

The Performance Appraisal System

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Abstract: The researcher had set out to fill the gap that existed and that made employees not realize their goals. The study paid a lot of attention on the aspect of Performance appraisal systems as they solve the review process problem—normally a formidable and cumbersome task—by making it both efficient and effective for managers and employees. Human resource often gets bogged down with the process, and managers are often untrained in delivering effective reviews that actually impact workforce performance and help grow the business. In her findings, the researcher had employees of the Ministry of Foreign Affairs saying that there was engagement with supervisors although it was not a 360 degree process. So what is the purpose of a performance appraisal system?

Keywords: Performance Appraisal.

1. INTRODUCTION

Performance appraisal system is more than simply a database for annual performance reviews. Developing internal talent can be a significant source of savings considering external recruitment and training can be twice as expensive as finding internal successors. Managers can analyze their employees' skill sets within a performance appraisal system to forecast readiness for promotion and find potential successors and design training programs to assist those employees found with gaps in required skill sets. The information that is gathered can be analyzed and used to make informed business decisions regarding promotions, rewards, and succession planning for internal candidates while supporting difficult decisions when layoffs loom during challenging economic times. Performance appraisal system allows the management categorize employees into performers and non-performers. It is primarily done to estimate the employees' worth.

2. PERFORMANCE APPRAISAL SYSTEM IN THE PUBLIC SERVICE OF KENYA

The Performance Appraisal System (PAS) GP 247 (Revised 2006), was rolled out in the Public Service from 1st July, 2006. Through PAS, the individual requests for departmental work plan and objectives from the supervisor to be able to develop individual work plan. He or she gives regular feedback on his/her performance and points out any problems being encountered. The individual also discusses departmental work plan with his/her supervisor and sets targets with the supervisor. The individual prepares quarterly reports and avails them to the supervisor. The appraisee is required to prepare a summary of achievements based on quarterly reports which should be supported by performance indicators or evidence of performance before the appraisal session takes place. The summary facilitates the appraisal session (Government of Kenya).

Throughout the last decade, the Government of Kenya has introduced new methods and techniques to shift traditional paradigms, namely using the staff performance appraisal system in order to improve their performance to include the performance contracting system. The overall objective of the staff performance appraisal system is to improve performance of the public service by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance (Government of Kenya 2009).[1].

The specific objectives of the staff performance appraisal is linking individual performance with organization performance, enabling supervisors and appraisees to continuously assess work progress, promoting communication and encouraging continuous feedback between appraisee and supervisor, and setting the basis on which an officer's

performance is monitored and evaluated as stipulated in the individual work plan which is evaluated during the cycle of performance contracting, usually every year in September (Government of Kenya 2010).[2].

3. PERFORMANCE REVIEWS

Performance review discussions enable a perspective to be obtained on a past performance as a basis for making plans for the future. An overview is taken of the progress made (Armstrong 2001).[3]. Performance and development reviews provide those involved with the opportunity to reflect on past performance as a basis for making development and improvement plans. (Armstrong 2001).[4]. The purpose of performance and development reviews is to enable those concerned to get together so that they can engage in a dialogue about the individual's performance and development.

3.1 The Reviews:

The performance review discussion provides the means through which the five key elements of performance management can be achieved.

- i) Measurement – assessing results against agreed targets and standards.
- ii) Feedback – giving people information on how they are doing.
- iii) Positive reinforcement – emphasizing what has been done well so that it will be done even better in the future, only making constructive criticisms, for example those that point out the way to improvement.
- iv) Exchange of views – ensuring that the discussion involves a full, free and frank exchange of views about what has been achieved, what needs to be done to be guided and managed and their aspirations. Performance and development reviews provide those involved with the opportunity to reflect on past performance as a basis for making development and improvement plans. (Armstrong 2001).[5]. Obtaining historical perspective through analysis is a necessary part of the review but reaching agreement about what should be done in the future is what it is all about. The performance review should take the form of a dialogue, not a top-down interview appraisal.
- v) Agreement on action plans – to be implemented by individuals along or by individuals with support of their managers. (Armstrong 2001).[6].

According to Bratten et al 2003,[7], performance appraisal is an exercise analyzing an employee's capabilities and potential drawn from assessment data of past and current work, behavior and performance, allowing decisions to be made in relation to purpose.

4. EVALUATING EMPLOYEE PERFORMANCE

Every year, most employees experience an evaluation of their past performance. This may take the form of a five-minute informal discussion between employees and their superiors, or a more elaborate, several weeks' process involving many specific steps. Employees generally see these evaluations as having an effect on their work lives. They may result in increased pay, a promotion, or assistance in personal development areas for which the employee needs some training (Decenzo 2002).[8].

The following figure illustrates the researcher's progression from existing situation to the desired situation.

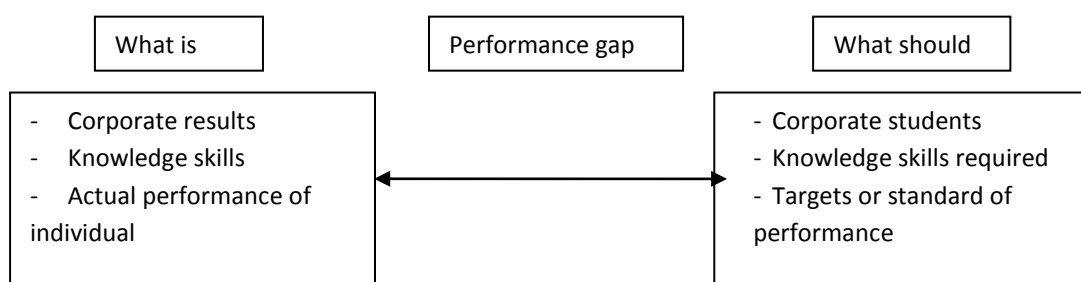


Figure 1. The Performance Gap Analysis {Adopted from Armstrong 2003}.[9].

For instance, in performance gap analysis, Armstrong (2003) [10], helps managers to identify the gap that exists between what is being done against what should be done. The researcher embarked on a study to identify the gap between performance and non-performance.

5. PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT

Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at an annual review meeting. However, performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges, and focuses on the future. (Armstrong 2008).[11].

Performance appraisal plays an important part in the overall process of performance management (Cascio 2003).[12]. Performance appraisal is an exercise in observation and judgement, it is a feedback process and it is an organizational intervention (Cascio 2003).[13]. In general, appraisal serves as a two-fold purpose: (i) to improve employees' work performance by helping them realize and use their full potential in carrying out their organizational missions, and (ii) to provide information to employees and managers for use in making work-related decisions (Cascio 2003).[14].

France and Bee (1994) [15] state that "performance appraisal should be done every year and even sooner in stages that are related to identification of needs through specification and development to the delivery. Appraisal is therefore a measure of how effective performance is"

Fahey et al (2001) [16] reiterate about improved performance of physical activities and this reflects in an employee's performance whilst performing his/her daily tasks. They say that enhanced muscular strength and endurance can lead to improvements in the areas of performance, injury prevention, body composition, self-image, and lifetime muscle and bone health.

This researcher would add a little more on this aspect and recommend that the Ministry of Foreign Affairs should engage its international civil servants in daily physical exercise. The Embassy could put a gymnasium in place at the offices, or if there is not enough room to accommodate this, the embassy could pay annual subscriptions for its employees to attend gymnasium sessions at various locations dotted all over Washington DC area, Los Angeles and New York. An early morning workout or later in the evening after work could work wonders.

According to Mullins (1996), [17], "the purpose of appraisal in performance is to improve knowledge, skills and to change attitudes. This can lead to many potential benefits for both individuals and the organization. It is therefore a key element to improve organizational performance". Appraisal or evaluation increases the level of individual and organizational competence. It helps to reconcile the gap between what should happen and what is happening; between the desired targets or standards and actual level of work performance. Mullins also states that "evaluation in performance ensures an adequate supply of employees who are technically and socially competent. He viewed performance evaluation as an integral part of the process of total quality management.

Saleemi (1997) [18] says that the purpose of conducting performance evaluation is to enable the employees to get acquitted with their present or perspective jobs and also increase their knowledge and skills through training once the gaps are identified during appraisal. Training makes new employees more productive and efficient. It makes the old employees familiar with new machines and techniques by refreshing their knowledge. Performance appraisal is never finished so long as an organization remains in business. Thus, performance appraisal is not a one stop process but it is an ongoing or continuous process. Performance appraisal is effective only when it is properly planned and effectively executed. Appraisal methods must be appropriate to the level of employees and the nature of tasks they perform. The effectiveness of an appraisal programme should be evaluated so that necessary improvements may be made in it from time to time.

Boydell (1995) [19] analyzed performance appraisal as an experimental phenomenon aimed at transforming the behaviour of individuals. Performance appraisal is mainly concerned with intentionally produced learning occurring to cause people to behave different by applying skills and techniques during performance in their jobs.

Samantha (1973) [20] states that evaluation is a measure of how well performance has met the needs of its human resource contribution to the organization's success. Through evaluation, therefore, this strengthens performance as a key organizational activity.

When we look at the management of employee performance, Hunger and Wheelen state that the most important aspect is evaluation. They say that it is possible to monitor the evaluation of the employees through the use of the evaluation systems. These systems are done continuously with a view to retaining performing employees.

Information that can be used for appraisal and performance management will include the following:

- Details of employee's sickness and attendance record
- Information relating to job performance progress
- Records of any previous appraisals on the employee's performance
- Records of any achievements or meritorious performance by the individual (Cheatle 2001).[21].

Specifically, appraisals serve the following purposes:

- a) Appraisals provide legal and formal organizational justification for employment decisions – to promote outstanding performers; to weed out marginal or low performers; to train, transfer, or discipline others; to justify merit increases (or no increases); and to reduce the size of the work place. It is, therefore used to administer a formal organizational reward and punishment system.
- b) Appraisals are used as criteria in test validation.
 - Test results are correlated with appraisal results to evaluate the hypothesis that test scores predict job performance. However, if appraisals are not done carefully, they cannot be used legitimately for any purpose (Cascio 2003).[22].
- c) Appraisals provide feedback to employees and thereby serve as vehicles for personal career development.
- d) Appraisals can help establish objectives for training programmes once development needs of employees are identified.
- e) Appraisals can help diagnose organizational problems as a result of proper specifications of performance levels. They do so by identifying training needs and the knowledge, abilities and skills. They also provide a basis for distinguishing between effective and ineffective performers.

Appraisal, therefore, represents the beginning of a process rather than an end product (Cascio 2003).[23].

6. DIFFERENT TYPES OF APPRAISAL SYSTEMS

Performance appraisal deals with how organizations evaluate and measures its employees achievements and behaviors. It is an employee review by his manager where his work performance is evaluated and strengths and weaknesses are identified so that the employee knows his improvement areas. Performance appraisal is the right time to set new goals and objectives for the employees.

Going back to the types, there are different variations of performance appraisal systems. Let us list them down and see a bit of what they are:

6.1. Behavioral checklist: Behavioral checklist has a list of criteria that an employee should workup to be a diligent worker. The behaviors differ according to the type of job been assessed. This method is considered favorable as the evaluation is done on the basis of individual employee performance without comparisons.

6.2 360 degree appraisal: 360 degree appraisal involves feedback of the manager, supervisor, team members and any direct reports. In this method of appraisal, employees complete profile has to be collected and assessed. In addition to evaluating the employees work performance and technical skill set, an appraiser collects an in-depth feedback of the employee Cascio 2003).[24].

6.3 Management by objective (MBO): This is an objective type of evaluation which falls under modern approach of performance appraisal. In MBO method of performance appraisal, manager and the employee agree upon specific and obtainable goals with a set deadline. With this method, the appraiser can define success and failure easily.

6.4 Psychological appraisals: This appraisal method evaluates the employees intellect, emotional stability, analytical skills and other psychological traits. This method makes it easy for the manager in placing the employees in appropriate teams.

Armstrong (2003) [25] in his book in Human Resource Management says that performance management processes should provide for counseling sessions between individuals and their managers. These sessions should give the former the opportunity to discuss their aspirations and the latter the chance to comment on them.

As a researcher, in my opinion, I understand career counseling to be a skilled job and an immediate supervisor is not always the best person to do it. The Ministry will have to be advised to contract a specialist(s) whose sole job would be to provide a career counseling service to back up the efforts of line managers and to advise on what needs to be done by individual employees.

Again Armstrong in his 2001 book on *Managing People*, he talks about reviewing pay and making line managers to take decisions. This is all very well in the private sector, but the public sector calls for the Permanent Secretary in the Ministry of Foreign Affairs to liaise with the Permanent Secretary, Ministry of State for Public Service who should be reviewing this aspect and others from time to time.

According to Cole (1996) [26] human resources are the most dynamic of all of the organization's resources and therefore need considerable attention (in the form of training and development from the organization's management if they are to realize their full potential: organizations benefit from improved job performance. Carolyn, in her Article on Human Resource Management published on 26th February 2010, suggests that human resource management practices and beliefs play important roles in management especially when it comes to planning, recruiting and developing employees.

7. PERFORMANCE APPRAISAL COMPARED WITH PERFORMANCE MANAGEMENT

Performance Appraisal	Performance Management
Top-down assessment	Joint process through dialogue
Annual appraisal meetings	Continuous review with one or more formal reviews
Using ratings	Ratings less common
Monolithic system	Flexible process
Focus on quantified objectives	Focus on values and behaviours as well as objectives.
Often linked to pay	Less likely to be a direct link to pay
Bureaucratic – complex paperwork	Documentation kept to a minimum
Owned by the Human Resource Department	Owned by line managers
	Cascio 2003 [27].

8. FEEDBACK AND COACHING

Managers need to be available and check in with their employees on a regular basis to give feedback and / or coaching as necessary. They should be made aware of any obstacles that may keep their employees from achieving these established goals. If there are obstacles, the manager and employee can create a plan to overcome them, such as reviewing the skill development or training necessary to be successful or evaluate the current available resources to identify whether additional resources are required. Performance monitoring, feedback and coaching creates a separate feedback loop within the larger loop which should take place more than an annual review, allowing for changes as necessary (Armstrong 2003).[28].

9. PERFORMANCE IN RELATION TO REWARDS

Schemes such as piece-work, payment by results, measured day work, management by objectives, merit pay team and individual bonuses, profit sharing and performance-related pay have been introduced in companies in many different guises in the belief that the main method of motivation is through direct financial incentives. However, researchers such as Roy (1952, 1953, and 1955) [29] and Roethlisberger and Dickson (1939) [30] discovered that the relationship between economic incentives and effort (performance) is not simple, and is influenced by many other factors. Indeed, the problems

encountered through the introduction of more modern payment-by-results schemes perhaps originated from a persistent attempt by workers to regain control over work output, methods and earnings. Practitioners, academics and employees alike are questioning whether in vogue payments schemes such as performance-related pay are the most effective way of increasing and harnessing the motivation of employees (Beardwell and Holden, 2001).[31].

9.1 Recognition on Employee Performance:

Although money receives the most attention as a reinforcer and incentive motivator, there is evidence that contingently administered recognition can be a powerful reinforcer to increase employee performance as was found out by the researcher during her study.

According to Stajkovic, 1997, as a reward for employee performance, recognition is defined as acknowledgement, approval and genuine appreciation. This recognition can be set up on a formal basis (for example, employee of the month or informally used by a supervisor/team leader in managing individual employee or team behavior. It can be administered at a public or a staff meeting, newsletter, or banquet. Under classic behavioral management based on reinforcement theory (Komaki *et al*, 1996), recognition is classified as a natural reinforcer (as opposed to a contrived reinforcer such as money) (Luthans & Kreitner, 1975, 1985).[32]. Recognition is treated as universally applicable and, if provided on a contingent basis in managing employee behavior, can be a very powerful reinforcer to improve performance.

9.2 Employee satisfaction

Employee satisfaction and morale towards rewards is underpinned by the ability to satisfy a number of different needs, some of which are more powerful than others. Unless the most pressing need is satisfied, the others would be irrelevant. For reward management to motivate employees fairness is vital. When these features lack in a reward system, low satisfaction can be expected to follow (Kosek *et al*, 1996).[33]. However, the researcher feels that an impact on employees as regards rewards can be measured through a combination of factors such as adequacy, employees' satisfaction, and their performance as well as low employee turnover.

Indeed, as an individual's motivation is determined by complex interaction of influence so is one's attitude towards appraisal. Fisher (1995) [34] outlines how the language used by an appraiser and appraisee suggests different ways in which they interpret and make sense of the theatre of performance management and appraisal schemes. Thus there can be no objective truth of one's motivation and performance, only a reality created through language Grint (1994) and social construction[35].

As Leiper (1994) [36] indicates, there are a variety of approaches and systems which have been developed for evaluation in recent years. However, methods are less consequence than the frame of mind in which evaluation is undertaken. It requires the development of a spirit of enquiry and conditions which provide the security necessary for learning from experience, especially containing anxiety both organizational and personal.

The researcher also found out that another way of getting employees who are satisfied is through training which is the formal and systematic modification of behavioral through learning which occur as a result of education, instruction on development and planned experience. Training must have a purpose and that purpose can be defined only if the learning needs of an organization and the groups and individuals within it have been systematically identified and analyzed.

The researcher found out that the reasons for employees wanting to leave the embassy included not having better prospects or more opportunities to develop their skills. They were also concerned about their working conditions that included their work environment. The researcher found out through her study that the huge gap between salaries paid to the senior and junior staff results in the junior staff being a dissatisfied lot. All these go to prove that for an individual's reward package is typically based around two components: a salary or wage components and an incentive based component. There are several aspects of reward package in relation to employee benefits that can be offered and successful schemes tend to be those that meet specific needs of the workload.

As regards South Africa, in the document collection for University of South Africa, Department of Public Administration 102/2007, protection of foreign employee rights includes the elimination of unfair discrimination in the workplace, prohibition of unfair discrimination, medical testing of an employee is prohibited, testing of an employee to determine

that employee's HIV status is prohibited unless such testing is determined justifiably by the Labour Court (Study Guide to Public Administration, UNISA 2004).[37].

This is all very well but the argument is that the above apply to all employees both at home and abroad, as civil servants. What is not addressed is the question of factors that are affecting performance of employees in foreign countries (HPERSA-K/102).[38]. The researcher in her study has recommended ways of addressing these issues.

Ward *et al* (1991),[39] describe how when assessing the success/failure of construction projects a common approach is to evaluate performance on the extent to which client objectives like cost, time and quality were achieved. Ward *et al* (1991) [40] also suggest that looking back on the conduct of a project, what sticks in the mind is often not so much financial success or early completion, but memories of other people involved and abiding impressions of harmony, goodwill and trust or, conversely, of arguments, distrust and conflict. To this the researcher concurs with Ward.

Damsgaard (1983) [41] informs us that national civil servants, as compared with ICSs, enjoy stability and security of employment. This is because the national civil servant, being in his/her own country is not threatened once he/she is employed by the state. Their term of service is clearly spelt out and in most cases, they serve until retirement. The researcher differs with Damsgaard in that in Kenya, and especially with the newly introduced Performance Contracting, a civil servant has to deliver whether in Kenya or is working internationally in one of Kenya's missions abroad. When one does not deliver, they are relieved of their duties and do not have to wait for retirement. There is also no security of tenure.

Kruger (1993) [42] reiterates that conditions of employment of the international public service involve an autonomous, extraterritorial system, which differs from the conditions of employment of national public services in that they are not associated with national labour legislation and regulations. Here, the researcher has found out that in the Kenyan situation, the conditions of service are not very different between those civil servants working at home and civil servants working in the United States of America. The only difference being that the cost of living is taken care of in the respective duty station. The salary scale remains the same.

Meron's work on international civil service (1977) informs us that what makes an ICS unique is the fact that he/she operates within a multinational framework as against his home country where he may find a working environment that is made up of nationals of that country, perhaps the only difference being ethnicity. Here, the researcher tends to agree with Meron.

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