

**The impact of performance management appraisal on the employee's morale  
and job satisfaction in the City of uMhlatuze**

**By**

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## **DECLARATION**

I, **Penuel Siphon Khuzwayo**, do hereby declare that this dissertation is the result of my own investigation and research and that this has not been submitted in part or full for any other degree to any other University.

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## ABSTRACT

The study investigated the impact of performance appraisal on employee morale and job satisfaction at the City of uMhlathuze. The objective was to identify, investigate and determine performance appraisal system in relation to job satisfaction and employee morale. The study was designed to focus on the accessible population (N=251) of the staff housed at Head Office. The research followed a quantitative structured research design using a positivistic paradigm or worldview. A proportional stratified probability sampling was used to randomly select 132 respondents. A survey method and questionnaire were used to gather data. Inferential and descriptive statistics were used to analyze and present data. Internal validity was ensured by piloting the data collecting instrument and the Cronbach's alpha internal consistency evaluation. Item analysis was used to determine the reliability constructs in relation to the measuring instrument.

Summarily, the study has found that City of uMhlathuze implements a performance appraisal system by rewarding performance and correcting unsatisfactory performance. The study further uncovered a significant correlation between performance appraisal methods with employee morale. The performance appraisal's fairness and purpose was significantly correlated with employee morale (correlation=0.603, p-value<0.001). In terms of correlation analysis of the relationship between the appraiser's competence and employee's morale and job satisfaction, the study indicates that there is significant correlation between the appraiser's competence, as far as his/her conduct is concerned, and employee morale (correlation=0.592, p-value<0.001). Furthermore, there is a significant correlation between appraiser's competence, as far as his use of the appraisal system is concerned, and employee morale (correlation=0.542, p-value<0.001). The study safely concludes that the City of uMhlathuze is implementing its performance appraisal system which focuses on various aspects such as employee rewards programme.

The study has shown that employee's morale and job satisfaction is significantly impacted on by the way the appraisal system is run, both from the conduct of the appraiser and the way the system is structured. The appraisal system's fairness and purpose, employee focus, performance enhancement, loyalty enhancement and skills development aspects were found to impact positively on employee morale. The only aspect of the appraisal system that was found not to have any bearing on employee morale was appraisal frequency. Generally, it was found that most of the employees of COU were not happy with the way the system is implemented. This means that if improvements are made in the implementation of the system, then the positive outcomes in the form of employee morale and job satisfaction will be realized. The positive relationship between good implementation of the system and the morale cannot be overstated and a fair implementation will be expected to yield positive results. This

relationship is also confirmed by other studies on the relationship between performance appraisal. Moreover, the study concludes that appraiser's competence has impact on the employee's morale. This means the appraiser's competence can either motivate or demotivate the employees.

It is therefore crucial for proper training to be offered to appraisers before undertaking employee assessments. The study recommends future studies on performance appraisal with a focus on a different context or set-up. The study further recommends more studies, with the focus on mixed methods (i.e. combination of qualitative and quantitative). The study is generalized, and management of City of uMhlatuze should note the findings which should inform future decision making processes at the organization.

## **DEDICATION**

I dedicate this research project to my son and daughter, brother, mother and father, sister, friend and Colleagues for their continuous support in helping me to finalize my dissertation successfully and allowing me pursue my MBA programme and for their prayers with support from the Almighty Father God.

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## LIST OF ACRONYMS

COU.....	City of uMhlathuze
PMAS.....	Performance Management Appraisal System
PM.....	Performance Management
PMS.....	Performance Management System
PMA.....	Performance Management Appraisal
HR.....	Human Resources
T&D.....	Training and Development
KRA.....	Key Responsibility Areas
MUNICIPAL IQ.....	Municipal Data and Intelligence
KPI.....	Key Performance Indicator
GAP.....	Gap Analysis
DPLG.....	Department of Provincial and Local Government Intergated Development Plan

# CHAPTER ONE

## 1 AN OVERVIEW OF THE STUDY

### 1.1 Introduction

Monthly reviews of employee's performance are seen as highly important for public entities and private companies to successfully achieve their objectives (Saxena, 2010). They are designed with the aim of motivating workers to be more productive (Kondrasuk, 2011), and also assist supervisors to develop transparent interaction with their workers. Consequently, workers tend to progressively understand their supervisors' expectations, which results to more professionalism and thus improved productivity. When these performance issues are ignored, workers morale are decreased, which in turn results to a drop-down in the cooperate performance of the company because management will spend time rectifying the things which have not been done properly (Grote, 1996). Therefore, consistent review of workers performance can produce many benefits for the employer such as improved workers' productivity, professionalism, dedication and participation (Margrave and Gorden, 2001).

It is therefore in the interests of the employer and the employees to maximize effective work performance. Employees morale and job satisfaction become more efficient and effective in improving the overall organization performance and achievements. The research study will analyze the effects of performance evaluation on the employees, job satisfaction and their morale. The quantitative approach method to be used to outline the relationship between the Performance Management Appraisal System (PMAS) and its impact on job satisfaction and morale of employees in the City of uMhlathuze

### 1.2 Background and context of the study

Performance appraisal has historically formed an integrative part of many organizations. In the 21<sup>st</sup> century, organizations came to realize even more that, so as to adapt to globalized, hostile and competitive environment, it is crucial that managers develop strategies to assess and analyse employees' performance and present feedback (Kocianová, 2010; Giangrecco *et al.*, 2012; Murphy, Cleveland in Spence and Keeping, 2011; Roberts, 2003; De Andrés *et al.*, 2010). This realization of prioritizing evaluation of employee performance in the quest to enhance and improve performance and productivity has been influenced by the fact that employee's knowledge, their knowledge and skills are the hub through which the objectives or goals of an organization are radiated. Therefore it is important for them to be motivated and rewarded (Hroník, 2006; Koubek, 2007; Banfield and Kay, 2008; Bělohávek, 2009; Plamínek, 2010). However, it is also necessary

to evaluate performance, skills, knowledge & attributes because employee performance evaluation and reward method are integral components of management of employee performance (Dessler in Kondrasuk, 2011; Palailogos *et al.*, 2011; Lussier and Hendon 2012; Snell and Bohlander 2012).

The overall performance of an organization and its subsequent efficiency and effectiveness can only be achieved when employees are consistently assessed (Obisi, 2011; Banfield and Kay, 2008; Bělohávek, 2009). The failure and incompetency of modern companies or firms to design and implement an effective strategy to appraise employee performance could potentially hinder their ability to survive in a competitive society. Overall increased competitive advantage is considered the apex of performance evaluation. Other advantages are actually ancillary to this main advantage. There are no definitive standard processes for appraisal; they are often characterized by personal decisions that are made to satisfy the organizations' needs and may not promote objectivity and fairness.

Performance evaluation forms the integral part of overall performance management within the organization. By definition, performance management could be described as a managerial strategy that is goal-oriented and designed to achieve optimum employee productivity and the productivity of the organization as a whole (Giannetto, 2009; Obisi, 2011). So, in essence, performance management is a major player and contributor in accomplishing organizational goals (productivity, efficiency and competitiveness) as it involves the assessment of human resource. Herein, human resource is considered an engine, central to achieving of organizational goals. Within performance management, performance appraisal is a formalised system of review and assessment of individual employee or team productivity. The word "formal", in the definition is important because it suggests that managers and supervisors should review each employee's performance regularly, this in the quest to maintain and enhance performance (Russel and Russel, 2010). This strongly postulates that, to achieve organizational objectives through machinery called performance appraisal, performance evaluations have to be conducted continuously in a formalised and systematic manner.

The success of performance management as a whole depends critically on performance appraisal. Evaluation of Performance is a direct reflection of the organization's strategic plan and long term goals; therefore it is an important component of performance management. Moreover, although evaluation of team performance is critical, as it is equal to individual evaluation, the focus of performance appraisal in most organisations remains on the individual employee (Houghton, 2010). In fact, some organisations would evaluate team and individual performance separately. For example, teams would be assessed in terms of their average score compared to other teams as part of team evaluations. This would be followed by individual evaluation within those teams. This approach is considered holistic as those who happen to erroneously receive recognition through a

team gets to still be assessed in terms of their individual contribution. Non-team players get to be identified through this process and appropriate interventions could be introduced which in turn enhance team performance. This dual evaluation process could be costly and time consuming, but if implemented well, the results could be of critical benefit to the organisation. Regardless of the emphasis (team vs individual evaluation), an appropriate performance assessment method evaluates achievements and promote employee's development, objectives and goals. For the purpose of this study, only individual evaluation of performance appraisal would remain the focal point.

The City of uMhlathuze is one of the organizations implementing performance appraisal management in order monitor, evaluate and improve individual performance. The City is a local sphere of Government (Municipality) and is expected to render public services to its citizens. Chapter 7 of the Constitution of the Republic of South Africa identifies the local sphere of South African Government to consist of Municipalities and elaborates on the structure, objects and functions of municipalities. Municipalities are primarily accountable for service delivery in South Africa (Constitution of Republic of the South Africa, 1996).

Unlike private organisations, performance appraisal has far reaching consequences in the public sector such as the City of uMhlathuze. Gaps in the performance appraisal of the public sector have immediate consequences on service delivery. In South Africa, it is required by regulations that each executing authority should establish a system for performance evaluation and development for employees in that Department or Municipality. Chapter I, Part VIII of the Public Service Regulations, 2001 and Chapter 6, section 38 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) provide the following on the municipality with reference to its Performance Management System (PMS):

- Improve, attract, retain and develop high quality senior managers, professionals
- Provision of a fair and equitable basis upon which to discover under-performance and reward good performance
- Provision of a framework for performance improvement and development
- Create connectivity between individual and organisational performance to enhance service delivery (Public Service Regulation, 2001; Municipal System Act, 2000).

Unlike the private sector, the public sector is often regarded as problematic when implementing systems. Government systems are often considered ineffective. There are number of studies conducted in South Africa pointing to problematic factors that impede effective performance management in municipalities Smit (2015); Jantjes (2008); Kaplan and Norton (2006); Long and Franklin (2004) and Rago (1994). This includes implementation of effective performance management and appraisal systems, which are at times considered to be unfair and thereby impacting on the employee morale and job satisfaction. In light of this context, this study will

investigate the effect of performance evaluation on the employee's morale and job satisfaction in the City of uMhlathuze.

### **1.3 Aim of the Research**

The aim of this study is to investigate the influence of performance management appraisal on the employee's morale and satisfaction in the City of uMhlathuze.

### **1.4 Purpose of the Study**

The main purpose of the study is to investigate the result of PMA, a component of performance management, amongst the employees of City of uMhlathuze, a municipality in the Province of KwaZulu-Natal. The Local Sphere of Government such as City of uMhlathuze is responsible for a direct service delivery. The City serves both rural and urban communities which heavily rely on the municipality for basic community services. Therefore, investigating the performance management appraisal in this sphere of Government will potentially enhance service delivery in general and effective functioning of the municipality in particular (improved employee morale and job satisfaction).

### **1.5 Significance of the study**

The current study designed to focus on COU and the effect of the performance appraisal system on employee's morale. The study will highlight the impact within the organization and to offer recommendations that management may use to implement the appraisal system leading to an increase in employee's morale and job satisfaction within the organization. The recommendations made from the results of this study will be useful to COU towards an effective performance appraisal system of the organization. An effective system for performance appraisal is an important driver of employee morale and the job satisfaction in the organization, and this could potentially and ultimately translate into improved service delivery. The findings of the study could be used for informed decision making by the decision and policy makers in the municipality to improve gaps in the performance appraisal system. Academically, the study would add value to the body of knowledge in the field of public management academic community and public management as a discipline of study.

### **1.6 Research Problem / Statement of the problem**

The Municipalities are the fundamental tiers of government in South Africa and it is their duty to provide basic services to the citizens and maintaining development in the areas they control. Service delivery is the major factor that defines the Local government in South Africa and the South African constitution (Act No. 108 of 1996) provides municipalities the function to mobilize economic resources towards the benefit of all South Africans. Basic services such as provision of clean water for drinking and personal hygiene are necessary for improving human

life, well-being and human dignity. The failure of municipalities to deliver the basic services to all citizens can be detrimental to social and economic development because access to such basic services is closely related to social inclusion and social capital (IDASA, 2010). Municipal IQ reported 144 protests against lack of service delivery due to non performing municipalities (MIQ 2018). Of this total, 14% are from KwaZulu-Natal Province. That is about 20 serious service delivery protests. At least 1% of these service delivery protests in the province have been reported in the area around uMhlatuze and it was clear that most of these protects emanated from the lack of performance management within organizations.

Improved basic services correlate with performance of those entrusted with the responsibility to administer, manage and monitor service delivery. Employee performance management appraisal therefore becomes a measure of functionality of Municipal performance and improved service delivery. This is because performance appraisal is a critical component of the overall human resource management function of the organization. Several years ago the overall employee's performance slightly declined in the municipality and this could be the underlying reason for reduction in the overall performance of the municipality in terms of service delivery (uMhlatuze Performance Report, 2015). Moreover, gaps in the performance appraisal system could be driving poor performance and could be the underlying reasons for declined performance in terms of service delivery millstones.

The Development Impact Framework document on Local Government Performance Management Systems developed by the National Department of Provincial and Local Government (DPLG, 2008:2) has identified certain factors that may impede effective performance management. This includes factors related to performance appraisal, such as capacity to assess and evaluate employees effectively.

Previous studies indicated that ineffective evaluation of employees could lead to low morale and job dissatisfaction, which impact on overall organizational performance and effectiveness, which in the case of uMhlatuze affects basic service delivery and general functioning of Government. On this premise, this study seeks to employ quantitative research to test and investigate whether the implementation of a performance appraisal system has impact on employee morale and job satisfaction, leading to sluggish and poor service delivery in uMhlatuze. There have been recorded outbreak of protests which can be attributed to the lack and poor quality of services, and this is compelling government to develop strategies for improved and effective service delivery (Statistics South Africa, 2016).

## **1.7 Research Objectives**

1. To effective the implementation of Performance Management Appraisal System at the City of uMhlatuze.

2. To determine the impact of Performance Management Appraisal System to the employee's morale and job satisfaction at City of uMhlathuze
3. To examine if the appraisers' competence does affect employee's Morale at City of uMhlathuze
4. To provide management with recommendations for consideration and informed decision making.

### **1.8 Research Questions**

1. How is Performance Management Appraisal system implemented at the City of uMhlathuze?
2. What impact does the performance appraisal system have on the employee's morale and job satisfaction at City of uMhlathuze?
3. How does appraisers' competence affect employee morale at City of uMhlathuze?

### **1.9 Delimitations/ Scope of the Study**

1. The researcher did not target all employees, but only those attached to the Centre Building (Head Office) in Richards Bay.
2. All employees below level 15 were not to be considered for this study since performance management appraisal will not be applicable to them at this stage.
3. The study excluded the Municipal Manager, Chief Financial Officer and the Mayor.

### **1.10 Limitations (Anticipated shortcomings)**

The following limitations need to be considered relative to this study:

This study will be limited to staff at COU and will focus on employees who are working for the City of uMhlathuze. There are 132 employees targeted from level ten upwards within seven departments (Office of the Municipality Manager; Corporate Services ; Electricity and Energy, Financial Services, City Development, and Infrastructure and Technical Services due to the nature of works some of the employees there are deployed full time in the field. It will be impossible to get all employees to participate in this study. Most employees especially the supervisors and managers they may be overload and due to work pressures; they may not have an interest of to participate in this study. It is anticipated that the researcher will experience a challenge in getting the consent of the employees to spend their time participating in this study due to their busy working schedules. To overcome this challenge, a stratified proportional sampling which represents workers from across all levels and ranks will be used. Stratified random sampling is a sampling method wherein the homogeneous population is stratified into different groups or subgroups, such that each member of the population occurs in only one stratum. Proportional random sampling is where the number of elements chosen from each group is proportional to the size of the group in the population. Stratified sampling method ensures that each level is properly represented in the sample and reduces the probability of excluding members of the population because of the stratification process.

## 1.11 Structure of the Dissertation

**Chapter 2** discusses the theoretical framework and its relevance to the study with the aim of addressing the questions underpinning the study. The following subsections were discussed, literature by various authors on the performance evaluation widespread, bitterness and dissatisfaction with performance evaluation has prompted researchers and managers in both the private and public sectors to evaluate the effectiveness of performance appraisal. A significant amount of performance research focuses on methods of performance appraisal and role of employee on appraisal.

**Chapter 3** comprises of the research design followed by the research paradigm, Research Approaches, Research Methods and Techniques, Population and Sampling Methods, Sampling Size and Process, target population, research instruments and procedure, validity and reliability, Response Rates, data analysis and presentation as well as the ethical issues.

**Chapter 4** provides an in-depth analysis of the research data wherein data was analysed into themes. The following sections were discussed, response rate, demographic information of respondents, Gender Distribution of respondents, Age distribution, Educational Levels, Descriptive Statistics, Impact on Employees Moral, factor and reliability analysis.

**Chapter 5** provides conclusion and recommendation of the study investigated the impact of performance appraisal on employee morale and job satisfaction. The study safely confirmed that the City of uMhlathuze is implementing performance appraisal system which focuses on various aspects such as employee rewards programme, the study concludes that performance evaluation at the organization serves to promote employees. It also promotes management objectives which are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization.

## 1.12 Definition Of Terms

**Appraisal**, according to Bach (2005) is the act of estimating worth or value of a person. It can also be defined as the act of estimating or judging the nature or value of something or someone.

**Performance** is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed (Latham and Wexley, 2009). In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract (Seroka, 2009).

**Performance Appraisal** also referred to as a performance review, performance evaluation, (career) development discussion or employee appraisal, is a method by which the job performance of an employee is documented and evaluated (Bach, 2005).

**Appraiser** from Latin ‘appreciate’ meaning “to value” is one who sets a value upon property, real or personal (Bach, 2005). In this study, it will be used to mean the one who conducts a performance appraisal for employees.

**Morale** is a spirit that a person or a group can have that makes them want to succeed (Dressler, 2005). Morale may be defined as an intangible concept that refers to how positive and supportive a group feels toward the organization to which it belongs (Haddock, 2010).

**Employee morale** may be defined as the general level of confidence or optimism experienced by a person or a group of people, especially if it affects discipline and willingness (Seroka, 2009).

**Job Satisfaction** According to Kerber and Campbell (1987) is described as an effective response to one's job, but usually measured largely as a cognitive evaluation of job features.

### **1.13 Conclusion**

This chapter presented the background for the study, the motivation for the study, the problem statement, the aim and study objectives, research questions, significance of the study, the assumptions, the area of study, the research methodology and the chapters’ overview summary. This study attempts to broaden the horizon for understanding the The Impact of Performance Management Appraisal on the Employee’s Morale and Job Satisfaction in the City of uMhlatuze. The outcome and recommendations of this study will be used to pave the way in improving and advance the performance management system of the City, improve job morale and employee’s job satisfaction.

## CHAPTER TWO

### 2. LITERATURE REVIEW

#### 2.1 Introduction

Chapter one provided the framework and a summary of the study. This particular chapter will present the review of relevant literature linked to the main concepts of the study. The chapter will therefore provide a comprehensive review of published articles on subjects that directly relate to employee's personal acceptance of the system adopted for performance evaluation. It will further give an overview of individual performance, profound theoretical background of the nature of performance management and concomitant theories being, employee performance, performance appraisal, the performance reward and productivity theory, employee morale and job satisfaction. These theories are considered imperative as they are essential for the theoretical make up of this study.

#### 2.2 The Nature of Performance Management

The huge importance of employee's performance and the global application of job performance as tools for measuring outcome in experimental research have not really facilitated clarifying the performance concept (Campbell, 1990). Performance is a multi-dimensional construct, which can be measured using a variety of factors (Bates and Holton, 1995). Through this argument, they basically contend that no single definition is considered fit for all contexts, disciplines and perspectives. For example, performance in business management will differ from performance in administration. However, there were many attempts to conceptualize the much more representative definition. One of the first few attempts was by Bernardin, Kane, Ross, Spina & Johnson DL. (1995: 463) who defined the concept as the product of an event (dependent variable), because they form the strongest bond between result-oriented goals of the organization, customer satisfaction and profit (Campbell, 1990). Moreover, it is disputable whether performance is behavior which can be regarded as independent variable, or an outcome which is a dependent variable? From a different perspective, Campbell (1990: 343) strongly agrees with the view that performance is attitudinal and therefore should be separated from outcomes, because system factors can potentially pollute them. Nevertheless, many authors concurred that, it is highly imperative to distinguish between the act of doing work and the work done whenever performance is conceptualized. (Kanfer, 1990; Campbell, 1990; Campbell et al., 1993).

For the purpose of this study, it is strongly believed a comprehensive and representative definition will have to encapsulate both the elements of behaviour and outcomes. The definition by Brumback (1988:387) is therefore considered more suitable as he defines performance as a concept that embraces both human inputs and intended output. Behaviours radiate from humans and are the drivers that

transform performance from conception to action. The mental and physical effort applied in doing work should also be considered when dealing with the outcomes of performance. It also agrees with the author's review of published articles in which about 4.8% of the meta-analyses regarded individual performance as an independent as well as a dependent variable. Thus, it could therefore safely be concluded that the different definitions of performance above imply that, both inputs (behavior) and outputs (result) should be considered when the performance of teams and individuals are being managed.

Performance management and performance measurement are often associated with performance. The system of quantifying and management of performance includes procedures that have to be identified and supported. According to Armstrong (2006:1), performance management can be defined as an organized process designed to achieve organizational goals by enhancing individual and team performance. The definition is a conceptual, organizational and functioning definition which has been considered applicable in conducting researches on performance assessment. Similarly, De Nisi and Pritchard (2006) were of the view that performance administration or management is a wide set of programs designed to enhance workers' productivity. The aim of performance management is to produce workers who are competent and committed to achieving the general objectives of an organization that motivates and enhances that achievement (Lockett, 1992). The main reason for performance management is to improve the productivity of an organization, or groups and employees working in that organization, by appraising and managing performance over a set of objectives or goals, criteria and requirements for competency (Armstrong, 2006,:1). The main objective of performance management is to encourage and maximize output which can be obtained by enhancing the result and quality of the relationship between organizational inputs, outputs and results achieved as the performance relationship. This view resonates with the view of the researcher as performance directly influences productivity, the outputs and outcomes. Therefore poor performance management could potentially whirlwind the production and outputs, thereby impacting the sustainability of the organization. In a sphere of government such as uMhlathuze Local Municipality, performance management should translate into improved and fast-tracked service delivery, failure of which could lead to service delivery protests.

To evaluate if performance is translating into tangible outcomes requires a performance barometer to measure the effectiveness of performance management systems. Performance measurement can be described as the procedures involved in measuring the competency and dedication of previous performance through collection, preparation, analysis, description and presentation of relevant data (Neely, 1997:7). This definition agrees with Ilgen and Schneider (1991:73) view that performance measurement is the measurement of what was performed in the past. Nathan (2009) was of the opinion that performance measurement and performance management are not synonymous, as quantifying performance is essential, but in isolation, cannot satisfy the condition for evaluating performance management. Therefore, quantifying performance involves the process of establishing the parameters of performance measurement such as results, productivity, output, efficiency and so on, which are the

elements that define this process (Sole, 2009), whereas the real application of these performance measures refers to performance management. The next section turns to relevant theories underpinning the meaning of performance management; these will be discussed and contextualized.

## **2.3 Underpinning Theories of Performance Management**

According to Steuer (2003), social sciences can be divided into five disciplines which are anthropology, economics, political science, social psychology and sociology. Social psychology is the principal theoretical foundation that defines the context of performance management. Social psychology is a discipline that focuses on interpersonal psychology and the interaction between groups in some social environments, such as communities, trade unions and other groups. Relative to performance management, there are a number of strong theories that conceptualize performance from the perspective of social psychology theory. The following theories underpins this study include the goal setting theory (Latham and Locke, 1979); theory of expectancy (Vroom, 1964); equity theory (Adam, 1963); theory of self-efficacy (Bandura, 1982); two-factor motivation theory (Herzberg et al., 1959); theory of procedural justice (Thibaut and Walker, 1975) and theory of reinforcement (Hull, 1951).

### **2.3.1 Equity Theory (Adam, 1963)**

Equity theory hinges on the perspective that a worker should understand the relationship between inputs and outcomes. Inputs are employee's contribution to an organization or job while outcomes represent the remuneration and benefits that an employee gets from a job or organization. Outcomes can be in the form of salary, bonuses, employee satisfaction, and status, opportunities for promotion, job security and prestige. Inputs include punctuality, dedication to duty, extent of productivity, qualification, work experience and other qualities an employee may possess that can benefit the organization. Equity theory focuses on the relationship between employee's inputs and outcomes that are based on individual contribution, which are not necessarily functions of any objective standards.

### **2.3.2 Expectancy theory (Vroom, 1964)**

Expectancy theory, also known as the valence, instrumentality and expectancy (VIE) theory was proposed by Vroom (1964). Vroom realized that an employee's inputs are based on factors that are characteristic of that individual. Such factors include attitude, qualification, experiences and abilities. In the previous section, it was indicated that performance has two building blocks or variables- employee behavior and outcomes. With that in mind, performance is regarded as largely influenced by an employee's personal traits. The expectancy theory will provide this study with how morale, training and satisfaction could be enhanced to improve performance. The theory therefore strongly links with this study. In essence, the theory postulates that employees sets of goals in an organization may differ with individuals, they can be motivated to be more productive if they understand that effort is directly

proportional to performance, and that there is commensurate reward for favourable performance. If the reward is reasonable enough to satisfy the needs then the desire to satisfy the need will lead to more effort. This is the reason why there are employee incentives at work places, such as performance bonuses. Expectancy theory is drawn from three aspects which are valence, instrumentality and expectancy. 'Valence' means the fundamental emotions of humans towards rewards. It also refers to the extent of an employee's expectation for external rewards (money, promotion, time-off, benefits, etc.) or internal rewards (work satisfaction) Vroom (1964).. It is necessary that management should identify what the work values of employees. 'Expectancy' emphasizes that employees' expectations and degree of confidence in their capability differ with individuals and therefore, management should provide resources, training or supervision that employees need for improved performance. 'Instrumentality' refers to employees' level of conviction that they would receive rewards promised by their managers Vroom (1964). It is important that management ensures that rewards are given accordingly as promised such that employees are aware of it. Vroom was of the opinion that these three aspects of expectancy theory (expectancy, instrumentality, and valence) combine together to create psychological force driving employees to work harmoniously and efficiently. Expectancy theory is widely supported by experimental results (Tien, 2000; Vansteenkiste et al., 2005) and also is a widely applied theory of motivation in the workplace (Mitchell and Biglan, 1971; Heneman and Schwab, 1972; Campbell and Pritchard, 1976).

### **2.3.3 Procedural Justice (Thibaut and Walker, 1975)**

Procedural justice theory focuses on the understanding of the rationality of the various ways and conditions that decisions are made about distributions and results (George and Jones, 1999). For example, is a performance reward programme favoring hard workers as expected or perhaps it is flawed to favour those with affiliations and connections within the organization. The latter could deter or discourage employees from performing beyond expectation as rewards system is perceived to be unfair and unjust. Procedural decisions refer to how the evaluation of performance is conducted, ways of resolving disputes or grievances, and the equitable distribution of outcomes to all workers. Procedural justice theory, similar to equity theory, workers' belief is paramount; the way workers' respond to a process is a function of how they understand the process and not a function of what the process really is (Ibid). Procedural justice theory stresses that workers are more productive if they understand that procedures for performance assessment are impartial. Workers will work more efficiently if they know that the evaluation of their performance will be conducted without bias. On the other hand, employees might not show dedication and commitment if they understand that their accomplishments will not be correctly evaluated due to managers' negligence of their effort. Procedural justice theory addresses the reasons why workers consider a procedure as just or unjust and the resultant effect of their perception.

### **2.3.4 Goal-setting theory (Latham and Locke, 1979)**

Goal-setting theory postulated by Latham and Locke (1979), emphasizes on four aspects that link goals with performance output. The four aspects are: 1) immediate attention to priorities; 2) induce effort; 3) challenge people to show professionalism; and, 4) As goals become progressively challenging, people display skills to overcome the challenges. This theory is based on defining the objectives for performance assessment. Goal theory is in agreement with the various aspects of performance evaluation which are agreement of objectives, feedback and review of processes. The theory stresses that people tend to perform better when they are faced with challenging goals. Therefore, goal-setting postulates that having set goals which can be evaluated is related performance: performance increases when managers direct all strategies towards achieving the set goals (Locke and Latham, 2002).

Defining the required levels of outcome is useful in the implementation of goals that are challenging (Locke and Latham, 1990). Goal-setting theory focuses more on the fulfillment of tasks by individuals rather than organizational performance (Verbeeten, 2008). Rodgers and Hunter (1991); Maiga and Jacobs (2005) showed that goal-setting has been effective to both individuals and organizational sections, and to entire organizations (Locke and Latham, 2002). Rodgers and Hunter (1991); Locke & Latham (2002) suggest an existence of positive definitive and estimable goals have good positive correlation with performance. It was reported by Mitchell and Daniels (2003) that many studies have been conducted to evaluate the effects of goal-setting. Rynes (2007) stated that the merits of goal-setting were among the top five widely acceptable findings in human resource management publications. Greater than 90% of the research studies reported positive impact of goal-setting on worker's or a group's performance (Locke and Latham, 1990). A number of scholars have also conducted empirical studies on the effects of goal-setting on outcomes of performance. Guzzo, et al. (1985) discovered that goal-setting could boost performance with an average effect of size 0.75 standard deviation. Goal-setting has a positive impact on performance because defined high goals influence choice, effort and perseverance. Specific set goals motive a worker to persevere rather than abandon the task to try again at some other time. The desire to achieve a set goal motivates the employee to persevere until the goal achieved (Latham, et al., 2008).

The concept of performance management is based on the theories of four equity, expectancy, procedural justice and goal-setting. These four theories mentioned above are directly related with the elements of employee motivation, which on the other hand influence the satisfaction of worker's performance evaluation and, fundamentally, improved productivity. Mitchell (1997:60) stated that motivation can be described as mental actions that involve excitement, direction, seriousness and perseverance of discretionary actions that are result oriented. Excitement or arousal is basically the willingness to participate in achieving certain goals, for instance, in the context of this research, an employee showing

the desire to get good ratings in evaluation, while direction is having a set of defined goals and the willingness to achieve such goals (for example, an employee deciding to earn very good evaluation rating in a particular year). Seriousness refers to the degree of energy an employee expends to pursue his or her goals which includes how hard the employee works, and perseverance refers to an employee's persistent to achieve set goals even in unfavorable conditions (for example, working hard to earn excellent ratings even while facing challenges). Motivation, therefore, refers to goals a person decides to achieve which can be described as arousal and direction and how he/she pursues it which can be described as intensity and persistence.

## **2.4 Uses of performance appraisal**

The design of strategies for improving individual and general performance constitutes the fundamental goals of many organizations. Other goals may exist, however the expectation of too much result from a single assessment plan can have negative impact on performance appraisal, and potentially lead to much dissatisfaction. For instance, a strategy that is designed for employees' development may not be effectively applicable in evaluating pay increases. However, a good system can be useful performance appraisal in achieving cooperate objectives and improving worker's productivity, job satisfaction and employees moral. Generally, information obtained from performance appraisal survey can be applied in most other human resource functional area.

### **2.4.1 Human Resource Planning**

Adequate information must be collected through the evaluation of an organization's human resources, to discover employees who are due for promotion and areas that need to be restructured. Performance appraisal offers the opportunity to discover employees who are qualified to be promoted to level 9 upwards in Government. Therefore, strategies are designed to focus on management development. Adequate preparation for succession is important to every organization, including municipalities. A properly formulated appraisal procedure enables the evaluation of the merits and demerits of organizational human resource Antony, Perrewe & Kacmar (1996).

### **2.4.2 Recruitment and Selection**

According to Carles, (2007) workers performance assessment can be used to predict the future performance of employees and also predict the performance of people seeking employment in an organization. Certain qualities possessed by successful workers which have been discovered through performance assessment can be targeted during recruitment of new workers. These qualities, competence and character are discussed in detail in section 2.1.1. This information can be used as requirement for recruitment of new employees. Employee evaluation ratings can be used to validate and evaluate

selection scores. Therefore, the validity of the selection test is a function of the reliability of the outcome of appraisal.

### **2.4.3 Training and Development**

Performance appraisal should potentially discover the fundamental areas where employees need more training and development. In municipalities such as uMhlathuze, training and personal development are determined through appraisal assessment and then requested and captured in the employee's personal development plan. Vemic, (2007) states that an organization should conduct training or workshops to address issues such as disciplinary actions, if it is discovered that supervisors have difficulty in dealing with such issues. Certain weaknesses and other challenges that negatively affect performance should be identified, necessary trainings and capacity building should be organized to enable employees improve their performance and productivity. It is important to emphasize that the process of appraisal sometimes does not produce well trained and competent employees. Nevertheless, information gathered through appraisal system can be used to precisely identify and improve the specific needs of workers.

### **2.4.4 Career Planning and Development**

According to Kim, (2010) career planning and development is a continuous procedure in which an individual sets certain goals to achieve and identifies the resources with which to achieve them. Career development can also be described as a strategy whereby organizations ensure that professionals are available whenever their services are needed. Performance appraisal helps in evaluating employee's performance, to determine the person's competency and potentials. Senior officials in an organization should enable junior ones have access to such information and utilize it in designing and implementing their own career plans.

### **2.4.5 Compensation Programmes**

Results obtained from performance assessment can be useful when decisions are made concerning salary reviews and other reward packages. Managers commonly believe that an employee should be rewarded with salary increase when such a person is exceptionally good in job performance. Those managers believe that the quality you reward is the quality you receive. Giving rewards for good behavior is a good strategic tool for an organization because it helps the organization to achieve its objectives Chaplowe, (2008). It is necessary for an organization to develop and conduct a proper performance evaluation process whereby competent and productive workers and teams are rewarded accordingly, in order to encourage more hard work and dedication.

#### **2.4.6 Internal Employee Relations (Wright, 1995)**

Results from performance appraisal activities are also useful for management decisions concerning employee's relations, employee's promotion, employee's demotion, dismissal, layoff, and redeployment for instance, the process of redeployment can be determined by considering the fact that an employee who is good in one job can also be good in another job of the same level. Incompetence and being lousy at job can be punished by demotion or dismissal depending on the level of performance.

#### **2.4.7 Assessment of Employee Potential**

It is common for some organizations to assess the potentials of an employer during the evaluation of his or her work performance. Previous activities or behaviour of an individual may be an indicator of what to expect from the person in the future, however, it can be erroneous to predict an employee's future behavior based on his or her past job performance. For example, a successful salesperson may not be a successful district manager when he or she is faced with a different task. Similarly, a successful programme developer may not be a successful information technology manager when promoted to such a higher level. This is the reason why, promotions in Government, more especially local government which are considered highly political, should not be done blindly. Focusing on technical skills only during the promotion of employees into management positions may have adverse effect on an organization. Some organizations have become aware of this error and therefore, isolate the evaluation of performance, which deals with past behaviour, from the evaluation of capabilities, which focuses on the future.

### **2.5 Performance Appraisal Environmental Factors**

It was indicated in the previous section that flawed performance appraisal systems could lead to legal dispute. The . ISO 14001 and environmental performance legislative law requires that appraisal processes should be constitutional and not discriminatory. These requirements are some of the direct and indirect environmental factors which influence the processes of performance appraisal. Organizations should by all means not use any performance evaluation system that is capable of adversely affecting the protected group. The labor organizations have the capacity to influence an organization's appraisal procedures. The labor Unions basically emphasize that promotions and increases in remunerations should be hierarchical. Therefore, they may not accept performance evaluation tools designed by management to determine those due for promotion and pay increase. Such internal factors as organizations corporate culture can also affect the procedures for performance assessment. Presently, progressive organizations which continuously use team to carry out jobs, agree that team result is as essential as individual result. It is essential to emphasize that high performance by both teams and individual can only be achieved if environment is conducive for everyone to function with trust. If the

environment is not conducive and there is no trust, any appraisal system used will definitely have some problems irrespective of its merits. Financial constraints or lack of capital to reward/compensate deserving performance could also impact the appraisal system. Employees could deem the appraisal system as useless if they do not receive any reward. It is crucial for organizations to put systems in place to manage both internal and external factors which directly affect the performance appraisal system.

## **2.6 Aspects of an Effective Appraisal System (Marshall, 1995)**

The primary aim of a performance appraisal process is to enhance the performance of all employees in an organization and to improve the organization as a whole. It can also be useful in making decision concerning workers' welfare and discipline. The appraisal method must be legally defensible. It cannot be used as a tool to purge, punish and discriminate against certain groups and individuals. Although it is almost impossible to achieve an absolutely perfect system, a system should have specific rules and objectives. It is essential that organizations should always adopt performance assessment system that is accurate and directed towards improving individual and group performance. The system should be transparent so that employees would understand their position in the organization. The following factors can help in accomplishing these purposes.

### **2.6.1 Job-Related Criteria**

The focal point of employee performance evaluation should be on job related matters. The Uniform Guidelines on Employee Selection Procedures and court decisions are quite clear on this point. Job analysis should produce the variables that should be used in evaluation. Factors which are subjective and intuitive can be considered necessary; but not applicable unless found to be job-related. Anything outside job-relatedness would defeat the whole purpose of conducting performance appraisal (Sensenig, 2009; Krattenmaker, 2009).

### **2.6.2 Performance Expectations (Sensenig, 2009).**

The results expected from performance must be agreed upon by managers and subordinates before performance evaluation. Employees cannot function well if they are not aware of the goals they are expected to achieve. It then follows that if employees understand the objectives of their task, they strive to achieve those objectives, and consequently evaluate themselves progressively as they perform their jobs. It is easier to develop effective objective work standards in areas such as manufacturing, assembly plants and sales firms and more difficult in other jobs. However, performance expectations must be clearly understood before assessment.

### **2.6.3 Standardization (Ammenberg, 2001)**

The same evaluation system should be used across the board for employees working under the same supervisor in an organization. All employees working under the same supervisors should be evaluated at the same period. It is also important that feedback is reported consistently. Proper and formal documentation should be maintained for reference and legal purposes. Employees should endeavor to endorse their assessment. In a case where an employee refuses to sign, it should be documented and reported to the human resources section. The documentation should include details on the objectives of the evaluation process. The extent or size of performance evaluation process is expected to relative to the size of an organization. The bigger an organization is, the larger the size of the evaluation process that it should perform. In small organizations with few employees, managers are more acquainted with employee's performance and courts believe that objective criteria may not be important in such organizations.

### **2.6.4 Trained Appraisers**

One big problem of evaluation system is that the evaluators do not have proper training on how to conduct effective appraisal (Schwind, 1977). There would always be high uncertainty and conflict in the outcomes of evaluation processes until evaluators begin to undergo proper training on how to conduct the exercise. The training has to be continuous in order to maintain reliability, fairness and consistency. It should include how to conduct assessment and how to collect data by interviews during assessment. Instructions must be comprehensive and the importance of reliability and fairness in ratings should be highlighted. Online short training programme can be used by managers who may need the training.

### **2.6.5 Continuous Open Communication**

Feedback is important so that all employees would know how they performed. Feedback should be an indispensable component of an appraisal system. Unexpected outcomes in performance reviews should be as few as possible. The Managers who are responsible to deal with performance problems should be able to attend to such issues as soon as they are discovered, not allowing them to pile up. Consistent provision of feedback is essential for employee's correction, growth and improvement (Forte, 2009). If something new surfaces during an appraisal process, it shows that the manager did not adequately interact with employees concerning the appraisal process. Appraisal process is a good opportunity for managers and employees to interact and share ideas, however, it should not replace the day-to-day 70

### **2.6.6 Conduct Performance Reviews ( Dossetr, 1991)**

Besides the essence of consistent interaction between managers and employees, quality time needs allocated for official discussion of all issues concerning employee's performance. Failure to make

appraisal result available to employees does not encourage improved performance which is the main goal of performance evaluation. Employees' effort to improve and grow in their performance can be hindered if they do not have access evaluation results. The review of performance evaluation outcomes enables employees to identify errors and effect necessary corrections; those who do not trust the objectivity of the result can challenge it. It is important to always keep documentation of all performance evaluation processes. Keeping accurate record and documentation of appraisal exercises may be difficult for managers; however, it is necessary for building valuable assessment.

### **2.6.7 Due Process**

Ensuring due process is essential. Organization should have an official procedure whereby employees can challenge appraisal results if they are not satisfied with it (Dossetr, 1991). The organization should provide an official grievance procedure, to enable workers challenge evaluation results that they consider incorrect and biased, otherwise the grievances would be done through courts and this could potentially lead to financial and reputational damages to the organization.

### **2.6.8 Effects of Performance Appraisal on Employee Productivity**

To comprehensively understand management performance and appraisal, it is imperative to discuss impacts of performance evaluation in respect of worker output. Kane & Lawler (2009) stated that the effective evaluation of an employee's performance in a firm or organization helps to enhance the overall productivity of the entity, and indicated that the three main functional areas of performance evaluation process are managerial, informative, and motivational. Evaluations affect the managerial area because it coordinates salary increments and benefits within the organization, and devolve responsibility to the most qualified and entrusted employee. Kane & Lawler (2009) indicated that evaluation system fulfills informative function when information on the strength and weaknesses of individuals is made available to managers. The information is critical for employee's assessment and possible interventions seeking to improve performance.

Finally, the motivational aspect involves the development of acquisition of skills that helps employees improve their working capabilities. Proper implementation of evaluation results enables managers and employees to have set objectives before the next assessment (Kane and Lawler, 2009). Employees, managers and organization should understand the purpose of appraisal. There are a number of benefits for the employees who are being appraised; they understand the organization expects of them and it motivates them to define their goals. Appraisal enables them discover their weaknesses and strengths in order to make necessary adjustments. Besides, appraisals promote a constructive forum for sharing feedback to employees about the behaviour of an individual through downwards communication, and allowing employees to make reasonable contributions to their managers in the form of upwards

communication. This further means an appraisal system requires a two-way communication in order to positive or intended results/outcomes to be realized. Finally, employees being evaluated receive help in developing strategies to improve character, and get the opportunity to understand goals and objectives of the firm (Kane and Lawler, 2009).

## **2.7 Performance Appraisal Phases**

There are six phases process that outlines the process of evaluating performance as indicated in figure 2.1. The first of the six phases is called setting expectations. The performance appraisal process assesses employee performance, by fundamentally comparing quality, quantity, cost and time (source) with each other. The first step in essence entails setting up criteria upon which established performance of the employees will be compared. It is required at this step that “setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives” (Kane and Lawler, 2009). For example, criteria could be aligned with organizational goals, objectives and performance goals (targets etc.).

Once the realistic and achievable standards are set, communicating the standards through internal communication platforms follows as the second phase. Managers should communicate the criteria to all the workers in the organization. This will enable them to know what is expected of them and comprehension of what their roles are. The criteria should also be made available to the evaluators and if necessary, the criteria can be reviewed and necessary changes made at this stage with reference to feedback received from employers and the evaluators (Kane and Lawler, 2009). The most challenging aspect of the performance evaluation procedure is to correctly and reliably determine the employee performance. Assessing the actual performance through performance measurement tools is the third phase.

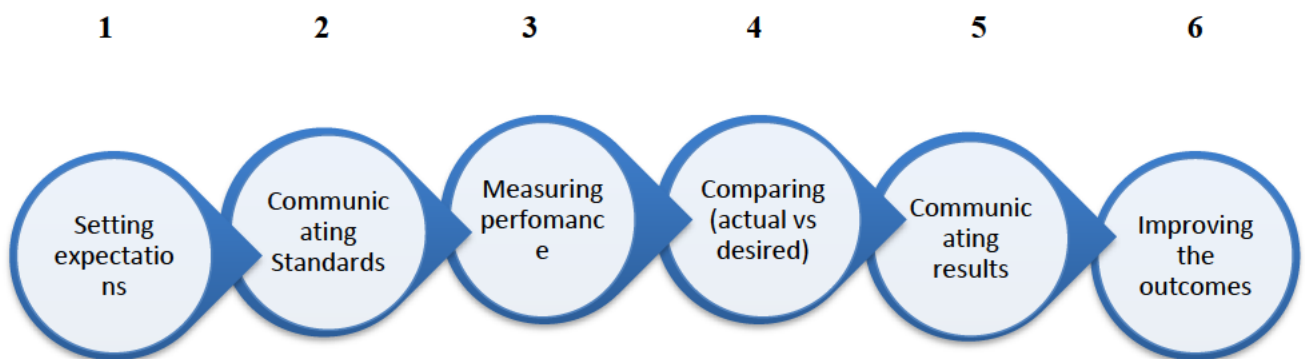
To measure the performance involves the assessment of what employees have achieved within a set period in comparison with the goals that were set when the set period began. The quality of output; conformity with criteria; cost and time spent to accomplish the results are some of the variables that are considered in measuring. Measuring worker’s performance forms the fundamental aspect of performance evaluation and management. It is also essential for assessing workers’ potentials. It is important at this level to choose effective and appropriate system of measurement that will produce reliable outcome (Kane and Lawler, 2009).

Following the actual evaluation of performance, the next stage would entail to compare outcomes with expectations. The outcome will be compared with the desired or criteria for measurement. This would reveal the deviation in the employees’ performance from the set criteria. The deviation is considered positive if the measured outcome of performance is greater than the expected result; and negative

deviation if the measured outcome of performance is less than the expected result (Kane and Lawler, 2009). In the case of performance being more than desired, the rewards should be awarded accordingly and fairly, while in the case of performance being less than the desired, employee development plans should immediately be developed to improve performance.

Evident in figure 2.1, appraisers or performance assessors should then in the next step (phase 5) communicate the results or performance assessment outcomes. The outcome of performance evaluation is shared and deliberated with employees individually. The results, shortcomings and possible solutions are discussed with the aim to improve performance rather than been seen as punitive. The attitude with which feedback is given can affect the future performance of employees. It is therefore necessary that feedback should be given without a negative attitude (Kane and Lawler, 2009).

The final phase (phase 6) of the procedure involves making decisions to improve workers' performance, implementation of corrective measures and giving of rewards or taking disciplinary action as the case may (Kane and Lawler 2009). The schematic presentation below summarizes the 6 step process of employee performance appraisal.



**Figure 2.1:** Phases of Employee Performance Appraisal (Kane and Lawler, 2009)

## 2.8 Appraisers' Competence and Impact on Employee Morale

Performance appraisers should be adequately competent as they drive productivity within the organization by enhancing and improving employee performance (Haddock, 2010). Morale generally has to do with workers' feeling of dedication and commitment to their organization; their job satisfaction and good relationship with other members of the organization (Haddock, 2010).

Appropriate for this study, employee morale can be defined as the degree of confidence or optimism experienced by an individual or a group of people, especially if it affects discipline and willingness (Seroka, 2009). It is more influenced from the downwards than from the upwards. This means, management rather than employees, should drive employee morale and create a positive morale

atmosphere. Generally, can be considered as the force that propels an entity's progress or the force that propels workers' discontent and inefficiency (Ngambi, 2011). Employees are important in the organisation since they improve productivity, improve performance and creativity, reduce number of leave days, increase attention to details, provide a safer work environment and increase work quality (Ngambi, 2011). In addition high morale is guaranteed to lead to employee coming to work timeously, improve means of communication less time on idle talks, improve recruitment and retention, and increased productivity in the team (Ngambi, 2011). Moreover, morale can energise and enhance output from employees and at the same time creating a harmonious working environment in the organization (Ngambi, 2011). Causes of low employees' moral should be investigated and dealt with effectively.

Employee satisfaction refers to the extent an employee enjoys doing his or her job; working hard to achieve personal and organizational goals (Sageer et al., 2012). Likewise, employees' morale is related to supervision, clarity of allocated duties, and the degree of teamwork among employees (Wolf et al., 2013). A number of measure agree with the view that worker's motivation, worker's goal achievement and workers moral are all affected by worker's satisfaction. Fundamentally, worker's satisfaction is the extent an employee is happy doing his or her job as well as the working environment (Sageer et al., 2012). According to Bruhns (2015) job satisfaction can be defined as an employee's behaviour and feeling towards his or her job and the working conditions. Vasantham (2014) agrees that, when the job provides an employee an opportunity to prove his talents, worth and grow personality, that employee will be happy and display high morale. The pragmatic view of job satisfaction is concerned with punctuality, low staff turnover and improved productivity, and the desire to comprehend and interpret work fulfilment for useful reasons focuses on reduced absenteeism, improved dedication and better output, and for compassionate reasons on the health and benefits of workers.

Millett (2010) outlines six reasons why staff morale is crucial in encouraging productivity. The reasons includes: (a) increased output; (b) improved efficiency and innovation; (c) reduced absenteeism (d) increased concentration; (e) a high degree of safety of working environment; and (f) high quality output. Mazin (2010), agrees that high morals in workers results to punctuality, improved interactivity, dedication, more innovation, better recruitment and low retrenchment. Some researchers are of the opinion that workers loyalty and commitment can be used to determine moral. Issues such as consistent complaints, lack of confidence in company's management and truancy are indicators of low morale. Therefore, decline in moral can be interpreted using indicators such as the degree of absenteeism and lack of commitment. Makawatsakul and Kleiner (2003) highlighted that high moral is a significant factor in proper functioning of an organization. It is a good strategy for an organization which cannot be easily duplicated by other competitive organizations. Appraisal techniques since the mid-1900s have encouraged a paradigm shift towards increased employee's involvement. This includes self-assessment, employee's contribution into appraisal, feedback, and employees to set their own goals. The aim of

appraisal processes is to achieve results, therefore, it is based on creating standards, establishing individual objectives, assessing performance, and then evaluating achievements relative to goals, standards, and accomplishments. Similarly, there are many aspects of appraisal, including a vast number of various criteria and perspectives to ensure an effective evaluation procedure and to enable the determination of the factors affecting employee's performance (Dressler, 2003).

Evaluations of performance and criteria have also reflected a move towards decentralization. It also means that employees participate in managing the entire process of workers' evaluation; the opposite was the case in the past where the whole process was controlled by managers or centralized human resources department. Due to the fact that employees' evaluation is progressively being decentralized, it now involves lower level managers as well as employees and customers. Also known as 360 degree feedback, this system of performance evaluation uses personal assessments which are provided by customers, managers, coworkers, and the individual employees themselves. Moreover, the evaluation process has been progressively integrated into other related organizational programs, such as capacity building and mentoring. Manning and Curtis (1988) discovered a variation to more common appraisal methods to motivate employees. It was stated by Manning and Curtis (1988) that a self-assessment part should be included in the supervisor review. This is then correlated with the assessment that is completed by the evaluator. The employee and supervisor will then engage in a comprehensive and meaningful discussion of the result. Manning and Curtis (1988) highlight that this appraisal process potentially results in a meaningful dialogue between the worker and supervisor. They stated that other evaluation methods enable discussion to a limited extent. Manning and Curtis (1988) also indicated that an appraisal that does not provide reasonable interaction or communication between the manager and supervisor is capable of destroying the aims and objectives of the process.

## **2.9 Job satisfaction in relation to performance management.**

Job satisfaction strongly links with this study as it is one of the determining factors for performance appraisal. In fact, the relationships between work performance and output have been given increasing attention in the last 10 years (Saari and Judge, 2004). Corporate managers, because of rising inflation and highly competitive business environment, have sought to introduce drastic improvements in the worker performance/productivity by means of increased employee participation in the workplace decision making processes. The differences between job performance and productivity, are usually used interchangeably, in fact to some degree, both are at times confused together (Downs and Hain, 1981). On one hand, productivity, which gets evaluated through performance appraisal, usually is complementary with production-oriented terms (e.g., profit, turnover), while on the other hand there is a link between performance and competence or perception-oriented terms (e.g., supervisory assessment, goal achievements). Those factors which most often are associated with performance or productivity, especially factors that are related to communication, apparently show some variation within organization

and across organizations (Downs and Hain, 1981). Some performance variables within the organization (e.g., quality of work, quantity of work) mostly compose performance requirements in big organizations (Downs and Moscinski, 1979).

Just like work fulfillment, job performance has developed into a multi-structural concept, meaning it could be defined in various ways depending on appropriateness and suitability (Downs and Hain, 1981). However, researchers have not given much attention to job performance. This also rationalizes why this study is significant. For this reason, experimental proof is not strong enough to explain the reasons why particular types of communication have positive effect on performance (Hellweg and Phillips, 1981).

The employee's Job satisfaction is considered essential as it is a function of the interrelation between personal output and working conditions which are the major factors that influence the work environment. Although earnings are essential to all workers, Boes and Winkelman (2010) are of the opinion that, when these variables are connected by a weak link, policies designed for salary increase could have negative effect than anticipated and decrease in productivity. The essence of job satisfaction in the assessment of joy and dedication in the employee and in family affairs is directional, so the determination of this relationship highlights the essence of having many controls to ensure strong and reliable conclusions. The relationship between income and happiness or satisfaction may differ between low and high income levels. The relationship is non-linear.

Job satisfaction forms part of the general satisfaction of the within the population. It is composed of many aspects of work which include work content, opportunities for promotion, salaries, demonstration of acquired skills, and job security (Mora and Carbonell, 2009). Job satisfaction is defined as the workers' personal estimation of various aspects of their job (Locke, 1976). Locke (1969 and 1976), stated that job satisfaction has to do with attitude and personal feelings. Therefore, like other expressive issues, job fulfillment emanates from a series of feelings which are connected to the attributes of the job, feelings about the work environment, about income, about job security, about growth in job, etc.

It also serves as a sign of extra utility understood by an employee, which is not only portrayed by labor compensation. The rationale about this is that job satisfaction is as important as salary. Except Clark (1997 and 2001), Blanchflower and Oswald (1999), Frey and Stutzer (2003a and 2003b) strongly believe that job satisfaction levels should be identified with extra value and wellbeing. However, Levy-Garboua and Montmarquette (2004) and Hamermesh (2001) are of the opinion that job satisfaction and utility are not interconnected, as both analyze job satisfaction results if their real comfort is more than the expected degree. The question "would you have chosen this job" is therefore answered by the concept of their actual result predictions.

The concept is that employees show satisfaction to the level that their current salary, career building and other benefits meet their expectations. It means, job satisfaction is comparative in nature whereby an

employee relates actual situations with the presumed. Nevertheless, the two approaches show the extent of that variable for interpreting the actual comfort of the worker”.

## **2.10 Responsibility for Performance Management Appraisers**

In most organizations, the development and implementation of performance evaluation systems are coordinated by the department of human resource. It is important that supervisors and managers play important role from the start to the conclusion of the process. The managers and supervisors most often are the evaluators and therefore should actively be involved in the process to ensure the success of the process. Those who should actually rate the employees are hereby discussed:

### **2.10.1 Immediate Supervisor (COU PM Framework & policy, 2016).**

It has always been the case that the immediate supervisor of an employee is the most suitable person to evaluate the employee's performance. Line managers and supervisors should evaluate their subordinates in the case of COU. The supervisor is always responsible for managing a small section and therefore best placed to observe all the activities performed by the employees in his section. It could lead to conflict of interest if someone else is delegated to evaluate workers placed under another supervisor. As has been stated earlier, employees' training empowerment is an essential aspect of a manager's job; therefore evaluation programs and employee empowerment are highly related. (COU PM Framework & policy, 2016). Contrariwise, the immediate supervisor may not be thorough in evaluating the performance of his or her subordinates. Managers can also alter evaluation results to induce rewards. Geographical location can make evaluation difficult if managers or evaluators and the employees do not work in the same area. Evaluation can also be difficult if the employee who should be evaluated knows more than the supervisor. A better way of resolving these problems is to gather inputs from the employees on how the evaluation should be conducted before designing the system. However, the immediate supervisor is most likely to be involved in all performance evaluation processes. Organizations will seek other ways, nevertheless, due to technological development and the need to enlarge the perspective of the evaluation.

### **2.10.2 Subordinates**

Over the years, it was uncommon for evaluation to be conducted by junior workers. Currently, this system has however shifted. Some organizations consider it appropriate for subordinates to evaluate managers which can be described as upward evaluation (COU PM Framework & policy, 2016). They argue that the junior workers are better placed to observe the senior workers effectiveness. COU human resource management Scholars' advocating for this believes that this approach makes senior workers or managers to be extremely careful in discharging their duties and considerate of organizational needs and to do a better job of overseeing the performance of the subordinates. This is a common practice in higher education sector where students are allowed to evaluate their teachers. Critics argue that this method is

problematic because employees would be fearful to reprise their managers and thereby the result will be biased. The only way to ensure success in this method is to guarantee anonymity to the evaluators. This is difficult to achieve because personal data may be contained in the evaluator's form which could easily reveal the identity of the subordinate. Subordinate evaluation of supervisor approach is not necessarily applicable at COU.

### **2.10.3 Peers and Team Members**

It was indicated in chapter one that team evaluation forms integral part of performance appraisal system within an organization. The main advantage of using members of the same unit or peers is that the peers observe what each other does most especially in a team or group work. The peers have firsthand knowledge of the performance of each other. Organizations are progressively use teams, which include those that are self-directed. The reasons for conducting evaluations with team members include the following: (COU PM Framework & policy, 2016).

- Team members observe each other's work better than anyone and can, therefore, evaluate performance more accurately.
- Team members are highly motivated by peer pressures.
- Peer show more commitment when they realize that their evaluators are watching them.
- Peer review does not depend on the account of one individual but rather depends on many opinions.

Some of the disadvantages of peer evaluation include the fact that some people can leave their work and focus on monitoring others. Secondly, enmity between workers could lead to bias evaluation. Thirdly, evaluation can be based on information gathered through communication between friends. In a situation where employees work in teams, and their evaluation procedure is centered on individual results, it is possible that they do not show keen interest in their teams. However, this problem can be corrected and necessary improvement effected. If teamwork is important, it is necessary to consider it a criterion for appraising employees; rewarding collaboration will motivate teamwork.

### **2.10.4 Self-Appraisal**

Employees can potentially evaluate their own performance if they fully understand their objectives and the standard used for evaluation. Many employees are always aware of what goes well in their job and where there is need for improvement in order to be effective. Given the chance, they would objectively criticize their own performance and work harder to improve it. Due to the fact that worker's development is self-development, workers who evaluate their own performance are very likely to develop increased self-esteem and high morale. They are more likely to experience job satisfaction. Employees evaluating themselves enable them to give the supervisor a full report of what happened during the evaluation (Lloyd, 2009). In a situation where the system does not include self-appraisal, individual worker should

provide the manager detailed report of his her achievements and contribution within the period that appraisal was conducted, a financial year in the case of COU. It would enable the manger to be aware of the activities of each employee.

Self-appraisal is relatively important to managers who are fundamentally interested in employee's active involvement and improvement. Concerning rewards, however, its value is considerably less because no one could less evaluate themselves if monetary incentives are offered.

### **2.10.5 Customer Appraisal**

Customer behaviour affects the organization's degree of success that means a successful organization influences the behavior of consumers to encourage them to buy its products. The business does this by studying consumer needs and adopting strategies to persuade as many consumers as possible that the products have value. Several methods to influence consumers in this way, and the markets can get a desired results. For this reason, a number of organizations are of the opinion that it is imperative to collect performance input from this highly important source. This approach is used by organizations because it shows how highly customers are valued, holds workers accountable, and encourages change. Goals for executives which are customer-related are most commonly of a broad, strategic nature, while targets for junior workers tend to be more specific. For instance, a target could be to improve the rating for perfect delivery or reduce the number of customers who not satisfied by half. It is necessary to involve employees in setting their goals and to include only variables that the employees can control. In the case of COU, residents are customers and should be afforded an opportunity to evaluate performance of the municipality. In doing so, this could lessen incidents of violent protests. Customer appraisal in the case of this study could take a form of community engagement, Imbizo and community outreach.

## **2.11 Employee Performance Appraisal Criteria (Standards)**

The standards for performance must be carefully selected by managers because the standards affect an organization can achieve its goals (Watson and Hill, 2009). Traits, behaviours, competencies, goal achievement, and improvement potential include the most common evaluation criteria.

### **2.11.1 Traits**

Workers traits such as character, appearance, and initiative are the basis for some appraisals. Most these generally evaluated qualities are subjective in nature and may not be related to job performance or cannot be accurately determined. In such situations, evaluations are likely to be biased and could probably result to legal problems for the firm. Certain traits may also be job performance-related and, if this relationship is deduced, using them becomes more relevant. Characteristics such as adaptability, judgment, appearance, and attitude may be used when shown to be job-related. The decision makers at COU should consider this.

### 2.11.2 Behaviours

In a situation where it is difficult to determine an employee's task output, it is recommended that an organization should appraise the employee's duty-related behavior and competence. For instance, leadership style can be a suitable conduct to be evaluated for a manager. Teamwork and collaboration, interpersonal development, or customer service orientation can be evaluated for employees working in teams. Etiquettes may be suitable as evaluation standards because if they are identified and rewarded, workers tend to consistently repeat such. Such behaviours that result to expected result should be used during evaluation. Using behavior as a criterion could overtime encourage the culture of excellence in the organization. For example, the culture of a leadership style that is more productive could be encouraged.

### 2.11.3 Competencies

Competencies are made up of an extensive range of specialized cognition, skills, traits, and behaviors, which are related to interpersonal skills, or are business-oriented. Primary competencies should form of organizational recruitment into different positions. A number of managers are of the opinion that aesthetic competencies such as ethics and integrity be used for every job. Some competencies which are job specific also exist. For instance, critical reasoning and result orientation might be important in professional jobs. Where as in leadership posts, competencies such as talent development, delegating authority, and human management qualities are relevant. The competencies which should be selected for evaluation must be related with job success. University of Michigan Business School reported that success in Human Resources is a function of competency and particular skills as follows:

- **Strategic contribution:** Linking organizations to their markets and rapidly aligning employee performance with organizational needs.
- **Business knowledge:** Awareness of how businesses are run and converting this to action.
- **Personal credibility:** Exhibiting estimable value; participate in executive.
- **HR delivery:** Competence in the areas of staffing, performance management, development, and evaluation.
- **HR technology:** Using technology and internet means to render perfect services to customers (Messenger, 2003).

### 2.11.4 Goal Achievement

Goal achievement outcomes must be the most suitable and relevant variable to evaluate if ends are more valuable to an organization than means. The results accepted must be those under the control of the employee or group and must include outcomes that result to success for the firm. Potentially at higher levels, the major issues which the goals of a firm are most likely to address include financial issues such

as profits or cash circulation, and market values of the firm. When lower organizational levels are considered, the results might be reaching the targets of the firm in meeting customers' quality needs and delivering on time. In order to assist the system, the manager should produce particular examples showing the ways an employee can improve himself or herself to be able to realize the set goals. The manager and the employees should agree on what the employee's goals should be for the next appraisal schedule and the resources that should be provided by the manager. This aspect of employee's assessment is essential and the most positive aspect because it helps the employee to concentrate on behaviour that will potentially result to positive outcomes for everyone concerned.

### **2.11.5 Improvement Potential**

Evaluation is conducted on already performed activities, therefore, most of the criteria focus on the past. For example, COU evaluations for 2017/18 financial year were evaluated in the 2018/19 financial year. From the perspective of performance management, there is a problem because no one can change the past. The evaluation report could become an irrelevant document unless someone takes appropriate action. Consequently, organizations should consider the future, taking into account the performance and outcomes required to improve the workers, and, as a result, achieve the firm's objectives. It includes the appraisal of the workers potential. Adding potential as part of evaluation system helps in promoting effective career building. It is also necessary to emphasize that each of the appraisal criteria presented in this report can be estimated independently. Simply, a number of appraisal systems are hybrids of these approaches.

## **2.12 Challenges/Gaps in Performance Appraisal Management System**

Literature indicates a number of challenges associated with implementation of performance appraisal system (Aquinas, 2003; DPLG, 2008; Smite, 2015). In fact this study builds on these challenges and argues to test if these are also prevalent at COU and how they affect service delivery in general. It is indisputable that performance evaluation is always being heavily criticized. The most criticized aspect has been the rating scale method. However, most of the problems commonly associated with this method occur due to improper implementation and not because the method is poorly designed. For instance, firms could fail to make available adequate rater training or they may use valuation standards that are too subjective and are not job-related. Some of the common problems are highlighted in the following sections:

### **2.12.1 Appraiser Discomfort**

Performing employees' appraisals can be a difficult task for the human resource department. Edward Lawler, a seasoned management scholar noted that the reasonable records show that performance evaluation procedures neither motivate employee nor effectively direct their development. It was

maintained that, they lead to conflict between managers and junior workers and result to dysfunctional attitudes (Lawler III, 1994). If a performance evaluation process is not properly designed or administration is inefficient, employees will be scared to receive appraisals and the managers will not be willing to give them. Simply, most managers do not like the time spent, paperwork involved, the difficulty in judgment and other issues that are involved in the evaluation process. The process increases the workload of a manager and can be more difficult if the employee being evaluated has performed badly.

### **2.12.2 Lack of Objectivity**

Another possible weakness of conventional performance evaluation methods is that they lack fairness. Considering the rating system, for instance, widely used psychological and physiological variables including attitude, looks, and character cannot be easily quantified. Moreover, they may not be directly related to a worker's performance in his or her job. According to Aldag and Kuzuhara (2002), personal feelings will always exist in evaluation processes, worker's evaluation based fundamentally on behaviour may place the organization and the managed who conducted the evaluation in indefensible positions with the employee and equal employment opportunity guidelines. The firm may be under pressure to prove that these variables are job-related. It is important for evaluators to be well trained and lack of fairness could result to legal actions.

### **2.12.3 Halo/Horn (COU PM Framework & policy, 2016).**

A halo error happens if a supervisor applies one good performance criteria to all other features of performance leading to unmerited higher rating. This is problematic as it overshadows performance. For example, a supervisor could generalise to say because an employee has succeeded in achieving task A, then all other areas of measure are assumed to be outstanding. This results in manipulation wherein employees only strive to overachieve one key area and then erroneously get positive scoring in other areas.

### **2.12.4 Leniency/Strictness**

Most times, some managers tend to too liberal in praising employees or mean with employees. "Dick Grote, an expert in performance management and president of Grote Consulting Corporation, a management consulting firm in Dallas", highlighted that, it is not reasonable for different managers to rate the same performance differently, because it affects compensation, progress and planning for succession (Sammer, 2008). Leniency refers to awarding unmerited high ratings to a worker and this could lead to inconsistency in the appraisal system. Leniency in evaluation rating occurs because managers try to avoid conflict. It happens mostly in situations where intuitive evaluation criteria are used, and the evaluator has to share the outcome of the evaluation with employees (Sammer, 2008).

Managers tend to award more undeserved ratings to employees when the evaluation process is related to issues like pay increase than when it is related to employee development. Being lenient when evaluating employees' performance could lead failure to identify correctable weaknesses. Unmerited reward due to undeserved award of ratings could deplete the merit budget and decrease rewards that should be accessed by superior workers. Moreover, it will be difficult for an organization to identify and dismiss incompetent employees who always receive unmerited high ratings (Sammer, 2008). Strictness refers to being unduly critical of employee's performance.

Most times, leniency is observed more frequently than strictness, most supervisors, on their own initiative; execute an evaluation more accurately than the organization's criteria. This attitude can be attributed ignorance of the different evaluation criteria. It is much more difficult when an organization has both lenient and strict managers and fails to correct this imbalance. In this case, incompetent workers are favored by the lenient managers; they get pay increase while the competent workers are sabotaged by the strict manager. This can have a negative effect on the morale and motivation of the top-performing employees, which in turn could potentially affect productivity and job satisfaction.

#### **2.12.5 Central Tendency**

Central tendency error refers to an evaluation process error that occurs when employees are wrongly rated near the average or middle of a scale. Measures of central tendency includes medium, mode and mean. Central tendency procedure is promoted by some rating standard whereby the evaluator is expected to provide written explanation of the extreme ranges (extremely high or extremely low) of ratings (Krattenmaker, 2009). For example, in Government, the KPI and GAP assessment system requires motivation for anything above or below the score of 3. This makes the evaluator to simply score their subordinates exactly 3. This type of system helps the evaluator to avoid potential conflict or criticism by giving the average ratings. As a matter of fact, employees do not have any problem with this rating because it contains mostly satisfactory remarks. However, central tendency error exists and can potentially affect the accuracy of appraisals. Fundamentally, rewards in the form of pay increase are determined by worker's performance. The compensation system is undermined when a manager is not accurate in rating employees (Krattenmaker, 2009).

#### **2.12.6 Recent Behaviour Bias**

All employees are usually notified of the schedule for every performance evaluation process. Having been notified of the scheduled evaluation, employee's behaviour tends to improve, probably unconsciously before the scheduled evaluation. Employees begin to pay attention to the incentives of best performance. They begin to comply, submit reports on time in the hope to influence the behaviour of the assessor/evaluator. Biron, Farndale, and Paauwe (2011) stated that evaluators, naturally remember

employee's behavior demonstrated recently more clearly than those demonstrated in more distant past. Normally, official performance evaluation spans a given period of time, and employee's performance within the given time should be evaluated. This problem can be avoided by keeping detailed documentation of all evaluation processes. In addition, to safeguard against recent behaviour bias, assessors should ensure that the assessment process is backed up/supported by evidence.

### **2.12.7 Personal Bias (Stereotyping)**

According to DeNisi and Williams, (1988) and Longenecker et al. (1987), perception and motivational states can affect the fairness of evaluation ratings; whereas Folger et al. (1992) are of the opinion that managers often do not apply the same standard to all employees which results in discrepancies, inaccurate and invalid evaluations. This performance assessment error happens when raters allow individual differences to influence the ratings they give. If these avoidable criteria such as gender, race, or age, not only is this issue inimical to workers enthusiasm, but it is obviously illegal and can lead to costly legal battle. According to Pfeffer (2009), the effects of cultural bias, or stereotyping, can definitely affect evaluation. Biased and unfair evaluation can also be caused by manager's preconceived opinion of what an ideal worker or employee should be. For instance, a female manager who has a history of domestic abuse by a male partner may consciously or unconsciously disadvantage male employees during an assessment. Other factors also cause discrimination in evaluation. For instance, employees who cooperate passively with all situations may be evaluated more critically or severely because they accept all results without objection.

This type of attitude is direct opposite to the more outspoken employee, who always confirms the adage: the squeaky wheel gets the grease. Moreover, managers who are less qualified could appraise positively employees who are overqualified than them. In Government, in particular, it is common for managers to be far less qualified than their subordinates. For example a manager with national diploma could find it more intimidating to fairly appraise a subordinate with a Doctoral degree. This therefore creates a personal bias that favors the employee. The need to develop a fair system has made researchers to focus more on validity and reliability (Bretz et al., 1992) by developing current "types" of performance appraisal (e.g., systems that are based on behaviour which accurately define specific essential job functions of workers or 360-degree feedback procedures that allow for cross-validation through a number of raters).

### **2.12.8 Manipulating the Evaluation**

Performance appraisers are not immune to establishing relationships within the organization. Some of these relationships are complex and involve subjects reporting to them. In most cases, managers have the capacity to manipulate performance evaluation system because they are virtually in charge of every aspect of the system. For instance, a manager might not want to award a salary increase to a particular

employee or the manager might decide to favour a particular employee. To justify his or her action, the manager would award an unmerited and unwarrantable high performance rating to the employee and perhaps, low rating will be awarded to a more productive but less favoured employee (Fox, 2009). In other instances, the supervisor may want to dismiss an employee and therefore, will give the individual an undeserved low rating. In both scenarios, the process is prejudiced and fails to achieve the performance evaluation goals. Moreover, in the second scenario, legal action could be taken against the organization if the affected employee belongs to any protected union. If the organization is not capable of fully supporting the appraisal, it is likely to suffer reasonable financial loss. Randall (1994) revealed over 70% of responding managers are of the opinion that biased ratings are done intentionally.

The rationales for giving biased ratings are presented in table 2.1. The results strongly agree that the accuracy of most performance evaluation processes is compromised, although some other study highlighted that evaluation data are often accurate to about 75%. Nonetheless, it is inappropriate to have invalid evaluation result a quarter of the time as an organization. It is believable that evaluator training highlighting the negative effects of rater errors would improve the general performance of the organization. In addition, with local government being considered highly politicized, manipulation of evaluation is not uncommon. This is the reason why corporate governance has collapsed in some municipalities. The report released by the Department of Cooperative Governance and Traditional Affairs has in 2018 indicated that only 7% of Municipalities in the country are classed as functional, while a third was completely dysfunctional. Collapsed corporate governance, corruption and manipulation of systems were mentioned as some of the reasons for the collapse.

**Table 2.1: The reasons for deliberately Inflating or Lowering Ratings**

<p><b>Inflated Ratings</b></p> <ul style="list-style-type: none"><li>- The view that unbiased rating would have negative effect on workers motivation and productivity</li><li>- The enthusiasm increase employee's chances for reward</li><li>- The desire to conceal an organization's deficiencies</li><li>- The desire to prevent the developing permanent record of poor performance that could negatively affect the employee in the future</li><li>- The need to protect good employee whose performance was suffering due to personal problems</li><li>- The wish to reward employees displaying great effort even though results are relatively low</li><li>- The need to avoid conflict with certain employees who are difficult to manage</li><li>- The desire to promote a poor or disliked employee up and out of the department</li><li>-</li></ul> <p><b>Lowered Ratings</b></p> <ul style="list-style-type: none"><li>- To induce more productivity out of an employee</li><li>- As punitive measures to rebellious employees</li><li>- Afford a poorly performing employee the opportunity to quit</li><li>- To build up justifiable reasons for planned retrenchment</li><li>- To reduce the number of the merit increase a junior worker receives</li><li>- To comply with an organization edict that discourages managers from giving high ratings</li></ul>
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Paterson (1922, p.361)

### **2.12.9 Anxiety of Employee**

Appraisal system can induce create anxiety for the evaluated employee. Employee anxiety can be in the form of dissatisfaction, apathy, and productivity. The worst situation is, an internal conflict or legal action instituted because of perceived impartiality (Clausen, *et al.*, 2008). Career benefits such as chances for promotion, redeployment to better departments, and pay rise may depend on the outcome. According to Drenth (1984), evaluation should be handled carefully, most times invoking negative psychological answers such as resistance, denial, aggression, or discouragement, particularly if the evaluation is negative. Therefore, better understanding of evaluative criteria may result in negative feelings about the appraisal.

Thomas and Bretz (1994) emphasized that if employees are interviewed, they would be of the opinion that managers use performance appraisal to identify workers' incompetency and low performance within a given year. Thomas and Bretz (1994) argue that workers perceive evaluation with hatred and fear. It was discussed above that under the procedural justice theory; employees expect the performance appraisal process to be fair (George and Jones, 1999). Unfairness in the performance appraisal

immediately translates in to fear and loathing, and this becomes a reality organization such as uMhlathuze Municipality. Unlike in the private sector, the public sector is seen as being weak in terms of effectively administering fair performance appraisal. Often, appraisers in the public sector use the performance appraisal process as a quick way of punishing or silencing subordinates or those with different views. Employees are aware of this practice and this creates an extreme anxiety amongst employees, more especially those feeling targeted. This challenge is increasingly rendering performance appraisal systems in the public sphere nugatory and the consequences would an impact on service delivery.

These challenges require organizations to be more conscious and put system in place to ensure that performance appraisal becomes a corrective system to improve performance. Organizations should understand that, the employees' reactions to evaluation are crucial and important condition to improve the employee's performance. Currently, researchers are of the opinion that employee's emotions and perceptions are essential in measuring the efficacy of performance evaluation process. Moreover, appraisal responses such as satisfaction, acceptability and motivation to use feedback, are cited as an necessary trend in the appraisal research during the past ten years in a review of that literature (Levy and Williams, 2004). Stemming from these challenges, the strength of employee performance system at uMhlathuze will be tested and investigated to assess the impact that this has on the morale and job satisfaction of the employees.

### **2.13 Legal Implications**

As discussed above, employee lawsuits may result or arise from negative and unfair evaluations. It was indicated that performance appraisal should be conducted within the legal framework. Survey of court cases revealed the need for performance evaluation process should be designed in accordance with the law so that it can be legally defensible. It is difficult to have a perfect system; therefore, the law allows supervisors to make certain decisions at their own discretion. The courts normally require these conditions: (COU PM Framework & policy, 2016).

- Negative effects on members of protected classes should be avoided or the process should be validated.
- An evaluation system should not allow a single manager to influence or control an employee's career.
- The evaluator or evaluators must have comprehensive understanding of the employee's job performance.
- The evaluation process must use set standards that limit the manager's discretion.

Possible mistakes in evaluating performance and decisions due to inaccurate result can lead to serious consequences. For instance, biased reward of merit pay rise can lead to waste of money in court cases. Most times, courts hold organizations liable for cost of legal actions, back pay and miscellaneous costs pertaining to employee's development and promotion in a protracted legal action.

An organization may also be chargeable for negligence retention claim if a worker who continually performs unsatisfactorily in safety practices, for instance, who is allowed to continue working causes an injury to another worker. In such situations, companies could avoid much consequences if they can show proof that training was conducted accordingly to correct the deficiency. It is not possible for any evaluation process to be perfect enough to avoid legal challenge. Nevertheless, evaluation methods that possess the attributes that have been highlighted above can be defended in a court of law. Simultaneously, it is most likely that the objectives of performance management can be more effectively achieved these means.

## **2.14 Chapter Summary**

This Chapter discussed literature by various authors on the performance evaluation widespread, bitterness and dissatisfaction with performance evaluation has prompted researchers and managers in both the private and public sectors to evaluate the effectiveness of performance appraisal. A significant amount of performance research focuses on methods of performance appraisal and role of employee on appraisal. Chapter three presents the research methodology.

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

#### 3.1 Introduction

The purpose of this chapter is to describe and outline the research methodology involved in the study. The research methodology is crucial as it elucidates specific strategies used during data collection and analysis (Maree, 2012:36). The study employed a quantitative research method. The main source of data was a questionnaire administered personally to a group of sampled respondents. The respondents included senior managers, line managers, supervisors and junior staff attached to COU.

#### 3.2 Research Design

There are various research designs that can be used to investigate any phenomenon in social science research, inclusive of performance management appraisal on employees (Babbie, 2004). The research followed a quantitative structured research design using a positivistic paradigm or worldview. The appropriateness of research design is however dictated by the research objectives and goals. Research design is therefore crucial as it is considered a key organ without which the study would not be directional (Steyn and Puth, 2000:29). Though there are plenty of definitions of research design, considered appropriate for this study- the research design can be described as systematic methods that guide the researcher in choosing a specific hypothesis over other verifiable hypothesis. The research design allows the researcher to deduce conclusions about the relationships between variables (Bless *et al.*, 2013:33). This definition fits the exact process to be used in this study. Therefore, the design can be considered as touching every aspect of the study, beginning with collection of data and extending to choosing the methods of data analysis. Glatthorn and Joyner (2005:97) further contend that the research design guides the process of choosing the specific plan to answer the research questions. This therefore means a design of the study elucidates the appropriate type of research which could be reliably conducted to achieve the set objectives and goals. It simply entails a blueprint of “how” the researcher plans to conduct a particular study.

The research design can either take the form of fixed/standardized or flexible/unstandardized. While standardized design includes data collection methods such as surveys, laboratory experiments, field experiments, programme evaluation studies and statistical modeling, the flexible or non-standardize design includes ethnographic interviews, comparative studies, participatory action research, content analysis, historical studies, discourse analysis and life history studies (Flick 2011:66-68 and Babbie & Mouton 2001:78,79). This study uses a positivistic paradigm or worldview in approaching the social

reality. This means, the researcher approaches this research assuming that quantitative or statistical or fixed design would assist in resolving the problem statement. Positivism is a research concept that deals with data monitoring and forecasting of results, similar to scientific experiment, deals with generalized principles like cause and result. Scientific method is used by the researcher to propound and investigate theories using well organized and potentially measurable variables whereby the study is not affected by the researcher's moral principles. Usually, this includes vast samples of quantitative data and statistical hypothesis testing (Saunders and Tosey, 2013). The researcher is also approaching the study from positivistic point of view because the study seeks to use inferential statistics to explain the existing relationship between constructs i.e. performance appraisal, employee morale and job satisfaction (Cresswell, 1994:80). The positivistic approach focuses on measurable aspects of human behaviour and will enable the researcher to study the cause and result of phenomenon which, in the social sciences, is achieved by using a large number of respondents (quantitative research). In light of this context, it is then justified to use fixed/standardized research design in this study. The standardized research design would naturally allow the use of quantitative methods to gather and analyze data, such as surveys and inferential statistics.

### **3.3 Research Approaches**

Leedy and Ormrod (2005) states that there are two research approaches in social sciences; these are qualitative and quantitative approaches. Qualitative research is commonly known for its interpretive and flexible nature, while a quantitative approach is positivistic and fixed in nature. In the previous section, it was indicated that this research is being approached from a positivistic paradigm or world view and that the fixed research design will be employed. This therefore means that an appropriate research approach has to be chosen. Therefore, in line with the research paradigm and design, the research approach to be employed in this study is quantitative research.

The quantitative approach entails using surveys, laboratory experiments, field experiments, programme evaluation studies and statistical modeling, structured statistical and numerical methods to gather and analyze data. The quantitative processes are highly structured and controlled (Leedy and Ormrod, 2005). Through a quantitative approach, a structured survey will be conducted to gather opinions on performance appraisal in relation to employee morale and job satisfaction. This data gathering method will be discussed in detail in the next section.

### **3.4 Data Collection Methods and Techniques**

In line with the research paradigm, design and approach discussed above, the researcher will use a survey as data gathering method. Survey is a method of data collection in a quantitative method. Quantitative

data gathering method used to gather information on the opinions and views of subset of a population called a sample. This method collects the primary data, which is freshly collected from the source (respondents). A survey method could be defined as research method in which self-report information is collected from a sample in order to determine the characteristics of a population. Surveys are necessary in describing the features or measurable attributes of a large population in such a way that no other methodology is capable of, providing precise part of the population for data collection, data analysis, make conclusions and recommendation based on the results (Wyse, 2012).

It allows the researcher full control of the research procedures and enables the collection of a lot of data within a short time period. Measuring instrument (Questionnaires) is a survey technique to be used to gather the data from participants. This technique is important, appropriate and consistent with the data collection method (Malholtra, 2007). The use of questionnaires is justified because they provided an efficient and effective way of data collection in a limited time. Moreover, questionnaires enable easier preparation and analysis of data collected, this is going to be evident when employing Microsoft Excel to analyze the data, the inferential and descriptive statistics were used to analyze and present data. Section A of the questionnaire will deal with the socio-demographic information, while section B will focus on measurements of constructs: performance management, employee morale and job satisfaction.

The structure of the questionnaires was in accordance with the research questions and the last section dealt with performance measurements. To allow for maximum retrieval of information, the structure of the questionnaires was based on the guidelines by Ader et al, (2008) and (Creswell, 2003). The questionnaire used closed-ended questions utilizing the five-point Likert-Scale of rating. This scale of ratings makes it possible to construct an ordinal scale which can help in reducing many items into fewer latent variables that can represent a construct. There were five points Likert scales for this study. The Section - A focused on the personal information of the respondents; Section B- focused mainly on performance appraisals methods and the impact on employee morale; Section-C focused on the performance appraisal accuracy; Section -D illustrated the appraiser's competency and impact; the last Section- E focused on the employees Morale.

It allows the participants the option of saying "agree" or "disagree" to the statements, indicating either positive or negative attitude towards the issue on an expanded scale ranging from "Strongly Disagree" to "Strongly Agree". The degree of attitude is shown in the given rating and individual ratings may be totaled for total attitude estimation. The questionnaire was administered through email and personally with employees without access to emails.

## **3.5 Population and Sampling Methods**

### **3.5.1 Target Population**

The target population in social science research is the specific population about which information is desired. In this study the characteristics of the population of uMhlathuze Municipality employees will be determined through a sample. According to Cooper and Schindler (2006), a population could be of any subject of interest; this includes sets of people, services, elements, and events, group of things or households that are being investigated. The target population of this study comprised of all levels of staff employed at COU as at July 2014. These were classified into categories of top management level consisting of the executives, senior level management comprising functional heads, middle management comprising team leaders, supervisors, administrative and clerical staff. For practical and feasibility reasons, it could be difficult to have access to the entire target population at once, for example some sections or departments of the Municipality are in the outskirts of the Municipal area. The accessible population is a population within the targeted population that the researcher has access to. In this study, the accessible population is the staff housed at the Head Office Civic Centre in Richards Bay. This population represents most employees across all various sections of the Municipality.

### **3.5.2 Sampling Methods and Techniques**

It was discussed above that the researcher seeks to generalize the findings of the study. In doing this, the researcher will have to employ random or probability sampling method in order to achieve this. Probability random sampling entails that all elements in the population stand an equal chance of being selected to participate in the study (sample) (Terre et al., 2006:134). That means, elements have an independent probability of being recruited into the sample, without the direct interference of the researcher (Terre et al., 2006:134). Probability sampling using stratified sampling technique commonly used probability sampling techniques in social science research are: simple random sampling, systematic sampling, stratified random sampling and cluster sampling. For the purpose of this study, the random sampling technique to be used is stratified proportional sampling.

The stratified random sampling is a sampling technique wherein the population is divided into different groups or subgroups called strata, so that each element of the population belongs to one and only one stratum (Bernard, 1995). Random sampling is then drawn from within each stratum, using simple random sampling. The sample frame is required in order to perform simple random sampling or lottery sampling. Cooper and Schindler (2003), report a sampling frame is a list of elements from which the sample is actually drawn and closely related to the population. The Human Resources Department would provide the sampling frame with all elements across various sections of the municipality. To ensure that all employees from across different sections are equally represented in the study, a propositional stratified sampling will be employed. Proportional stratified samples are samples where the number of elements

selected from each stratum is proportional to the size of the stratum in the population. The main advantage of proportional stratified random sampling is that it makes representativeness of a particular segment of the population possible (Brink, *et al.*, 2006). The table 3.1 indicates how a representative stratified random sampling is going to be performed:

**Table 3.1: Proportional Stratified Sampling**

Stratum	Elements in population	Proportional sample
Top Management	18 (9%)	12 (9%)
Middle Management	32 (16%)	21 (16%)
Supervisory Level	80 (40%)	53 (40%)
Junior Staff	70 (35%)	46 (35%)
	<b>200</b>	<b>132</b>

### 3.5.3 Sample Size

Cooper and Schindler (2006) described sample size as sub-set of the bigger population. It is essential in quantitative research design to establish the sample size because it enhances the collection of reliable and accurate result. According to Hussey and Hussey (1997) no research result is expected to be 100% accurate and hence, research results with error limits of less than 5% and greater than 95% confidence level are deemed acceptable. When a sample shows error limit of less than 5%, it can be concluded that the sample is capable of having errors at this level but may not significantly affect the result of the study. The error limit of 5% means the sample can have errors at this percentage without necessarily affecting the outcomes of the study. More errors in the sample could negatively affect the internal and external validity of the study. The researcher settled for a sample size of (n132) of the entire population of 200. This sample size was a good representation of the entire population and was determined through Krejcie and Morgan (1970) sample determination table.

**Table 3.2: Determining Sample Size from a Given Population (Krejcie & Morgan, 1970)**

N	S	N	S	N	S
10	10	220	1400	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317

45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note. —N is population size.  
S is sample size.

### 3.6 Data Analysis

Quantitative data will be analyzed using inferential & descriptive stats. Inferential statistics are crucial when the researcher is aimed at generalizing the findings from the sample to the population. This statistical analysis entails going beyond describing the sample data (means, standard deviation and proportions) to make inferences about the population from which the sample was drawn (Tustin, Ligthelm, Martins and Van Wyk, 2005:558). Therefore, inferential statistics enable researchers to make inferences about the population on the basis of what has been observed and found in the sample. It entails the use of statistical theory, methods and techniques to draw (probabilistic) conclusions from data. (Terre Blanche, Durrheim and Painter 2006:564).

Descriptive statistics provides a very useful initial examination of the data (Tustin et al.,2005). This analysis technique can be described as analytic procedure in which quantitative data is organized, summarized and visualized (De Vos et al., 2011 and Terre et al.,2006). It involves different logical patterns that the researcher can rely on to justify his or her arguments and make claims about the problem

statement. The descriptive statistics would allow the use of frequency distribution tables and graphical analysis. Both the descriptive and inferential statistics will be performed through Microsoft Excel Computer Programme. The programme is appropriate as it has all the functions necessary to make data meaningful for interpretation. The analysis would include running normality test, correlations, presenting data graphically through graphs and tables. Microsoft Application is also preferable as it is easily available and accessible to the researcher. The researcher owns a computer that has the programme which can be accessed for free.

### **3.7 Validity and Reliability**

In order to ensure reliability and validity of the study, the researcher will pre-test or pilot the questionnaires with five employees to eliminate any inconsistencies, ambiguity and incomprehension. The pilot respondents won't be participating in the main study to safeguard against threats to internal validity called testing. Testing threat is the determination of internal validity conducted using respondents during pre-testing of this research having known the questions contained in the questionnaire. This makes the respondents to be more thoughtful of their responses when being sampled to participate in the actual or main study (Babbie and Mouton 2001:217). To meet the requirement of validity, participants would have to meet population parameters stated. For example, the internal validity of the study would be threatened if COU employee recently employed is sampled. Pretesting of the data gathering instrument will ensure that the instrument is reliable and is internally consistency (Du Plooy 2009). In addition, the degree to which participants' responses would result to perceptions which could be useful in enhancing the conditions and sustainable mechanisms for employees of COU was used to determine formative validity. Questions drawn from data that were gleaned from the literature review, which directly relates to organizational systems and the factors that affect worker performance were similarly included.

Pre-testing of the questionnaires would also ensure face validity which is concerned with the manner in which the instrument is perceived and processed by participants (Blesse et al 2006:161). Reliability of the study would also be established. Salkind (2012:115) considers to it being dependent variable, regular, constant, reliable, estimable and true. Delport and Roestenburg (2011b:177) agree that reliability deals with what needs to be assessed. Muijs (2011:61) reports that there is always an element of error in every research or study conducted which can be referred as measurement error. Reliability on the other hand refers to how much the result does not contain measurement error. The analysis item analysis would be used to assess the reliability constructs in relation to the measuring instrument- questionnaire. The coefficient value is a validation that the individual items of a dimension measure the same dimension (concept) in the same manner (or consistently)" (Burns and Grove 2009:379)

### **3.8 Response rate**

To boost the response rate and encourage participation, the researcher contacted respondents before distributing questionnaires, encouraging them to respond with speed and also questionnaires was filled online. The following techniques as suggested by Zuniga (2004) and Quinn (2002) would be applied:

- Repeat reminder emails to non-respondents
- Persuade respondents that their responses are of great value.
- Grant respondent's extension and more time to complete the questionnaires
- Assure respondents of the anonymity of their responses. This is one of the main concerns

for email survey respondents and anonymity appears to likely boost responses if managed effectively (Dommeyer, et al (2002).

- Questionnaires have also been kept brief to encourage response rate.
- Participants would be furnished with contact details to notify the researcher once the questionnaire is completed and emailed.

The process of administrating and receiving the questionnaires back would be allocated three days.

### **3.9 Chapter Summary**

Chapter three highlighted the various research methods and procedures that were the researcher adopted to achieve the aims and objectives of this study. The research design adopted for the study is fixed and standardized design. The research paradigm chosen is positivist and the research approach is quantitative. The population under study comprised 200 staff members of COU and the sample size of 132 staff members based at accessible population based at Head Office. Survey is the research method for this study and is considered appropriate. The survey technique to be used in the study is questionnaire which would be administered through email and personally to accommodate every employee sampled through stratified proportional sampling. The questionnaire will be piloted to enhance validity and reliability. Moreover, the scale would be employed to ensure validity of the Likert scale in measuring the constructs.

## CHAPTER FOUR

### 4. PRESENTATION OF RESULTS, ANALYSIS AND DISCUSSION

#### 4.1 Introduction

This chapter presents data analysis and results of the study as set out in the research methodology. The results are presented on the impact of performance appraisal on employee morale in nongovernmental organizations, the case study of City of uMhlathuze Municipality. The data was gathered exclusively from questionnaires as the data gathering method. Analysis was performed through Microsoft Excel which allowed the process of analyzing the questionnaire through descriptive statistics and inferential statistics are discussed in Chapter 3.

#### 4.2 Response Rate

A total of 128 questionnaires were distributed personally and the other 4 were sent through email to increase the response rate, respondents were contacted before emailing of the questionnaires, encouraging them to respond speedily. Out of the 132 questionnaires distributed, 112 were successfully returned without errors and were eligible for analysis. Evident in Table 4.1, the response rate was 84.8% and this denotes a good response. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate, 60% is good and 70% and above is very good. In addition, Zuniga (2004) and Quinn (2002) methods of increasing response rate were employed. These included repeating reminder emails to non-respondents, persuading respondents that their responses are of great value, grant respondents extension and more time to complete the questionnaires, and assuring respondents of the anonymity of their responses. The 128 questionnaires administered personally were returned instantly. The analysis and findings will therefore be based on 84.8% of successfully completed and returned questionnaires.

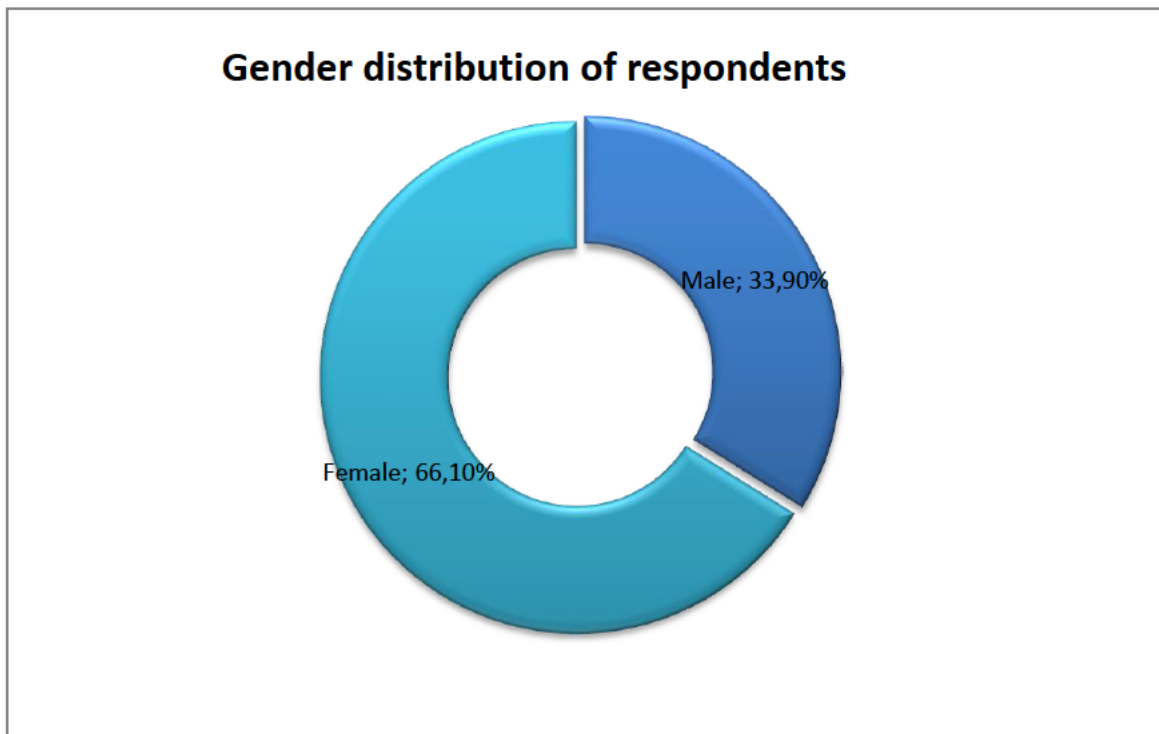
**Table 4.1: Response Rate**

	<b>Frequency</b>	<b>Percentage %</b>
Responded	<b>112</b>	<b>84.8</b>
Non Responded	<b>20</b>	<b>15.2</b>
<b>TOTAL</b>	<b>132</b>	<b>100</b>

### 4.3 Demographic description of the study sample

#### 4.3.1 Analysis of Gender

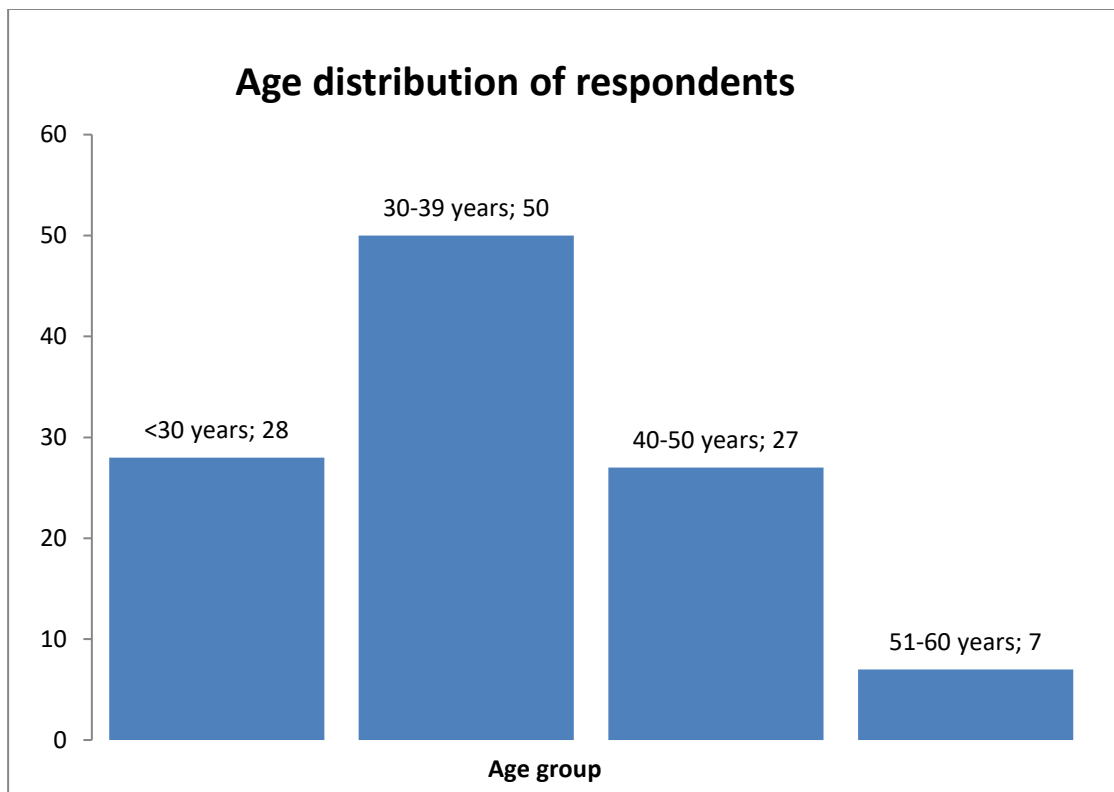
It is evident from Figure 4.1, that the majority of those who participated was females with 66.1% (n=74) while male's participation is at 33.9% (n=38) This shows that the results from this study will be mainly the opinion of females who make up about two thirds of the study sample.



**Figure 4.1 Gender distribution of respondents.**

#### 4.3.2 Analysis of Age

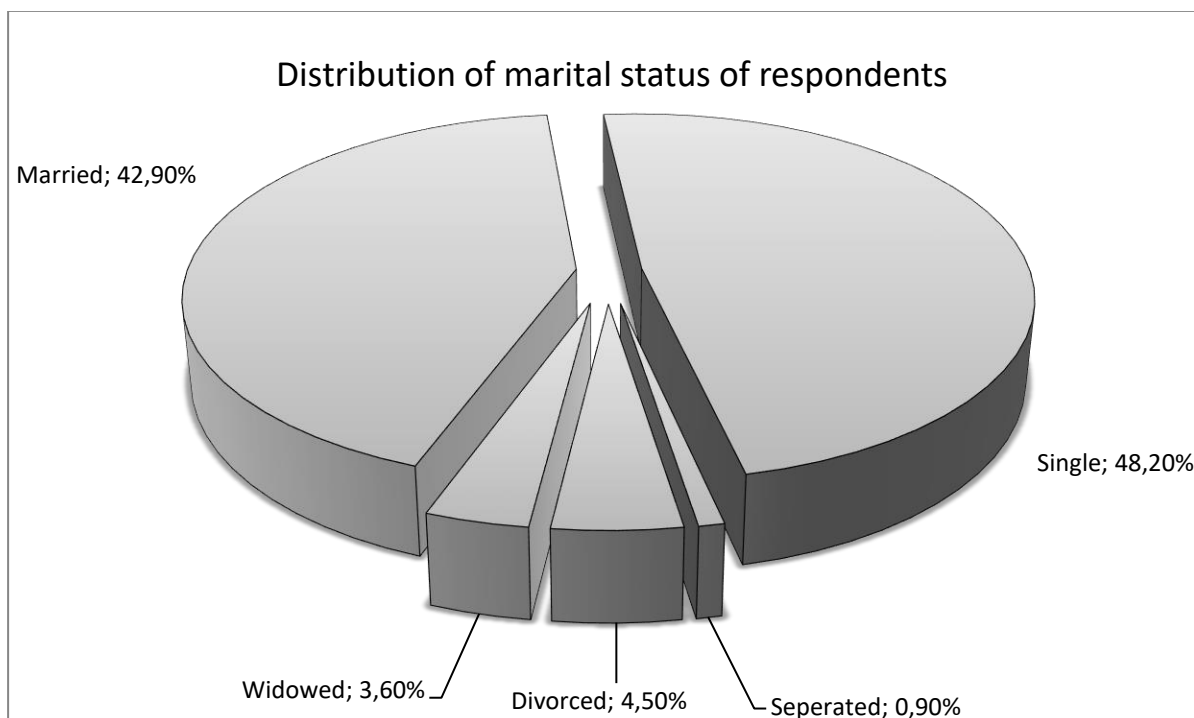
The study further revealed that majority of those who participated were people in the age group of 30 to 39 years (n=50, 44.6%). Those younger than 30 years also make up a significant part of the study sample (n=28, 25.0%) and those in the 40 to 50 years' age group also had a notable presence in the study sample (n=27, 24.1%). In fewer majorities, only 7 respondents (6.3%) were in the 51 to 60 years' age group. This is understandable because it is the age group associated with early retirements and being inactive in the work force. Figure 4.2 below graphically summarizes these findings



**Figure 4.2: Age distribution of respondents**

### 4.3.3 Analysis of Marital Status

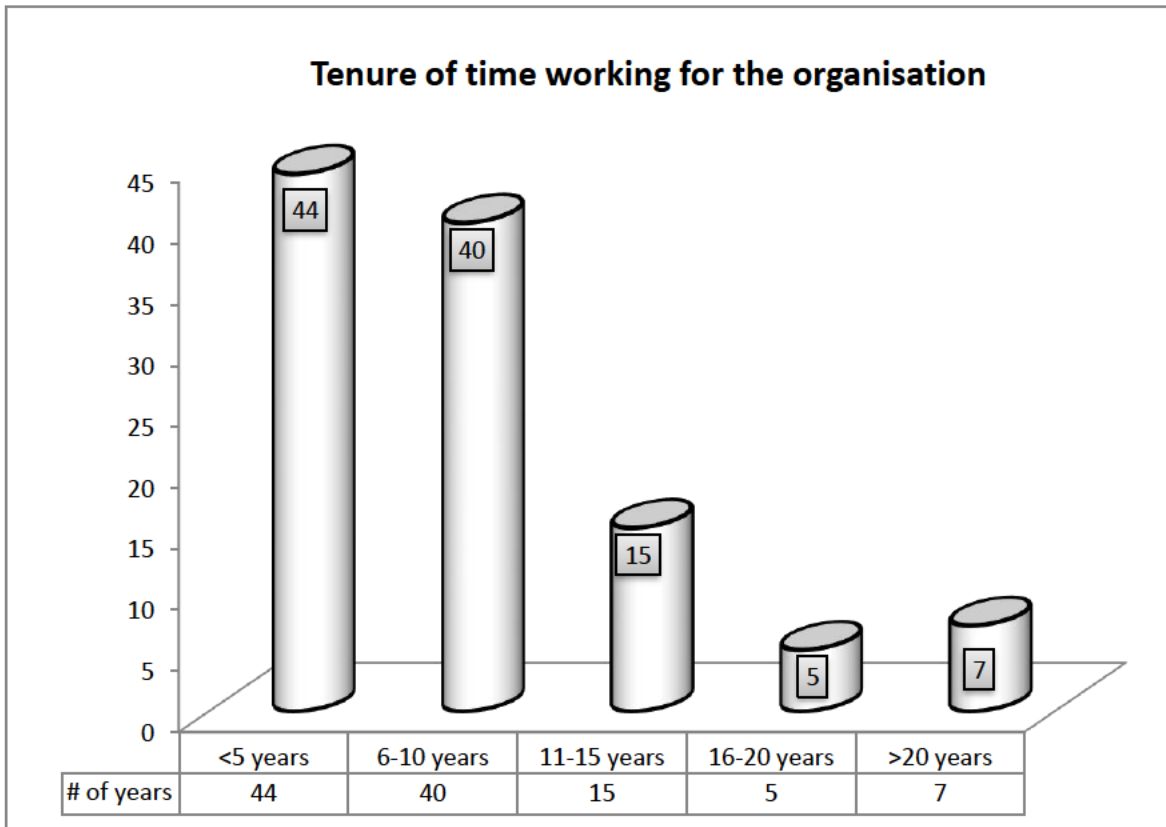
As shown in figure 4.3, there was a fair balance in between married (n=48, 42.9%) and single (n=54, 48.2%) research participants. There were very few participants from other categories, namely, separated (n=1, 0.9%), divorced (n=5, 4.5%) and widowed (n=4, 3.6%).



**Figure 4.3: Distribution of marital status of respondents.**

#### 4.3.4 Tenure

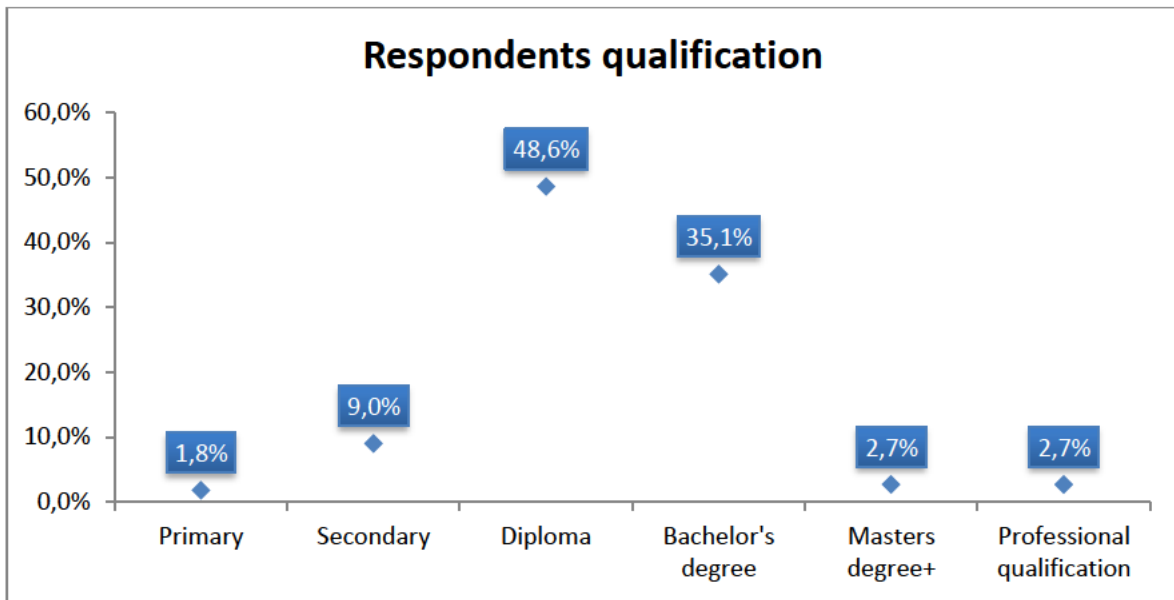
In terms of time working for the organization, the study revealed as shown in figure 4.4 that majority of respondents have been with the organization for less than 5 years (n=44, 39.6%) but more than 2 years, as the population parameter required all participants to have been with the organization for at least more than two years. Over 40 participants worked for the organization for six to ten years, 15 have worked for the organization for eleven to 15 years. Five participants have attested to have worked for the organization for over 16-20 years while seven participants worked for the organization for over 20 years.



**Figure 4.4. Distribution of time working for the organization.**

#### 4.3.5 Education Qualifications of Respondents

In terms of educational background of respondents, as indicated in figure 4.5, most of the respondents had diplomas (n=54, 48.6%) with those with bachelor's degrees making up the second biggest part of the study sample (n=39, 35.1%). Those with secondary education made up 9.0% of the sample (n=10) with the other categories making up insignificant proportions of the study sample.



**Figure 4.5: Distribution of educational levels of respondents.**

The overall summary of the study sample is presented in table 4.2 showing all the percentages and frequencies of category of the demographic variables.

Table 4.2: Demographic composition of the research sample.

DEMOGRAPHIC VARIABLE	CATEGORY	FREQUENCY	PERCENTAGE
<b>GENDER</b>	Male	38	33.9%
	Female	74	66.1%
<b>AGE</b>	<30 years	28	25.0%
	30-39 years	50	44.6%
	40-50 years	27	24.1%
	51-60 years	7	6.3%
<b>MARITAL STATUS</b>	Married	48	42.9%
	Single	54	48.2%
	Separated	1	0.9%
	Divorced	5	4.5%
	Widowed	4	3.6%
<b>LENGTH OF TIME WORKING FOR THE ORGANISATION</b>	<5 years	44	39.6%
	6-10 years	40	36.0%
	11-15 years	15	13.5%
	16-20 years	5	4.5%
	>20 years	7	6.3%
<b>LEVEL OF EDUCATION</b>	Primary	2	1.8%
	Secondary	10	9.0%

	Diploma	54	48.6%
	Bachelor's degree	39	35.1%
	Master's degree+	3	2.7%
	Professional qualification	3	2.7%

#### 4.4 Factor Analysis: Exploratory factor analysis for performance appraisal method

There are ten questions that addressed the issues of Performance Appraisals Methods and Impact on Employee Morale. Before descriptive statistics can be obtained for this construct, exploratory factor analysis was carried out to find if the questions can be split into sub-groups or sub-constructs.

##### 4.4.1 Exploratory factor analysis for Performance Appraisals Methods and Impact on Employee Morale

After running exploratory factor analysis, the results indicated that the item Performance Appraisals Methods and Impact on Employee Morale can be divided into two sub-constructs that are shown in Table 4.3 below. The suggested names for these sub-constructs are: “Employee Focused Appraisal” and “Fairness and purpose”. These suggested names are by no means final and are largely derived from the questions that fall under them.

**Table 4.3. Exploratory factor analysis of Performance Appraisals Methods and Impact on Employee Morale and suggested sub-constructs.**

Performance Appraisals Methods and Impact on Employee Morale	Latent factors extracted	
	Factor 1	Factor 2
9.1.COU employs different approaches of performance appraisal to ensure that they get maximum value from the appraisal processes	0.615	
9.2.The focus of our appraisals are primarily on the needs of the employees and generalized needs of the organization	0.867	
9.3.Our appraisals concentrate on helping employees make sense of their practice and experience	0.870	
9.4.Our peer review focuses on the creation of a positive future plan rather than on a critical review of past performance	0.959	
9.5.Our competence assessment and development focuses on the appraisees' competence and development needs	0.970	
9.6.Our 360-degree appraisal method gives employees a chance to know how they are seen by their peers	0.939	
9.7.Our management objectives are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization	0.841	
8.Considering the appraisal system would you refer a friend to apply for a job at this company		0.902
7.The performance appraisal system function fairly		0.781
6.Performance evaluation serves in the promotion process		0.773
Chronbach's Alpha	<b>0.953</b>	<b>0.764</b>

Performance Appraisals Methods and Impact on Employee Morale	Latent factors extracted	
	Factor 1	Factor 2
Suggested Construct (factor) name	Employee Focused Appraisal	Fairness and purpose

The reliability of the instrument scale responses was tested through Cronbach's Alpha reliability coefficient. The test was performed to establish and ascertain if the 5-point Likert scale used as part of instrument was internally consistent in measuring the constructs. As discussed in the previous chapter, a Cronbach's alpha reliability co-efficient  $> 0.8$  is indicative of good reliability while a coefficient  $> 0.6 < 0.8$  would indicate acceptable reliability. These two suggested sub-factors have high and good internal consistency and can be considered reliable in measuring the intended constructs (Chronbach's Alpha for Employee Focused Appraisal=0.953 and for Fairness and purpose=0.764). Latent factors variables were generated to represent these two sub-constructs.

#### 4.4.2 Descriptive statistics for Performance Appraisals Methods and Impact on Employee Morale: Fairness and Purpose

The results in Table 4.4 show that there is no overall agreement that performance evaluation serves in the promotion process as only 49.5% agree or strongly agree that it does. 17.4% are neutral while 33.0% either disagree or strongly disagree.

**Table 4.4. Descriptive statistics of the fairness and purpose of performance appraisal.**

Performance Appraisals Methods and Impact on Employee Morale: Fairness and purpose		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree+ Strongly	Mean	Std Dev.	
6.Performance evaluation serves in the promotion process	Count %	19 17.4%	17 15.6%	19 17.4%	44 40.4%	10 9.2%	49.5%	3.08	1.28	0.910
7.The performance appraisal system function fairly	Count %	15 13.5%	25 22.5%	32 28.8%	31 27.9%	8 7.2%	35.1%	2.93	1.16	0.829
8.Considering the appraisal system would you refer a friend to apply for a job at this company	Count %	6 5.4%	14 12.6%	21 18.9%	54 48.6%	16 14.4%	63.1%	3.54	1.06	0.730
Cronbach's Alpha							0.953			

Only 35.1% of the respondents believe that the performance appraisal system function fairly. However, there is a majoring agreement that, considering the appraisal system, most of the respondents would still refer a friend to apply for a job at their company.

#### 4.4.3 Descriptive statistics for Performance Appraisals Methods and Impact on Employee Morale: Employee Focused Appraisal

This section looks at whether the performance appraisal system is employee focused. The results in Table 4.5 show that , there are negative sentiments about the performance appraisal system being employee focused. Most of the respondents do not agree that the system favours the aspirations of the employees.

**Table 4.5. Descriptive statistics of Employee Focused Appraisal.**

Performance Appraisals Methods and Impact on Employee Morale: Employee Focused Appraisal		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree+ Strongly	Mean	Std Dev.	
9.1.COU employs different approaches of performance appraisal to ensure that they get maximum value from the appraisal processes	Count	15	19	42	25	10				0.816
	%	13.5%	17.1%	37.8%	22.5%	9.0%	31.5%	2.96	1.14	
9.2.The focus of our appraisals are primarily on the needs of the employees and generalized needs of the organization	Count	14	25	33	26	11				0.876
	%	12.8%	22.9%	30.3%	23.9%	10.1%	33.9%	2.95	1.18	
9.3.Our appraisals concentrate on helping employees make sense of their practice and experience	Count	11	22	37	29	12				0.927
	%	9.9%	19.8%	33.3%	26.1%	10.8%	36.9%	3.08	1.14	
9.4.Our peer review focuses on the creation of a positive future plan rather than on a critical review of past performance	Count	12	16	37	33	12				0.862
	%	10.9%	14.5%	33.6%	30.0%	10.9%	40.9%	3.15	1.14	
9.5.Our competence assessment and development focuses on the appraisees' competence and development needs	Count	11	15	37	34	13				0.908
	%	10.0%	13.6%	33.6%	30.9%	11.8%	42.7%	3.21	1.13	
9.6.Our 360-degree appraisal method gives employees a chance to know how they are seen by their peers	Count	11	15	40	31	12				0.933
	%	10.1%	13.8%	36.7%	28.4%	11.0%	39.4%	3.17	1.12	
9.7.Our management objectives are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization	Count	12	13	36	36	14				0.861
	%	10.8%	11.7%	32.4%	32.4%	12.6%	45.0%	3.24	1.15	
Cronbach's Alpha							0.764			

The results in Table 4.5 show that only 31.5% of the respondents agree or strongly agree that COU employs different approaches to performance appraisal to ensure that they get maximum value from the

appraisal processes. Only 33.9% of the respondents believe that the focus of appraisals are primarily on the needs of the employees and generalized needs of the organization while 30.3% were neutral and 35.7% either disagreed or strongly disagreed. Only 36.9% of the respondents agree or strongly agree that the appraisals concentrate on helping employees make sense of their practice and experience and only 40.9% agree or strongly agree that the peer review focuses on the creation of a positive future plan rather than on a critical review of past performance.

Continuing on that low appraisal rating, only 42.7% agree or strongly agree that the appraisals' competence assessment and development focuses on the appraisees' competence and developmental needs while only 39.4% agree/strongly agree that the 360-degree appraisal method gives employees a chance to know how they are seen by their peers with only 45.0% believing that the management objectives are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization.

These low percentages show that the appraisal is not viewed very positively by the respondents. The construct of Employee Focused Appraisal with its seven questionnaire items has high internal consistency (Cronbach's Alpha=0.764), hence can be deemed a reliable measure of the intended construct.

#### **4.5 Performance Appraisal Accuracy**

There are ten questions that address issues of Performance Appraisals Methods and Impact on Employee Morale. Before descriptive statistics can be obtained for this construct exploratory factor analysis was carried out to find if the questions can be split into sub-groups or sub-constructs.

##### **4.5.1 Exploratory factor analysis for Performance Appraisal Accuracy**

Exploratory factor analysis results for the construct of Performance Appraisal Accuracy indicated that the construct can be subdivided into four sub-constructs that are shown in Table 4.6 below.

The suggested names for the four sub-constructs are: Appraisal and Performance enhancement with high internal consistency (8 items, Cronbach's Alpha=0.955), Appraisal and Loyalty with high internal consistency (3 items, Cronbach's Alpha=0.773), Appraisal and skills development with moderate internal consistency (3 items, Cronbach's Alpha=0.610) and Appraisal frequency (1 item).

**Table 4.6. Exploratory factor analysis of Performance Appraisal Accuracy.**

Performance Appraisal Accuracy	Latent factors extracted			
	Factor 1	Factor 2	Factor 3	Factor 4
12. You always get feedback of your evaluation on time?	0.492			
18.1. Our appraisals serves the role of facilitating an orderly means of determining rewards	0.818			
18.2. Our appraisal system supplies data to managers and appraises about individual strengths and weaknesses	0.891			
18.3. The motivational role of our appraisals entails creating a learning experience that motivates workers to improve their performance	0.839			
18.4. Appraises at COU discover what is expected of them and are able to set personal goals	0.862			
18.5. Our appraisals create a constructive forum for providing feedback to other employees about their individual behavior	0.879			
18.6 Appraisees at COU are given assistance in creating plans to improve their behaviour.	0.913			
18.7. Objectives of appraisal at COU include effecting promotions and transfers, assessing training and awarding rewards	0.779			
14. I will never leave my current organization even if I get a more promising job with better work environment.		0.832		
16. I perceive my promotion and grade as fair.		0.549		
17. I will never leave my current organization for other organizations where I might get promotional and learning opportunities.		0.904		
11. Performance evaluation always identifies the skilled employees?			0.572	
13. Performance evaluation serves to enhance job satisfaction?			0.815	
15. My organization runs on-the-job training programs for employees.			0.547	
10. In your opinion Performance evaluation should be conducted after how much time Duration?				0.983
<b>Chronbach's Alpha</b>	<b>0.955</b>	<b>0.773</b>	<b>0.610</b>	<b>-</b>
Suggested Construct (factor) name	Appraisal and Performance enhancement	Appraisal and Loyalty	Appraisal and skills development	Appraisal frequency

**4.6 Descriptive statistics for Performance Appraisal Accuracy: Appraisal and Performance enhancement**

The role of performance appraisal as a tool for performance enhancement is not well appreciated by most of the research participants. In table 4.7 only 25.0% of the respondents agreed or strongly agreed that they

always get feedback of their evaluation on time, while only 25.2% agreed or strongly agreed that the appraisals serve the role of facilitating an orderly means of determining rewards and only 36.7% agreed or strongly agreed that the appraisal system supplies data to managers and appraisees about individual strengths and weaknesses. In all cases most of the respondents chose to be neutral. Only 39.6% agreed or strongly agreed that the appraisal system has a motivational role that entails creating a learning experience that motivates workers to improve their performance and 36.9% believe that appraisees at COU discover what is expected of them and are able to set personal goals.

**Table 4.7: Descriptive statistics of Appraisal and Performance Enhancement.**

Performance Appraisal Accuracy: Appraisal and Performance enhancement		Frequency Distribution					Agree+ Strongly Agree	Descriptive		Latent Factor (Principal component)
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree		Mean	Std Dev.	
12. You always get feedback of your evaluation on time?	Count	16	32	36	24	4	25.0%	2.71	1.07	0.683
	%	14.3%	28.6%	32.1%	21.4%	3.6%				
18.1.Our appraisals serves the role of facilitating an orderly means of determining rewards	Count	14	23	46	20	8	25.2%	2.86	1.08	0.878
	%	12.6%	20.7%	41.4%	18.0%	7.2%				
18.2.Our appraisal system supplies data to managers and appraises about individual strengths and weaknesses	Count	13	15	41	30	10	36.7%	3.08	1.12	0.913
	%	11.9%	13.8%	37.6%	27.5%	9.2%				
18.3.The motivational role of our appraisals entails creating a learning experience that motivates workers to improve their performance	Count	14	22	31	30	14	39.6%	3.07	1.22	0.892
	%	12.6%	19.8%	27.9%	27.0%	12.6%				
18.4.Appraisees at COU discover what is expected of them and are able to set personal goals	Count	13	16	41	26	15	36.9%	3.13	1.18	0.900
	%	11.7%	14.4%	36.9%	23.4%	13.5%				
18.5.Our appraisals create a constructive forum for providing feedback to other employees about their individual behavior	Count	15	28	36	20	10	27.5%	2.83	1.16	0.912
	%	13.8%	25.7%	33.0%	18.3%	9.2%				
18.6.Appraisees at COU are given assistance in creating plans to improve their behavior.	Count	13	28	33	25	11	32.7%	2.94	1.17	0.913
	%	11.8%	25.5%	30.0%	22.7%	10.0%				
18.7.Objectives of appraisal at COU include effecting promotions and transfers, assessing training and awarding rewards	Count	18	27	38	18	9	24.5%	2.75	1.16	0.881
	%	16.4%	24.5%	34.5%	16.4%	8.2%				
Cronbach's Alpha								0.955		

As few as 27.5% of the respondents agreed or strongly agreed that the appraisals create a constructive forum for providing feedback to other employees about their individual behaviour while 32.7% believe that appraisees at COU are given assistance in creating plans to improve their behaviour and 24.5% agreed or strongly agreed that objectives of appraisal at COU include effecting promotions and transfers,

assessing training and awarding rewards. In general appraisals are not viewed as performance enhancement activities or interventions.

#### 4.7 Descriptive statistics for Performance Appraisal Accuracy: Appraisal and Loyalty

The results in table 4.8 show that appraisals haven't cultivated a sense of loyalty and only 16.1% of the respondents felt that they will never leave their current organization even if they got a more promising job with a better work environment elsewhere; in fact, most of the respondents disagreed (33.0%) or disagreed strongly (36.6%).

**Table 4.8: Descriptive Statistics of Appraisal and Loyalty.**

Performance Appraisal Accuracy: Appraisal and Loyalty		Frequency Distribution					Agree+ Strongly	Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree		Mean	Std Dev.	
14. I will never leave my current organization even if I get a more promising job with better work environment.	Count	41	37	16	9	9	16.1%	2.18	1.24	0.901
	%	36.6%	33.0%	14.3%	8.0%	8.0%				
16. I perceive my promotion and grade as fair.	Count	17	19	46	23	6	26.1%	2.84	1.09	0.888
	%	15.3%	17.1%	41.4%	20.7%	5.4%				
17. I will never leave my current organization for other organizations where I might get promotional and learning opportunities.	Count	44	34	17	10	6	14.4%	2.10	1.18	0.686
	%	39.6%	30.6%	15.3%	9.0%	5.4%				
Cronbach's Alpha								0.773		

The minority of respondents ( 26.1%) of the respondents were pleased with their promotion and grade after the appraisal system and only 14.4% indicated that they will never leave their current organization for other organizations where they might get promotional and learning opportunities with 39.6% strongly disagreeing and 30.6% disagreeing. The three items that make up the construct of Appraisal and Loyalty have high internal consistency (Cronbach's Alpha statistic=0.773) hence high reliability as a measure of the intended construct.

#### 4.8 Descriptive statistics for Performance Appraisal Accuracy: Appraisal and skills development

There are however some positive sentiments as far as the role of the performance appraisal system in skills development is concerned. Results in table 4.9 show that 50.9% of the respondents agreed or strongly

agreed that performance evaluation always identifies skilled employees and 65.2% also indicated that performance evaluation serves to enhance job satisfaction.

**Table 4.9: Descriptive statistics of Appraisal and Loyalty.**

Performance Appraisal Accuracy: Appraisal and skills development		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree+ Strongly	Mean	Std Dev.	
11. Performance evaluation always identifies the skilled employees?	Count	8	26	21	42	15	50.9%	3.27	1.17	0.760
	%	7.1%	23.2%	18.8%	37.5%	13.4%				
13. Performance evaluation serves to enhance job satisfaction?	Count	5	8	26	55	18	65.2%	3.65	0.98	0.760
	%	4.5%	7.1%	23.2%	49.1%	16.1%				
15. My organization runs on-the-job training programs for employees.	Count	10	21	22	43	15	52.3%	3.29	1.19	0.734
	%	9.0%	18.9%	19.8%	38.7%	13.5%				
Cronbach's Alpha								0.610		

Another 52.3% indicated that their organization runs on-the-job training programs for employees. It is clear that the role of the performance appraisal system in skills development is better received by the employees than the other aspects of the system.

#### 4.9 Descriptive statistics for Performance Appraisal Accuracy: Appraisal frequency

The results in table 4.10 show varied views on how often the appraisals should be carried out. While 42.3% believe that appraisals should be conducted on a quarterly basis 34.2% think they should be done once every year with 13.5% indicating that they would rather have them quarterly and 9.9% want them monthly.

**Table 4.10: Frequency distribution of Appraisal frequency**

10. In your opinion Performance evaluation should be conducted after how much time duration?		
Response	n	%
Once a year	38	34.2%
Semi annually	15	13.5%
Quarterly	47	42.3%
Monthly	11	9.9%

#### 4.10 Performance Appraiser's Competence

There are 11 questions that address issues of Performance Appraiser's competence. These will be discussed after the determination of whether there are any underlying sub-factors under this topic.

Exploratory factor analysis was carried out to determine the number of sub-factors into which the 11 questions could be subdivided.

#### 4.10.1 Exploratory factor analysis for Performance Appraiser’s Competence

Exploratory factor analysis results for the construct of Performance Appraiser’s Competence came up with two sub-constructs that are shown in Table 4.11 below. The suggested names for the two sub-constructs (or sub-factors) are: The Appraisal system with high internal consistency (6 items, Cronbach’s Alpha=0.924) and Appraiser's Conduct with high internal consistency (5 items, Cronbach’s Alpha=0.861).

**Table 4.11: Exploratory factor analysis of Performance Appraiser’s Competence’.**

Performance Appraiser's Competence	Latent factors extracted	
	Factor 1	Factor 2
24.1.Appraisal techniques at COU have been a move towards greater employee participation	0.694	
24.2.Appraisal systems at COU are more results-oriented	0.774	
24.3.Appraisals at COU incorporate a wide range of different criteria and approaches to ensure an effective assessment process	0.843	
24.4.The responsibility for managing the entire appraisal process at COU has moved closer to the employees being evaluated	0.855	
24.5.Appraisees at COU have greater acceptance of the appraisal process, and feel more satisfied with it Supervisors at COU apply different standards with different employees which results in inconsistent, unreliable and invalid evaluations	0.812	
24.6.Performance appraisal systems at COU are not consistently effective	0.732	
19. The appraisers have thorough knowledge of the appraisal system.		0.617
20. The appraisers conduct themselves in the professional manner without favoritism.		0.700
21.The appraisers are fair in their comments		0.718
22. I have sense of worthwhile accomplishment in my work.		0.745
23. I do get the chance to make decisions on the performance of my job role.		0.769
Cronbach’s Alpha	<b>0.924</b>	<b>0.861</b>
Suggested Construct (factor) name	The Appraisal system	Appraiser's Conduct

#### 4.10.2 Descriptive statistics for Appraiser's Competence: Appraiser's Conduct

This construct of Appraiser’s conduct has 5 questionnaire items with the first three addressing the conduct of the appraiser and the other two addressing the respondent’s feelings with regard to job satisfaction and self-sense accomplishment. According to the results presented in table 4.12, there seems to be very low approval of the appraiser’s conduct as only 38.7% agreed or strongly agreed that the appraisers have thorough knowledge of the appraisal system, 35.1% agreed or strongly agreed that the appraisers conduct

themselves in a professional manner without favoritism and 36.0% indicated that the appraisers are fair in their comments. These are low approval ratings of the conduct of the appraisers with most of the respondents preferring to be neutral on these issues.

**Table 4.12: Descriptive statistics of Appraiser’s Conduct.**

Appraiser's Competence: Appraiser's Conduct		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree+ Strongly	Mean	Std Dev.	
19. The appraisers have thorough knowledge of the appraisal system.	Count %	12 10.8%	17 15.3%	39 35.1%	36 32.4%	7 6.3%	38.7%	3.08	1.08	0.916
20. The appraisers conduct themselves in the professional manner without favoritism.	Count %	10 9.0%	17 15.3%	45 40.5%	33 29.7%	6 5.4%	35.1%	3.07	1.02	0.907
21. The appraisers are fair in their comments	Count %	12 10.8%	12 10.8%	47 42.3%	33 29.7%	7 6.3%	36.0%	3.10	1.04	0.855
22. I have sense of worthwhile accomplishment in my work.	Count %	4 3.6%	9 8.1%	26 23.4%	53 47.7%	19 17.1%	64.9%	3.67	0.98	0.689
23. I do get the chance to make decisions on the performance of my job role.	Count %	8 7.2%	14 12.6%	34 30.6%	39 35.1%	16 14.4%	49.5%	3.37	1.10	0.634
Cronbach's Alpha								0.861		

However, most of the respondents felt that they had a sense of worthwhile accomplishment in their work (64.9%) and 49.5% felt that they do get the chance to make decisions on the performance of their job roles.

#### 4.10.3 Descriptive statistics for Appraiser's Competence: The Appraisal system

The evaluation of the appraisal system comprises of six questionnaire items which are summarized in Table 4.13 below. The results indicate the same pattern of low approval rating as with the other sections already discussed. Only 42.3% of the respondents were of the firm opinion that appraisal techniques at COU have been a move towards greater employee participation, only 38.9% believe that the appraisal systems at COU are more results-oriented and only 40.0% think that the appraisals at COU incorporate a wide range of different criteria and approaches to ensure an effective process.

**Table 4.13: Descriptive statistics of the Appraisal System.**

Appraiser's Competence: The Appraisal system		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree+ Strongly Agree	Mean	Std Dev.	
24.1.Appraisal techniques at COU have been a move towards greater employee participation	Count %	13 11.7%	24 21.6%	27 24.3%	36 32.4%	11 9.9%	42.3%	3.07	1.19	0.900
24.2.Appraisal systems at COU are more results-oriented	Count %	13 12.0%	15 13.9%	38 35.2%	29 26.9%	13 12.0%	38.9%	3.13	1.17	0.895
24.3.Appraisals at COU incorporate a wide range of different criteria and approaches to ensure an effective assessment process	Count %	15 13.6%	13 11.8%	38 34.5%	35 31.8%	9 8.2%	40.0%	3.09	1.15	0.891
24.4.The responsibility for managing the entire appraisal process at COU has moved closer to the employees being evaluated	Count %	13 11.8%	18 16.4%	40 36.4%	28 25.5%	11 10.0%	35.5%	3.05	1.14	0.872
24.5.Appraisees at COU have greater acceptance of the appraisal process, and feel more satisfied with it Supervisors at COU apply different standards with different employees which results in inconsistent, unreliable and invalid evaluations	Count %	14 12.7%	13 11.8%	54 49.1%	17 15.5%	12 10.9%	26.4%	3.00	1.11	0.869
24.6.Performance appraisal systems at COU are not consistently effective	Count %	11 10.4%	12 11.3%	40 37.7%	31 29.2%	12 11.3%	40.6%	3.20	1.12	0.672
		Cronbach's Alpha						0.924		

Only 35.5% of the respondents believe that the responsibility for managing the entire appraisal process at COU has moved closer to the employees being evaluated while only 26.4% indicated that appraisees at COU have greater acceptance of the appraisal process, and feel more satisfied with it and 40.6% believe that the performance appraisal systems at COU are not consistently effective with 37.7% remaining neutral.

**4.11 Impact on Employee Morale**

The construct of the impact of the appraisal system on employee morale has five questionnaire items that had different scales hence with similar scales are summarized together while those with individual scales are summarized on their own.

Results in table 4.14 show that morale of staff at COU is low as only 46.3% rated it as good or excellent. Only 29.6% indicated they would rate the COU attempts to involve all employees in decision making as good or excellent with 33.3% opting to be neutral, 25.9% rated it as poor and 11.1% rated it as very poor.

**Table 4.14: Descriptive statistics of the Impact of the Appraisal System on Employee Morale.**

Impact on Employee Morale		Frequency Distribution						Descriptive	
		Very poor	Poor	Neutral	Good	Excellent	Good + excellent	Mean	Std Dev.
26. How would you rate the staff morale level at the COU?	Count	11	25	22	36	14	46.3%	3.17	1.23
	%	10.2%	23.1%	20.4%	33.3%	13.0%			
29. Overall, how would you rate the COU attempts to involve all employees in decision making?	Count	12	28	36	28	4	29.6%	2.85	1.05
	%	11.1%	25.9%	33.3%	25.9%	3.7%			
30. How would you rate the COU management's attention to staff needs?	Count	16	32	28	24	8	29.6%	2.78	1.17
	%	14.8%	29.6%	25.9%	22.2%	7.4%			

There also seems to be low attention to staff needs by management as shown by only 29.6% who indicated that it was good or excellent with 25.9% opting to be neutral and 29.6% indicating that it was poor and 14.8% indicating that it was very poor.

Results in table 4.15 show that in general most of the employees are satisfied working for the COU as shown by 51.8% who indicated that they were somewhat satisfied or extremely satisfied. Although 27.8% were neutral there only 13.0% who were dissatisfied with 6.5% being very dissatisfied and only 0.9% extremely dissatisfied.

**Table 4.15: Descriptive statistics of overall satisfaction working at COU.**

27. Overall, how satisfied are you working for the COU?		
Response	n	%
Extremely dissatisfied	1	0.9%
Very dissatisfied	7	6.5%
Somewhat dissatisfied	14	13.0%
Neutral	30	27.8%
Somewhat satisfied	43	39.8%
Extremely satisfied	13	12.0%
Somewhat satisfied + Extremely satisfied	56	51.8%
Descriptive	Mean	4.35
	Std Dev	1.11

Results in table 4.16 show that very few of the respondents were happy with the implementation of the appraisal system as 26.9% agreed or strongly agreed with 51.9% opting to be neutral, 16.7% disagreed and 4.6% strongly disagreed.

**Table 4.16: Descriptive statistics of employee happiness with the appraisal system.**

<b>28. Are most staff happy with the implementation of the system?</b>		
<b>Response</b>	<b>n</b>	<b>%</b>
Strongly disagree	5	4.6%
Disagree	18	16.7%
Neutral	56	51.9%
Agree	22	20.4%
Strongly Agree	7	6.5%
Agree + Strongly Agree	29	26.9%
<b>Descriptive</b>	Mean	3.07
	Std Dev	0.90

#### **4.8 Impact of the performance appraisal system on the employee’s morale and job satisfaction at the City of uMhlathuze**

The impact of the performance appraisal system on the employee’s morale and job satisfaction at the City of uMhlathuze can be measured by cross-relating the variables that address the two aspects by relevant statistical methods. In this case the performance appraisal system is measured by the variables of Section B of the questionnaire which are discussed in Section 4.2 above. Performance appraisal accuracy is measured by questionnaire items in Section C of the questionnaire which are discussed in Section 4.3 above. Employee morale was measured by questions in Section E of the questionnaire which are summarized in Section 4.5 above. These three groups of variables as summarized by the constructs developed above will be analyzed using correlation and regression analysis.

##### **4.8.1 Correlation analysis of the relationship between the performance appraisal system and the employee’s morale and job satisfaction**

Additionally, results in **table 4.17** Below show that there is significant correlation between performance appraisal methods and employee morale. The performance appraisal’s Fairness and Purpose is significantly correlated with employee morale (correlation=0.603, p-value<0.001). The performance appraisal’s Employee Focus is significantly correlated with employee morale (correlation=0.573, p-value<0.001).

The results in table 4.17 also show that Performance Appraisal Accuracy is significantly correlated with employee morale. The Performance Appraisal’s Accuracy in Performance enhancement is significantly correlated with employee morale (correlation=0.571, p-value<0.001). The Performance Appraisal’s Accuracy loyalty aspects are significantly correlated with employee morale (correlation=0.627, p-value<0.001). The Performance Appraisal’s Accuracy and skills development is significantly correlated with employee morale (correlation=0.450, p-value<0.001). However, Performance Appraisal’s frequency is not significantly correlated with employee morale (correlation=0.061, p-value=0.539). The only variable that does not seem to relate to any other variable, including employee morale, is Performance Appraisal frequency (all p-values>0.05).

**Table 4.17: Correlations between the performance appraisal system, its accuracy and employee morale.**

Pearson Correlations			Performance Appraisal Methods		Performance Appraisal Accuracy			
			Fairness and Purpose	Employee Focused Appraisal	Appraisal and Performance enhancement	Appraisal and Loyalty	Appraisal and skills development	Appraisal frequency
Performance Appraisal Methods	Fairness and Purpose	Correlation						
		p-value	-					
		N						
	Employee Focused Appraisal	Correlation	0.624**					
		p-value	<0.001	-				
		N	101					
Performance Appraisal Accuracy	Appraisal and Performance enhancement	Correlation	0.587**	0.888**				
		p-value	<0.001	<0.001	-			
		N	105	99				
	Appraisal and Loyalty	Correlation	0.472**	0.438**	0.520**			
		p-value	<0.001	<0.001	<0.001	-		
		N	108	102	107			
	Appraisal and skills development	Correlation	0.480**	0.634**	0.617**	0.420**		
		p-value	<0.001	<0.001	<0.001	<0.001	-	
		N	108	102	107	111		
	Appraisal frequency	Correlation	0.088	-0.055	-0.055	-0.083	-0.059	
		p-value	0.365	0.581	0.576	0.390	0.543	-
		N	108	102	107	110	110	
Employee Morale	Impact on Employee Morale	Correlation	0.603**	0.573**	0.571**	0.627**	0.450**	0.061
		p-value	<0.001	<0.001	<0.001	<0.001	<0.001	0.539
		N	102	97	102	104	104	104

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

**4.8.2 Regression analysis of the relationship between the performance appraisal system and employee’s morale and job satisfaction**

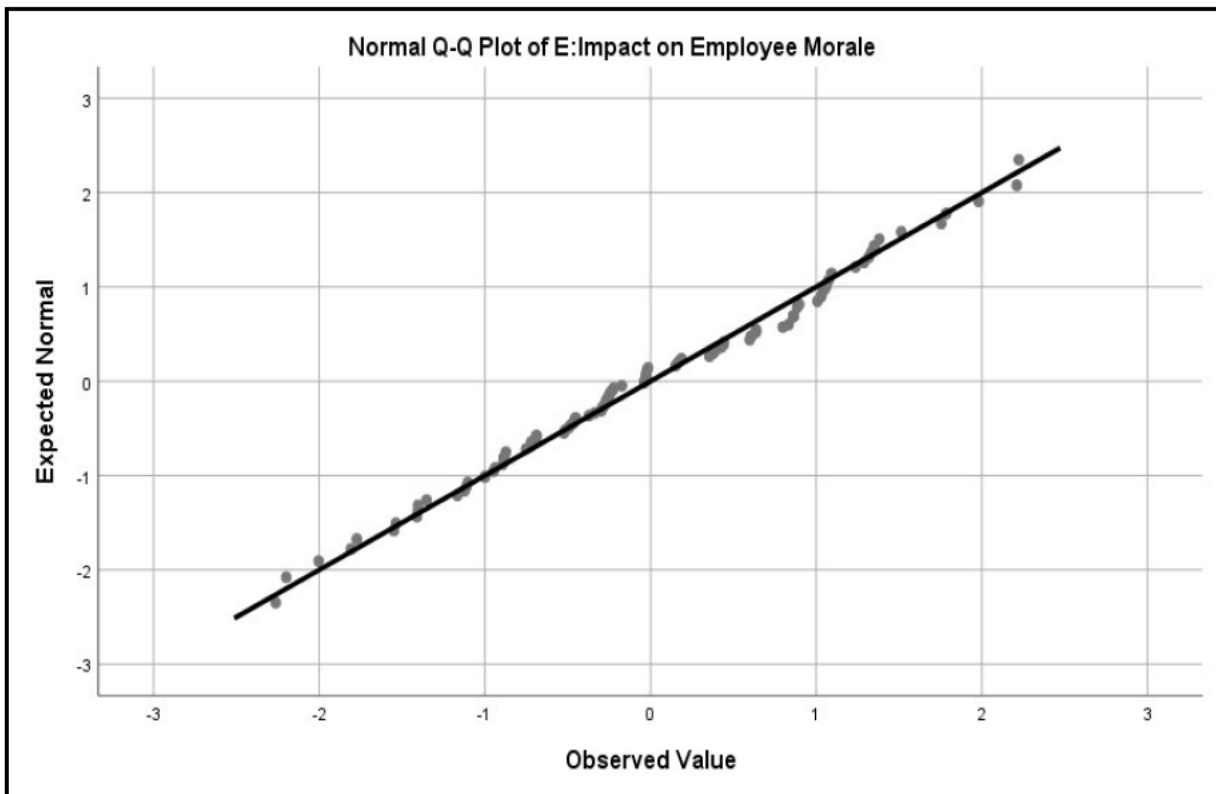
Before regression analysis can be carried out normality tests on the response variable (employee morale) need to be carried out to ascertain model validity. After normality is ascertained a regression model can then be fitted to the data and relevant relationships between variables investigated. The results are reported in **Table 4.18**.

The normality tests for employee morale presented in table 4.18 below show that there is no significant departure from normality on the variable employee morale (Kolmogorov-Smirnov statistic=0.074, do=105, p-value=0.191 and Shapiro-Wilk statistic=0.988, df=105, p-value=0.465).

**Table 4.18: Normality tests results for employee morale.**

	Tests of Normality					
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Employee Morale	0.074	105	0.191	0.988	105	0.465
a. Lilliefors Significance Correction						

In **Figure 4.5**, the Q-Q plot for employee morale also show a straight line between observed and expected normal scores hence confirming normality of the variable employee morale. This means that a regression model can now be fitted to the data since no normality assumptions are violated.



**Figure 4.1. Q-Q plot for employee morale.**

### 4.8.3 Regression of employee’s morale on the performance appraisal system

The regression results presented in table 4.19 shows that when all the independent variables are considered together employee morale is significantly impacted on by Appraisal Fairness and Purpose (coefficient=0.289,  $t=3.204$ ,  $p\text{-value}=0.002$ ) and Appraisal and Loyalty (coefficient=0.427,  $t=3.204$ ,  $p\text{-value}<0.001$ ). This means that when all independent variables are considered together these two significant variables have significant impact on morale and overshadow the other variables.

**Table 4.19 Regression of employee’s morale on the performance appraisal system**

Dependent Variable: Employee Morale	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.006	0.176		-0.035	0.972
B1:Performance Appraisal Methods/Morale: Fairness and Purpose	0.289	0.090	0.293	3.204	0.002
B2:Performance Appraisal Methods/Morale: Employee Focused Appraisal	-0.003	0.163	-0.003	-0.019	0.985
C1: Performance Appraisal Accuracy: Appraisal and Performance enhancement	0.233	0.158	0.226	1.469	0.146
C2: Performance Appraisal Accuracy: Appraisal and Loyalty	0.427	0.086	0.407	4.953	<0.001
C3: Performance Appraisal Accuracy: Appraisal and skills development	0.031	0.091	0.030	0.336	0.738
C4: Performance Appraisal Accuracy: Appraisal frequency	0.020	0.070	0.020	0.280	0.780
<b>Coefficient of Determination=0.575</b>					

**4.9 Impact of the Appraisers’ Competence on the employee’s morale at the City of uMhlathuze**

The impact of the appraiser’s competence on employee’s morale at the City of uMhlathuze can be measured by correlating the variables that address the two aspects. Appraiser’s competence is measured the variables of Section D of the questionnaire which are discussed in Section 4.4 above. Employee Morale has already been discussed in Section 4.6 above.

**4.9.1 Correlation analysis of the relationship between the appraiser’s competence and employee’s morale and job satisfaction**

The results in table 4.20 show that there is significant correlation between the appraiser’s competence, as far as his conduct is concerned, and employee morale (correlation=0.592, p-value<0.001). Furthermore, there is significant correlation between appraiser’s competence, as far as his use of the appraisal system is concerned, and employee morale (correlation=0.542, p-value<0.001). The Performance Appraisal’s Accuracy in Performance enhancement is significantly correlated with employee morale (correlation=0.571, p-value<0.001). The Performance appraisal’s accuracy loyalty aspects are significantly correlated with employee morale (correlation=0.627, p-value<0.001). The Performance appraisal’s accuracy and skills development is significantly correlated with employee morale (correlation=0.450, p-value<0.001). However, Performance Appraisal’s frequency is not significantly correlated with employee morale (correlation=0.061, p-value=0.539).

**Table 0.1: Correlations between the appraiser’s competence and employee morale.**

Pearson Correlations			Appraiser's Competence:	
			Appraiser's Conduct	The Appraisal System
Appraiser's Competence:	Appraiser's Conduct	Correlation		
		p-value	-	
		N		
	The Appraisal System	Correlation	0.736**	
		p-value	<0.001	-
		N	105	
Employee Morale		Correlation	0.592**	0.542**
		p-value	<0.001	<0.001
		N	105	99
**. Correlation is significant at the 0.01 level (2-tailed).				

**4.9.2 Regression of employee’s morale on the appraiser’s competence**

The regression results presented in Table 4.21 show that employee morale is significantly impacted on by Appraiser’s competence as far as his conduct is concerned (coefficient=0.400, t=3.470, p-value=0.001) and Appraiser’s competency with the appraisal system (coefficient=0.264, t=2.277, p-value=0.025). All aspects of the appraiser’s competence thus have a significant bearing on employee morale.

**Table 0.1: Regression of employee’s morale on the appraiser’s competence.**

Dependent Variable: Employee Morale	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	0.019	0.080		0.242	0.809
D1: Appraiser's Competence: Appraiser's Conduct	0.400	0.115	0.397	3.470	0.001
D2: Appraiser's Competence: The Appraisal System	0.264	0.116	0.261	2.277	0.025
<b>Coefficient of Determination=0.373</b>					

**4.10 Discussion and conclusion**

This chapter discussed descriptive and inferential statistics which were used to analyze the data. The chapter applied different statistical and graphical ways of presenting data. Every analysis was interpreted. The analysis would aid the process of concluding the study while reflecting on the research questions and objectives formulated in chapter one. According to exploratory factor analysis results it was determined that performance appraisal methods full into this mains groups, that is, employees focused on appraisal and , fairness and purpose focused appraisal. Generally, the percentages of respondents agreeing or strongly agreeing to points about appraisal matters were low indicating that the appraisal system might not be properly structured or executed. It does need improvement and possibly a review. Employees morals is significantly correlated to all aspect of the appraisal system except appraisal frequency

## CHAPTER FIVE

### 5. CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The previous chapter reported data analysis and interpretation, the purpose of this chapter is to conclude this dissertation and further make recommendations regarding the research problem on the impact of performance management appraisal on the employee's morale and job satisfaction in the City of uMhlathuze. The chapter will also answer the formulated research questions in chapter one. Conclusions would either be accepted or rejected based on the analysis of the questionnaire. Recommendations for further research is presented.

The problem statement for this study is to determine the influence of performance appraisal on employee morale and job satisfaction at the City of uMhlathuze..

#### Formulated research questions:

- How is the Performance Management Appraisal system implemented at the City of uMhlathuze?
- What impact does performance appraisal system have to the employee's morale and job satisfaction at City of uMhlathuze?
- How appraisers' competence affect employee's morale at City of uMhlathuze?

#### Formulated research objectives:

- To investigate the implementation of the Performance Management Appraisal System at City of uMhlathuze.
- To identify the impact of the Performance Management Appraisal System to the employee's morale and job satisfaction at City of uMhlathuze
- To determine if the appraisers' competence does affect employee's Morale at City of uMhlathuze
- To provide management with recommendations of the study for consideration and informed decision making.

#### 5.2 Testing the research questions

##### 5.2.1 How is the Performance Management Appraisal system implemented at the City of uMhlathuze?

Performance appraisal forms part of every organization and it forms part of performance management. Organizations have been using performance appraisal technique over time to establish employee's performance. In the 21st century, performance appraisal has been extended beyond rating employee's

performance to motivation through an incentive programme (Ayomikum, 2017; Emmerik, Schreurs, Cuyper and Peters, 2012). In turn, motivated employees benefit organization as it increases productivity; in this instance increased productivity means or translates into increased service delivery. The study therefore aimed at describing how the performance management appraisal system is being implemented at the City of uMhlathuze. The study could confirm that COU indeed implements the performance appraisal by incentivizing employees with promotions- 40.4% of participants, with a mean of 3.08 of respondents agreed that performance evaluation serves in the promotion process.

Moreover, 27.9% of participants agreed that the performance appraisal system functions fairly. However, 28.8% in majority were neutral or undecided in responding to this question. Moreover, the findings point to the conclusion that the appraisal system of COU is functional and beneficial as recognized by employees. In the majority, participants have indicated that they would consider the appraisal system to a friend to apply for a job at the organization. With the mean of 3.15, the performance appraisal of COU includes peer review which focuses on the creation of a positive future plan rather than on a critical review of past performance. Moreover, with the mean of 3.21, performance appraisal system also manifests in that the competence assessment and development of COU focuses on the employee's competence and developmental needs.

Furthermore, with the mean of 3.17, the 360-degree appraisal method of COU gives employees a chance to know how they are seen or perceived by their peers. Lastly, with the mean of 3.21, the system at COU emphasizes that management objectives are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization. In addition, with means of 3.07 and 26.9% (strongly agree + agree), the staff indicated satisfaction with the entire appraisal system implemented at COU.

### **5.2.2 What impact does performance appraisal system have to the employee's morale and job satisfaction at City of uMhlathuze?**

Performance appraisal is considered a motivational tool as studies strongly suggest that the system can be used and optimized to enhance motivation by uplifting employee morale and job satisfaction in the organization (Chen & Eldridge, 2010; Appelbaum Roy & Gilliland, 2011). The connection or association that exist between employee motivation and performance evaluation has been widely researched, and has proved that a win-lose situation is obtainable as against the win-win situation that performance evaluation promotes (Rowland & Hall, 2012). In spite of challenges in approaches to performance appraisal, the literature clearly indicates that performance appraisal could be more beneficial to the organization if implemented correctly (Tuytens & Devos, 2012). The researcher was therefore determined to establish the impact of performance appraisal system on employee's morale and job satisfaction. The study could

therefore attest that there is a positive correlation between performance appraisal system on the employee's morale and job satisfaction. Analysis of the study indicates that there is significant correlation between performance appraisal methods with employee morale.

The performance appraisal's fairness and purpose is significantly correlated with employee morale as per table 4.17 (correlation=0.603, p-value<0.001). The performance appraisal's Employee Focus is significantly correlated with employee morale (correlation=0.573, p-value<0.001). Moreover, the results indicate that performance appraisal accuracy is significantly correlated with employee morale. The Performance Appraisal's Accuracy in Performance enhancement is significantly correlated with employee morale (correlation=0.571, p-value<0.001). The Performance appraisal's accuracy loyalty aspects are significantly correlated with employee morale (correlation=0.627, p-value<0.001). The Performance appraisal's accuracy and skills development is significantly correlated with employee morale (correlation=0.450, p-value<0.001). However, Performance Appraisal's frequency is not significantly correlated with employee morale (correlation=0.061, p-value=0.539).

## **6 How does appraisers' competence affect employee Morale at City of uMhlathuze?**

The performance appraisal process has to be as objective as possible so that employees do not deem it unfair and demotivating. According to management by objectives, the appraisers 'competence could either motivate or demotivate employees (Ayomikun, 2007). Literature further indicates that unfair practice in the performance appraisal system could lead to court cases and reputational damage. This study therefore intended to evaluate how appraiser's competence affects employee Morale at City of uMhlathuze. In terms of correlation analysis of the relationship between the appraiser's competence and employee's morale and job satisfaction, the study could attest that there is significant correlation between the appraiser's competence, as far as his/her conduct is concerned, and employee morale (correlation=0.592, p-value<0.001). Furthermore, there is significance correlation between appraiser's competence, as far as his use of the appraisal system is concerned, and employee morale (correlation=0.542, p-value<0.001). This simply means poor competence of appraiser could potentially affect the morale of employees. It is therefore significant for appraisers to be objective and competent enough to administer performance appraisal.

## 5.2 Conclusions

In conclusion, the study has investigated the impact of performance appraisal on employee morale and job satisfaction. The study has shown that employee's morale and job satisfaction is significantly impacted on by the way the appraisal system is run, both from the conduct of the appraiser and the way the system is structured. The appraisal system's fairness and purpose, employee focus, performance enhancement, loyalty enhancement and skills development aspects were found to impact positively on employee morale. The only aspect of the appraisal system that was found not to have any bearing on employee morale was appraisal frequency. Generally, it was found that most of the employees of COU were not happy with the way the system is implemented. This means that if improvements are made in the implementation of the system, then the positive outcomes in the form of employee morale and job satisfaction will be realized. The positive relationship between good implementation of the system and the morale cannot be overstated and a fair implementation will be expected to yield positive results. This relationship is also confirmed by other studies on the relationship between performance appraisal and morale (Gardner, 2008; Shields, 2007; Armstrong, 2009; Choon and Embi, 2012; Sillup & Klimberg, 2010 ; Deci The Performance Appraisal's Accuracy in Performance enhancement is significantly correlated with employee morale (correlation=0.571, p-value<0.001).

The Performance appraisal's accuracy loyalty aspects are significantly correlated with employee morale (correlation=0.627, p-value<0.001). The Performance appraisal's accuracy and skills development is significantly correlated with employee morale (correlation=0.450, p-value<0.001). However, Performance Appraisal's frequency is not significantly correlated with employee morale (correlation=0.061, p-value=0.539).

Ryan, 2008) Moreover, the study concludes that appraiser's competence has impact on the employee's morale. This means the appraiser's competence can either motivate or demotivate the employees. It is therefore crucial for proper training to be offered to appraisers before undertaking employee assessments.

Having a functioning performance appraisal system ensures that employees who become more productive should be rewarded, whilst those who fail to improve should be corrected or disciplined. This paper is aimed at developing a technique that can help in determining the impact of a specific evaluator's rating could have on the evaluation of the performance of a particular employee, given that the assessment of must be conducted by an evaluator and that the rating is based on subjective criteria. Precisely, a linear mixed modeling technique was applied to data obtained from a South African company that has 214 workers and where performance evaluation is consistently run on annual basis. It is one of the conclusions of this study that there is an important aspect of rater's effect that should be properly considered when employees are rewarded for effective and efficient performance. It will be impossible for any incentive or benefit scheme (be it related to reward or correction) to successfully result to workers' performance improvement unless this adjustment is fully effected.

### **5.3 Recommendations for Future Research**

The following recommendations are formulated based on data gathered, methods and techniques applied. The study highlighted researchable areas which could provide a basis for future research.

- Similar studies need to be conducted, with the focus on other or different context. For example, a different study looking at non-governmental organizational could usher in different results.
- A study with more balanced demographics could also come to a different conclusion. The majority of employees in this study were females.
- A study with mixed methods or other methods, other than those used on this study, could come to a different conclusion. In fact, more narrated responses could provide underpinning reasons for dissatisfaction identified in this study.
- As much as the study confirmed implementation of performance appraisal by incentivizing employees with promotions and other rewards, more has to be done to improve how the system functions in terms of fairness. The fact that a majority of participants were neutral about fairness of performance appraisal should be treated with caution. This could be indicative of unfair practice or perceived unfairness
- The study further recommends that both employees and supervisors or managers undergo training on performance appraisal. This will build knowledge on how the system functions.

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## 7 Annexure A: Research Questionnaire

### QUESTIONNAIRE

The questions have been divided into 2 sections based on the objectives of the study Section A asks questions on general information about the employees. Section B is based on the research objectives. Please tick the appropriate box that corresponds to your answer.

#### **SECTION A: PERSONAL INFORMATION**

##### **1. What is your gender?**

- 1) Male
- 2) Female

##### **2. How old are u?**

- 1) Below 30 yrs
- 2) 30- 39 yrs
- 3) 40- 50 yrs
- 4) 51-60 yrs

##### **3. What is your marital status?**

- 1) Married
- 2) Single
- 3) Separated
- 4) Divorced
- 5) Widowed

##### **4. How long have you worked with your current organization?**

- 1) Below 5yrs
- 2) 6-10 yrs
- 3) 11-15yrs
- 4) 16-20yrs
- 5) Above 20yrs

##### **5. What is your level of education?**

- 1) Primary
- 2) Secondary
- 3) Diploma
- 4) Bachelors Degree
- 5) Masters Degree and above
- 6) Professional Qualification

**SECTION B: PERFORMANCE APPRAISALS METHODS AND IMPACT ON EMPLOYEE MORALE**

**6. Performance evaluation serves in the promotion process ?**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**7. The performance appraisal system function fairly?**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**8. Considering the appraisal system would you refer a friend to apply for a job at this company?**

- 1) Definitely Not
- 2) Probably Not
- 3) Not sure
- 4) Probably Yes
- 5) Definitely Yes

**9. Kindly rate the following statements on the methods of appraisal at COU using the key: 1= Strongly Disagree, 2 =Disagree, 3 =Neutral, 4=Agree, and 5=Strongly Agree.**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>9.1</b> COU employs different approaches of performance appraisal to ensure that they get maximum value from the appraisal processes					
<b>9.2</b> The focus of our appraisals are primarily on the needs of the employees and generalized needs of the organization					
<b>9.3</b> Our appraisals concentrate on helping employees make sense of their practice and experience					
<b>9.4</b> Our peer review focuses on the creation of a positive future plan rather than on a critical review of past performance					
<b>9.5</b> Our competence assessment and development focuses on the appraisees' competence and development needs					
<b>9.6</b> Our 360-degree appraisal method gives employees a chance to know how they are seen by their peers					
<b>9.7</b> Our management objectives are aimed at increasing organizational performance through the alignment of goals and subordinate objectives in the organization					

## **SECTION C: PERFORMANCE APPRAISAL ACCURACY**

**10. In your opinion Performance evaluation should be conducted after how much time Duration?**

- 1) Once a year
- 2) Semi annually
- 3) Quarterly
- 4) Monthly

**11. Performance evaluation always identifies the skilled employees?**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**12. You always get feedback of your evaluation on time?**

- 1) Strongly Disagree
- 2) Desagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**13. Performance evaluation serves to enhance job satisfaction?**

- 1) Strongly Disagree
- 2) Desagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**14. I will never leave my current organization even if I get a more promising job with better work environment.**

- 1) Strongly Disagree
- 2) Desagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**15. My organization runs on-the-job training programs for employees.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**16. I perceive my promotion and grade as fair.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**17. I will never leave my current organization for other organizations where I might get promotional and learning opportunities.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**18. Kindly rate the following statements on the role of employees in appraisal at COU using the key: 1= Strongly Disagree, 2 =Disagree, 3 =Neutral, 4=Agree, and 5=Strongly Agree.**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>18.1</b> Our appraisals serves the role of facilitating an orderly means of determining rewards					
<b>18.2</b> Our appraisal system supplies data to managers and appraises about individual strengths and weaknesses					
<b>18.3</b> The motivational role of our appraisals entails creating a learning experience that motivates workers to improve their performance					
<b>18.4</b> Appraises at COU discover what is expected of them and are able to set personal goals					
<b>18.5</b> Our appraisals create a constructive forum for providing feedback to other employees about their individual behavior					
<b>18.6</b> Appraisees at COU are given assistance in creating plans to improve their behaviour.					
<b>18.7</b> Objectives of appraisal at COU include effect promotions and transfers, assessing training eds awarding rewards					

## **SECTION D) APPRAISER'S COMPETENCE AND IMPACT**

**19. The appraisers have thorough knowledge of the appraisal system.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**20. The appraisers conduct themselves in the professional manner without favouritism.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**21. The appraisers are fair in their comments**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**22. I have sense of worthwhile accomplishment in my work.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**23. I do get the chance to make decisions on the performance of my job role.**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

24. Kindly rate the following statements on impact of the appraiser's competence on employee morale at COU using the key: 1= Strongly Disagree, 2 =Disagree, 3 =Neutral, 4=Agree, and 5=Strongly Agree.

	1	2	3	4	5
16.1 Appraisal techniques at COU have been a move towards greater employee participation					
16.2 Appraisal systems at COU are more results-oriented					
16.3 Appraisals at COU incorporate a wide range of different criteria and approaches to ensure an effective assessment process					
16.4 The responsibility for managing the entire appraisal process at COU has moved closer to the employees being evaluated					
16.5 Appraisees at COU have greater acceptance of the appraisal process and feel more satisfied with it Supervisors at COU apply different standards with different employees which results in inconsistent, unreliable and invalid evaluations					
16.6 Performance appraisal systems at COU are not consistently effective					

25. Any Other Comments

.....

.....

.....

.....

**SECTION E) IMPACT ON EMPLOYEE MORALE**

26. How would you rate the staff morale level at the COU?

- 1) Very Poor
- 2) Poor
- 3) Neutral
- 4) Good
- 5) Excellent

27. Overall, how satisfied are you working for the COU?

- 1) Extremely Dissatisfied
- 2) Very Dissatisfied
- 3) Somewhat Dissatisfied
- 4) Neutral
- 5) Somewhat Satisfied
- 6) Extremely Satisfied

**28. Are most staff happy with the implementation of the system?**

- 1) Strongly Disagree
- 2) Disagree
- 3) Neutral
- 4) Agree
- 5) Strongly Agree

**29. Overall, how would you rate the COU attempts to involve all employees in decision making?.**

- 1) Very Poor
- 2) Poor
- 3) Neural
- 4) Good
- 5) Excellent

**30. How would you rate the COU management's attention to staff needs?.**

- 1) Very Poor
- 2) Poor
- 3) Neural
- 4) Good
- 5) Excellent

**THANK YOU.**

8 Annexure B: Gatekeeper's Letter



Your ref:  
Contact: V SINGH

Our file ref:  
In response to DMS No:  
Date: 10 April 2017

ATTENTION: Mr PS Khuzwayo (Student number: 216071583)  
University of KwaZulu-Natal (Westville)

Dear Madam,

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH**

Your letter dated 10 April 2017 that was sent to the Municipality requesting permission from Council to conduct your research has reference.

You are hereby granted permission to conduct your research within the City of uMhlathuze. In order to ensure that your study can also be used to improve the City of uMhlathuze overall, you may be requested to do a presentation for Council's Management Team on your findings upon conclusion of your research.

If you require any further information, please contact Mr Vikash Singh (035- 907 5195) and Mr Cedric Koekemoer (035- 907 5406)



... research and await a bound copy of your studies.

... Services

... ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER



3 October 2017

Mr Penuel Siphso Khuzwayo 216071583  
School of Graduate School of Business and Leadership  
Westville Campus

Dear Mr Khuzwayo

Protocol reference number: **HSS/1632/017M**

Project title: **The Impact of performance management appraisal on the Employee's morale and job satisfaction in the city of uMhlatuze**

**Full Approval – Expedited Application**

In response to your application received 7 September 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Y  
[Redacted Signature]

Dr Shenuka Singh (Chair)  
Humanities & Social Sciences Research Ethics Committee

/pm

cc Supervisor: Dr Vuyokazi Mthembu  
cc Academic Leader Research: Dr M Hoque  
cc School Administrator: Mrs Zarlaa Bullyraj

Humanities & Social Sciences Research Ethics Committee

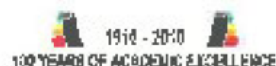
Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag 204001, Durban 4000

Telephone: +27 (0) 31 260 368/369/360/400/ Facsimile: +27 (0) 31 260 4038 Email: [sricta@ukzn.ac.za](mailto:sricta@ukzn.ac.za) / [hrma@ukzn.ac.za](mailto:hrma@ukzn.ac.za) / [ethics@ukzn.ac.za](mailto:ethics@ukzn.ac.za)

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

Annexure D: Confirmation Letter for Language Editing

TO WHOM IT MAY CONCERN

September 19, 2018.

10 Franklin Street Observatory Cape Town 7925.

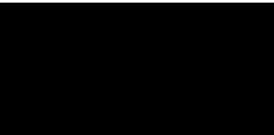
Cell : 0845212626

EMAIL: malcolm.wallis45@gmail.com

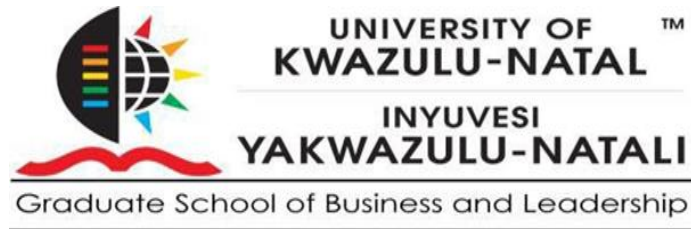
**Mr. Siphon Khuzwayo**

I wish to confirm that I recently undertook the task of language editing the MBA dissertation of Mr. Siphon Khuzwayo. I submitted my editorial corrections to him on September 19. In my view, the corrected version meets the language standards required of a dissertation at this level of study.

Be

Ma  (Professor, Durban University of Technology)

10 Annexure E: Consent Letter



Informed Consent Letter 3C

UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

**MBA Research Project**

**Researcher:** Penuel Sipho Khuzwayo [REDACTED]

**Supervisor:** Dr Vuyokazi Mtembu [REDACTED]

**Research Office:** Mariette Snyman [REDACTED]

I, **Penuel Sipho Khuzwayo** an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled “**The Impact of Performance Management Appraisal on the Employee’s Morale and Job Satisfaction in the City of uMhlatuze**” The aim of this study is to: **To Investigate the impact of Performance Management Appraisal on the Employee’s Morale and Job Satisfaction in the City of uMhlatuze.**

Through your participation I hope to understand **the implementation and the importance of performance appraisal system in the overall organizational performance.** The results of the focus group are intended to contribute to improve and appraise performance, provide mechanisms for learning, growth increase productivity and reinforce accountability for each employee.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **60** minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator’s signature \_\_\_\_\_ Date \_\_\_\_\_

**This page is to be retained by participant**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**MBA Research Project**

**Researcher:** Penuel Sipho Khuzwayo [REDACTED]

**Supervisor:** Dr Vuyokazi Mtembu [REDACTED]

**Research Office:** Mariette Snyman Tel: [REDACTED]

**CONSENT**

I.....(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

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

SIGNATURE OF PARTICIPANT

DATE

.....

**This page is to be retained by researcher**

## 11 Annexure F: Turnitin Report

### MBA DISSERTATION

#### ORIGINALITY REPORT

7%

SIMILARITY INDEX

6%

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2%

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5%

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