

Evaluation of employee performance appraisal process in a South African facility management company

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ABSTRACT

Performance appraisal is one element of the performance management process which involves different measurements throughout the organization. But it is the element that is most important if organisations are to take full advantage of their most important asset – employees. The purpose of this research was to evaluate the employee performance appraisal process in a South African facility management company and to suggest recommendations to management based on the literature review.

The research took the form of a case study with a sample of 20 respondents who participated in individual qualitative structured interviews. Multiple sources of data were used in the data gathering process and triangulation was achieved by analysing the literature, policies and procedure of Company X as well as data gathered from the individual interviews.

The findings of the research revealed that there were numerous gaps in the performance appraisal process, with respondents expressing deep concern on the validity and merits of the current appraisal practices.

The main findings showed that respondents thought there was a lack of objectivity in contracts and poor communication. Furthermore the low emphasis on employee training and appraisers' lack of skills were also raised as issues and concerns on the effectiveness of the appraisal process.

The conclusions of the research have informed the main recommendations, to improve the current process to one that is much more effective and which incorporates more interactive communication and training on a continuous basis for both employees and appraisers.

DECLARATION

I, Seelan Naicker, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Seelan Naicker

Signed at

On this day of 2010

DEDICATION

To my beloved wife Sunitha, and children, Dhivian and Lavanya, who tolerated my regular withdrawals from normal family life throughout my studies and who gave me the faith and belief to pursue the MBA programme.

ACKNOWLEDGEMENTS

I wish to express my indebtedness and appreciation to my wife and children who supported and encouraged me through this journey. Without your understanding and self sacrifice, this journey would have been made more difficult, if not impossible.

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1 INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to evaluate the employee performance appraisal process in a South African facility management company and to recommend changes to management based on the findings of the report.

1.2 Context of the study

The employee appraisal process is one of the most ubiquitous features in organisational structures. It is also one of the most ridiculed. Evidence mounts each year to the effect that these processes are poorly managed, fail to improve organisational performance, demoralise employees and subject the managers who administer them to intolerable levels of stress. One researcher described them as “the annual fiasco” ((Pickett 2003).

Appraisal interviews are governed by some seemingly secure assumptions that research nevertheless suggests may be invalid. For instance, it is assumed that organisations are rational entities with highly reliable administrative systems where there are trained people who are not biased in their assessment of others. Some have even argued that traditional appraisals are so inherently dysfunctional that they need to be abolished altogether (Coens and Jenkins 2000).

‘Performance appraisal’ has been optimistically defined as the process of identifying, observing, measuring and developing human resources in organisations (Cardy and Dobbins 1994). They are often sold as a means of promoting two-way communication between employees and their supervisors, which is assumed to show employees that they are respected and that their opinions count. Feedback is intended to provide

employees with information that will improve their personal performance and effectiveness (Baruch 2004).

Formal performance appraisal, at its best, has therefore been defined as, "A means for managers to identify and reward positive performance, promote a unified focus on the achievement of business goals and provide support for the personal development needs of employees' (Hargie and Dickson 2004). In practice, organisations tend to have a host of other aspirations for their appraisal systems, including differentiating between employees to establish individual remuneration, the identification of training needs, and assessing people's suitability for promotion (Rees and Porter 2004). In fact, this constitutes one of the biggest problems with traditional appraisals as managers tend to use the appraisal meeting to address other employee matters that falls outside the scope of performance appraisal. The range of expectations invested in performance appraisals has caused an imbalance in the organisational structures. For example, it is difficult to convince people that an appraisal interview is primarily developmental in purpose if promotion decisions also depend on the outcome. It is therefore unsurprising that (Rees and Porter 2004) note that "Unfortunately, the available evidence is that most schemes do not work effectively."

The common problems are: a lack of strategic focus; too much subjectivity on the part of appraisers; an insufficient level of skills on the part of managers; an accumulation of power by potential tyrants who relish the opportunity to pass judgment on others, and a tendency to deliver criticisms of poor performance too long after the event to have an appreciable impact on outcomes (Gray 2002).

Traditionally, and in most of the literature, the term 'performance appraisal' has generally come to mean 'the annual interview that takes place between the manager and the employee to discuss the individual's job performance during the previous 12 months and the compilation of action plans to encourage improved performance' (Wilson 2000). The scope of appraisal has developed rapidly. A Superboss report (Freemantle 1994) which surveyed over 120 businesses in the UK, found that 89 per cent had a formal performance appraisal system in place. It has been estimated that over 94 per cent of US companies use some form of formal performance appraisal.

Appraisals have also been widely used in China since the country initiated a programme of economic reform where it is estimated that 74.8 per cent of Chinese firms carry out annual performance appraisals (Easterby-Smith 1995).

This study was performed in a facility management company. Facilities management (FM) is frequently described as an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of an organisation in order to create an environment that strongly supports the primary objectives of that organisation (Nutt 2004).

Facilities Management (FM) embraces both property and maintenance management and has been growing as a business field and also as a scientific discipline, slowly finding and anchoring its position among organisations' business processes (Barton and Hardigree 1995).

According to (Amaratunga 2003) the contribution made by FM will be judged by organisations' stakeholders over a wide range of performance criteria, including the hard metrics of finance and economics. FM is seen to be able to contribute to the performance of an organisation in many ways, including strategy, culture, control of resources, service delivery, supply chain management, and perhaps most importantly, the management of change. Thus it is important to have systems to measure the effect of the FM functions on an organisations core business, together with systems to measure FM's own performance.

1.3 Problem statement

The research problem is to evaluate the employee performance appraisal process in a South African facility management company.

1.4 Significance of the study

It is anticipated that information received from the study would assist management of the organisation to better understand the critical issues relating to performance appraisal and empower them to take corrective action where necessary. The results of the study may also prove significant in altering management perceptions on performance appraisal which is to be managed as a business imperative.

The study will also provide a platform to assist the management of performance in an industry that is constantly changing and where there is a shortage of applicable guidelines and literature.

The study will educate managers and leaders in that it provides a sound base of the concept and process of performance appraisal. This will help them understand the importance of performance appraisal and the impact it has on the overall strategy of the company.

1.5 Delimitations of the study

- The study will be confined to one organisation within the facility management domain and may not be comparable to other companies.
- The study is of a sensitive nature and feedback from within the organisation will be based on the perceptions of the respondents.
- The sample excludes temporary and fixed term employees.
- The sample was confined to one geographical region within the facility management company.

1.6 Definition of terms

Facility Management

Facility management can be defined as the integration and alignment of the non-core services, including those relating to premises, required to operate and maintain a business to fully support the core objectives of the organisation (Mudrak 2004).

Performance Management

Performance management entails planning employee performance, facilitating the achievement of work related goals and reviewing performance as a way of motivating employees to achieve their full potential in line with the organisation's objectives (Spangenberg 1994).

Performance Appraisal

(Griffin and Eber 2002) describe performance appraisal as the "formal evaluation of an employee's job performance in order to determine the degree to which the employee is performing effectively." The process of formally evaluating employees' performance through the use of performance appraisals is regarded as a staple of organisational management (Kreitner 2007).

1.7 Assumptions

The study will be based on the following underlying assumptions:

- The number of respondents to the survey will be adequate to gain data for the research report.

- Performance appraisal is an important objective of the organisation and all employees are aware of the significant role they play in the attainment of the objectives.
- All information gathered from respondents will be free from bias and employee participation will be strictly on a voluntary basis.
- The information gathered from respondents would be a true reflection of the performance appraisal process within the company as incorrect information would significantly affect the results of the research.
- The organisation supports the study and is not influential in any way on outcome of the study.

2 LITERATURE REVIEW

2.1. Introduction

The relevant body of literature on performance appraisals showed that the concept is complex and its meaning diverse. For instance, (Grote 2002) suggested that performance appraisals are a useful and effective organisational tool. But Roberts (2002) expresses dissatisfaction with employee performance appraisals and performance management processes. To Roberts, employee performance appraisals are ineffective primarily because of bias and the manner in which they are executed.

Performance Appraisal is increasingly considered one of the most important human resource practices (Boswell and Boudreau 2002). According to (Roberts and Pregitzer 2007), performance appraisal is a yearly rite of passage that triggers dread and apprehension in the most experienced, battle hardened managers. More in-depth research by (De Nisi 2006) suggested that due to the subjective nature of appraisals, it was not surprising there was much written on bias, inaccuracy and inherent unfairness

in most systems. (St-Onge and Morin 2009) draw together a number of surveys showing worldwide dissatisfaction with performance appraisals, in particular citing research conducted with 50000 respondents, revealing that only 13 per cent of employees and 6 per cent of executives consider their firm's appraisal process useful.

There is much research which suggests that appraisal is not practiced well or welcomed in some cases. Managers and employees continue to accept performance appraisal systems whilst accepting they are fraught with inaccuracies. In spite of its importance in performance management, the appraisal meeting is often regarded as the "Achilles' heel of the entire process" (Kikoski 1998). This is because many managers are uncomfortable providing performance feedback, particularly when performance is deficient (Ghorpade and Chen 2003). Despite the popularity of performance appraisals as management tools, there is an ongoing debate among practitioners and academics regarding the true efficacy of performance appraisals.

Research also shows that when employers identify the barriers that hinder organisational performance, the use of performance appraisals to evaluate employees can be successful. (Delpo 2005) implies that performance appraisals are valuable in that they allow managers and employees to communicate by sharing thoughts, judgments and information. However, (Deming 2000) suggests performance appraisals allow managers to arbitrarily criticise a subordinate's failure to meet organisational standards. With regard to employee performance appraisals, DelPo, Robbins, and Deming all have varying, yet valid arguments regarding performance appraisal effectiveness.

The literature review will focus on the key concepts relevant to the theory and practice of performance appraisal. The researcher intends to consult extensively to arrive at tangible results from the literature and other available theory on performance appraisal which could help in the final analysis of the research problem.

2.2 Defining Performance Appraisal

(Bird 2003) suggests performance appraisal is the assessment of what we produce and how. According to (Dowling 1999) "Performance appraisal" is a process within the overall performance management process, and is defined as "the evaluation of an individual's work performance in order to arrive at objective personnel decisions".

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2.3 Performance Management versus Performance Appraisal

Numerous authors such as (Tahvanainen 2000), (Fletcher 2001) and (Rao 2008) have commented that the terms 'performance appraisal' and 'performance management' have been used interchangeably in literature. Performance appraisal involves rating the past performance of the employee and setting new performance objectives, whereas performance management uses past performance as a platform to improve future performance.

As described in detail by (Aguinis 2009), performance management is an ongoing process that involves the following stages: prerequisites, performance planning, performance execution, performance assessment, performance review, and performance renewal and re-contracting. These stages take place in a cyclical and ongoing manner.

Aguinis goes on to state that first, in contrast to performance management, performance appraisal does not usually include strategic business considerations. Second, also in contrast to performance management, performance appraisal systems usually do not include extensive and ongoing feedback that an employee can use to improve his or her performance in the future. Third, performance appraisal is typically a

once-a-year event that is often driven by the human resource management (HRM) department, whereas performance management is a year-round way of managing business that is driven by managers.

In short, performance appraisal is often seen as an HRM department requirement and does not typically include business and strategic considerations, whereas performance management (because of its emphasis on strategic alignment) can be a tool that helps management improve organisational performance.

(Bacal 2004) points out that people often confuse performance appraisal and performance management, believing that they are the one and the same. Performance appraisal is, however, just a small part of the management process. (Naisby 2002) argues that performance should be managed between the individual and the manager and then be reviewed and appraised. Performance appraisal thus forms the tail end of performance management.

(Spangenberg 1994) argues that performance management is a much wider concept than performance appraisal and comprises a set of techniques used by managers to plan, direct and improve the performance of subordinates in line with achieving the overall objectives of the organisation. According to (Fletcher 2004), performance appraisal has a central role to play in the performance management system. It is the usual vehicle by which the organisational goals and objectives are translated into individual objectives and remains the chief means of discussing and acting on the development of the individual.

(Swan 1991) points out that while performance management is considered an ongoing year-long process of setting goals, objectives and giving ongoing coaching and feedback, performance appraisal is the codification of this going process.

2.4 The Purpose of Performance Appraisal

(Boice and Kleiner 1997) suggest the overall purpose of performance appraisal is to let an employee know how his or her performance compares with the manager's

expectations. (Fletcher 2006) takes a more balanced view, suggesting that for performance appraisal to be constructive and useful, there needs to be something of value for appraiser and appraisee. (Youngcourt and Jones 2007) suggest that the common purpose of performance appraisal tends to be aimed at the measurement of individuals, and consider that this focus is insufficient. From the organisation's perspective, successful performance management is key to achievement of corporate goals. It is argued that performance appraisal is the central component of performance management, and so it must be that for an organisation, the purpose of performance appraisal is attainment of corporate goals. (Caruth and Humphreys 2008) add to this viewpoint by suggesting it is a business imperative that the performance appraisal system includes characteristics to meet the organisational needs and all of its stakeholders (including management and staff). (Bach 2005) suggests that one of the underlying purposes of performance appraisal schemes is to elicit corporate compliance.

As per (Delahay 2005), there are two basic purposes for performance appraisals in organisations – developmental and administrative. Administrative reasons for performance appraisal include making decisions for salary increments, promotions and retrenchments. These appraisals are predominantly retrospective in nature. Developmental performance appraisals predominantly concentrate on identifying the developmental needs of an individual for successful present and future performance.

2.5 Frequency of performance appraisal and feedback

While performance management is a continuous process, appraisals are periodic activities (Rao 2008). Most organisations have at least an annual review. (Sahl 1990) suggests that frequent reviews are required to ensure progress is being made on developmental objectives. Once the goals have been agreed upon and the performance indicators identified, they need to be the focus of the regular and timely performance feedback (De Nisi 2006).

Performance appraisal is only one small part of the performance management systems and processes, providing some, but not all, of the necessary feedback. Evidence shows that once-a-year performance appraisals have little success in enhancing staff performance (Latham 2005).According to (Naisby 2002) the process involves a yearly or six monthly formal meeting between the individual and the manager to review the individuals performance and results.

2.6 Benefits of Employee Appraisal

Employee appraisals must be productive and they should not only be about examining employee performance, but also about providing the employee and his/her supervisor with an opportunity to meet one-on-one to establish goals and objectives. There are 10 benefits of productive performance evaluations according to (Sachs 1992):

- Employees learn of their strengths and weaknesses.
- New goals and objectives are agreed upon.
- Employees can be active participants in the evaluation process.
- The relationship between the supervisor and the employee is moved to an adult-adult level.
- Work teams may be restructured for maximum efficiency.
- Employees renew their interest in being part of the organisation.
- Training needs are identified.
- Time is devoted to discussing quality of work without regard to money issues.
- The supervisor becomes more comfortable with conducting evaluations.
- Employees feel that they are taken seriously as individuals and that the supervisor is concerned about their needs.

Elaborating on this point,(Delpo 2005) said that if used effectively, performance appraisals not only place genuine concerns on the needs of individuals but also help organisations to:

- Determine how the job of each employee can further the overall goals of the organisation.

- Identify and reward good employees to be more assiduous, in order to foster loyalty and motivate employees to continue to achieve.
- Keep employee morale high through continuous feedback.
- Remain aware of the needs of the workforce to ensure employee retention and increase productivity and innovation.
- Reduce the risk of complaints and litigation by ensuring that employees feel fairly treated and are not surprised by management decisions.
- Identify and deal with problem employees to either turn problem employees into valuable, productive workers or lay the groundwork for discipline and, if necessary, termination.

Organisational success depends on employee hard work and dedication. By using performance appraisals, employers increase their chances of identifying deficiencies that are potentially threatening to company-wide success (Vance 2006).

Communication is an important factor affecting employee motivation in organisations and it is recognised as an important skill for managers and leaders in organisations (Kikoski 2001). It has been suggested that performance appraisals help reduce employee uncertainty, while promoting more effective communication between supervisors and subordinates (Spinks, Wells and Meche 1999). Also, failing to provide feedback can have negative implications for employees (Thornbory and White 2007).

The existence or the lack of trust among organisational members and structures affects performance. Behaviours, thoughts or issues that distract the employee from the work task reduce task performance too (Kanfer and Ackerman 1989). Their reasoning suggested that issues that consume an employee's limited capacity to focus would necessarily lessen the employees' ability to focus on activities that contributed to the achievement of organisational goals. Performance appraisals properly structured and applied, can be used to help minimise environmental distractions (Mayer and Gavin 2005) promoting an increased level of trust within the organisation.

2.7 Challenges and Criticism on Employee Appraisal

Despite its importance, the performance appraisal system is often viewed by employees and management as a frustrating and unfair process. These frustrations are largely attributed to performance appraisal instruments that are not job related, have confusing or unclear rating levels, and are viewed as subjective and biased by staff (Mathis and Jackson 2006). According to (Latham 2005) "appraisals are more often a reflection of the appraiser's overall biases than they are of the performance of an employee." Given the fact that line managers are often under-prepared to handle the interview process and are confused about how to give critical feedback, the interview is also widely regarded as its Achilles' heel (Cook and Crossman 2004). It is little wonder that "appraisals have become one of the most avoided experiences in organisational life. Supervisors do not like to give them and employees do not like to receive them" (Ford 2004).

As (Nesbit 2002) points out, as pivotal as performance appraisal is to motivation, organisations face substantial problems in effectively implementing performance appraisal systems and there is widespread dissatisfaction with their use. (Pettijohn and Taylor 2000) report that employees and supervisors often perceive the performance appraisal process with fear and loathing. Performance appraisals can also create tension between supervisors and subordinates which is why some managers dread or even avoid conducting them (Jenks 2001).

Many managers are uncomfortable with the appraisal process and employees dislike receiving the appraisals. Adding to this pressure is the belief held by many appraisees that their future may be under threat. This is a reasonable concern given that one of the roles of performance appraisal is of an administrative nature where salary increases and/or promotion are decided and so, for the appraisee in particular, the performance review interaction is often a stressful event (Delahey, 2005).

The dominant critique of performance appraisals is the management framework using them as an "orthodox" technique that seeks to remedy weakness and proposing appraisals as a system to develop performance (Bach 2005). This "orthodox"

approach argues there are conflicting purposes of appraisal (Strebler and Bevan 2001). Appraisal can motivate staff by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective. These conflict with assessing past performance and distribution of rewards based on past performance (Bach, 2005).

Employees are reluctant to confide any limitations to and concerns with their current performance as this could impact on their merit-related reward or promotion opportunities (Newton and Findley 1996). This conflicts with performance appraisal as a developmental process because appraisers are challenged with differing roles as both monitors and judges of performance, as well as an understanding counsellor. (Randell 1994) argues however that few managers receive the training to undertake these roles. Managerial reluctance to criticise also stems from the fact that they do not really want to make negative judgments on an individual's performance as it could be de-motivating, leading to the appraisee accusing the manager of lack of support which contributes to his/her poor performance (Mcgregor 1957).

In addition to the damage that can be created by a strictly negative evaluation, (Bacal 2004) lists three reasons why evaluations fail:

- 1) They are not objective
- 2) They lack specific comments which hinders development
- 3) They can appear unfair

Although many employees value receiving comments and most appraisal processes involve a qualitative component (Brutus 2009), performance appraisal research has focused mainly on the properties of quantitative data rather than the comments gathered from the appraisal instrument. As a result, practitioners face a dilemma: They manage appraisal processes with little practical guidance on how to control the usefulness of comments or how to help those who receive comments improve their performance.

Performance appraisals that are not done well by supervisors can be costly to organisations from a legal standpoint (Jenks 2001). This is important since performance appraisals are becoming increasingly important tools in organisations' disciplinary programs (Spinks et al. 1999). Ratings on performance appraisals may also be used by some organisations as a basis for promotion decisions. If the appraisals are not done correctly, the resulting decisions may have negative effects on employees, thus leading to legal action.

It can be argued that the biggest challenge that impedes an effective performance review is the biases we all have (Losyk 2002). Biases are so pronounced that their existence alone warrants a reappraisal of traditional practice in appraisal interviews.

Most of us have a tendency to slot people into categories based on obvious stereotypical traits, such as the colour of their skin, height, accent and mode of dress (Leyens and Yzerbyt 1994). Appraisers therefore also categorise in this manner. This means that they often perceive people based on their own personal prejudices, rather than what their job performance warrants. In particular, a number of biases have been identified that seem particularly active during traditional appraisal interviews, and which derail most of them. These include the following:

- Appraisers frequently fall victim to *the halo effect* (Furnham 1997). There is a tendency to assume that a positive attribute or a job related success in one area automatically implies success in others.
- *Personal liking bias* means that when supervisors like a subordinate, for whatever reason, they generally give them higher performance ratings, their judgment of the subordinate's work performance becomes less accurate and they show a disinclination to punish or deal with poor performance (Lefkowitz 2000).
- *The horn effect* arises when a problem in one area is assumed to be representative of defects elsewhere (Hargie and Dickson 2004). If we see a scratch on the bodywork of a new car it might well be that everything else is perfect, but it is unlikely that we will be able to set aside our initial poor impression. In turn, we feel compelled to focus our attention on such negatives rather than positives. Moreover,

we are especially sensitive to negative information. This means that it is difficult to set aside a negative impression once it is formed. For example, it has been found that negative self disclosures are regarded by most people as much more informative than positive ones (Hargie and Dickson, 2004).

- *The consistency error* suggests that we have an exaggerated need to feel consistent in our opinions and judgments, and to assume that people and circumstances are more stable than they actually are (Millar and Hargie 1992). Thus, when we form an initial impression of someone it is very difficult to change it (Fiske and Lin 1999). This predisposes us to interpret new evidence in light of our existing assumptions, while ignoring anything that contradicts our most cherished beliefs. We have a tendency to seek out and remember information that confirms our prejudices, while ignoring or forgetting anything that suggests we might be wrong (Tourish 1999). This has been described as *the confirmatory bias* (Rabin and Schrag 1999). For example, if we expect someone to be a poor performer in their job, it is likely that we will see only evidence of this when we examine what they do.
- *The fundamental attribution error*, discussed above, means that an appraiser tends to attribute poor performance to the personality of the interviewee, rather than to the situation. For example, it may be assumed that there is low ability to begin with, perhaps compounded by lack of effort. However, if the employee has successes managers are likely to conclude that it is their own inspired leadership, judgment and competency that have caused it (Heneman and Greenberger 1989). The notion that it reflects the talent of the employee is downplayed. Employees, meanwhile, are likely to have exactly the opposite perception.
- *The similarity bias* means that we are attracted to people who look like us, sound like us and form a convenient echo chamber for our own ideas (Millar and Hargie 1992). Thus, dissenters in organisations are generally penalised for voicing their views (Kassing 2001) and are thus at an obvious disadvantage during appraisal interviews.

- The '*what is evaluated problem*' arises when the behaviours being evaluated differ from those required to obtain organisational goals. For example, (Abraham and Karns 2001) found that companies often identify a variety of competences as essential for managerial effectiveness, such as communication skills, a propensity for risk taking and team working. However, they persistently fail to use the identified competencies as a criterion for assessing performance during appraisal interviews. Under such conditions, rather than driving improved performance, appraisal institutionalises a disconnect between strategic intention and what is rewarded - and therefore what gets done. Such misalignments frequently derail and incapacitate the whole enterprise.
- Each of these problems is exacerbated by *ingratiation effects*. People with lower status habitually seek to influence those of greater status by exaggerating how much they agree with their opinions, policies and practices (Rosenfeld and Giacalone 1995). These people ingratiate themselves with the powerful. There is a lot of empirical evidence to suggest that most managers are unaware of the extent to which they personally are at the receiving end of these practices, while they also engage in behaviours (again, often unconsciously) which discourage the transmission of critical feedback (Tourish and Robson 2003). The effect is that managers become ever more inclined to surround themselves with those who share their views, ape their mannerisms and uncritically endorse their opinions. Those of a critical disposition are viewed with suspicion and are less likely to advance in the organisational hierarchy. Similarity and liking biases, already endemic, become ever stronger, making accurate and honest appraisals even more difficult to deliver.

2.8 Performance Appraisal Approaches

While there are many employee evaluation programmes or performance appraisal systems available, the approaches taken usually fall into one of the following areas: performer (the employee) based appraisals, behaviour (the actions taken by the employee) based appraisals, or results (the accomplishments of the employee) based appraisals (Grote 1996).

In 1996, Grote wrote that evaluations should focus on the performer (employee), the situation, the behaviour (employees), and the result. Each of these is an important area of the evaluation but the job situation, which is usually critical to the success of the job, is usually never the primary focus of the appraisal. Formal situation analysis is rarely included on a performance appraisal form but must be considered as a factor in the evaluation process.

Classic performer-focused appraisals forget what an employee does, and ignore what results are produced and instead focus on the individual employee's character traits. "What kind of person is he/she?" and "What are the traits of the employee?" are the issues that are addressed.

Behaviour-based appraisals focus on performance and not on the performer (employee). Skills and competencies of the employee are evaluated but not the individual character traits. This approach is far more valid when conducting strictly performance-based evaluations.

The Behaviourally Anchored Rating Scale (BARS) is a departure from other styles of appraisals and leads to a "significantly higher level of sophistication" (Grote 1996). The BARS approach is to evaluate a specific job, which gives this system its great strength. The initial work that must be done to identify all dimensions that are important to the job, the initial expense, and the training requirements are all major shortcomings of the system.

Management by Objectives (MBO) is the most common of the results-based appraisal systems. MBO is considered to be more than an employee evaluation program, it is considered to be a philosophy that guides the organisation in all areas. Employee participation is a key element of MBO as well as a focus on the future rather than dwelling on the past. MBO requires open two-way communication at all levels of the organisation (Grote 1996).

The Narrative essay system is probably the simplest evaluation system. The evaluator describes, in essay form, the strengths and weaknesses, achievements, potential, and

development needs of the employee. Like the other systems, the narrative essay system has strengths and weakness of its own (Grote 1996).

Another performance appraisal system is a 360-degree appraisal or multi-source feedback, which has grown in popularity. Nearly all the Fortune 500 companies in the US use them, while a growth trend has also been observed in the UK (Mabey 2001). The 360-degree appraisal involves people evaluating themselves, and then receiving feedback from their immediate supervisor, peers as well as direct reports if the appraisee is a manager. It is assumed that appraisals from multiple sources provide a wider range of performance information, useful in identifying employee strengths and weaknesses (Gregurus and Robie 2001).

They are also assumed to have the capacity to increase perceived fairness, reliability and ratee acceptance of feedback (Harris and Schaubroeck 1988). This provides an additional legal defence in the face of feedback (Bernardin and Beatty 1984), and is more simple and inexpensive to administer.

2.9 Rating Scale method

The rating scale approach is adopted by Company X in the performance appraisal process. (Gray 2002) states that there are several rating scale techniques and these can be divided into relative and absolute rating techniques.

Relative rating techniques include forced/best to worst ranking, or rank order method, forced distribution and paired comparisons. Absolute rating techniques include critical incidents, forced choice, graphic rating scales, behaviourally anchored rating scales (BARS) and behaviour observation scales (BOS).

(Swanepoel and Erasmus 2003) write that many situational factors, including stress, sexual and racial biases and leadership style can interfere with accurate and valid ratings, and they highlight the importance of fostering effective relationships in the daily management process.

Advantages of using rating scales

(Gray 2002) states that many organisations use rating scale methods because they create and sustain high performance by purging weak performers and retaining strong performers. Another advantage of using rating scales is that employees are informed of their standard of performance at regular intervals. Also this type of performance appraisal system ensures that the organisation prioritises performance management.

(Archer 2003) states that the greatest advantage of rating scales is that they are structured and standardised and allow for easy comparisons. They continue to suggest that the rating scale method allows for a high degree of structure for appraisals and maintain that easy to use and understand. (Muchinsky 2006) says that rating scales provide defined standards against which organisations can evaluate their employees. They also suggest that employee comparison methods allow for individuals to be compared with one another.

Disadvantages of using rating scales

Appraisal interviews are often been linked to evaluation of performance in the form of 'rating systems.' Here performance is graded on a scale normally between 1 to 5, with 5 representing excellent performance and 1 representing grounds for dismissal. Problems with this are numerous (Kennedy and Dresser 2001). They include:

- The grave difficulty in accurately assessing the details of someone's performance. Results are frequently a team effort. How do we disentangle the extent of each individual's contribution? What happens if we credit one person with all the achievement, when others may think that they put in the same or greater? If ratings are awarded which people think are unfair, the 'unfair rating' will become the issue, rather than necessary improvements in performance. Moreover, such approaches threaten to detract from other team building efforts that may have been made. It is difficult to reconcile team responsibility and commitments with an emphasis on individual responsibility.

- How does one measure intangible factors such as motivation, creativity, team spirit, responsibility and loyalty? Subjective impressions of performance on these issues tend to govern the ratings that are awarded. Typically, the impossibility of escaping subjective assessments makes the eventual 'grade' appear arbitrary to the person receiving it, leading to destructive conflict over the assessment awarded, rather than an emphasis on identifying developmental needs.
- When everyone knows that a grade is at stake, the emphasis of the meeting shifts from an open discussion of performance (in which both strengths and weaknesses can be honestly discussed) towards the optimum presentation of the self, the covering up of errors and inflated claims for one's own performance. Naturally, this will involve a greater reluctance to accept feedback on areas where performance needs to improve.

(Armstrong 2006) also indicates that ratings provide a gross oversimplification of complex factors. He recommends that if an organisation intends using a rating scale, it consider three things:

- the basis upon which the levels of performance will be defined,
- the number of rating levels to use,
- the methods to ensure accuracy and consistency in ratings.

(Cascio 2005) discusses three types of rating errors which may arise when any rating method is used: the halo effect, leniency or strictness error and error of central tendency. The Halo effect is where the rater/appraiser judges an appraisee favourable or unfavourably on the basis of one strong or weak point. The rater assigns ratings on the global impression of the appraisee, and fails to distinguish among levels of different performance criteria.

The leniency or strictness occurs when the rater/appraiser has a tendency to give usually high or low ratings. This type of error can be eliminated by defining the rating scales unambiguously and /or by allocating the ratings into a forced distribution. (Cascio 2005) suggests that leniency occurs when inexperienced supervisors appraise employees, and strictness occurs when supervisors believe that no one has achieved

the required standards. Performance appraisals should be based on a pre-established set of criteria directly related to the employees' job assignments, thus, the ratings should provide an accurate reflection of the employees' performance.

However, supervisors often give employees ratings that exceed their true performance to avoid conflicts or avoid other unpleasant consequences. Inflated ratings are a common malady associated with formal performance appraisals (Martin and Bartol 1998).

The next type of error is the central tendency error, where raters are reluctant to assign either extremely high or extremely low ratings, and give median ratings. This type of error results in the value of systematic performance appraisal being eroded as the ratings are virtually useless. (Cascio 2005) describes this error as being the tendency of thinking that everybody is average. (Gray 2002) contends that this type of error could occur if supervisors are unfamiliar with the subordinates work, lack of supervisory ability, and are apprehensive of reprisals for rating too leniently or too strictly.

(Sherman and Bohlander 2000) discuss a fourth error: the recency error. The recency error occurs when raters base ratings on the appraisee's recent behaviour instead of looking at overall performance. They caution raters against allowing stereotypes to cloud the interpretation of performance. This occurs especially when there is a long period of time between appraisals.

2.10 Characteristics of an Effective Employee Appraisal Process

A performance appraisal is designed to assist the employee in understanding how well they are performing their jobs in conjunction with specific minimum standards. This is a critical tool that can be used for a variety of purposes. One of the main purposes is to make decisions about an employee in areas such as promotion, commendation, discipline and possible pay increases (Ford 2004).

According to (Caruth and Humphreys 2008) a successful performance appraisal system is one which has resulted from hard work, careful thinking, planning and

integrated with the strategy and needs of the organisation. Research performed by (Boice and Kleiner 1997) alluded to the fact that although many companies both in the private and public sector used different methodologies in the application of performance appraisal systems, the most successful companies all shared similar characteristics.

Employees want to be measured against objective standards that all parties involved in the process understand. If employees are rewarded and recognised for outstanding performance, they are more likely to work with the goal of high achievement. A central part of the interview will be the agreeing of objectives for the forthcoming year. Too many objectives create disorientation. One hundred priorities equal no priorities. Therefore, a small number of agreed objectives, which should be restricted to the most important business requirements of the organisation are sufficient (Hargie 2004).

(Armstrong 2006) identified several criteria for performance measures which should be present in evaluating performance through the performance appraisal process:

1. Be related to the strategic goals of the business.
2. Be relevant to the roles and objectives of the individual concerned.
3. Focus on outputs, outcomes and behaviour.
4. Provide a sound basis for feed back
5. Be comprehensive and communicate all key aspects of performance.

According to (Delpo 2005) employees will trust the appraisal process and be more committed to it if they were initially involved in all facets including writing job descriptions, as well as identifying goals and standards for measurement purposes. These goals should specify what performance criteria and results are needed to be accomplished within a specific time span and should be based on key areas that are represented in the performance appraisal (Bender 2007).

An employee evaluation program should consist of accurate, current job descriptions, provision for evaluation and training for both supervisors and employee counselling sessions, feedback sessions, some type of evaluation form or checklist, and an appeal process. In general the following steps are completed in the appraisal process:

- Establish performance standards;
- Communicate performance expectations to employees;
- Measure actual performance;
- Compare actual performance with standards;
- Discuss the appraisal with the employee; and
- Initiate corrective actions if necessary.

It is important to note that the process is designed as a means for two-way communication between supervisor and employee. Information must be received and understood by both employee and supervisor. The employee has an active role in the process and if any performance measures are vague or unclear, or if the employee lacks confidence that their efforts will not lead to a fair appraisal, there will be an unsatisfactory payoff for the organisation at appraisal time and it can be expected that individuals will work below their potential.

The overwhelming focus of the feedback interview should be positive, entailing an agreement on the way forward. However, in some cases serious problems will exist which must be addressed. How this is done is crucial. If dealt with well, the underlying relationship can actually be improved, and the person concerned will emerge with a much clearer picture of what needs to be changed. Mishandled, the manager's feedback becomes the issue, rather than the job performance of the employee. With all feedback, the perceived credibility of the person or leader offering is a critical determinant of whether the feedback will be accepted, internalized and acted upon. Once a manager's style of communicating feedback becomes the issue their credibility suffers. In general, therefore, critical feedback should be accompanied with precise instructions designed to solve the underlying problem. The following guidelines should help (Hargie and Dickson 2004).

One of the most important elements of an effective performance appraisal system is open and honest communication. The feedback of performance appraisal information

is a critical communication activity in organisations (O Reilly and Anderson 2006). An effective system ensures that feedback is provided regularly and an understanding by managers that all employees have a need to know how effectively they have been performing (Lee 2005). The appraiser should be open, trustful and reduce defensiveness in dealing with difficult topics (Pigott-Irvine 2003).

All employees have a need to know how well they are performing (Lee 2005). An effective performance appraisal system assures that feedback is provided on a continuous basis, not in the form of a written annual evaluation, but in the form of daily, weekly, and monthly comments from an employee's supervisor or manager (Lee 2005). For any performance appraisal system to be effective this ongoing aspect of its nature must be emphasised to appraisers and the necessity of providing continuous feedback information on job performance must be underscored (Longenecker and Golf 1992). The annual evaluation and its accompanying interview or performance discussion must be devoid of surprises. While the annual performance discussion presents an excellent opportunity for both parties to exchange observations in depth, the annual performance appraisal discussion is not a substitute for day-to-day or week-to-week performance communications (Longenecker and Fink 1999).

Essential to the effectiveness of a performance appraisal process is thorough training, as well as periodic updating and retraining, of all individuals in the organisation who conduct evaluations (Allan 1994). Classroom training is especially important when a new or revised system is being installed; classroom training is also indispensable for all new managers and supervisors. An organisation should never assume that because performance appraisal information is contained in a supervisory or managerial handbook or is included in the company personnel policy manual, supervisors and managers will automatically learn how to conduct effective appraisals.

In addition to formal training sessions, opportunities for coaching and counselling by the appraisers' immediate supervisors and managers should also be incorporated into the system's procedures. Such personal sessions often permit the discussion and resolution of appraisal problems in their incipency. Moreover, by actively involving each level of management in teaching performance appraisal, the system becomes

more strongly imbedded in the organisation as a vital function of human resource management, and as a result, the broader strategic management processes (Caruth and Humphreys 2008).

A performance appraisal system does not have to be complex to be effective (Longenecker and Fink 1999). In fact, the simpler the system, the easier it is to use, the more readily it can be understood by evaluators, the more likely it is to be used in the manner intended (Allan 1994). If the system is firmly based on standards and measurements, it will probably be not only easier to use but also more valid and reliable, than many of the performance appraisal approaches in use today.

To eliminate any problems of bias, discrimination, favouritism or the like, a performance appraisal system needs to include a review mechanism (Allan 1994). The next higher level of management, usually the evaluator's immediate supervisor, should automatically review all evaluations of employees made by subordinate managers. The purpose of this managerial review is not to have the higher level manager perform a second appraisal; rather, it is for the purpose of auditing the evaluation for fairness, consistency, accuracy, and assuring that the evaluator has carried out his or her function objectively. While a secondary review increases the amount of time devoted to the performance appraisal process, such action tends to protect both the employee and the organisation by making an effort to assure fairness and consistency.

A fundamental principle of American jurisprudence is the right of due process (Rossum and Tarr 1991). Unfortunately, in some organisations there is no procedure whereby an employee can appeal what he or she considers an unfair or inaccurate performance appraisal. The employee is simply stuck with the immediate supervisor's evaluation. In such situations, the employee has few options other than living with the unfavourable review or possibly leaving the organisation for employment elsewhere. There have been instances where employees whose performance was acceptable for years were discharged on the basis of one bad performance appraisal. Now that an employer's right to fire at will is being challenged in the courts, sometimes successfully, the need for a clearly delineated appeal procedure in the performance appraisal system is imperative (Beck-Dudley and McEvoy 1991).

2.11 Conclusion of Literature Review

The literature review highlighted a number of important issues for consideration to enhance the employee performance process in an organisation. A number of fundamental principles emerged from the research literature, which can guide organisations in this new direction. They include the following:

- Organisations work better when they have clear business goals, widely disseminated and understood by everyone (Grote 2002).
- People want to know what to do and how to do it, what is expected of them, how they are progressing, and how they fit into the whole organisation (Pickett 2003). The main focus of feedback should be on *behaviour* and *results*. It should also be a reciprocal process. That is, it should focus on what both employees and managers have done in the past year, the results that were obtained and the behaviours that are required for the coming year.
- An effective system ensures that feedback is provided regularly and an understanding by managers that all employees have a need to know how effectively they have been performing (Lee 2005). The appraiser should be open, trustful and reduce defensiveness in dealing with difficult topics (Pigott-Irvine 2003),
- Essential to the effectiveness of a performance appraisal system is thorough training, as well as periodic updating and retraining of all individuals in the organisation who conduct evaluations (Allan 1994).
- A performance appraisal system does not have to be complex to be effective (Longenecker and Fink 1999). In fact, the simpler the system, the easier it is to use, the more readily it can be understood by evaluators, the more likely it is to be used in the manner intended.
- A culture of openness, honesty and trust is essential if feedback schemes are to succeed. Otherwise, public compliance is combined with private defiance.

- Performance appraisals need to be performed on a regular basis with the view of giving timely performance feedback (De Nisi 2006).

2.11.1 *Research Question 1*

What are the challenges/barriers encountered in the employee appraisal process?

2.11.2 *Research Question 2*

What are the benefits of the current employee appraisal process?

2.11.3 *Research Question 3*

How can the current appraisal process be improved?

3 RESEARCH METHODOLOGY

This section describes the methodology followed to test the research questions discussed at the end of the literature review. The section starts off with a description and explanation of the choice of research paradigm and also covers the implications that the chosen method has on the research. The research design will also be discussed followed by the research population, the sample sizes and the sampling methods. This section concludes with a discussion of the research instrument, the validity and reliability implications for the research.

3.1 Research methodology /paradigm

Research can be conducted using three approaches: quantitative, qualitative and mixed methods research. But there needs to be a match between the research problem and the research approach (Creswell 2003). A quantitative approach is most appropriate when the research problem requires investigation into the key factors affecting an outcome. On the other hand, a qualitative approach is best suited when a phenomenon needs to be understood, owing to the small amount of research which has been conducted on the chosen topic.

Qualitative analysis results in a different type of knowledge outcome than quantitative inquiry because qualitative research argues from the underlying philosophical nature of each paradigm, enjoying detailed interviewing, while quantitative research focuses on the apparent compatibility of the research methods. Quantitative enquiry “enjoy(s) the rewards of both numbers and words” (Glesne and Peshkin 1992). This means such methods like interviews and observations are dominant in the naturalist (interpretive) paradigm and supplementary in the positive paradigm, where the use of survey serves in opposite order.

Qualitative research uses a naturalistic approach that seeks to understand phenomena in context-specific settings, such as "real world setting where the researcher does not attempt to manipulate the phenomenon of interest" (Patton 2002). Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by

means of statistical procedures or other means of quantification" (Strauss and Corbin 1990) and instead, the kind of research that produces findings arrived from real-world settings where the "phenomenon of interest unfold naturally" (Patton 2002).

Unlike quantitative researchers who seek causal determination, prediction, and generalisation of findings, qualitative researchers seek instead illumination, understanding, and extrapolation to similar situations (Hoepfl 1997).

The research problem for this study is to evaluate the employee performance appraisal process in a South African facility management company and the qualitative approach was regarded as being more appropriate.

3.2 Research Design

The research design will take a case study approach within a facility management company. (Saunders and Lewis 2003) define a case study as "*a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*". (Jankowicz 2000) suggests the appropriateness of a case study when the thesis focuses on a set of issues in a single organisation.

Supporting the case study strategy, (Hartley 2004) suggests case studies also tend to be inductive as they piece together evidence to support theory development. (Morris and Wood 1991) both suggest that case studies are more appropriate for an in-depth understanding of a particular situation. (Punch 1998) argues that while there may be a variety of specific purposes or research questions, the general objective of a case study is to develop as full an understanding of that case as possible. The advantages of this type of approach are convenience in terms of ease of data collection which affects both time and cost. One of the major weaknesses of using a single case study is that it does not provide adequate surety that its findings could be generalised to other situations (Leedy and Ormond 2005).

3.2.1 Sources of evidence and triangulation

A key strength of the case study method involves using multiple sources of data and multiple techniques in the data gathering process. (Yin 1984) maintains that the major rationale for using multiple sources of data is to achieve data triangulation. This case study will make use of the following sources of evidence:

- Interviews with various levels of staff in Company X.
- Policies and procedures of Company X.
- Information obtained from the literature review

3.3 Population and sample

3.3.1 Population

The population comprised of all employees who are situated in the Gauteng region of Company X .The executives and directors were the only 'categories' that were excluded from the population.

Table 1: Profile of Population

Job Title	Ethnic Group	Male	Female
Senior Managers	Black	4	1
	Coloured	2	0
	Indian	3	1
	White	5	2
Managers	Black	6	3
	Coloured	2	1
	Indian	2	1
	White	5	2
Technical and Admin staff	Black	55	8
	Coloured	11	2
	Indian	8	0
	White	37	0

3.3.2 Sample and sampling method

A sample size of twenty employees was used for the purposes of this study. The sample chosen was on a random basis and it was envisaged that it would be a fair reflection of the population. Prospective participants were contacted telephonically or in person and were given a brief overview of the nature, purpose, scope and methodology that would be used. The researcher obtained confirmation from each of the prospective employees on their willingness, availability and ability to participate in the research study.

Table 2: Profile of respondents

Description of respondent type	Number to be sampled
Senior Managers	5
Middle Managers	5
Technical and Admin (Staff)	10

3.4 The research instrument

The structured interview was chosen as a research instrument for the purposes of this study. (Yin 1984) points out that one of the most important sources of case study information is the interview. He argues that overall, interviews are an essential source of case study evidence because most case studies are about human affairs and these human affairs should be interpreted and reported through the eyes of specific interviewees who can provide important insights into a situation. He writes further that interviews may take several forms, one of which is a structured interview.

A structured interview is sometimes called a standardised interview. The same questions are asked of all respondents. (Corbetta 2003) states that structured interviews are “interviews in which all respondents are asked the same questions with the same wording and in the same sequence.” It would be ideal if questions can be read out in the same tone of voice so that the respondents would not be influenced by the tone of the interviewer (Gray 2002).

Structured interviews entail the administration of an interview schedule by an interviewer. The aim is for all interviewees to be given exactly the same context of questioning. This means that each respondent receives exactly the same interview stimulus as any other. The goal of this style of interview is to ensure that interviewees' replies can be aggregated. (Leedy and Ormond 2005) said that the primary advantages of the structured interview is flexibility, in that the researcher can shift focus as new data comes to light, and the space afforded to the researcher for open mindedness and creativity.

According to (David 2007) another strength of the structured interview is that "...prompting can be included with the questions and if a question is inappropriate, data on why no response was made can be recorded." Furthermore non-verbal cues, such as facial expressions and gestures can be recorded.

On the contrary, drawbacks of structured interviews are they adhere too closely to the interview guide and may be the cause of not probing for relevant information. Also, since there is a set interview guide, the respondents may hear and interpret or understand the questions in a different manner. The researcher's verbal comments and non-verbal cues can cause bias and have an influence upon respondents' answers.

3.5 Procedure for data collection

All interviews were conducted in person and with the use of a structured interview schedule. Permission was requested to record the interviews which lasted about 45 minutes. The researcher made extensive notes to capture the points made during the interview in as much detail as possible.

3.6 Data analysis and interpretation

According to (Yin 1984) data analysis consists of examining, categorising, and tabulating the initial propositions of the study. For this study, the research questions

formed the basic framework that was used for the analysis of the data. The data will be summarised, organized and integrated to relate back to the research questions and the findings of the literature review.

(Rowley 2006) contends that data analysis involves pursuing various steps such as organising the details of the case, categorising the data, interpreting the single instances, identifying various patterns and synthesising and making generalisations. She asserts that especially in single case studies, any generalisations made are tentative and must await further support from other studies to be conducted.

3.7 Limitations of the study

- The study is limited to a specific region of a company within the facility management industry
- There is also an assumption that the researcher has interpreted the data effectively and accurately which is free of bias.
- The sample of respondents chosen may not be a true reflection of the entire population of the company.
- Owing to the extent of the subject of performance appraisal, the research questions were narrowly delineated and as such, some key peripheral topics and themes may have been omitted.
- Language may be a limitation as the interviews was conducted in English.

3.8 Validity and reliability

The validity of a research instrument refers to how well it measures what it is supposed to be measuring, while reliability refers to accuracy and consistency with which an instrument produces results (Leedy 1993).

3.8.1 External validity

External validity reflects whether or not the research findings can be generalised beyond the immediate case. The more variations in places, people and procedures a case can withstand and still yield the same findings, the higher the level of external validity. Since convenience sampling methods will be used in this study, the opinions and experiences of the respondents cannot be generalised across the population. Further the research method was a case study approach and the findings cannot be generalised for all South African facility management companies.

3.8.2 Internal validity

Internal validity according to (Leedy and Ormond 2005) is defined as the extent to which the study has sufficient controls to ensure that the conclusions that are drawn are truly warranted by the data. The sample has been chosen from all levels up to and including senior management which also represents the current demographics in terms of age, culture and experience associated within a typical facility management organisation.

3.8.3 Reliability

(Joppe 2000) defines reliability as “the extent to which results are consistent over time and an accurate representation of the total population. Reliability demonstrates the ability of the research to produce similar results when repeated. It relates to the accuracy and exactness of the measurement procedure and can be achieved through documentation and adequate record keeping (Rowley 2006). Reliability will be maximised through well formulated research design and also by piloting a test interview as part of the study. The capturing of the responses from the interview and the use of a tape recorder will enhance the reliability of the study.

4 THE CASE SITE

4.1 Introduction to Company X

Company X is a facility management company that provides a basket of services to its various clients. It is in existence for more than 10 years and offers a unique service offering that gives it the competitive edge over its strongest competitors in the industry. Its strategy is to selectively grow differentiated businesses to build a portfolio of strong partnerships with sustainable profits.

4.2 Vision, Mission and Values

The vision of Company X is to be a leading facility management company in Africa. It has three mission statements, namely:

- Making customer service a reality
- Securing its long term future
- Winning through its people

It has adopted the 'Ritch' values (respect, integrity, trust, consideration, honesty) as a shared value system to guide and interact with all stakeholders on a daily basis.

Company X believes in the principle of investing in its employees and will uphold the following:

- Employees are employed in accordance with their competencies (knowledge, skills and values) as well as their abilities.
- Training and development activities are appropriate and needs-based and aimed at self-development, increased contribution to the successful achievement of the Company's mission and greater achievement of its employees.

- All employees are treated equitably in accordance with the Constitutional Bill of Rights as well as other relevant legislation.
- Diversity management principles form an integral part of the Company's practices and it undertakes not to unfairly discriminate on the basis of, amongst others, race, gender or creed, and contribution to the growth of the Company based on justifiable merit will present development opportunities to employees.
- The Company will ensure that all employees are aware of the requirements of their jobs as well as of expected performance standards and objectives;
- The Company recognises the principle of freedom of association;
- The Company undertakes to ensure that organisations with which it develops business relationships serve the best interests of employees and the Company.

4.3 Performance Management and Appraisal: Policies and Procedures

Company X regards the management of performance as a central management process and tool for measuring and reinforcing the achievement of the company strategy and business plan. The overall purpose is to ensure that every employee in the company has an understanding of how s/he contributes towards the attainment of the strategy and business plan in a defined performance period.

Performance Management is a coordinated and structured process of planning, executing, measuring and evaluating strategy at all levels of Company X as well as the performance of all employees who execute the strategy, to ensure the achievement of our business objectives. At individual level it involves a formal and informal system of measuring and evaluating an employee's job-related behaviours. The outcome of the evaluation will allow the identification of areas for improvement, as well as areas of good performance.

The performance appraisal is designed to facilitate team leader and team member day-to-day communication about performance and development issues. It is based on the following principles:

- That it is simple to understand and administer;
- Links the company objectives and individual objectives together for a specific time period;
- Communicates expectations, motivates success and focuses on coaching and development instead of being just a scoring mechanism;
- Promotes positive and constructive feedback.
- Facilitates reliability and validity in the evaluation of individual performance.

4.3.1 *Performance management cycle*

The company performance cycle runs from July to June each year. Performance assessments take place throughout the year, but at least three formal performance reviews must occur during this period. At the start of this cycle, the manager and employee agree and sign on the individual contract. During the cycle ongoing formal and informal feedback, coaching and development to help employees occurs. At the end of the cycle the employee and manager conduct a performance review.

4.3.2 *Performance Planning and Review*

The performance contract with its performance perspectives, focus areas, objectives and individual key performance indicators are linked to the company's strategy and objectives. Performance improvement through development is a shared responsibility between management and employees. Management is primarily responsible to coach and give feedback to the employee through regular review sessions (informal as well as formal). Informal feedback and review forms part of the ongoing communication

between a manager and employee. It is an integral part of every manager's day-to-day task.

In addition to the formal feedback that employees must receive at specific times, they must also be continuously informed of their progress, successes or shortcomings in the execution of their daily activities. Only when people know how they are performing in the process of achieving their outputs, will they be aware of possible problems, and what to do to remedy this, and, to know when they are being successful.

Where a competence gap is identified, the manager has to facilitate development through the implementation of any number of development interventions such as on-the-job training and shadowing of another employee. Learning opportunities should be spread across a variety of interventions and attempts be made to institute the development just in time for maximum learning and application. All personal development undertakings must be incorporated in the performance contract agreement. Where performance barriers other than competence are identified, the manager is required to limit and/or eliminate these to enable the employee to perform.

4.3.3 *Formal Performance review*

The formal performance review is an interactive discussion between the line manager and the employee. It aims to arrive at agreement on the assessed and observed level of performance demonstrated by the employee in the given performance period. Assessment is done in two areas, i.e. progress in terms of the required outputs, and with development of competencies required to deliver the outputs. Follow-up and/or remedial steps are agreed upon during the discussion. The Review should to be completed at least quarterly during the months stipulated in the performance management cycle guideline.

4.3.4 *Review Discussion*

The following process is to be followed in conducting the performance review. Both the manager and the employee complete an initial performance review form in which they

individually record their respective assessments. The Manager is to prepare ratings of the employee's performance against the agreed objectives on the basis of his/her own assessment of the employee's performance. The Manager's assessment of the employees could be informed by "customer" input in cases where the employee provides a direct service to internal or external clients.

The employee can score him/herself prior to the appraisal discussion. The employee will rate him/herself against the agreed objectives. The manager and employee must meet on the scheduled date to consolidate their assessments. Both employee and manager should provide evidence and information in support of the ratings each has scored as part of the performance discussion. The employee must sign the assessment form indicating acceptance or non-acceptance. If consensus cannot be reached, the resolution procedure should be followed;

4.3.5 The Roles and responsibilities in the performance management process

Performance management is shared responsibility between the employee and the line manager. Individuals have to understand their career expectations in the context of required performance in their current jobs and career advancement opportunities. Managers have to clarify current role expectations and provide the necessary support to ensure superior performance, and reward and recognition thereof

The human resources department is the custodian of the performance management system on behalf of the company. It is the responsibility of HR to ensure that the system operates effectively and as such is required to exercise some form of quality control.

HR facilitates and guides implementation through the provision of the performance appraisal framework, and ensures that signed records are kept on individual personal files for reference.

Managers who require assistance in planning performance, coaching or in conducting performance appraisals are encouraged to contact the HR Department for guidance. The responsibility, however, for ensuring that employees' performance is managed rests with the manager of the employees and not with the HR Department

From time to time the HR Department will conduct follow-up and evaluation studies, including attitude surveys to assess the effectiveness of the system. Amendments to the system, to improve its effectiveness, will be made as necessary by the HR department and communicated to employees

4.3.6 *Process checks and controls*

The following checks are built in to ensure that performance appraisal is carried out as planned

- HR will set and issue the performance appraisal schedule.
- Both the employee and the line manager must sign the performance contract and review form to indicate agreement with its contents.
- A copy of the signed contracts and reviews must be on file. It is the responsibility of the line manager to ensure that this is the case.
- Audits will be carried out by HR to check the integrity of the process, and the normality of the performance scores against the overall company performance.
- Union representation may be requested by the employee where there is disagreement on the rating scores.
- Union representation may be requested by the employee during any stage in the process.

- The employee may escalate the disagreement to the manager's direct manager for resolution.
- The direct manager must ensure resolution of disagreement within 10 working days.

5 PRESENTATION AND ANALYSIS OF RESULTS

5.1 Research Question 1

What are the challenges/barriers encountered in the employee appraisal process?

The table below is a summary of the analysis of respondents as given in the interviews. The table is categorized into the different levels of employment (Senior Management, Middle Management, and Staff) and level of feedback (Major, Minor, None).

Challenges/Barriers to Appraisal Process									
	Senior Management			Middle Management			Staff		
	Major (%)	Minor (%)	None (%)	Major (%)	Minor (%)	None (%)	Major (%)	Minor (%)	None (%)
Contract		20	80	20	60	20	50	20	30
Communication		40	60	20	40	40	60	20	20
Training	40	40	20	80	20		50	20	30
Frequency		40	60		60	40	40	40	20
Ratings		60	40	10	50	40	50	30	20
Corrective Action	20	60	20	40	40	20	50	30	20

Contract

At least 50 percent of the staff shared the view that the employee performance contract is very generic and standard for all employees. It lacks clear alignment between the key performance areas (KPA) and key performance indicators (KPI). This resulted in the contract not being fully endorsed by employees especially the blue collar technicians who indicated that they had difficulty understanding and interpreting what was required in order to perform their tasks efficiently and effectively. These findings were in contradiction to the company policy which stated that *“The performance contract with its performance perspectives, focus areas, objectives and individual key performance indicators are linked to the company's strategy and objectives.”*

According to (Martone 2003) performance appraisal instruments that are not job related, or have unclear goals are viewed as subjective and confusing by staff. A further concern highlighted by the staff was that many managers contracted their staff before they themselves were contracted. This led to conflict at the appraisal review

meeting when the manager conveniently brought in new criteria and deliverables that were not initially agreed in the employee contract. This view was also shared by the middle managers. All respondents interviewed indicated that they were only contracted at least three months after the review period had commenced and with the appraisal being retrospective to the beginning of the review period.

At least 20 percent of both middle managers and staff indicated that they could not embrace and adopt their contract fully as they did not have an opportunity to participate in the drawing up their contracts. According to (Delpo 2005) employees will trust the appraisal process and be more committed to it if they were initially involved in all facets including writing job descriptions, as well as identifying goals and standards for measurement purposes.

Surprisingly, 80 percent of the Senior Managers did not view the above findings as major challenges with only a single manager indicating that it was a minor concern. It was also evident that at least 20 percent of respondents were unaware that there was a performance policy in place and that guideline on the employee contract and performance criteria were available on the companies' intranet.

Communication

Communication is an important factor affecting employee motivation in organisations and it is recognized as an important skill for managers and leaders in organisations (Kikoski 2001). An effective performance appraisal system assures that feedback is provided on a continuous basis, not in the form of a written annual evaluation, but in the form of daily, weekly, and monthly comments from an employee's supervisor or manager (Lee 2005). The following is as per the company policy and guidelines on communication within the company:

"In addition to the formal feedback that employees must receive at specific times, they must also be continuously informed of their progress, successes or shortcomings in the execution of their daily activities. Only when people know how they are performing in the process of achieving their outputs, will they be aware of possible problems, and what to do to remedy this, and, to know when they are being successful."

It is evident from the feedback that although there is a varying view on the level of interaction amongst the different levels of employment, communication is a challenge in the company. At least 60 percent of staff indicated that the current communication received from their managers could be improved as the current level was insufficient. They felt that there was no consistency in their manager's feedback during the course of the year and the final review whereby the manager adopted a more formal approach and highlighted issues for the first time that surprised the employee. This they felt compromised their performance and affected the moral negatively.

At least 40 percent of respondents cited lacks of inter activeness and manager dominance as main reasons for their dissatisfaction. They echoed their concern and frustration on the actual review meeting whereby they felt that they were at the mercy of their managers who according to them were not properly prepared to conduct the review. They never looked forward to the meetings due to the fact that their input was not taken seriously by their managers who constantly challenged such input and dominated the discussions. This led to some of the employees concluding that the appraisal review is 'just another admin exercise.'

It was also agreed by 40 percent of all management that that there was room for improvement in communication especially more informal communication on a more regular basis. This they said was more a minor challenge with only 1 middle manager placing more emphasis and regarding it as a major issue. It was also interesting to note that 60 percent of senior management and 40 percent of middle management were relatively satisfied with the current communication levels and did not identify any barriers.

Training

Essential to the effectiveness of a performance appraisal system is thorough training, as well as periodic updating and retraining, of all individuals in the organisation who conduct evaluations (Allan 1994). This is reinforced by (Cook and Crossman 2004) who state that given the fact that line managers are often under-prepared to handle the interview process, and are confused about how to give critical feedback, the interview is also widely regarded as its Achilles' heel. *Whilst the company policy mentions that*

managers will be trained and get the necessary support to fulfil their duties successfully, this was not put into practise. All managers interviewed indicated that they have not been to any formal training and as such used their own self taught knowledge to conduct the process.

At least 40 percent of the senior managers attested to this with 80 percent of middle managers regarding this deficiency of training as a major concern as it impacted directly and negatively on the effectiveness of how they conducted the appraisal reviews. They indicated that although they conducted the review to the best of their abilities, they could benefit significantly and improve the process if they have clearer guidelines and training. This observation was also reinforced by at least 50 percent of the staff interviewed who commented that the managers lacked the knowledge, tact and required skill to realise the full benefit of the review process.

A respondent indicated that his manager became very negative and defensive when the employee had a differing view on his performance whilst 25 percent employees indicated that their manager tended to give them favourable comments just to avoid conflict.

While in the latter case the employees did not mind the positive ratings given, they felt that they were deprived of honest feedback that could enable them to improve their performance. The risk of allocating higher ratings than what was actually deserved by unskilled managers could mislead employees into thinking that their performance was of a high standard and an acceptable level, whereas indeed it could be to the contrary and as such impacts negatively on the overall company performance.

Frequency

(Sahl 1990) suggests that frequent reviews are required to ensure progress is being made on developmental objectives. Once the goals have been agreed upon and the performance indicators identified, they need to be the focus of the regular and timely performance feedback (De Nisi 2006). According to (Naisby 2002) the process involves a yearly or six monthly formal meeting between the individual and the manager to review the individual's performance and results. *The company policy states that*

assessments take place throughout the year, but at least three formal performance reviews must occur during this period. All respondents indicated that they were formally appraised as per the prescribed policy but some of them questioned the merits of such an exercise. At least 40 percent of the staff were not satisfied as they felt that the manager was forced into conducting such reviews as failure to do so would have resulted in all outstanding reviews being escalated to his senior manager. It was thus felt by these respondents that although the frequency requirement was met to meet company policy, the importance of the exercise was lost as managers were chasing deadlines rather than focusing on the benefits of what the process can deliver.

At least 40 percent employees (middle managers and staff) indicated that although they get formal reviews, they would be more comfortable if informal sessions be done as well during the course of the year so that they can take corrective action if necessary. They expressed disappointment that deficiencies are only highlighted during the formal reviews although their managers could have given feedback prior to such meetings. Some employees cited the above as a major concern whilst the others felt that it was a minor concern that can be rectified.

Ratings

According to (Latham 2005) 'appraisals are more often a reflection of the appraiser's overall biases than they are of the performance of an employee. Among the most common problems are too much subjectivity on the part of appraisers, an insufficient level of skills on the part of managers and an accumulation of power by potential tyrants (petty Hitler's) who relish the opportunity to pass judgment on others.

At least 50 percent of the staff interviewed indicated that the rating scores given were very inconsistent among managers. This created dissatisfaction especially amongst the high achievers who felt demoralised as they were awarded similar scores to those of average performers. As an example employees who achieved higher frequency of job cards per day were given the same ratings as those who completed fewer job cards. This specific observation was confirmed by at least 30 percent of the staff. It was also

unclear as to the level of performance required to achieve superior ratings. *The company policy gives a basic overview on the ratings and the criteria required achieving such a rating.* This policy in itself was viewed to be very subjective by most of the staff respondents who indicated that clearer guidelines and awareness should be created in the company, especially to address biasness such as the horn effect, halo effect and recency that were practised amongst the appraisers.

These inconsistencies were further reiterated when five managers who were interviewed were asked to rate an employee on a specific task after all the criteria of delivery and actual performance details were made available. The results showed the degree of variation in their rating scores with three different scores being given for the same task by the 5 managers. This scenario clearly demonstrated the subjectivity of ratings within Company X, which caused dissatisfaction amongst employees who tended to compare their scores after their review.

This also led to such employees to comment that due to bias, they did not trust and have faith in the appraisal process as they felt that ratings awarded were not necessarily a true reflection of the performance delivered. Only 10 percent of middle managers indicated that rating was an issue and a challenge that needed more attention. They cited the lack of clear and concise guidelines regulating the awarding of scores as the main reason ratings were perceived as subjective.

It was interesting to note that senior managers did not see any major barriers on rating and regarded the subjectivity around rating as a minor challenge. They were of the opinion that the rating was done fairly and as such were happy with the rating system.

Corrective Action

A key expectation for staff is improved performance. (Bersin 2006) suggests that one of the important outcomes of performance appraisal is solving problems and improving performance. It is commented by (Delpo 2005) that performance appraisals are valuable in that they allow managers and employees to communicate and effect remedial action.

At least 50 percent of the staff expressed dissatisfaction on the lack of corrective action and training being implemented after they were identified in the appraisal process. Although training and development is raised in the process as a priority area to improve performance, it gets forgotten as soon as the employee leaves the manager's office and becomes a discussion point at the next appraisal meeting. This was also confirmed by an average of 30 percent managers who confessed to this shortcoming and attributed it to a lack of effort from their side and also to the fact that such training was viewed as being optional and of secondary importance when compared to the deliverables they were tasked with.

The company policy stipulates the following with regards to corrective action to be taken when deficiencies are identified:

'Where a competence gap is identified, the manager has to facilitate development through the implementation of any number of development interventions such as on-the-job training, shadowing of another employee.'

Based on the feedback mainly given by staff, it is evident that the guidelines are not put into practice by all managers and as a result have led to employees becoming very negative and disillusioned when training and development is mentioned in the appraisal meeting.

The consequence of not implementing corrective action reduces the effectiveness of the appraisal process as training deficiencies highlighted in the process is not taken further. The implication of this is that the critical skill and training that is a prerequisite to meet certain business needs is not given the required attention and urgency and thus could lead to sub standard performance which impacts negatively on customer service and profitability.

5.2 Research Question 2

What are the benefits of the current employee appraisal process?

There were differing views expressed by the respondents on the benefits that they saw and experienced in the current appraisal process. There was contrasting feedback by managers who stated more benefits as opposed to staff. The template below indicates the feedback received from the interviews and will be discussed per category below.

Benefits of Current Appraisal Process	Senior management			Middle Management			Staff		
	Major (%)	Minor (%)	None (%)	Major (%)	Minor (%)	None (%)	Major (%)	Minor (%)	None (%)
Contract	100			80	20		40	30	30
Communication	60	40		60	40		50	30	20
Rewards	100			60	40		20	30	50
Corrective Action	80	20		40	60		30	50	20
Employee Relations	80	20		60	40		60	30	10

Contract

All the senior managers and 80 percent of middle managers indicated that the employment contract benefited them by clearly stating the objectives and expectations of an employee. The company objectives are translated into departmental and then individual position objectives – working with employees to agree their personal performance targets. They indicated this allowed the employee to know in advance the standards by which his/her performance would be evaluated. This was reiterated by (Pettijohn and Taylor 2000) who stated that performance appraisals can have positive implications for organisations and help improve organisational effectiveness, particularly when attributes of the performance appraisal are directly linked to the objectives of the organisation. The company policy is also aligned to the literature and states that *“The performance contract with its performance perspectives, focus areas, objectives and individual key performance indicators are linked to the company’s strategy and objectives.”*

The above was also agreed by at least 40 percent of staff who felt that the contract gave them direction and guidance in order for them to perform their daily tasks with the knowledge that their actions were aligned to the companies objectives.

At least 30 percent of staff indicated that although the company policy stipulated that every employee is to be made aware as to how they contributed individually and are aligned with the overall strategy of the company, this was not the case in practice. A further 30 percent of staff indicated that they did not see any benefits and regarded the appraisal process as an admin exercise that is done only for compliance purposes. This is a concern and a risk as a large percent of staff could not see the benefits or are not fully aware of how their contributions fit into the organisation. This was also contrary to the feedback given by majority of managers who indicated that a comprehensive explanation of the contract was given to their subordinates.

Communication

It has been suggested that performance appraisals can help reduce employee uncertainty, while promoting more effective communication between supervisors and subordinates (Spinks et al. 1999). Also, failing to provide feedback can have negative implications for employees (Thornbory and White 2007). For example, the absence of feedback leaves employees to play a guessing game concerning whether to continue on the current path of work related behaviour or to chart another course. The communication received through performance appraisal feedback is essential for encouraging employees to continue on a positive trajectory or to guide employees in improving problem areas. All respondents acknowledged that communication was absolutely vital as all parties could benefit if they knew exactly how they were performing and steps to take if necessary.

They also indicated that proper and timeous communication also reduced uncertainty and anxiety. Although all managers agreed with the importance of communication, at least 40 percent stated that they need to communicate on a more regular basis and especially between formal review meetings. This statement was also aligned to the observations and concerns raised by most of the staff and is a challenge as the company policy dictates that constant and ongoing communication as a pre requisite for the appraisal process to work effectively. The majority of staff concurred with the importance of communication and agreed that if the challenges and barriers as indicated in their feedback (refer research question 1) is addressed, then staff are likely

to play a more interactive role in the appraisal process. This was specifically emphasised by 20 percent of staff who rated the benefits of communication as 'none' due to the lack of regular feedback and dominance of their managers.

Rewards

In any organisation , rewards play an important role in building and maintaining the commitment among employees that ensures a high standard of performance and workforce stability (Wang 2004). Strong evidence is available to support the contention that when performance and pay are linked, individual employees are motivated to perform more effectively; organisations develop effective performance orientated cultures. and the attraction and retention of high performers are better (Lawler 1989).

All senior management believed that the reward incentivised them to work harder and that the rewards in the form of bonuses were appropriate and linked to their degree of responsibility and accountability. At least 40 percent of middle managers felt that there was room for improvement in the allocation rate of bonuses as there felt that there was a huge gap in the rates between senior managers and middle managers. The performance and bonus reward system was not linked for staff in Company X .It was evident from the interviews that at least 50 percent of staff believed that performance and bonus rewards should be linked as currently there was no incentive for them to work harder as all staff level qualified for a standard annual bonus irrespective of performance. The staff level which comprises of at least 70 percent of all employees of Company X is directly responsible for generating majority of income. It was stated by at least six respondents in the interviews that they felt cheated because the “fruits of their labour” were being enjoyed mostly by management. They indicated that the company must seriously consider standardising the bonus rules for all as they could run the risk of lower profitability if disillusioned staff decided to reduce productivity.

Corrective Action

By using performance appraisals, employers increase their chances of identifying deficiencies that are potentially threatening to the company's success (Vance 2006). At least 60 percent of all managers indicated that a striking benefit of the appraisal process was that it allowed him / her the opportunity to highlight areas of concern with the respective individual on a more personal basis and effect corrective action where necessary.

The challenge echoed by the majority of the managers was that once diagnoses were made, very little remedial action was taken, especially when training required external service providers. The main reasons cited for this were budget constraints. The importance of training is further reinforced by (Selden, Ingraham and Jacobson 2001) who argued that the key to an effective performance appraisal system is providing individuals with an opportunity to pursue training and development directly related to problem areas identified in the appraisal. At least 50 percent of the staff also agreed to fact that in many instances no remedial action in the form of additional training was implemented by their managers and this issue was only raised again at the next review meeting. These employees became demoralised and lost faith in the process due to the lack of action. This they felt also affected their overall ratings in a negative way.

Employee relations

Performance appraisals properly structured and applied, can be used to help minimise environmental distractions (Mayer and Gavin 2005) promoting an increased level of trust within the organisation. The majority of senior managers and at least 60 percent of middle managers mentioned that the appraisal process was a time that could be used exclusively to discuss burning issues, especially as employees were more conducive to listening and participation. Managers also indicated that it can boost staff morale when areas that serve as the individual's strengths are highlighted and a good rating motivates them to perform better. Many of these managers indicated that an honest conversation during the feedback review opened themselves to understanding and seeing things from the employee's

perspective. Many of the staff and especially the high flyers mentioned that they looked forward to appraisal reviews as it was a platform where they could openly and freely discuss performance, concerns and development issues. It was also observed that although 30 per cent of staff regarded employee benefits as a minor benefit, many of them were comfortable in getting basic feedback on their performance as they felt that issues could be addressed at any time and not necessarily in an appraisal forum.

5.3 Research Question 3

How can the current appraisal process be improved?

The majority of respondents interviewed contributed suggestions on improving the current appraisal process. The suggestions were both from an employee and manager perspective.

How can the Appraisal Process be Improved ?									
	Senior management			Middle Management			Staff		
	High Input (%)	Low Input (%)	No Input (%)	High Input (%)	Low Input (%)	No Input (%)	High Input (%)	Low Input (%)	No Input (%)
Contract		40	60	20	20	60	40	30	30
Communication	20	40	40	20	40	40	50	30	20
Appraiser training	20	60	20	40	40	20	60	30	10
Rewards		40	60	20	40	40	50	30	20
Corrective Action	20	40	40	40	40	20	50	20	30

Contract

At least 40 percent of the staff felt strongly that the employee contract can be improved by aligning the job description to the employee contract. They also indicated that the contract needs to be written in simple language so that blue collar workers are not prejudiced by terminology that they are unfamiliar with. At least 30 percent of the staff felt that the employee needs to be more actively involved in the drawing up of the contract. They indicated that it was more a top down approach with the employee having little choice in the deliverables he is expected to perform. Moving to an interactive approach ensures that the employee feels that he was involved in the process and as such promotes buy in and the employee having faith in the process. This is further supported by (Delpo 2005) who said that employees will trust the appraisal process and be more committed to it if they were initially involved in all facets including writing job descriptions, as well as identifying goals and standards for measurement purposes. The senior manager's contribution to the improvement was that the contracts need to be signed before the commencement of the review period.

This was also acknowledged by 20 percent of middle managers and majority of the staff who placed more emphasis on this issue than the senior managers.

Communication

All respondents confirmed that the level of communication can be improved from the current status. Whilst management were less vocal on the need for more communication, 50 percent of the staff requested that the appraisal process be done more frequently with constructive feedback being given at regular intervals. It was felt that many managers were inconsistent in their feedback especially when it came to the final rating session whereby managers adopted a stricter and formal approach. This request was also in line with the company policy and guidelines which promoted regular and timeous communication as part of an effective and efficient appraisal process. The need for open and honest communication is emphasised by (O Reilly and Anderson 2006) who stated that the feedback of performance appraisal information is a critical communication activity in organisations. They go on to say that an effective system ensures that feedback is provided regularly and that the appraiser should be open, trustful and reduce defensiveness in dealing with difficult topics. The request of the staff is aligned to the (Lee 2005) who mentions that all employees have a need to know how well they are performing and that an effective performance appraisal system assures that feedback is provided on a continuous basis, not in the form of a written annual evaluation, but in the form of daily, weekly, and monthly comments from an employee's supervisor or manager.

Appraiser Training

At least 60 percent of the staff were of the view that the appraisal process would increase its credibility if appraisers received training on how to conduct effective appraisals and also if they were more aware on some of the rating biasness that they practised, in some cases unknowingly. The need for training was also supported by an average of 30 percent of all managers who indicated that they can benefit the company

at large as most of them have not been for any training within the organisation and were heavily reliant on experience and previous self taught learning's to manage their staff in the appraisal process. It was also suggested by managers that the training required should include all aspects of rating bias and subjectivity so that they can become more aware of their behaviours and thought process in the appraisal process. Many believed that the criteria for the different rating scores are to be made available in the contract so that employees can have a clear idea on how they are performing and be better prepared for the appraisal review.

This will also serve to minimise disputes and reduce uncertainty on both the appraisee and appraiser level. It was also acknowledged by the managers that the need for training as stipulated in the company policy needs to be driven by themselves and not by the HR department. This aspect is reiterated by (Allan 1994) when he says that essential to the effectiveness of a performance appraisal system is thorough training, as well as periodic updating and retraining of all individuals in the organisation who conduct evaluations. An organisation should never assume that, because performance appraisal information is contained in a supervisory or managerial handbook or is included in the company personnel policy manual, supervisors and managers will automatically learn how to conduct effective appraisals.

Corrective Action

Respondents emphasised that more effort and time needs to be put in to address the challenges facing employee development and training. This was echoed by at least 50 percent of staff and 30 percent of all managers. Employees interviewed expressed disappointment and frustration due to the lack of training initiatives that were promised and implemented after appraisal reviews. Training needs identified during the appraisal process to help the employee improve his performance were seldom implemented and only revisited at the next appraisal review. The current practice reduced the credibility of the appraisal process as employees saw no added value in the process. They were critiques but no corrective action was proposed. (Delpo 2005) said that performance

appraisals are valuable in that they allow managers and employees to communicate and effect remedial action. This is further supported by the company policy which promotes ongoing learning and development. Respondents further alluded to the fact that they would be more confident to accept challenges and apply for promotions if they have undergone the required training as this will empower them to adopt a proactive approach in their own career development.

Rewards

The majority of staff level respondents were of the opinion that the appraisal process could be improved by linking rewards to performance for all levels of employees within the organisation. This would encourage individuals to take a active approach to appraisals as financial rewards would also now depend on their direct performance and participation in the appraisal process. A large percentage of managers also felt that there was room for improvement in the allocation of bonuses owing to a huge gap in the rates of senior managers, middle managers and the allocation made to staff. This suggestion would also need to be incorporated into the company policy as the current policy was silent on rewards allocation for all levels.

6 CONCLUSIONS

6.1 Summary

The findings from structured interviews have provided the researcher with in depth information about current employee performance appraisal process in Company X. The most important objective of the interviews was to frame the structured interviews, and this was achieved. Reassuringly, the issues raised by the respondents were generally the same as those raised within the literature review. The twenty structured interviews were very revealing. There was a lot of interest shown in trying to understand the purpose and delivery of performance appraisal across all levels of staff. A summary of the findings per category is listed below.

Employee Contract

The results of the research showed that the employee contracts were generic and that objectives and measurable were not clearly stated. This was echoed by at least 50 per cent of the staff and was in contradiction to the views expressed by majority of the managers. A concern was also raised mainly by the blue collar employees on the terminology used which was found to be confusing and thus difficult for them to relate to. Management did not raise any major issues and were relatively satisfied with the current status of the contracts. A key finding was that contracts were only signed after the commencement of the review period. At least 20 percent of respondents indicated that they could not embrace and adopt their contract fully as they did not have an opportunity to participate in the drawing up their contracts.

Communication

It was agreed by all respondents that the current level of communication could be improved. While managers attested to this need, at least 60 percent of staff were of the

view that more regular communication was required from their managers as the formal feedback sessions were insufficient.

Training

While the company policy mentions that managers will be trained and get the necessary support to fulfil their duties successfully, this was not put into practice. All the managers interviewed confessed they have not received any formal training and relied on their experience to complete the appraisal process. It was also an observation by at least 50 percent of staff that the manager lacked the required skill and expertise to conduct an effective appraisal review.

Frequency

All respondents indicated they were formally appraised as per company policy. It was noted by many respondents that the review exercise was rushed in order to meet the deadline and as such felt that the effectiveness of the process was compromised. At least 40 percent of staff indicated that they would like their manager to give additional informal feedback during the course of the year.

Ratings

The majority of staff mentioned that the rating scores awarded by their managers were very subjective and inconsistent. A small percentage of middle managers also supported this statement while only 40 percent of senior managers viewed the challenges of rating as a minor issue. It was also evidenced from the feedback that bias such as the horn effect, halo effect and recency were practised among the appraisers.

Corrective Action

At least 50 percent of staff and 30 percent of managers indicated that corrective action post the appraisal process was not implemented. This was in contradiction to the company policy and guidelines which detailed a plan of action for training needs that are identified during the appraisal process. The balance of the respondents indicated that they did receive guidance and training although it was not formalised.

Rewards

The majority of staff and middle managers were of the opinion that the bonus scheme for all level of employees should be standardised. They cited that if performance is linked to rewards, then employees would embrace the appraisal process with renewed commitment. All the senior managers were generally satisfied with the current reward system as they felt that the rewards received were a fair reflection of the performance rendered.

Conclusion of Findings

A number of gaps between expectations and experiences were identified. The largest gaps in the appraisal process were found to be in communication, training and the contract. Generally, negative comments were received for preparation by managers, frequency and fairness of ratings. It was interesting to note in certain instances that although respondents were highly critical in highlighting the deficiencies and lack of visibility of benefits, the very same respondents were very positive in making suggestions to improve the process. They were of the view that to the extent that such changes are made, then Company X would have a very effective appraisal process.

6.2 Recommendations

- It is strongly suggested that the performance contract be signed before the commencement of the period under review. This will ensure that the employee is not judged retrospectively for a period in which he did not have a valid contract.
- An additional gap identified was that contracts were very generic and lacked clear guidelines. It is suggested organisation's objectives be translated into departmental and then individual position objectives so that the employee fully understands what is required from him. It is also recommended that all employees participate in the drawing up of the contracts so that any uncertainties can be cleared up immediately.
- It is suggested that the company relooks at its communication in all aspects of the appraisal process so as to promote dialogue and a more participative environment for all its employees. A special emphasis and effort needs to be made in getting employees to actively interact during the review process so that the outcome is not based solely on the appraiser input.
- Training should be given on a regular basis to all managers so they can conduct the appraisal process more effectively. The human resource department should ensure that all managers responsible for appraising their staff undergo the required training well in advance of the actual review exercise. This training should also cover the implications of appraiser biasness.
- Informal performance appraisals should be done more frequently to eliminate the surprise element and to help modify performance and effect corrective action prior to the annual review.
- A concerted effort needs to be made to address training deficiencies that are highlighted in the review meetings. The appropriate training must be incorporated into the individual's development plan and be implemented at the earliest so as to effect corrective action as soon as possible.

- It is suggested that Company X reviews its existing bonus scheme rules with the view of linking performance and rewards for all levels of employees.

6.3 Suggestions for Further Research

The present case study was carried out in Gauteng region of the facility management company. The results may not therefore be generalised to other regions and departments. It is thus recommended that further research be conducted in the other regions so as to ascertain a comprehensive company evaluation of the performance appraisal process

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APPENDIX A

Letter to Respondents

Dear Colleague,

I am conducting research towards the completion of my Masters of Business Administration degree at the Wits Business School. The focus of my research is the evaluation of the employee performance management within the company.

You have been chosen at random to participate in the study with approximately 20 other people from the company. Your identity will be kept confidential and it will not be possible to identify your feedback in the final report. You will be requested to answer a questionnaire on the current performance appraisal process at a scheduled interview which will be arranged at your convenience.

There are no 'right' answers to the questions and your responses should be guided by your personal experience in the company. I will be happy to clarify the process and address any issues you may wish to raise before the start of the session.

Thanking you for your kind assistance.

Yours sincerely,

Seelan Naicker

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