satisfied with the number of times they were appraised during the course of the year. Essentially, Question 5 displayed quite a few weaknesses in the current performance appraisal system and consequently, most of the requirements for a successful and effective performance appraisal system have not been satisfied, according to the theoretical framework in Chapter 2.

5.3.6 Performance Appraisal methods

Question 6's (Performance appraisal methods) objective was to determine if the current appraisal methods were effective and suitable for the organisation. The respondents also had to indicate the extent to which the various appraisal techniques were applied to them. Carrell *et al.* (1998: 267) maintains that the methods chosen and the instruments (or forms) used to implement these methods, are crucial in determining whether the organisation manages its performance successfully. According to Cascio (1998: 316) many rating formats focus on employee behaviours, either by comparing the performance of employees to that of other employees (so-called relative rating systems), or by evaluating each employee in terms of performance standards, without reference to others (so-called absolute rating systems). In addition, Schultz *et al.* (2003: 475) state that the methods selected and used for performance appraisal depend on whether the judgment calls for a relative or absolute measure. Table 5.4 displays the responses to Question 6.

Table 5.4: Responses to 'Performance appraisal methods'

Question 6 (6.1 to 6.5)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. Comparison of own performance to that of other employees with the same job	Count	6	33	0	27	9	75
	Percent	8	44	0	36	12	100
2. Essay writing on the strengths and weaknesses of my job performance	Count	0	36	9	27	3	75
	Percent	0	48	12	36	4	100
3. Selecting from a list of related job characteristics (leadership, initiative, creative, etc) and choosing those one's that fit my own job performance the best	Count	6	51	0	15	3	75
	Percent	8	68	0	20	4	100
4. Using the mutually agreed upon standards between my supervisor and me as a yardstick when my performance appraisal is done	Count	6	39	6	12	12	75
	Percent	8	52	8	16	16	100
5. A combination of all the above when my performance appraisal is done	Count	6	9	21	36	3	75
	Percent	8	12	28	48	4	100

Analysis of Table 5.4 yields the following results:

- ✚ A total of 44% agreed and 8% strongly agreed that their performance was compared to that of other employees with the same job, whereas a relatively high 36% disagreed and 12% strongly disagreed.
- ✚ The majority of the respondents (48%) agreed that essay writing on the strengths and weaknesses of their job performance took place when they were appraised, whilst 36% disagreed and 4% strongly disagreed. 12% of the respondents were neutral.
- ✚ Most of the respondents (68% agreed and 8% strongly agreed) that the appraiser selected from a list of related job characteristics such as leadership, initiative, creative, etcetera and choose the best one that suited the respondents performance best during the appraisal process. However, 20% disagreed and 4% strongly disagreed.
- ✚ 52% agreed and 8% strongly agreed that there were mutually agreed upon standards between the supervisor and themselves that was used as a yardstick when performance was measured. However, 16% disagreed and a further 16% strongly disagreed. 8% of the respondents choose to remain neutral to this

question. This high disagreement response rate correlates with the ineffective implementation of work standards as determined from Question 4.

- ↓ The majority of the respondents (48% disagreed and 4 % strongly disagreed) that a combination of the methods mentioned above were not used when their appraisal was done. A minority of the respondents (12% agreed and 8% strongly agreed) that a combination of the methods above were used, whilst a large 28% remained neutral.

From the above results, it is evident that fair amounts of the respondents are of the opinion that their performance is not compared with other employees doing the same job. In addition to the above, a fair number also feel there is no essay writing on strengths and weaknesses of their job performance. Almost a third of the respondents felt that the appraiser did not consider related job characteristics that suited their job the best, during the appraisal process and 32% felt that there were no mutually agreed upon standards between their supervisors and themselves when appraisals were done. Finally, the majority of the respondents were of the opinion that a combination of appraisal methods as discussed above were not used during their appraisal process. The above problems clearly indicate additional flaws in the current performance appraisal process.

5.3.7 Rater Errors and Accuracy

Question 7 (Rater errors and accuracy) required the respondents to indicate the extent to which they agreed that their performance appraisals was prone to distortion and biases. Swanepoel *et al.* (2003: 380) state that PA requires supervisors or managers to observe and judge behaviour as objectively as possible. Mullins (2002: 707) argues that since observation and judgment are conducted by human beings and managers who may not be experts in all the operations in their departments, this could result in the appraisal process being prone to distortions. Question 7 has been divided into two parts. Part 1 analyses the rater errors and Part 2 analyses whether the raters are adequately trained or not. Table 5.5 displays the respondents' opinions with regard to the extent to which rater errors were commonly made.

Table 5.5: Responses to 'Rater errors'

Question 7 (7.1 to 7.7)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. The rater is too lenient	Count	0	12	6	57	0	75
	Percent	0	16	8	76	0	100
2. The rater is too strict	Count	3	6	6	57	3	75
	Percent	4	8	8	76	4	100
3. The rater always rates me as average	Count	0	9	9	54	3	75
	Percent	0	12	12	72	4	100
4. The rater is influenced by recent incidents (bad or good) in my job performance	Count	0	12	18	42	3	75
	Percent	0	16	24	56	4	100
5. The rater is influenced by characteristics such as age, gender, race, religious groups or seniority	Count	0	0	27	48	0	75
	Percent	0	0	36	64	0	100
6. My rater gives me the rating I earn even when it might upset me	Count	6	60	0	9	0	75
	Percent	8	80	0	12	0	100
7. The rater always gives a fair rating to all employees that are being rated	Count	0	54	9	12	0	75
	Percent	0	72	12	16	0	100

Analysis of Table 5.5 yields the following results:

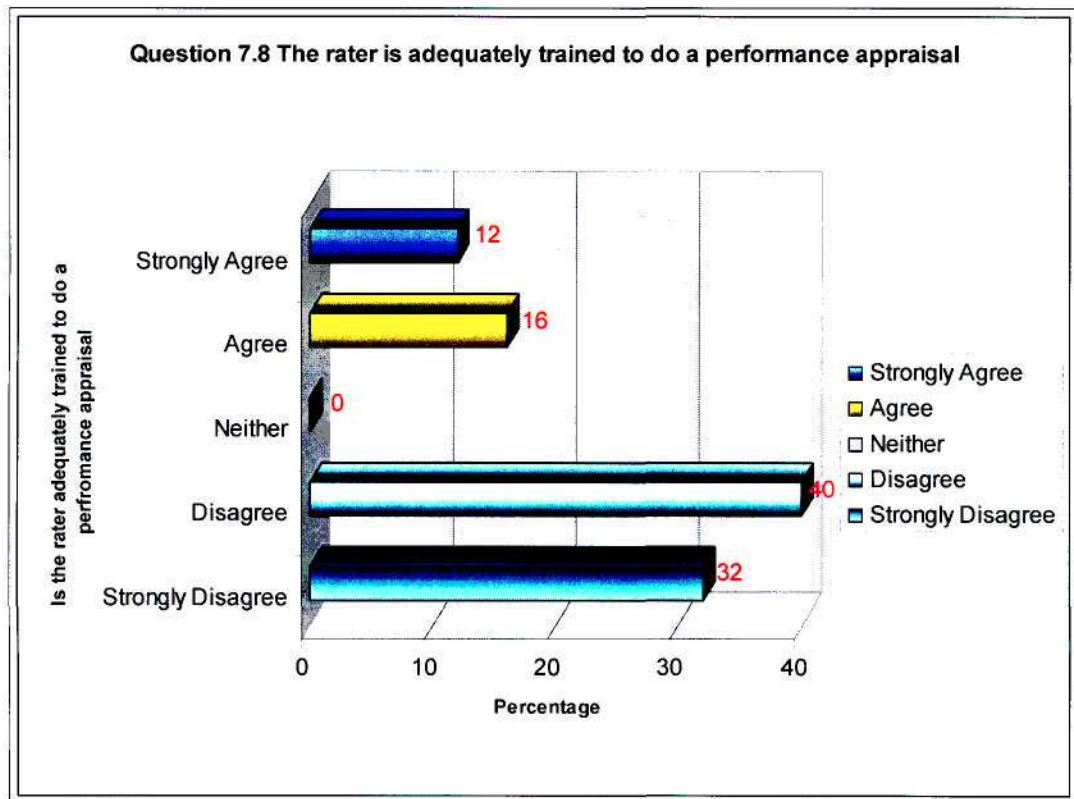
- ✚ The majority of the respondents disagreed (76%) that the raters were not too lenient. However, 16% agreed that the raters were too lenient and 8% choose to remain neutral.
- ✚ Most respondents, 76% disagreed and 4% strongly disagreed that the raters were too strict, whilst 8% agreed and 4% strongly agreed that the raters were too strict. 8% choose to remain neutral.
- ✚ The majority of the respondents both disagreed (72%) and strongly disagreed (4%), that the raters always rated them as average, whereas 12% of the respondents agreed and 12% of the respondents remained neutral.
- ✚ The majority of the respondents disagreed (56%) and strongly disagreed (4%) that the rater was influenced by recent incidents in their job performance, whereas 16% agreed. 24% of the respondents remained neutral.
- ✚ None of the respondents agreed that the raters were influenced by characteristics such as age, gender, race, religious groups or seniority, whereas 64% of the respondents disagreed. 36% of the respondents remained neutral.

- ✚ A high majority of the respondents agreed (80%) and strongly agreed (8%) that the rater gave them the rating they deserved even if it might have upset them, whilst 12% disagreed.
- ✚ Most of the respondents 72% agreed that the raters always gave a fair rating to all employees that were being rated, whereas 16% disagreed. 12% of the respondents choose to remain neutral.

From the above results of the data analysis, it is evident that 16% of the respondents are of the opinion that the raters are too lenient and 12% of the respondents believed that the raters were too strict. 12% of the respondents are also of the opinion that the raters always rate them as average. In addition, 16% of the respondents are also of the opinion that the raters were influenced by recent incidents in the job performance when they were being evaluated and 12% of the respondents believed that the rater did not give them the rating they earned, even if it might have upset them. Finally, 16% of the respondents were of the opinion that the rater does not give a fair rating to all employees that are being evaluated. The above analysis of Question 7 validates that the current performance appraisal system could be prone to distortions and biases.

Gerber *et al.* (1998: 174) argue that poorly trained evaluators can lead to failure in the application of the PA. Question 7.8 required the respondents to indicate whether they thought the rater was adequately trained to conduct a performance appraisal. Figure 5.4 displays the responses to this part of the question.

Figure 5.4: Question 7.8 - Responses to 'The rater is adequately trained to do a performance appraisal'



From the above bar chart it is evident that most of the respondents both disagreed (40%) and strongly disagreed (32%) that the raters are adequately trained to conduct a performance appraisal, whilst 16% agreed and 12% strongly agreed that the raters are adequately trained.

From the analysis of Question 7.8 we can deduce that most of the respondents are of the opinion that the raters are not adequately trained to conduct a performance rating. This could imply that the raters do not understand the job that is required of the respondents and could be linked to the inadequate work standards used, as is evident from the results obtained for Question 4.

5.3.8 Explaining Rating decisions

Question 8 (Explaining rating decisions) required respondents to indicate if the rater discussed the performance appraisals with them. According to Carrell *et al.*

(1998: 264), the general trend is to ensure that the supervisors discuss the appraisal with their employees, allowing employees to discuss areas of agreement and disagreement. Carrell *et al.* (1998: 264) states that the supervisor should emphasise positive work performance, those areas in which the employee has met or exceeded expectations, as well as areas that need improvement. Table 5.6 displays the respondents' opinions with regard to the extent to which rating decisions are explained to them.

Table 5.6: responses 'to explaining rating decisions'

Question 8 (8.1 to 8.4)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. My rater gives me clear and real examples to justify his or her rating of my work	Count	9	39	9	15	3	75
	Percent	12	52	12	20	4	100
2. My rater helps me to understand the process used to evaluate and rate my performance	Count	9	27	6	27	6	75
	Percent	12	36	8	36	8	100
3. My rater takes time to explain decisions that concern me	Count	12	45	0	15	3	75
	Percent	16	60	0	20	4	100
4. I am allowed to answer questions about my performance rating	Count	3	60	6	6	0	75
	Percent	4	80	8	8	0	100

Analysis of Table 5.6 yields the following results:

- ✚ The majority of the respondents agreed (52%) and strongly agreed (12%) that the rater gave them clear and real examples to justify their rating of the respondents' work, whilst 20% disagreed and 4% strongly disagreed. 12% of the respondents remained neutral.
- ✚ 36% of the respondents agreed and 12 % strongly agreed that the rater helped them to understand the process that was used to evaluate and rate their performance, whereas 36% disagreed and 8% strongly disagreed. 8% of the respondents took a neutral stance.
- ✚ A majority of the respondents agreed (60%) and strongly agreed (16%) that the rater took their time to explain the decisions that concerned them, whereas 20% disagreed and 4% strongly disagreed, respectively.
- ✚ The majority of the respondents either agreed (80%) or strongly agreed (4%) that they were allowed to answer questions about their performance rating, whilst 8% disagreed. A further 8% of the respondents remained neutral.

From the results overleaf it is evident that there are mixed opinions as to whether the raters assisted the employees to understand the process used to evaluate their performance. This is evident from the 24% of the respondents who are of the opinion that the raters did not give them clear and real examples to justify their rating. Secondly, 46% of the respondents are also of the opinion that the rater did not assist them to understand the process that was used to evaluate and rate their performance. Thirdly, 24% of the respondents felt that the rater did not take the time to explain the decisions that concerned them and lastly, 8% of the respondents felt that they were not allowed to answers questions about their performance rating. The above issues once again validates, that the explanation of the rating decisions is not consistent within the organisation and hence questions the validity of the current performance appraisal system.

5.3.9 Seeking Appeals

The objective of Question 9 (Seeking appeals) was to determine if employees could appeal performance appraisal decisions that they felt were biased or inaccurate. Carrell *et al.* (1998: 264) state that with the new legislation pertaining to labour relations, employment and occupational equity, affirmative action and the constitution, the possibility of a legal review of terminations, promotions, pay decisions and other human resources issues is becoming a reality in South Africa. Companies need to be cognisant of this before dismissing a performance appraisal appeal. Carrell *et al.* (1998: 264) further states that if the employee with substandard performance gives their version of the facts, this may avoid future claims and will help the employee to get more involved in the PA process. Allowing appeals may also help the organisation to ensure a fair system, and provide employees with a real opportunity to respond. Table 5.7 displays the respondents' opinions with regards to the extent with which seeking appeals are conducted within the organisation.

Table 5.7: responses to 'seeking appeals'

Question 9 (9.1 to 9.3)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. I have ways to appeal a performance rating that I think is biased or inaccurate	Count	3	69	0	0	3	75
	Percent	4	92	0	0	4	100
2. My performance rating can be changed if I can show that it is incorrect or unfair	Count	3	66	3	0	3	75
	Percent	4	88	4	0	4	100
3. I am comfortable in communicating my feelings of disagreement about my rating to my supervisor	Count	21	54	0	0	0	75
	Percent	28	72	0	0	0	100

Analysis of Table 5.7 yields the following results:

- ✚ The majority of the respondents agreed (92%) and strongly agreed (4%) that they have ways to appeal a performance rating that they thought was biased or inaccurate, whereas 4% disagreed.
- ✚ The majority of the respondents agreed (88%) and strongly agreed (4%) that their performance rating can be changed if they could show that it was incorrect or unfair, whilst only 4% disagreed. 4% of the respondents remained neutral.
- ✚ None of the respondents had a problem communicating their feelings of disagreement to their supervisors.

From the above results, it is clear that the employees have an effective appeal process in place. The adherence of the organisation to an effective appeal process could imply that many employees could have appealed a performance evaluation in the past. This once again validates that the current performance appraisal system has been continually questioned as to its validity by the employees.

5.3.10 Linking Organisational Goals to the Performance Management Cycle

Question 10 (Linking organisational goals to the performance management cycle) required the respondents to indicate the extent to which they agreed that critical steps in the performance management cycle did take place before their performance appraisal was conducted. Kolb *et al.* (1995: 480) state that the performance appraisal process should be integrated with other relevant

organisational functions. It can only be meaningful and successful if specific actions take place within the performance management cycle. Table 5.8 displays the respondents' opinions with regards to Question 10.

Table 5.8: Responses to 'linking organisational goals to the performance management cycle'

Question 10 (10.1 to 10.6)		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. Expectations required of me are always clarified	Count	0	42	0	24	9	75
	Percent	0	56	0	32	12	100
2. Planning to facilitate performance takes place	Count	0	24	0	45	6	75
	Percent	0	32	0	60	8	100
3. My performance is monitored and my shortcomings are pointed out quickly	Count	6	24	3	36	6	75
	Percent	8	32	4	48	8	100
4. When I under-perform in my job because of interpersonal problems, coaching, counselling and support is provided to me	Count	12	51	0	9	3	75
	Percent	16	68	0	12	4	100
5. Good performance is recognized by rewards	Count	0	66	0	9	0	75
	Percent	0	88	0	12	0	100
6. Disciplinary actions are instituted if poor performance persists	Count	0	75	0	0	0	75
	Percent	0	100	0	0	0	100

Analysis of Table 5.8 yields the following results:

- ✚ The majority of the respondents (56%) agreed that expectations required of them were always clarified, whereas 32% disagreed and 12% strongly disagreed. The high percentage of disagreement correlated to Question 4.1 where the respondents' response to 'The standards required in my job are always well defined' was 56% disagreement.
- ✚ Most of the respondents disagreed (60%) and strongly disagreed (8%), whereas 32 % agreed that planning to facilitate performance occurs. The above responses to this question correlate to the ineffective feedback communicated to the employees, as is evident in Question 11.

- ✚ The minority of the respondents either agreed (32%) or strongly agreed (8%) that their performance was monitored and their shortcomings were pointed out quickly, whilst a relatively high 48% disagreed and an additional 8% strongly disagreed. 4% of the respondents choose to remain neutral. Once again, these results correlate to the ineffective feedback from the analysis of Question 11.
- ✚ Most of the respondents (68%) agreed and 16% strongly agreed that coaching, counselling and support is provided to them when they under-performed, due to interpersonal problems, whereas 12% disagreed and 4% strongly disagreed.
- ✚ The majority of the respondents (88%) agreed that good performance, is recognised by rewards, where as 12% disagreed. The 12% of the respondents who disagreed correlated with the responses to Question 5.4 where 12% of the respondents disagreed as well, that the current performance appraisal system distinguishes good performers from poor performers.
- ✚ All the respondents (100%) were of the opinion that disciplinary actions are instituted if poor performance persists.

From the above findings it is clear that the respondents have mixed opinions in terms of whether expectations required of them were clarified. The majority of the respondents are of the opinion that planning to facilitate performance does not take place. The majority are also of the opinion that their performance is not monitored and their shortcomings are not pointed out quickly. 16% of the respondents are also of the opinion that coaching, counselling and support is not provided to them when they under perform and 12% of the respondents do not believe that good performance is rewarded. The above results once again highlight the inconsistencies in the current performance appraisal process.

5.3.11 Providing Feedback

The objective of Question 11 (Providing feedback) was to ascertain the extent of feedback that was provided to the respondents. Proper and constructive feedback is vital to validate performance. According to Gerber *et al.* (1998: 182) feedback in the PA process means that employees will be provided with an objective appraisal of the current situation to let them know how their

performance can be improved. DeCenzo and Robbins (2000: 269) are also of the view that without proper two-way feedback about an employee's effort and its effect on performance, the organisation runs the risk of decreasing an employee's motivation. Table 5.9 displays the respondents' opinions with regards to providing feedback

Table 5.9: Responses to 'Providing feedback'

Question 11		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Totals
1. My rater frequently lets me know what I am doing	Count	0	42	3	27	3	75
	Percent	0	56	4	36	4	100
2. My rater routinely guides me as to how I can improve my performance	Count	0	45	6	21	3	75
	Percent	0	60	8	28	4	100
3. My rater routinely gives me feedback that is important to the things I do at work	Count	9	54	3	6	3	75
	Percent	12	72	4	8	4	100
4. My rater reviews with me my progress towards my goals	Count	3	45	3	21	3	75
	Percent	4	60	4	28	4	100

Analysis of Table 5.9 yields the following results:

- ✚ The majority of the respondents (56%) agreed that the rater frequently informed them of what they were doing, whereas 36% disagreed and 4% strongly disagreed. The high percentage of disagreement correlated to Question 6, where the respondents' response to 'Essay writing on the strengths and weaknesses of my job performance' was also 40% disagreement. 4% of the respondents remained neutral.
- ✚ The majority of the respondents agreed (60%) that the rater routinely guided them as to how they could improve their performance, whereas 28% disagreed and a further 4% strongly disagreed. 8% of the respondents once again provide a neutral response. The high disagreement response rate reinforces further the correlation to the percentage of disagreement of Question 6.2's response to 'Essay writing on the strengths and weaknesses of my job performance'.
- ✚ The majority of the respondents either strongly agreed (12%) or agreed (72%) that the rater routinely gave them feedback that was important to the things

they did at work, whereas only 8% disagreed and 4% strongly disagreed. Once again, 4% of the respondents were neutral.

- ✚ Most of the respondents agreed (60%) and strongly agreed (4%) that the rater reviewed their progress with them towards their goals, whereas 28% disagreed and 4% strongly disagreed. 4% remained neutral.

From the above findings, it is evident that the respondents have mixed opinions in terms of whether the rater frequently lets them know what they were doing. A fair amount of the population is also of the opinion that the rater does not routinely guide them as to how they can improve their performance and the rater does not review their progress with them towards their goals. Finally, 16% of the population are of the opinion that the rater does not give them feedback that is important to the things they do at work. The above findings correlate with the findings in Question 6 where the researcher identified that there was a lack of essay writing on the strengths and weaknesses of an employee on their job performances. Once again, the lack of feedback reiterates the inconsistency and the ineffectiveness of the current performance appraisal system.

5.4 Summary

The purpose of this chapter was to present, analyse and interpret the research findings. The data was summarised according to eleven statement/guidelines:

- ✚ The purpose of the performance appraisal system
- ✚ The effectiveness of the appraisal method used
- ✚ Responsibility for Performance Appraisal
- ✚ Work Standards Used for Performance Appraisal
- ✚ Specific Requirements for a Successful and Effective Performance Appraisal System
- ✚ Performance Appraisal Methods
- ✚ Rater Errors and Accuracy
- ✚ Explaining Rating Decisions
- ✚ Seeking Appeals

- ✚ Linking Organisational Goals to the Performance Management Cycle
- ✚ Providing Feedback

Each statement/guideline had various questions attached to it, in order to retrieve the necessary data for analysis of the current performance appraisal system. The analysis revealed that there were many shortcomings of the above statements/guidelines used within the organisation. These shortcomings need to be addressed in order to ensure an effective performance appraisal system for the future.

CHAPTER 6 – CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Chapter 6 presents the results of the empirical study of the current performance appraisal system utilised by BCS-Net Pty Ltd. These results were analysed in order to provide recommendations of the inefficiencies that were identified in Chapter 5.

As a result of the analysis of the empirical study, recommendations on how to solve the main problem namely, **“How effective is current performance appraisal system utilised by BCS-Net Pty Ltd”** is presented in this final chapter.

The recommendations based on the main findings of each section of the empirical study will be presented.

6.2 Conclusion

An effective performance appraisal system is an important instrument to enhance or improve organisational performance. It is a formal system that provides a periodic review and appraisal of an employee's or a team's job performance. Some supervisors do not regard performance appraisal as seriously as they should. Such attitudes are counter-productive and frequently lower employee and group productivity.

This study was conducted to assess the effectiveness of the appraisal system utilised by BCS-Net Pty Ltd. The main problems and background to the study is discussed in Chapter 1. Chapter 2 presented the theoretical framework of the criteria for an effective performance appraisal system. Chapter 2 also highlighted the strategic approach of performance appraisals in order to maximise the efficiency of an appraisal system. Chapter 3 detailed the current performance appraisal system utilised by BCS-Net Pty Ltd. Chapter 4 focused on the research methodology to gather the necessary data for the study. The researcher employed a quantitative approach as this method best suited this study. A questionnaire was designed and administered to respondents. While a pilot study was conducted to ensure reliability and relevance. During the pilot study, all ambiguous questions

were restructured to ensure maximum reliability and validity. In Chapter 5 the data was analysed and presented. The data was analysed according to eleven statements/guidelines as indicated by the theoretical framework for an effective performance appraisal system. The data was presented using tables, graphs and charts for easy interpretation. The analysis of the data revealed shortcomings in all the statements/guidelines in the current performance appraisal system. Chapter 6 presents recommendations to resolve the shortcomings identified in Chapter 5.

The main aim of the research was to answer the following problem **“How effective is the current performance appraisal system utilised by BCS-Net Pty Ltd”**.

The results of the data analysis clearly indicated that there were inefficiencies in all the guidelines that were used to determine the effectiveness (as defined in Chapter 1) of the current performance appraisal system; hence we can deduce that the current performance appraisal system is not effective and efficient.

The following sub problems were identified from the main problem. **“What are the characteristics of the current performance appraisal system used by the organisation for all its employees.”** The data analysis in Chapter 5 further reiterates that although the organisation has implemented most of the necessary characteristics as defined in Chapter 2, these characteristics were not implemented consistently to all employees that were being evaluated. The second sub-problem was **“To what extent does the current performance appraisal system of the organisation satisfy the components and characteristics of an effective performance appraisal as set out in the theoretical framework in Chapter 2.”**

From the data analysis, it is evident that the current performance appraisal system does not satisfy the components and characteristics according to the theoretical framework for an effective performance appraisal system.

6.3 Findings and recommendations

The recommendations based on the main findings will be presented in the same sequence as the survey questionnaire and the data analysis.

6.3.1 The Purpose of the Appraisal System

From the data analysis of Question 1 'The purpose of the appraisal system', the results indicated that most of the respondents perceived the performance appraisal system to be developmental and the majority (92%) felt it was evaluative. However, a fair number (32%) of the respondents felt it was not developmental. In addition, none of the respondents felt it was both developmental and evaluative. According to Swanepoel *et al.* (2003: 373) developmental purposes of performance appraisal can serve individual development purposes by:

- ✚ Providing employees with feedback on strengths and weaknesses
- ✚ Aiding career planning and development and
- ✚ Providing inputs for personal remedial interventions, for example referral to an Employee Assistance Programme.

Carrell *et al.* (1998: 260) state that PAs are a key element in the use and development of an organisation's most vital resources – its employees. Cherrington (1995: 276) agrees with the above authors and states that most people want to know how well they are doing and where they need to improve. From the above, it is abundantly clear that the developmental objective is crucial in the performance appraisal process. In order to remain competitive in the information technology industry and especially the service industry, the organisation needs to constantly provide the employees with performance feedback so as to ensure that their employee's skills are constantly updated on emerging technologies, in order to remain competitive. Failure to ensure employees skills are being continuously updated in the information technology industry could be detrimental to the organisation's future survival.

6.3.2 The effectiveness of the Appraisal Method used

20% of the respondents were of the opinion that the current performance appraisal method or technique is unfair or biased. According to Carrell *et al.* (1998: 267) the methods chosen and the instruments used to implement these methods are critical in whether the organisation manages its performance successfully. According to Swanepoel *et al.* (1998: 406) specific requirements for an appraisal system as a criterion for judging the work performances of individuals is relevance, reliability, the ability to discriminate or sensitivity, freedom from contamination, practicality and acceptability. The above requirements are legally and scientifically important to any appraisal system (Cascio, 1995: 277). According to Gerber *et al.* (1998: 174) PA requires performance standards by which performance can be measured. These standards must be accurately determined and must be directly related to the work output required for a certain job. According to Cascio (1998: 316) many rating formats focus on employee behaviours, either by comparing the performance of employees to that of other employees (so-called relative rating systems) or by evaluating each employee in terms of performance standards without reference to others (so-called absolute rating systems). In addition, Schultz *et al.* (2003: 475) state that the methods selected and used for performance appraisal depends on whether the judgment calls for a relative or absolute measure.

The organisation should investigate (by referring to the theory in Chapter 2) the necessary relative judgement methods and absolute judgement methods to ensure that an effective performance appraisal is instituted for the future. In addition, the organisation should ensure that the current performance appraisal system is relevant, reliable, practical, acceptable to all that uses it and free from contamination. This should be done with the input of all employees to ensure a fair and unbiased appraisal method or technique.

6.3.3 Responsibility for Performance Appraisals

Although all the respondents were being appraised by the supervisor, 16% of the respondents were of the opinion that the supervisor should not be the only person appraising them. Although most authors are of the opinion that as a general rule PAs are more accurate and useful when the evaluations comes from sources closest to the person being evaluated, which in most cases implies the immediate supervisor. To make quality evaluations, assessors need adequate opportunity to observe. In the information technology industry, most employees work in project teams with the primary aim of implementing and supporting various projects for clients. The team would comprise the employee's supervisor, peers, subordinates and customers. For this reason, almost a fifth of the employees feel that they should be appraised by peers, subordinates, customers and the immediate supervisor as they have continuous interaction with all the above parties and these groups of people should all provide input for the employee's performance evaluation. According to Jansen and Vloeberghs (1999: 456), multi-rater feedback requires 'bystanders' to assess a multitude of work situations which are controlled or managed by the person who is the focus of the feedback. This circle of bystanders would rate the focal person. The bystander's ratings are averaged and compared with self-ratings of the focal person. Negative differences provide data that indicate potential areas of personal development and performance improvement.

In the researcher's opinion, this is a valid point for the organisation to consider because information technology resources working on projects provide services to all the above parties and not to one single party, hence these employees should be evaluated by all concerned in the project. In essence, the organisation should make use of the 360-degree feedback system where all the key stakeholders will contribute to the appraisal of an employee.

6.3.4 Work Standards used for Performance Appraisal

The results suggest that the performance standards were not always well defined, realistic, measurable and mutually agreed upon. In addition, the quantity and quality of work were not well defined. The existing standards were not regularly reviewed, renewed and discussed with the employees. According to Swanepoel *et al.* (1998: 406) specific requirements for an appraisal system as a criterion for judging the work performances of individuals is relevance, reliability, the ability to discriminate or sensitivity, freedom from contamination, practicality and acceptability. The above requirements are legally and scientifically important to any appraisal system (Cascio, 1995: 277). Cascio (1995: 277) further states to ensure relevance, the organisation should establish clear links between the critical elements of each job (as determined through the job analysis and the performance dimensions to be rated on the appraisal form) and ensuring the regular maintenance and updating of job descriptions, performance standards and appraisal systems. According to Gerber *et al.* (1998: 174) PA requires performance standards by which performance can be measured. These standards must be accurately determined and must be directly related to the work output required for a certain job.

Taking the above into consideration, the organisation should ensure that the employee work performance standards are always well defined, measurable and realistic. They should also ensure that the performance standards in relation to quantity and quality are also well defined. The organisations can use job analysis to define the work performance standards. Job analysis should be done together with the employee to ensure that the standards are mutually agreed upon, between both the employee and the supervisor. In order to ensure that the employee is always aware of what is required from them, the existing standards should be regularly reviewed, renewed and discussed with them. By implementing the above, the organisation can ensure that the employees deliver what is expected of them.

6.3.5 Specific requirements for a successful and effective Performance Appraisal System

The responses from the data analysis for Question 5 indicated that the specific requirements for a successful and effective performance appraisal system were not met. The researcher discovered problems with the following requirements that are crucial for an effective and successful performance appraisal system:

- ✚ The current PA system is directly related to the objectives of the job and the goals of the organisation
- ✚ The current PA system is directly related to the goals of the organisation.

The literature revealed that PA attains its fullest potential when it is aligned with organisational objectives. PA is strategic, when it is linked to the organisation and when individual goals are linked with organisational goals. According to Kolb *et al.* (1995: 480), performance appraisal should translate organisational goals into individual job objectives. The organisation should ensure that their organisational objectives are defined. They should also ensure that the objectives of the job are well defined. Evidence that this has not been well defined is the employee's negative responses to Question 4 (work standards used for performance appraisal). The organisation should then educate employees as to how the objectives of their job are linked to the organisational objectives, so that the employees understand the link between the two. The implementation of the management by objectives method could resolve this problem as well.

The following requirements were also problematic and will be discussed:

- ✚ My performance appraisal will be very similar if it is done twice in a short period

Although a few respondents disagreed with the above statement, the organisation should ensure consistency in the appraisal process. The lack of consistency could be related to the unclear work standards and the lack of organisational objectives. The obvious missing link between the organisational objectives and the job goals could be another factor that could cause the above problem to persist. To resolve this problem, the organisation should have clearly defined organisational objectives, well-defined job goals (using job analysis) and a link between organisational objectives and job goals to ensure consistency.

🚩 The PA system distinguished good performers from poor performers

Swanepoel *et al.* (1998: 406) and Cascio, (1995: 278) state that if the appraisal system is unable to distinguish good performers from poor performers then the PA system cannot be used for administrative or developmental purposes and will undermine the motivation of both the supervisors and the subordinates. This again is a testament to the shortcomings identified in Question 4 and Question 5. Once the weaknesses have been resolved and efficient ranking methods of employees are implemented, the system should be able to distinguish good performers from poor performers. Failure to identify good performers from poor performers could affect the morale of the good performers and hence affect productivity and efficiency negatively.

🚩 The PA system is easy to use and understood by both the supervisors and subordinates

A relatively high percentage of the respondents (44%) disagreed with the above statement. The PA system should be practical. Swanepoel *et al.* (2000: 411) indicate that an appraisal system should be easy to use, understandable, user friendly and manageable. In addition, Swanepoel *et al.* (2000: 411) states that design decisions related to the practicality and utility

of an envisaged system could influence the practitioner to make some compromises, since an increase in practicality usually is at the expense of the measurement precision. The organisation should ensure that the current PA system is simple, easy to use and well defined to meet this requirement and avoid misunderstanding by both the employees and the evaluators.

🚩 My PA will not be influenced by external factors (economic conditions, etcetera)

The results indicate that 64% of the respondents disagreed with this statement. According to Swanepoel *et al.* (1998: 406), specific requirements for an appraisal system as a criterion for judging the work performances of individuals is relevance, reliability, the ability to discriminate or sensitivity, freedom from contamination, practicality and acceptability. According to Swanepoel *et al.* (2000: 411), the appraisal system should be able to measure individual performance without being contaminated by extraneous factors that are beyond the employee's control, for example, material shortages, inappropriate equipment or procedures. In the researcher's opinion the high disagreement of responses received from Question 4 (work standards used for performance appraisal) are contributing factors to the negative responses received to this question. In order to avoid freedom from contamination, the appraisal method should be relevant and reliable. When appraising an employee, the raters should ensure that external factors that are beyond the control of the employee are not used as part of the appraisal process. Failure to exclude these external factors could have an adverse affect on employee morale and could result in unnecessary employee resignations and a decline in employee productivity and efficiency.

🚩 I am satisfied with the number of times I am appraised during the course of the year

80% of the respondents are of the opinion that they are not being appraised regularly. The organisation evaluates their employee's annually, due to annual increases that are awarded to employees. Most of the literature is in agreement that formal appraisals can be time consuming and inconvenient. However, Cherrington (1995: 298) argues that frequent appraisals tend to reduce the impact of appraisal errors, to provide data quickly for taking corrective action and to help appraisers feel more confident of their appraisals. In addition, Cherrington (1995: 298) states that supervisors should instead provide informal feedback, often in order to capture how the employee has performed and how the employee can improve performance. Gerber *et al.* (1998: 181) and Cascio (1998: 319) are in agreement with Cherrington (1995: 298).

The information technology industry is dependant on the employees learning new knowledge regularly, in order to provide efficient services. For this reason, the organisation should have informal reviews quarterly in order to ensure that their employees are productive, efficient and effective and their shortcomings quickly identified. This will also help the organisation to determine the work standards used to measure performance and to avoid poor performance.

6.3.6 Performance Appraisal Methods

From the results to Question 6 it is evident that although the organisation has made use of relative judgement methods (paired comparisons) and absolute judgement methods (essay method, forced choice method, management by objectives method and combinations methods) to manage its performance appraisal, the use of these various methods has not been used consistently amongst all the employees. This is evident from the results, which indicate high disagreements to Question 6.

Schultz *et al.* (2003: 475) state that the methods selected and used for performance appraisal depends on whether the judgment calls for a relative

or absolute measure. The organisation needs to ensure that it utilises the methods that would be most effective for the organisation and more importantly, to implement these methods across the organisation consistently. This will ensure that the supervisors use the correct appraisal methods when evaluating their employees.

6.3.7 Rater Errors and Accuracy

The results to Question 7 indicate that the current system is definitely prone to distortions. These distortions could be as a result of the inefficiencies of the work standards used (Question 4) or the lack of specific requirements for a successful performance appraisal system (Question 5) or inadequate rater training. This is evident where 72% of the respondents were of the opinion that the raters were not adequately trained to conduct a performance appraisal.

Swanepoel *et al.* (2003: 380) state that PA requires supervisors or managers to observe and judge behaviour as objectively as possible. Mullins (2002: 707) argues that since observation and judgment are conducted by human beings and managers who may not be experts in all the operations in their departments, this could result in the appraisal process being prone to distortions. According to Cascio (1995: 296), raters' memories are quite fallible and raters subscribe to their own set of valid or invalid expectations about people. In addition, Nel *et al.* (2003: 481) states that performance evaluations are fraught with danger, mainly because many human agendas can come into play.

Most of the problems with performance evaluation are indicative of poor supervisory skills; most of them can be overcome by proper training of the evaluators. Dessler (1997: 361) argues that the following ways to overcome rater errors are that the rater must be familiar and understand the performance appraisal errors that could occur; the right appraisal tool must be selected and supervisors or raters must be adequately trained or counselled to ensure that they eliminate rating errors, hence the

organisation should ensure that their evaluators are adequately trained to conduct performance appraisals.

6.3.8 Explaining Rating decisions and providing Feedback

The results of Question 8 and question 11 clearly indicate a lack of feedback on the performance evaluation to all employees. If insufficient feedback is provided to employees, performance good or bad cannot be validated. The result is a limitation on performance improvement. Proper and constructive feedback is vital to validate performance. According to Gerber *et al.* (1998: 182) feedback in the PA process means that employees will be provided with an objective appraisal of the current situation to let them know how their performance can be improved.

The organisation should ensure that feedback is provided to all employees within the organisation to enhance the current PA effectiveness. The above results correlate with Question 7's relative high disagreement to the responses received that the raters are not adequately trained to conduct a performance appraisal. The organisation once again needs to ensure that the raters are adequately trained on all the processes of conducting a performance appraisal. Furthermore, the evaluator must know the job responsibilities of each subordinate; the evaluator must have accurate information about each subordinate's performance; the evaluator must have a standard by which to judge the adequacy of each subordinate's performance and the evaluator must be able to communicate the evaluations to the subordinates and explain the basis on which they are made.

6.3.9 Linking Organisational Goals to the Performance Management Cycle

From the data analysis of Question 10 the following inconsistencies were revealed when determining the links of the organisational goals to the performance management cycle.

🚩 Expectations required of me is always clarified

The results indicate that 44% of the respondents were of the opinion that the expectations required of them were not clarified. This response to question ten correlates with the high disagreement response rates concerning work standards used to measure performance in Question 4. According to London (1997: 45-46) the supervisor and the subordinate should have a clear idea and the same idea of what is needed. Schultz *et al.* (2003: 79) state that the initial meeting between the manager and the subordinate in the performance management cycle should be a discussion about setting performance objectives and measures. From the above, it is clear that the organisation should set clear performance objectives for the employees that should be agreed upon by all parties concerned.

🚩 Planning to facilitate performance takes place

The results indicate that 68% of the respondents are of the opinion that planning to facilitate performance does not take place. This high rate of disagreement correlates to Question 11's high rate of disagreement of the attached questionnaire on providing feedback.

According to London (1997: 45-46) expectations are further refined in the process of developing performance standards through goal setting, in other words planning. Schultz *et al.* (2003: 79) agree with London (1997: 45-46). Kolb *et al.* (1995: 480) are of the view that employees need to be provided with job training or coaching to assist them to meet their expectations. The organisations should therefore ensure that thorough planning with the

employees takes place to ensure that the employees are aware of how to achieve their exact requirements.

- ✚ My performance is monitored and my shortcomings are pointed out quickly

The results indicate that 56% of the respondents are of the opinion that their performance is not monitored and their shortcomings are not pointed out quickly. This high rate of disagreement correlates to Question 11's high rate of disagreement of the attached questionnaire (appendix 1) on providing feedback. If insufficient feedback is provided to employees, performance whether good or bad cannot be validated. The result is a limitation on performance improvement. Proper and constructive feedback is vital to validate performance. According to Gerber *et al.* (1998: 182) feedback in the PA process means that employees will be provided with an objective appraisal of the current situation to let them know how their performance can be improved. To enhance the organisation and employee performance the organisation should strive to give employees (whether formal or informal) regular feedback on how they are doing and how they can improve their performance.

- ✚ When I under-perform in my job because of personal or interpersonal problems, coaching, counselling and support is provided to me.

The results indicate that only 16% of the respondents are of the opinion that they do not receive coaching or counselling and support when they under-perform due to personal or interpersonal problems. Viedge (Schultz *et al.* 2003: 77-81) points out that if a subordinate's performance is substandard due to personal or interpersonal problems, the manager or supervisor may have to counsel the subordinate and offer solutions to resolve these problems. A good manager should support their staff. In order for all employees to contribute significantly to the PA process and to ensure

employee morale does not impact productivity, there needs to be consistency in the performance appraisal process. Once again this lack of inconsistency could be a result of inadequate training or capabilities of the appraisers as reflected in the high disagreement rate to Question 7 of the attached questionnaire (Appendix 1) with regards to whether the appraisers are adequately trained.

Good performance is recognised by rewards

The results indicate that only 12% of the respondents are of the opinion that good performance is not recognised by rewards. Literature reveals that employees usually consider rewards to be important as they can provide job satisfaction, increase motivation and improve productivity and therefore rewards have a strategic focus. Again the researcher discovered inconsistency in the performance appraisal process. From the above it is obvious that the organisation should address this inconsistency and ensure that all employees are rewarded for good performance in order to enhance employee efficiency and effectiveness.

The researcher also recommends that performance appraisal should be incorporated within a performance management system where the focus is on continuous planning, monitoring and facilitation of performance. Feedback and the recognition of good performance are inherent in such a system. A performance management system is seen as creating an environment of support for development and continuous learning in the organisation, which could enhance individual performance, organisational performance and support.

6.4 Recommendations for future research

The researcher recommends that future research could be conducted to assess the impact on productivity as a result of the current performance appraisal system utilised by BCS-Net Pty Ltd.

Additionally future research could be conducted to determine whether the appraisers are adequately trained and experienced to conduct a performance appraisal on employees

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Appendix 1 – Survey Questionnaire

Letter of Consent

Dear respondent

I am currently busy with my dissertation at the University of KwaZulu Natal. I have chosen to do my research on "An evaluation of the effectiveness of the performance appraisal systems utilised BCS-Net Pty Ltd". This study could help to determine if there are any shortcomings in the current performance appraisal system within the organisation and how these shortcomings, could be overcome.

Participation in this research is completely voluntary. The objective of the research is to gain an understanding of the effectiveness of the current performance appraisal system utilised within BCS-Net Pty Ltd. In order to comply with strict ethical standards maintained by the University of KwaZulu Natal, you are requested to sign the permission clause below before participating in this research.

If you agree to participate in this research project please complete the attached questionnaire. The questionnaire should take between 5-10 minutes to complete. All inputs will be treated as confidential.

Please ensure that you have read the declaration and the questionnaire before you sign the declaration.

If you need more clarification on the research project please feel free to contact my project supervisor Mr T. Vajeth at the University of KwaZulu Natal on 031-260 7575.

All questions are not mandatory.

Please feel free to call me if you have any queries or need clarification on any of the questions in the questionnaire.

I can be contacted on the following numbers:

Office: 041-364 0422
Cell: 083 2263722
Fax: 041-364 0424
Email: siva@amava.co.za
Postal: P.O. Box 7055, Newton Park, 6055

All completed responses can be emailed, faxed or posted to me.

I would like to thank you for your assistance and time.

Siva Govender
Post Graduate Diploma in Business Management

DECLARATION

Permission to use my responses for academic research:

I _____ (Full Name) hereby confirm that I understand the contents of this document and the nature of the research project.

I hereby give permission that my responses may be used for research purposes provided that my identity is not revealed in the published records of the research.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Initials and Surname _____

Postal address _____

Contact number _____

Signature _____

Survey Questionnaire

General Information

Biographical Information

1. Name (Not Mandatory):

2. Job Title: (Please indicate your current job title)

3. Qualifications: (Not Mandatory)

4. No of years employed by the Firm:

No of Years (Numeric Only)

5. Gender: (Please indicate M-Male or F-Female)

6. Current Age: (Not Mandatory)

Age Group	Please tick the Appropriate block with an X
18-25	
26-30	
31-40	
41-50	
51-60	
60+	

7. Religion (Not Mandatory):

8. Race (Not Mandatory):

Information on the Current Performance Appraisal System of BCS-Net Pty Ltd

Question 1 – What is the purpose of the Performance Appraisal System

Question	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
1.1. Developmental					
1.2. Evaluative					
1.3. Neither of the Above					

Question 2 - The effectiveness of the Appraisal Method used

Question	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
2.1. The appraisal method or technique used is fair and unbiased					

Question 3 - Responsibility for Performance Appraisal

Question	Immediate Supervisor	Peers	Subordinates	All three	Neither
3.1. Who conducts your performance appraisal					

Question 3.2	Yes	No
3.2. Is the correct person/people appraising you		

If your answer to 3.4. Is "NO", please indicate who should be appraising you.

--

Question 4 - Work standards used for Performance Appraisal

Question 4	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
4.1. The standards required in my job are always well defined					
4.2. The standards required in my job are always realistic.					
4.3. The standards required in my job are always measurable					
4.4. The standards required in my job are mutually agreed on between me and my supervisor					
4.5. The standards of quantity required in my work performance are clear					
4.6. The standards of quality required in my work performance are clear					
4.7. Existing standards are continually reviewed, renewed and discussed with me.					

Question 5 - Specific requirements for a successful and effective Performance Appraisal System

Question 5	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
5.1. The current performance appraisal system is directly related to the objectives of the job and the goals of the organisation.					
5.2. The current performance appraisal system is directly related to the goals of the organisation.					
5.3. My performance appraisal will be very similar if it is done twice in a short period of time.					
5.4. The performance appraisal system distinguishes good performers from poor performers.					
5.5. The performance appraisal is easy to use and understood by both supervisors and subordinates					
5.6. My performance appraisal will not be influenced by external factors (economic conditions, etc).					
5.7. I am satisfied with the number of times I am appraised during the course of the year.					

Question 6 - Performance Appraisal Methods

Question 6	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
6.1. Comparison of my own performance to that of other employees with the same job.					
6.2. Essay writing on the strengths and weaknesses of my job performance					
6.3. Selecting from a list of related job characteristics (leadership, initiative, creative, etc) and choosing those one's that fit my own job performance the best.					
6.4. Using the mutually agreed upon standards between my supervisor and myself as a yardstick when my performance appraisal is done.					
6.5. A combination of all the above when my performance appraisal is done.					

Question 7 - Rater errors and accuracy

Question 7	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
7.1. The rater is too lenient.					
7.2. The rater is too strict					
7.3. The rater always rates me as average					
7.4. The rater is influenced by recent incidents (bad or good) in my job performance					
7.5. The rater is influenced by characteristics such as age, gender, race, religious groups or seniority.					
7.6. My rater gives me the rating I earn even when it might upset me					
7.7. The rater always gives a fair rating to all employees that are being rated.					
7.8. The rater is adequately trained to do a performance appraisal.					

Question 8 - Explaining rating decisions

Question 8	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
8.1. My rater gives me clear and real examples to justify his or her rating of my work.					
8.2. My rater helps me to understand the process used to evaluate and rate my performance.					
8.3. My rater takes the time to explain decisions that concern me.					
8.4. I am allowed to answer questions about my performance rating.					

Question 9 - Seeking appeals

Question 9	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
9.1. I have ways to appeal a performance rating that I think is biased or inaccurate.					
9.2. My performance rating can be changed if I can show that it is incorrect or unfair.					
9.3. I am comfortable in communicating my feelings of disagreement about my rating to my supervisor.					

Question 10 - Linking organisational goals to the Performance Management Cycle

Question 10	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
10.1. Expectations required of me are always clarified.					
10.2. Planning to facilitate performance takes place.					
10.3. My performance is monitored and my shortcomings are pointed out quickly					
10.4. When I under-perform in my job because of personal or interpersonal problems, coaching, counselling and support is provided to me.					
10.5. Good performance is recognised by rewards.					
10.6. Disciplinary actions are instituted if poor performance persists.					

Question 11 - Providing feedback

Question 11	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
11.1. My rater frequently lets me know what I am doing.					
11.2. My rater routinely guides me as to how I can improve my performance.					
11.3. My rater routinely gives me feedback that is important to the things I do at work.					
11.4. My rater reviews with me my progress towards my goals.					

Appendix 2 – Letter from BCS-Net Pty Ltd, granting permission to conduct the study within the organisation



13 October 2006

BCS-Net (Pty) Ltd
Reg. No. 1998/08872/07
162 Anderson Street
Johannesburg 2091
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Tel: +27 (0)11 553 3000
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www.bcsnet.co.za

UNIVERSITY OF KWAZULU NATAL

TO WHOM IT MAY CONCERN

Dear Sirs

PERMISSION TO CONDUCT AN EVALUATION OF THE PERFORMANCE APPRAISAL SYSTEM UTILISED AT BCSNET PTY LTD

Mr S Govender has explained to management and staff the purpose of his research project and the value it could add to our organisation. BCSnet Pty Ltd hereby grants Sivaramon Govender (Student No: 203518289) permission to conduct his MBA research within BCSnet Pty Ltd. Mr Govender is also granted permission to distribute his questionnaire to all our staff that are willing to participate in the study. He is also allowed to interview management and staff to gather any additional information. We have reviewed his questionnaire and are satisfied that his questionnaire is not gathering information that could compromise any of the employees or the company. His questionnaire is accompanied with a letter of consent that clearly indicates that the participation is completely voluntary.

We do believe that the study could benefit the organisation and thus will provide him the necessary assistance to ensure that he is able to gather as much information as possible to assist him with his research project.

Should you have any queries, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ismail Sali-Ameen", written over a horizontal line.

ISMAIL SALI-AMEEN
CHIEF EXECUTIVE OFFICER



RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
TELEPHONE NO.: 031 – 2603587
EMAIL : ximbap@ukzn.ac.za

03 NOVEMBER 2006

MR. S GOVENDER (203518289)
MANAGEMENT STUDIES

Dear Mr. Govender

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06601A

I wish to confirm that ethical clearance has been granted for the following project

"An evaluation of the effectiveness of the performance appraisal systems utilised in an IT Organisation"

PLEASE NOTE: The research data should be stored in the School for a period of 5 years

Yours faithfully

.....
MS. PHUMELELE XIMBA
RESEARCH OFFICE

cc: Faculty Officer (Cheralyn Terblanche)
cc: Supervisor (T. Vajeth)