

**EVALUATING THE EFFECTIVENESS OF PERFORMANCE
APPRAISALS AND THE IMPACT OF PERFORMANCE
REMUNERATION ON EMPLOYEES' MOTIVATION: A CASE STUDY OF
A CHEMICALS AND WASTE MANAGEMENT BRANCH AT THE
DEPARTMENT OF ENVIRONMENTAL AFFAIRS (SOUTH AFRICA)**

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ABSTRACT

Effective evaluation of employees' performance and continuous development are essential for an organisation's survival and growth. It is the duty of any organisation to ensure that its workforce is highly motivated and productive to obtain organisational goals and objectives. This can be achieved through effective implementation of a performance appraisal (PA) system that distinguishes between good, average and poor performance of employees. If effectively implemented, PA can have a positive impact on the employees' quality of performance.

Key Words: Effectiveness, Performance Appraisals, Remuneration, Motivation, Waste Management, Environmental Affairs, Employees, Goals, Objectives

INTRODUCTION

An important part of appraising performance is to establish employees' goals, which should be tied to the company's strategic goals. Somehow, this becomes clouded by conflicts at the time of formal assessments (Noe et al., 2008:342). The reward side of performance appraisal appears to be over-emphasised. Because of this emphasis, employees primarily have monetary expectations from the application of performance appraisal, which, if not realised, results in disagreements and the lodging of disputes. When reward becomes the primary goal, a person's interest becomes focused on the payment rather than on performing the task, reducing the individual's interest in the task itself (Public Service Commission, 2007:3). Incentives and rewards must be aligned to organisational objectives in order to promote and reinforce desired ways of working. Aligning incentives and rewards to employee performance has been shown to have an impact on staff performance and should form part of a coherent performance management regime (Biswajeet, 2009:342).

Grobler et al. (2011:312-314) state that because performance appraisals completed by humans, all of whom inherently possess feelings, there will always be elements of subjectivity. Even though criterion could be stipulated, personal likes and bias will influence performance evaluation. The authors' stressed that appraisers should apply consistent, explicit and objective job-related standards when conducting PAs. Work performance, not the individual, should be appraised.

Appraisal of an employee should be related to the essential functions of the job. This restriction should emphasise to employers the importance of a good fit among job analysis, job description and performance appraisal. This fit not only guards against complaints and lawsuits, but integrates these management tools in a logical, predictable fashion (Grobler et al., 2011:300-301).

Objectives of the Study

1. To evaluate the effectiveness of the current performance appraisal system against its intended objectives and assess whether PA's are used optimally.
2. To examine the relationship between performance remuneration and employees' motivation.
3. To assess the impact of performance remuneration on employees' motivation.
4. To identify strengths and weaknesses of the current performance appraisal system.

LITERATURE REVIEW

Introduction

Performance appraisal is a separate but central subset of overall performance management. It is simply the process of formally evaluating work performance, making decisions on the effective utilisation of resources, rewarding and motivating of staff, rectifying substandard performance and providing feedback to individual employees (Swanepoel et al., 2010:368).

Jones and George (2009:423) define performance appraisal as the evaluation of employees' job performance and contributions to the organisation. Jones et al. (2009:423) argue that one of the most important resources in all organisations is human resources; the people involved in the production and distribution of goods and services. Recruitment/selection and training/development components of a human resource management system ensure that employees have knowledge and skills needed to be effective now and in the future. Performance appraisal and feedback complement recruitment, selection, training and development. Performance feedback is the process through which managers share performance appraisal information with their subordinates, give subordinates an opportunity to reflect on their own work performance, and develop, with subordinates, future strategies (Jones et al., 2009:423).

According to Jones et al. (2009:441), performance appraisal gives managers vital information on which to base human resources decisions. Decisions about pay raises, bonuses, promotions and job moves all hinge on the accurate appraisal of employees' performance. Performance appraisal can also help managers determine which workers are candidates for training and development and in what areas. Performance feedback encourages high levels of employee motivation and performance. It lets poor performers know that their efforts are valued and appreciated. It also lets poor performers know that their unsatisfactory performance needs improvement.

Effective appraisals, if used correctly, can significantly contribute to the satisfaction and motivation of employees. Since performance appraisals are done by people, there will always be an element of subjectivity, personal likes and bias, which may skew the evaluation process. Rating staff can provide a clear indication of how rewards are linked to performance; it can, however, also have a negative impact on employees who receive low evaluation results; especially if such results are not managed pro-actively and in positive manner (Grobler et al., 2011:297).

The ultimate goal of PA is to maintain better performance by fostering employees' motivation, which depends on their experiences of situations in the workplace, such as the present reward

system, rules and regulations. Performance appraisal is a separate but central tool for overall performance management. It is simply the process of formally evaluating work performance, making decisions on the effective utilization of resources, rewarding and motivation of staff, rectifying substandard performance and providing useful feedback to individual employees (Swanepoel, Erasmus and Schenk, 2010:368).

Noe, Hollenbeck and Wright (2008:342) argue that, traditionally, performance appraisal was viewed as an administrative duty performed by managers and was primarily seen as the responsibility of the human resource function. Managers now view performance appraisal as an annual ritual; they quickly complete the form and use it to catalogue all the negative information they have collected on an employee over the previous year. Because they may dislike confrontation and feel that they don't know how to give effective evaluations, some managers spend as little time as possible giving employees' feedback. Not surprisingly, most managers and employees dislike performance appraisals. The major reasons for this includes a lack of ongoing review, a lack of employee involvement and a lack of recognition for good performance. Managers are often uncomfortable confronting employees with their performance weaknesses. Such confrontations, although necessary to the effectiveness of the work, often strain everyday working relationships (Noe et al., 2008:348).

A properly conducted performance appraisal can help the company identify the strongest and weakest employees. It can help legally justify many human resource management decisions, such as promotions, salary increases, discipline and layoffs. Performance appraisal has many facets. It is an exercise in observation and judgment, a feedback process and it is an organisational intervention. It is a measurement process as well as an intensely emotional process. Above all, it is an inexact, human process. Not surprisingly, therefore, it is judged effective in less than 10% of the organisations that use it (Cascio, 2010:334).

Bateman et al. (2013:372) assert that a performance appraisal has two basic purposes. Firstly, an appraisal serves an *administrative* purpose. It provides managers with the information they need to make remuneration, promotion and dismissal decisions, helps employees understanding and acceptance of the basis for these decisions, and, if necessary, provides documentation that can justify those decisions in court. Secondly, appraisals serve as a *developmental* purpose. The information gathered in the appraisal can be used to identify and plan additional training and other improvements employees require. An ideal performance appraisal should be a collaborative venture between subordinates and superiors in which goals and objectives are agreed upon and development plans are put in place to ensure that subordinates can achieve those goals and objectives (Werner et al., 2007:106).

Cascio (2010:332) argues that regular assessments of progress towards goals help to focus the attention and efforts of an employee or a team. If a manager takes time to identify measurable goals but then fails to assess progress toward them, his/her efforts will most probably be futile.

A properly defined performance assessment involves the setting of goals, deciding on how to measure accomplishments and providing regular progress assessments. Managers who are committed to managing for maximum performance recognise that one of their major responsibilities is to eliminate roadblocks to successful performance and provide adequate resources to get a job done right and on time. It should also pay careful attention to selecting employees, all of which are part of performance facilitation (Cascio, 2010:332). Noe et al. (2008:342) assert that an important part of appraising performance is to establish employees' goals, which should be tied to the company's strategic goals.

In order for individuals to deliver elevated performance, they must feel their actions directly contribute to the overall performance of the organisation, team and customers they are serving. Establishing this sense of connectivity is the most challenging, yet most effective driver of commitment and performance improvement. When employees can see a direct link between their work and the impact it makes on the success of their team, their day-to-day functioning improves (Booz and Company, 2009:8).

Performance Appraisal Criteria

Performance appraisal assesses three basic categories of employee performance, traits, behaviours and results (Grobler et al., 2011:297):

- Trait-based behaviour: Focus on the personal characteristics of the employee (e.g. loyalty, dependability, creativity and communication skills). Here, the focus is on what a person is and not what he or she does or accomplishes on that job. However, trait appraisals are often not valid as performance measures because they tend to be ambiguous as well as highly subjective (Bateman and Snell, 2013:372).
- Behaviour-based criteria: Although subjective, this approach focuses more on observable aspects of performance. They are developed in response to the problems of trait appraisals. These scales focus on specific, prescribed behaviours that can help to ensure that all parties understand what the ratings are really measuring. Because they are less ambiguous, they also can help provide useful feedback (Bateman and Snell, 2013:372). These are concerned with specific behaviours that lead to job success. For example, instead of ranking leadership ability (a trait), the rater is asked to assess whether an employee exhibits certain behaviours (e.g. “works well with co-workers; Grobler et al., 2011:297).
- Results or outcome based criteria: These tend to be more objective and can focus on production data, such as sales volumes, units produced or profits. Results based outcomes focus on what was accomplished or produced rather than how it was accomplished or produced. One approach to results appraisals, management by objectives (MBO), involves a subordinate and a supervisor agreeing in advance on specific performance goals. It is important to note that this type of criterion is not appropriate for every job and it is often criticised for missing important aspects of the job, such as quality.

Cascio (2011:332) asserts that a proper performance management must do three things: set goals, decide how to measure performance and provide regular assessments of progress. He argues that if an organisation intends to encourage its employee to greater quality performance, it's important to provide a sufficient number of rewards that employees' value in a timely fashion and fair manner. He emphasised that companies should not offer rewards that employees are not concerned about.

Biswajeet (2009:122) asserts that a PA does not merely measure the performance of the people, but has many other benefits. The benefits of a successful appraisal system can be summed up as follows:

a) For the appraisee

- Better understanding of his/her role in the organisation, what is expected and what needs to be done to meet those expectations. This includes the security of knowing that they are doing and the job that is agreed upon.
- Framework for gauging personal performance.
- Clear understanding of his/her strength and weaknesses in order to develop into a better performer in the future.
- Increased motivation, job satisfaction and self-esteem.
- Opportunity to discuss work problems and how they can be overcome.

- Opportunity to discuss aspirations and guidance and the support or training needed to fulfil these aspirations.
- Improved working relationships with superiors.
- b) *For the management*
 - Identification of performers and non-performers and their development towards better performance.
 - Opportunity for preparing employees for assuming higher responsibilities.
 - Opportunity to improve communication between the employees and management. When performance expectations are clearly communicated and regularly reinforced, employees are more likely to take ownership of their work and be committed to the expected outcomes.
 - Identification of training and developmental needs.
 - Generation of ideas for improvement.
 - Better identification of potential and formulation of career paths.
- c) *For the organisation*
 - Improved performance throughout the organisation.
 - Creation of a culture of continuous improvement and success.
 - Conveyance of message that people are valued.

Steps in Developing a Performance Appraisal System

The specific steps followed in developing a PA system will vary somewhat from organization to organization. Nonetheless, the general guideless discussed here will be followed by most employers when developing an appraisal system (Grobler et al., 2011:299-300):

1. *Determine performance requirements:* In the first step of the process, administrators must determine what skills, outputs and accomplishments will be evaluated during each appraisal. These may be derived from specific job descriptions or they may be a uniform set of employee requirements included in all PAs. Policy-makers must determine exactly what areas of performance are going to be reviewed and how these areas are related to the organisation's strategic goals.
2. *Choose an appropriate appraisal method:* Several methods may be used to appraise performance and no single method is best for all organisations. The manner in which a supervisor conducts PA's is strongly determined by the method. Within an organisation, different appraisal methods may be used for different groups, such as production, sales and administrative employees.
3. *Train supervisors:* A critical step in the PA process is training supervisors (or other raters) to make sure that they prepare fair and accurate appraisals and effectively communicate the evaluation to the employees. Unfair ratings may result in charges of discrimination, loss of employee morale and productivity or inaccurate appraisals, which lead to poor compensation or staffing decisions.
4. *Discuss methods with employees:* Prior to appraisal interviews, supervisors should discuss with employees the method that will be used. This discussion should specify which areas of performance will be evaluated, how often, how the evaluation takes place and its significance to the employees. The use of appraisals varies greatly; some organisations tie pay and promotion directly to the PA, whereas others conduct appraisals only in a perfunctory manner to meet some broad goals or policies.
5. *Appraise according to job standards:* PA's should evaluate the employees' work according to predetermined work requirements. Comparison with specific requirements indicates what employees have or have not done well. The supervisor's feelings about the employee should not affect the appraisal. Feelings cannot be evaluated; they are only

mental constructs and may be biased. By discussing employees' observed and documented behaviour, the supervisor focuses the appraisal on concrete and actual performance of the employee.

6. *Discuss appraisal with employees:* In some organisations, appraisal discussions are omitted whenever specific evaluative objectives for merit raises or promotions have been met. The general trend, however, is to make sure that the supervisor discusses the appraisal with their employees, allowing employees to discuss areas of agreement and disagreement. The supervisor should emphasise positive work performance – those areas in which the employee has met or exceeded expectations – as well as areas that need improvement.
7. *Determine future performance goals:* A critical aspect of PA is the use of goal-setting. How specifically or rigidly these goals are to be pursued is determined by the appraisal method used. Even if goals are only broadly discussed, setting goals for the employees' future appraisal period is critical because it gives the employees direction for continued or improved performance. When leaving the appraisal discussion, an employee is more likely to feel comfortable knowing how past performance has been viewed and what needs to be accomplished to meet future expectations.

Performance Appraisal Legal Considerations

Grobler et al. (2011:300-301) assert that new legislation pertaining to labour relations, employment equity and the constitution, the possibility of legal review of terminations, promotions, pay decisions and other HR issues are becoming a reality in South Africa. For example, the Labour Relations Act, No. 66 of 1995 (as amended), stipulates that when considering a dismissal, it must be both procedurally and substantively fair. Thus, when dismissing an employee on grounds of poor work performance (one of the legal reason according to the Act), the input received from the performance appraisal exercise in the company will be vital. However, this process will have to be legally sound to avoid any liability.

Coinciding with the Employment Equity Act 1998, employers may not discriminate on any of the grounds listed in Section 6(1) of the Act when evaluating an employee's performance. Thus, staff responsible for PA should not discriminate on the grounds listed in Section 6(1) of the Act and the assessment criteria used should be examined to ensure that they are not unlawfully discriminating.

Experts suggest several guidelines that, if strictly followed, will help protect a company from problems related to its PA's:

1. Written appraisals should be conducted regularly for all employees and not limited to lower-level employees. These written appraisals should never be backdated or altered at a later time.
2. Supervisors and other appraisers should be trained thoroughly in proper appraisal procedures. This includes emphasising that PAs should be truthful, candid and constructive, but not malicious.
3. Appraisers should apply consistent, explicit and objective job-related standards when preparing PAs. Work performance, not the individual, should be judged. An appraisal of an employee or applicant should relate to the essential functions of the job. This restriction should emphasise to employers the importance of a good fit among job analysis, job description and performance appraisal. This fit not only guards against complaints and suits, but integrates these management tools in a logical, predictable fashion.
4. An audit system should be established to guard against leniency and other rater errors to ensure that appraisals are unbiased. For instance, before a PA interview is held with the employee, the PA should be reviewed and approved by another manager or reviewer. The

- HR department can review ratings by the supervisor to help identify rater errors, such as central tendency, harshness and leniency.
5. Problem areas should be detailed and documented. If problems are not specifically identified, the employee will have a hard time knowing exactly what behaviour to improve. The documentation of specific problems is crucial.
 6. When problems have been identified in assessing substandard performance, specific goals and timetables should be established for improvement. PAs are most effective when they contain a compliance timetable and secure the employee's commitment to comply.
 7. Employees should be given a clear opportunity to respond to negative appraisals. If the employee with substandard performance gives their version of the facts, this may avoid future claims and will help gain the employee's involvement in the PA process. An opportunity to provide ratings within the organisation may also help ensure a fair system and provide a real opportunity to respond.
 8. The employer should be able to prove that the employee received a PA. Employees who disagree with their ratings may be reluctant to sign the PA form, assuming that their signature indicates agreement. Allowing them to sign and indicate that they were "present" or "present but disagree" will still supply the needed proof of receipt. The employees should either sign or indicate receipt or another supervisor can simply witness receipt.
 9. Circulation of appraisal should be restricted to those in management with a need to know. Unrestricted access to a PA, including negative ratings, may expose the employer to a defamation suit.
 10. If termination for poor work performance is being considered, past PAs should be scrutinised to determine if the employee was adequately informed of their performance deficiencies and if the PA was consistent with the stated reasons for the employee's dismissal. The employee should also have been given a fair opportunity to meet the required standard.

anepoel et al. (2011:387), assessment centres are designed to appraise individuals' current managerial ability, rather than their past performance. This future orientation would, therefore, make the method quite suitable for development purposes. This realisation has led to the evolution of assessment centre technology ranging from early selection orientation to the current developmental centres, which focus on diagnosing development needs, making development recommendations and

Self-appraisal

Cascio (2010:349) states that there are several arguments for recommending wider use of self-appraisal. The opportunity to participate in the performance-appraisal process, particularly if appraisal is combined with goal setting, improves the ratee's motivation and reduces his/her defensiveness during the appraisal interview. On the other hand, self-appraisal tends to be more lenient, less variable, more biased and to show less agreement with the judgments of others. Using self-evaluations in performance feedback is reported to lead to more constructive evaluation interviews, less defensiveness during the appraisal process and an even higher level of commitment to organisational goals (Nelson and Quick, 2002:176). Research suggests that supervisors react to employees' self-ratings. Supervisors who learned that certain employees' self-ratings were higher than their own changed their initial ratings. Supervisors generally changed the ratings in a positive direction, gave these employees larger increases and were less willing to sit down and discuss the appraisal with these high self-raters. This finding suggests that some negotiation or posturing may be taking place in such PA procedures (Grobler et al., 2011:318).

360-degree Appraisals

Another approach that has gained increasing popularity is the so-called 360-degree performance appraisal technique. The format derives its name from the fact that appraisal feedback is provided from all directions, namely from the top (that is, the direct supervisor), the sides (that is, colleagues and co-workers), the bottom (that is, subordinates), and, sometimes, even from customers. Essentially, this is a multiple rater/multiple source approach to the assessment of an individual's work performance (Swanepoel et al., 2011:388). Bateman and Snell (2013:374) assert that the person being rated can select the appraisers, subject to a manager's approval, with the understanding that the individual appraisals are kept confidential. Returned forms might not include the name of the appraiser and the results may be consolidated for each level. Because of the use of multiple sources, a broader perspective can be developed from an individual's strengths and weaknesses. This enhances self-insight in the process of developing one's full potential (Swanepoel et al., 2011:388). On the downside, employees are often unwilling to rate their colleagues harshly, so a certain uniformity of ratings may result. In addition, the 360-degree appraisal is less useful than more objective criteria, such as financial targets, in measuring performance (Bateman and Snell, 2013:374).

Balanced Scorecards Format

Swanepoel et al. (2011:392) define balanced scorecard as a management system that tracks organisational performance, not only from the traditional reliance on short-term financial measures, but would also combine hard and soft measures together with short- and long-term ones. The focus is not purely on management accountancy bottom-line measures, but incorporates performance measures from four balanced perspectives, including financial, customer, internal business processes and employee learning and growth.

Designing an individualised balanced scorecard for an organisation and deciding what metrics to use starts off with a clarification of the organisation's strategy by top management and linking it to the vision and mission. The central question of each of the four quadrants needs to be examined, and, in response to these questions, critical objectives are set and appropriate measures are determined. For each measure, targets are then set and initiatives are devised that will result in their achievement. Once this process of designing the organisation's balanced scorecard is completed, the measures need to be cascaded down to departmental level. Using the strategy that has been articulated, the individual departments would need to discuss their respective purposes and how they contribute to the overall results envisaged. Their appropriate key measures that are aligned to the strategy are determined. This ensures that departments are empowered to design measures themselves, rather than being dictated to by a top-down approach.

Departmental performance and initiatives are, thus, ideally aligned to the strategic intent of the organisation, and, once all their measures are in place, the next step of developing individual scorecards by means of performance contracts can follow. Interaction between the four quadrants of the balanced scorecards means that employee learning and growth and competence that flow from them feeds into the organisation's internal business processes, which feed into customer satisfaction and then influences financial bottom-line financial results. Some practitioners do, however, report that cascading down to the individual level is often not executed effectively and caution that extensive training is needed to ensure that line managers and employees fully understand what is needed to make the balanced scorecard work (Human Capital Management, 2006:133).

Pitfalls of Performance Appraisals

Performance appraisals help management to collect data on human resources and use it for enhancing the responsiveness of the organisation (Biswajeet, 2009:123). Since performance appraisal is done by people who have emotions, there will always be some subjectivity. Though measuring criteria should be stipulated, personal likes and bias will, to some extent, influence the evaluation. Every assessor has a price expectation of a particular type of behaviour. An appraisee who meets it will get higher assessment. Grobler et al. (2011:312-314) assert that rating problems should be recognised and minimised by trained supervisors and other raters. Appraisers should not only become aware of the most common rater errors, but should also learn how to avoid committing them. All methods of PA are subject to errors, but training and information can minimise many of them. Some of the common pitfalls encountered in performance appraisal are the following:

- *Shifting standards*: Performance appraisal should be based on uniform and fair standards, as employees might get confused and the organisation might not be able to decide as to who is suitable, and, therefore, should be promoted. For example, last year, quality was the criteria for performance evaluation, but the management decides to judge this year on the basis of quality (Grobler et al., 2011:312-314).
- *Different rater's patterns*: Managers differing rating styles; some rate harshly, whereas others are quite lenient (Grobler et al., 2011:312-314).
- *Central tendency*: When raters evaluate everyone as average, the result is central tendency (Grobler et al., 2011:312-314). They may find it difficult and unpleasant to evaluate some employees higher or lower than others, even though performance may reflect a real difference. Many appraisal forms require the appraiser to justify outstanding or poor assessments. Hence, many raters prefer an easier path of rating most people as average. The problem of central tendency also occurs when supervisors cannot evaluate employee performance objectively because of a lack of familiarity with the work, a lack of supervisory ability or a fear that they will be reprimanded if they evaluate individuals too highly or too strictly.
- *First impression*: Some raters may form an overall impression based on some specific qualities or features of the ratee in the first meeting itself and carry this forward. Making assessments in too short a time span and based on inadequate knowledge is incorrect (Grobler et al., 2011:312-314).
- *Latest behaviour*: At times, an appraisal is influenced by the most recent behaviour, ignoring the most commonly engendered behaviour during the entire period. A usually sober person may be treated as arrogant because he expresses his opinion (Grobler et al., 2011:312-314).
- *Halo effect*: When a rater lets one particular aspect of an employee's performance influence the evaluation of other aspects of performance, a halo effect has occurred. Some raters have a tendency to rate high/low on all performance measures based on one characteristic of an employee. The halo problem can be minimised by supervisory training. Supervisors should be trained to recognise that all jobs require the application of many different skills and behaviours. Training should also focus on the fact that it is not unusual for employees to perform well in some areas and less effective in others, and that coaching and training should concentrate on those areas in need of improvement (Grobler et al., 2011:312-314).
- *Horn effect*: Highly critical bosses have a tendency to compare the performance of their subordinates with 'what they did'. This is not correct because performance also depends upon the situation (Grobler et al., 2011:312-314).
- *Rater's bias*: The most common error that exists in any appraisal method is conscious and unconscious rater bias. Such bias is not related to job performance and may stem from

personal characteristics, such as age, sex, disability, and race or from organisationally-related characteristics, such as seniority, membership of an organisation's athletic team or friendship with top administrators (Grobler et al., 2011:312). Some raters have a standard mental picture about a person because of that person's sex, race, caste, religion, age, style of clothing or political view.

- *Leniency*: Inexperienced or poor supervisors may decide that the easiest way to appraise performance is simply to give everyone a high evaluation – leniency. The supervisor may believe that employees will feel that they have been accurately appraised or that even if they know they have been inaccurately appraised, it will be to their benefit. Employees will not complain about their appraisal if they all receive high appraisals. However, the best performers in the department will complain about such supervisors, because those who are working hard receive no more credit than fellow employees who are not (Grobler et al., 2011:312-314).
- *Strictness*: Sometimes, supervisors consistently give low ratings even though some employees may have achieved an average or above-average level of performance. Strictness is the opposite of leniency and the problem of strictness is not as nearly widespread as the problem of leniency. Supervisors are often guilty in their ratings because they feel that none of the subordinates are living up to standards of excellence. Unreasonable performance expectations that employees find impossible to achieve can also be demoralising (Grobler et al., 2011:312-314).
- *Recency/primary effect*: When organisations use annual or semi-annual PAs, there may be a tendency for supervisors to remember more about what their employees have done just before the appraisal than in prior months. It is human nature for supervisors to remember recent events more clearly than events in the distant past. To avoid recency effects, raters should conduct frequent appraisal (e.g. monthly or quarterly) and/or keep a running log of critical incidents associated with the employee's behaviours and outcomes. The rater can refer to these short notes about these special outcomes and behaviours, good and bad, when performing the typical annual PA. These notes could be kept in a special file or simply on the rater's calendar. The opposite is the primacy effect, where information received first gets the most weight (Grobler et al., 2011:312).
- *Overall ratings*: Many appraisal forms require the supervisor to provide an overall rating of an employee's performance in addition to evaluations of specific performance areas. Often, compensation decisions (e.g. the amount of pay increases or bonuses) are determined by the employee's overall rating. Often, supervisors must rate the employee as "outstanding above average", "doing an average job", "substandard but making progress" or "definitely unsatisfactory". It is difficult for the rater to combine all the separate performance dimensions into one accurate overall rating (Grobler et al., 2011:312-314).
- *Spill-over effect*: This involves allowing past performance to influence present evaluation (Grobler et al., 2011:312).

Pay and Motivation

Jones et al. (2009:464) assert that managers can base merit pay to people in the form of a salary increase or a bonus on top of regular salaries. When individual performance can be accurately determined, individual motivation is likely to be highest when pay is based on individual performance. There is a need to reward the high achievers so that high performance standards are maintained. When the best performers receive rewards that are no higher than the average or worst performers, motivation plummets (Cascio, 2011:344). Merit pay can be distributed to people in the form of a salary or a bonus on top of regular salaries.

According to Booz and Company (2009:10), incentives and rewards must be aligned to objectives throughout the organisation to promote and reinforce desired ways of working. It is, therefore, important that employees receive a level of pay and conditions that they perceive to be fair and adequate for their role. Although perceptions of pay and conditions are not considered significant drivers of enhanced employee performance, poor perceptions have clear negative results.

Aligning compensation to employee performance has been shown to have an impact on staff performance and should form part of a coherent performance management regime. Many organisations may do this in theory, but fail to execute effectively due to a lack of management capability and clear accountabilities. Booz and Company (2009:6) argue that increasing pay does not directly lead to increased effort. In fact, focusing attention on money in order to motivate people often produces the opposite result. When pay becomes the primary goal, a person's interest becomes focused on the payment rather than on performing the task, reducing the individual's interest in the task itself.

Motivation is defined as psychological forces that determine the direction of a person's behaviour in an organisation, a person's level of effort and a person's level of persistence in the face of obstacles. Motivation is central to management because it explains why people behave the way they do in organisations. Two types of behaviours can occur during motivation: intrinsically motivated behaviour and extrinsically motivated behaviour. Intrinsically motivated behaviour is that which is performed for its own sake; the source of motivation is actually performing the behaviour and motivation comes from doing the work itself. A person who is intrinsically motivated derives a sense of accomplishment and achievement from helping the organisation to achieve its goals and gain competitive advantages. Extrinsically motivated behaviour is that which is performed to acquire material or social rewards or to avoid punishment and the source of motivation are the consequences of the behaviour, not the behaviour itself. People who are extrinsically motivated draw their motivation from the consequences they receive as a result of their work behaviour (Jones et al., 2009:483-485).

In the study of work motivation, a fairly well-established principle is that the things that get rewarded get done (Cascio, 2011:339). Jones et al. (2009:463) argue that an organisation will only be effective only if its members are motivated to perform at high levels. Managers can use pay to motivate employees to perform at a high level and attain their work goals. Pay is used to motivate entry-level workers, first line managers, middle managers and even top management. Pay can be used to motivate people to perform behaviours that help an organisation to achieve its goals and it can be used to motivate people to join and remain with an organisation (Jones et al., 2009:485). Jones et al. (2009:466) argue that managers strive to motivate members of an organisation to contribute inputs (though their behaviour, efforts and persistence) that help an organisation achieve its goals. They seek to ensure that people are motivated to contribute important inputs to the organisation and these inputs are put to good use or focused in the direction of high performance, with the high performance resulting in workers obtaining the outcomes they desire. He further argues that managers can use pay to motivate employees to perform at a high level and attain their work goals.

RESEARCH METHODOLOGY

- The survey relies on breadth rather than depth for its validity. This is a crucial issue for small-scale researchers; and
- Surveys are inflexible in that they require the initial study design (the tool and administration of the tool) to remain unchanged throughout the data collection.

Target Population and Sampling

According to Huysamen (1994:37), a research problem has a bearing on some form of a population. It is usually not practically and economically feasible to involve all members of the population in a research project, primarily because of the population size. Consequently, researchers obtain data from a sample of the population.

In this study, the population consisted of operational staff and middle and senior managers within Chemical and Waste Management branch of the Department of Environmental Affairs. Participants at senior management level were targeted, firstly, to determine their sense of objectiveness, and, secondly, to offer their general perspectives about the performance management and development system presently used in the department. Their participation is important because, as the custodians of policies, they have to ensure compliance to policies, procedures and processes and ensure that disputes between supervisors and supervisees are dealt with. Middle managers or supervisors were also targeted because they are the implementers of performance management results, and, therefore, they need to be familiar with policies, procedures and processes. They are required to train subordinates on procedures and PMDS processes. Employees at operational level were targeted as role players and they should have an understanding of the procedures and PMDS processes so that they can participate actively during performance reviews and annual performance assessments.

The branch population has a total of 70 employees ranging from senior to middle managers and officers. The sample was chosen randomly from the population of 70 employees in accordance with their respective positions they occupy, but care was taken to ensure that the sample was representative of the whole branch. Interviews with HR practitioners were also conducted to obtain their insights into the DEA performance appraisal system. Out of a total of 60 questionnaires that were dispatched to Chemicals and Waste Management employees, 45 responded. This gave a response rate of 75%. To maintain the confidentiality of all respondents, the only identification was the level of an employee's position in the branch.

Participants at senior management level were targeted, firstly, to create a sense of objectiveness, and, secondly, to offer their general perspectives on performance management and the development system used in the department. Their participation was important as they are the custodians of policies and they ensure that disputes between supervisors and supervisees are dealt with. Middle managers or supervisors were also targeted because they are the implementers of performance management systems, and, therefore, they need to be familiar with policies, procedures and processes for the successful implementation of the PMDS. They are required to train subordinates on the procedures and processes of the PMDS. Employees at operational level were targeted as role players and they should understand procedures and processes of PMDS so that they can participate actively during performance reviews and annual performance assessments.

There are two major types of sampling designs: probability and non-probability sampling. In probability sampling, there is a probability that any element or member of the population might be included in the population. This approach to sampling involves the selection of people or events at random (Denscombe, 2003:12). In non-probability, sample elements are not included. This type of sampling is not based on random selection and it is difficult to estimate their representativeness. Probability sampling includes simple random samples, stratified random samples, systematic samples and cluster samples. Non-probability sampling includes accidental or

incidental samples, quota samples, purposive samples, snowball samples, self-selection samples and convenience samples (Welman, Kruger and Mitchell, 2005:56).

The advantage of probability sample is that it allows one to indicate the probability with which sample results deviate in varying degrees from the corresponding population values (Welman and Kruger, 2001:47). The study adopted probability sampling due to its advantages. The study utilised stratified random sampling, the participants were selected randomly according to their respective units within the branch and questionnaires were hand delivered to their offices in no particular order. According to Denscombe (2003:12), stratified random sampling is defined as one in which every member of the population has an equal chance of being selected in relation to their proportion of the total population.

Data Analysis

The results from the survey were statistically analysed and integrated into the literature findings. This was done through the use of excel spreadsheets to produce graphs and charts. The first part of the analysis involved ensuring that all the responses received demonstrated good content quality. The data were then captured on a spreadsheet in order to complete the following analyses:

- a) Descriptive analysis, to measure the distribution of the data collected across various variables;
- b) Factor analysis, to measure whether the questionnaire contributes significantly to the factors that they measure and to group items according to the factors they measure;
- c) Reliability analysis, to measure the consistency of the scales used in this study; and
- d) Correlation analysis, to measure the relationship between pay and staff motivation.

Limitations of the Study

The sample size was limited, and, thereby, could not take into account all the employees in the organisation into the study. With the presence of a neutral answer choice, it was difficult to ascertain the attitudes and perceptions of certain respondents.

RESULTS, DISCUSSION AND INTERPRETATION OF FINDINGS

Demographics

During the commissioning of this study, the Chemical and Waste Management branch had a total of about 70 employees comprised of senior managers, middle managers, assistant managers, officers and internship students. Out of a total of 60 questionnaires that were dispatched to Chemicals and Waste Management employees, 45 responded. This provided a response rate of 75%. To maintain the confidentiality of all respondents, the only identification was the level of an employee's position in the branch.

Figure 4.1: Distribution of respondents by position at work.

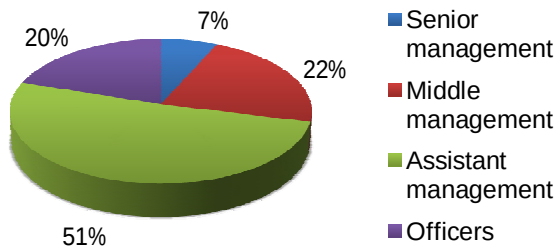
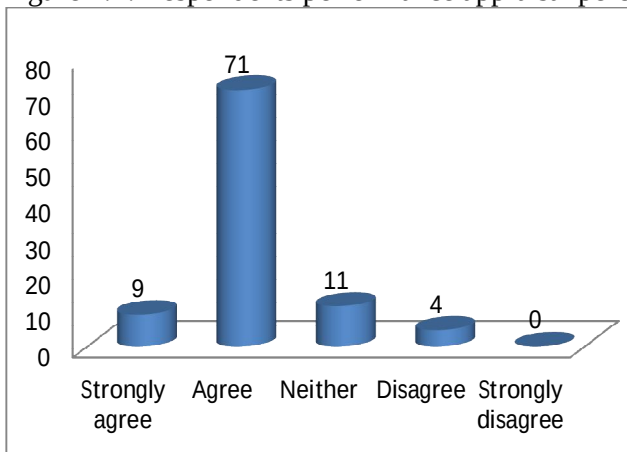


Figure 4.1 shows the distribution of respondents according to their position at work. It is observed from this table that the majority of the respondents were assistant managers who contributed about 51% of the total sample. This made sense because the majority of the employees are assistant managers, as compared to other positions within the branch.

Results for Objective 1: The Effectiveness of Performance Appraisal in the Chemicals and Waste Management Branch

Figure 4.2: Respondents performance appraisal perceptions.



The perceptions of respondents' on whether performance appraisals have clearly defined measurement areas in the Chemicals and Waste Management branch are illustrated in Figure 4.2. A remarkable 80% of the respondents were of the opinion that performance appraisals have clearly defined measurement areas. This response indicates that there is a significantly high degree of effort made by managers to clarify measurement areas. Respondents who disagreed with the statement accounted for only 4%. The positive outcome is supported by Grobler et al. (2011:310), who suggest that goals should be measurable as opposed to vague and subjective. In other words, what cannot be measured cannot be managed.

Management by objectives (MBO) emphasises that a subordinate and supervisor should agree in advance on specific performance goals (objectives) and develop a strategy that describes the time frame and criteria for determining whether the objectives have been reached. The aim is to agree on a set of objectives that are clear, specific, measurable and reachable (Bateman and Snell,

2013:372). The DEA PMDS policy (2011), in the same vein, cited that KPAs should be broken down into measurable outputs and/or duties/responsibilities and activities and should be weighted according to the importance it has in the employee's job description.

Figure 4.3: I understand the critical performance areas on which my work is appraised.

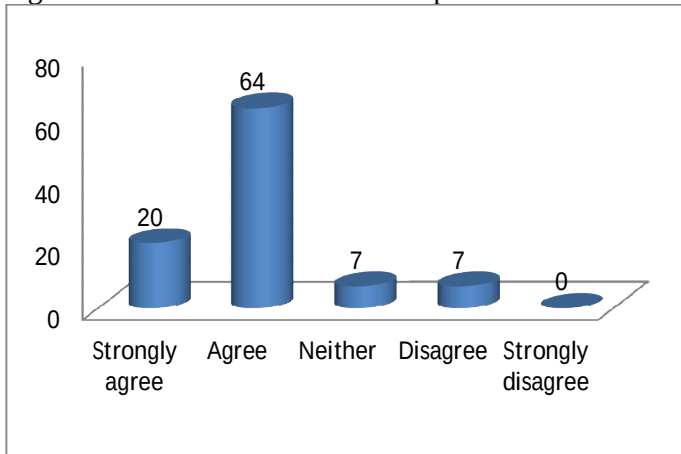


Figure 4.3 shows that 84% of the respondents agree that they understand the critical performance areas on which their work is appraised. Only 7% had an opposing view. The DEA PMDS policy (2011) states that KPAs should describe what is expected from an employee in his/her role and focus attention on actions and activities that will assist Directorates and, ultimately, the Department of Environmental Affairs in performing effectively. In the work plan, the KPAs should be broken down into outputs and activities together with resource requirements. These are used to indicate how the achievement of the outputs and activities will be measured.

Grobler et al. (2011:300) suggest that setting goals for an employee's future appraisal period is critical because it gives an employee direction for continued or improved performance. Leaving the appraisal discussion, the employee feels comfortable knowing how past performance has been viewed and what needs to be accomplished to meet future expectations.

Figure 4.4: Performance appraisal helps me achieve departmental goals.

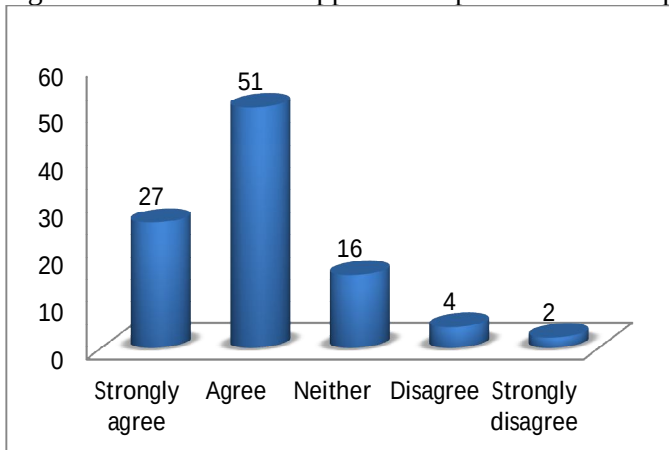
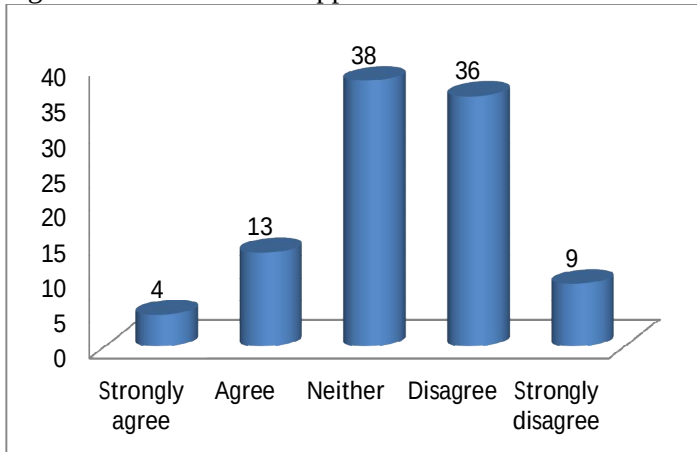


Figure 4.4 reveals that most of the respondents (78%) agree that performance appraisal helps them achieve departmental goals, while 7% disagree and 16% neither agree nor disagree. This outcome is in line with Noe et al.'s (2008:350) assertion in which the authors indicate that the effectiveness of a performance management system should be evaluated to make sure that employee performance is linked to business goals and financial indicators, such as return on

investment. Based on the evaluation, the performance management system should be adjusted. The authors note that employees' goals should be tied to a company's strategic goals.

According to the DEA PMDS policy (2011), the performance management process begins by translating the content of the business plan into a performance agreement, in conjunction with a job analysis process and a job description. The manager identifies essential functions in the job description and the strategic mission and goals of the organisational unit. Then, acceptable performance standards are developed for each employee.

Figure 4.5: Performance appraisal is fair.



The perceptions of the respondents' as to whether the performance appraisal is fair are shown in Figure 4.5. Approximately 44% of the respondents' disagree that performance appraisal is fair, 37% of the respondents' neither agree nor disagree and only 18% of the respondents' agree. The majority of the respondents' do not consider PA's to be fair, indicating this area a point of concern. Grobler et al. (2011:300) emphasised that appraisers should apply consistent, explicit and objective job-related standards when preparing PAs. Work performance, not the individual, should be evaluated.

Swanepoel et al. (2010:372) assert that the appraisal of an employee should be related to the essential functions of the job. If the system gives rise to similar ratings for both effective and ineffective employees through design deficiencies (for example, insufficient performance categories) or rating errors (for example, central tendency), results cannot be used for developmental or administrative decisions.

More time needs to be committed to internally clarify goals and communicate the main aim of the performance management system. Supervisors need to be trained on the mechanics of performance appraisal and the art of giving feedback to subordinates. This response was significant for the study because it shows the degree of relevance attached to the importance of communicating key business objectives to employees.

Figure 4.6: My self-assessment evaluation contributes to my final appraisal.

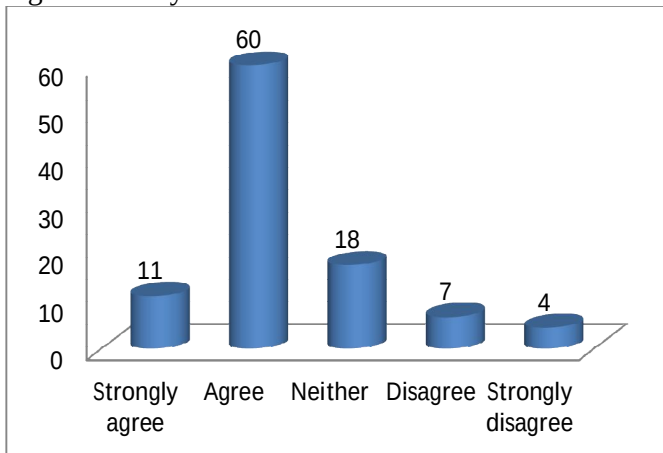


Figure 4.6 depicts that 71% of the respondents' agree that self-assessment evaluation contributes to their final appraisal results, while 11% disagree and 17% of the respondents' neither agreed nor disagreed with this question. The DEA PMDS policy (2011) indicates that individual performance assessments should be informed by, and, in turn, inform the evaluation and review of organisational and unit achievement over the preceding period. Reviews of achievement against departmental strategic objectives and business plans should coincide with individual quarterly performance reviews to enable individual and organisational performance to be more effectively linked. The mid-term individual performance review should coincide with the annual departmental or unit strategic review.

Grobler et al.(2011:318) found that supervisors, who learned that certain employees' self-ratings were higher than their own, changed their initial ratings generally in a positive direction, gave these employees larger increases and were less willing to sit down and discuss the appraisal with these high self-raters. In a sense, they felt intimidated by the employees' high opinion of themselves and unsure of how to resolve the situation constructively. According to Nelson and Quick (2002:176), self-evaluations in performance feedback is reported to lead to more constructive evaluation interviews, less defensiveness during the appraisal process and an even higher level of commitment to organisational goals. Thus, managers should also be empowered sufficiently by the organisation to act assertively when evaluating employees and to give constructive feedback.

Figure 4.7: Performance appraisal reflects my work performance objectively.

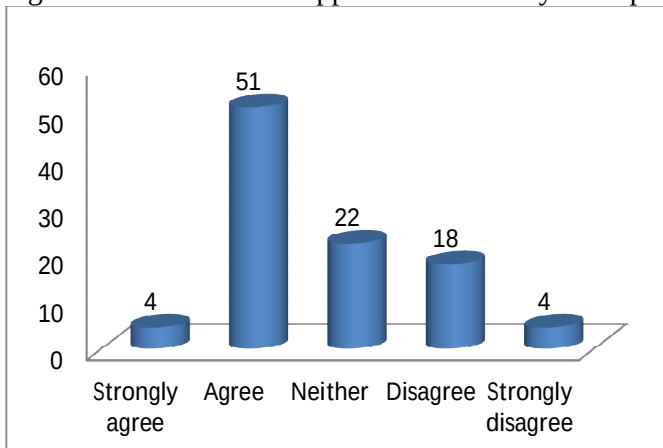


Figure 4.7 shows that 56% of the respondents' agree that performance appraisal reflects their work performance objectively, while 22% do not agree and another 22% neither agreed nor disagreed. The positive feedback tallies well with Grobler et al.'s (2011:301) assertion that appraisers should apply consistent, explicit and objective job-related standards when preparing PA's. The appraisal of an employee should be related to the critical performance areas of the post.

Figure 4.8: My supervisor and I agree to what constitutes good job performance.

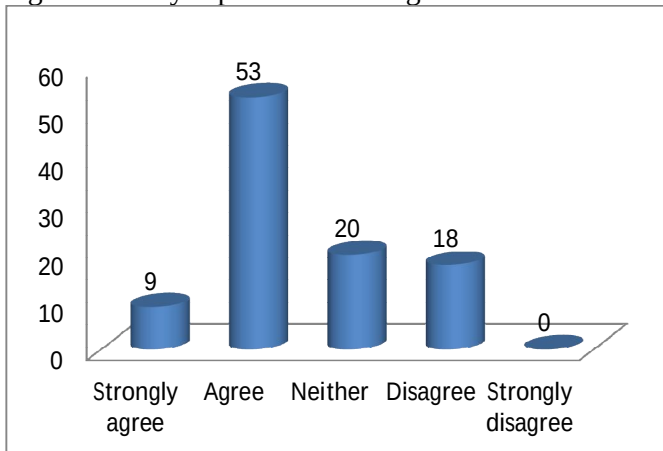


Figure 4.8 illustrates that 62% of the respondents' agree with their supervisors regarding what constitutes good job performance. According to DEA PMDS policy (2011), supervisors and employees should have a discussion to reach mutual agreement on the ability to execute a meaningful rating for that period or annual rating. Bateman and Snell (2013:372) cited that MBO involves a subordinate and a supervisor agreeing, in advance, on specific performance goals (objectives). They then develop a plan that describes the time frame and criteria for determining whether the objectives have been reached. The aim is to agree on a set of objectives that are clear, specific and reachable.

Figure 4.9: The performance appraisal process is clear and unbiased.

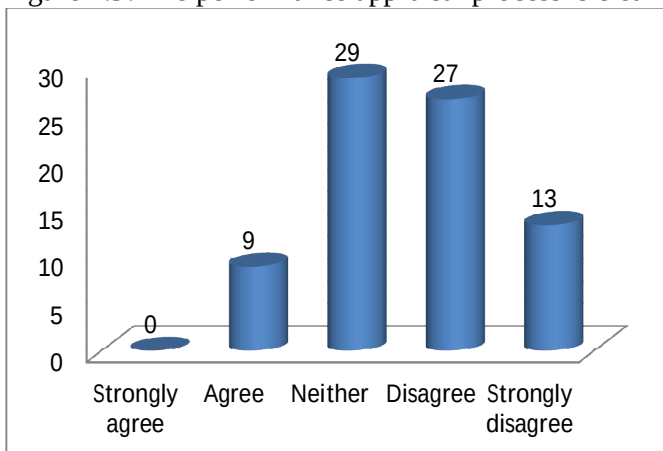
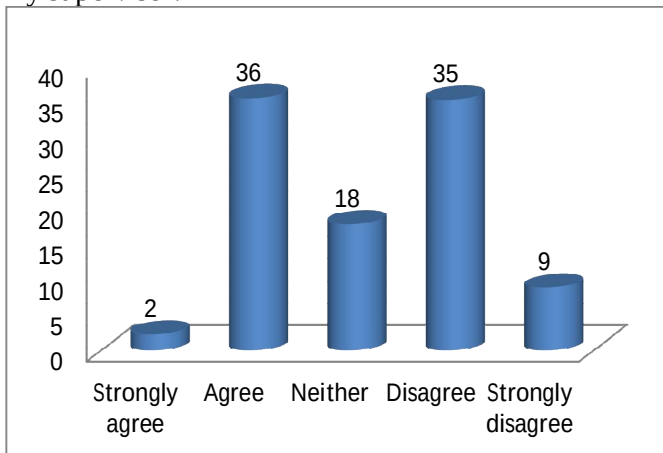


Figure 4.9 indicates that only 9% of respondents' perceive performance appraisal as clear and unbiased. A total of 40% disagree, while 29% of respondents' neither agreed nor disagreed. In this regard, "organisational politics" also play a significant role. Grobler et al. (2011:297) argue that since performance appraisal is done by people who have emotions, there will always be an element of subjectivity, personal likes and bias, which may result in negative influence on the evaluation process. Research indicates that if a rater is asked to assess an employee's performance over a 6 to 12 months period, biased ratings may result, especially if information has been stored

on raters memory according to irrelevant, over simplistic or otherwise faulty categories (Cascio, 2010:353).

A PA should evaluate an employee's work according to predetermined work requirements. Comparisons with specific requirements indicate what employees have or have not done well. The supervisor's feelings about the employee should not affect the appraisal. Feelings cannot be evaluated; they are only mental constructs and may be biased (Grobler et al., 2011:299-300).

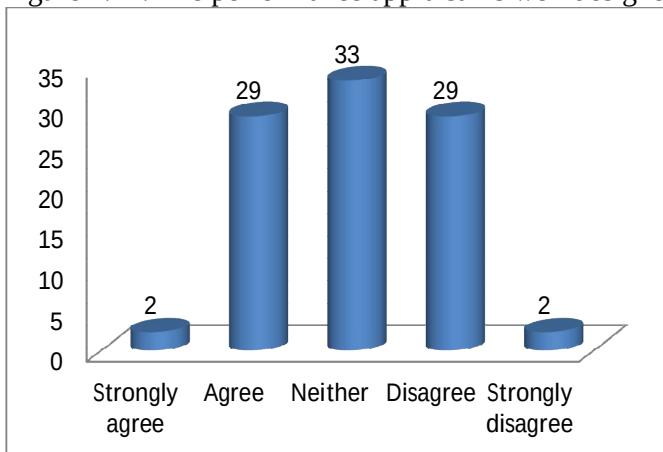
Figure 4.10: The performance appraisal process results in better communication between me and my supervisor.



Perceptions of the respondents on whether the performance appraisal process results in better communication between an employee and supervisor is shown in Figure 4.10, which indicates that 38% of the respondents agree that the performance appraisal process results in better communication between themselves and their supervisors. However, the majority (44%) of the respondents disagree and a mere 18% neither agreed nor disagreed.

Cascio (2010:361) emphasised that periodic tracking of progress toward goals helps to improve supervisor/subordinate work relationships, and, in turn, has positive effects on performance. The public service PMDS indicates that communication is key to performance management and development. Staff should not just know, but also understand, the strategic goals of the organisation. The expectations of manager should be clear in terms of their contribution to the achievement of these goals.

Figure 4.11: The performance appraisal is well designed and leads to better performance.



The views of respondents' on whether performance appraisal is well designed and leads to better performance are shown in Figure 4.11. About 31% of the respondents' were of the opinion that performance appraisal is well designed and leads to better performance. On the contrary, about 31% of the respondents' suggested otherwise. Swanepoel et al. (2010:36) emphasised that the ultimate goal of a PA is to maintain better performance by fostering employees' motivation, which depends upon the situations in the workplace, such as reward systems, rules and regulations.

Figure 4.12: My supervisor possesses adequate knowledge to conduct performance appraisals.

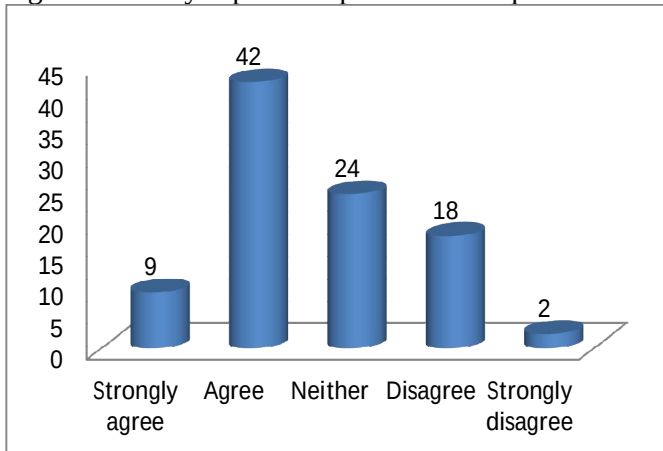
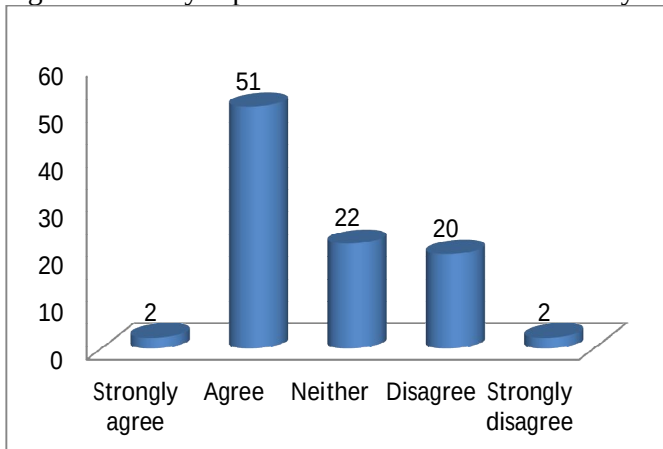


Figure 4.12 indicates the respondents' ratings of the knowledge of their supervisors to conduct performance appraisal. It appears that respondents' mostly agreed (51%) with the statement. However, about 20% of the respondents' suggested opposing views to this. The overall positive outcome coincides with Grobler et al.'s (2011:299-300) assertion that a critical step in the PA process is to train supervisors (or other raters) so that they prepare fair and accurate appraisals and effectively communicate the evaluation to the employees. In addition, DEA PMDS (2009) emphasised that all managers, supervisors and employees must be well versed in the system. Hence, everybody involved must be thoroughly trained in the mechanics of the system and in areas such as communication, problem solving and conflict resolution.

Figure 4.13: My supervisor utilises the evaluation system to assess my performance objectively.



The perceptions of respondents' regarding whether supervisors utilise the evaluation system to assess performance objectively are shown in Figure 4.13. The vast majority of the respondents (53%) feel that their supervisor utilises the evaluation system to assess performance objectively. However, 22% of the respondents' suggested an opposing view. This positive result is in line with

Grobler et al.'s (2011:300) remarks, which emphasised that appraisers should apply consistent, explicit and objective job-related standards when preparing PAs. Work performance, not the individual, should be judged. He stressed that appraisal of an employee should be related to the essential functions of the job.

Figure 4.14: My supervisor clearly expresses goals and targets.

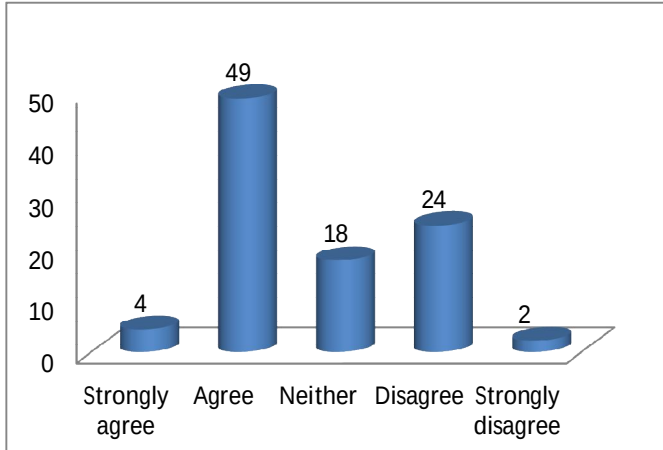


Figure 4.14 depicts that 53% of the respondents' suggested that goals and targets are clearly expressed by their supervisors, while 33% disagreed. This positive response is supported by

Werner et al.'s (2007:106) assertion in which the authors stressed that an ideal performance appraisal should be a collaborative venture between the subordinate and superior and goals and objectives are agreed upon and development plans are put in place to ensure that the subordinate can achieve such goals and objectives.

According to Grobler et al. (2011:299-300), setting goals for an employee's future appraisal period is critical because it gives the employee direction for continued or improved performance. Leaving the appraisal discussion, the employee feels comfortable knowing how past performance has been viewed and what needs to be accomplished to meet future expectations.

Figure 4.15: My supervisor discusses my work performance on a regular basis.

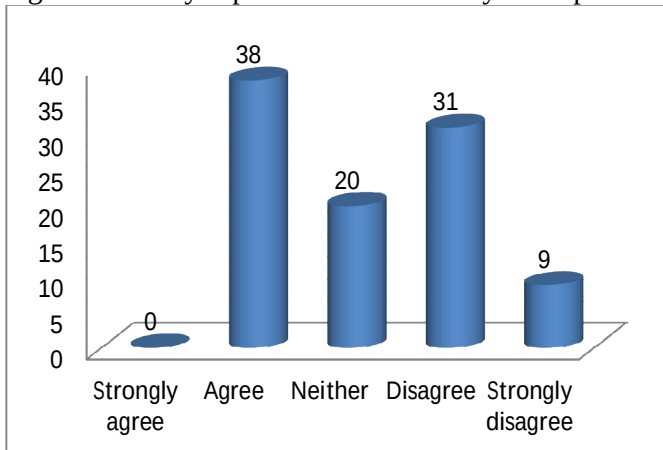
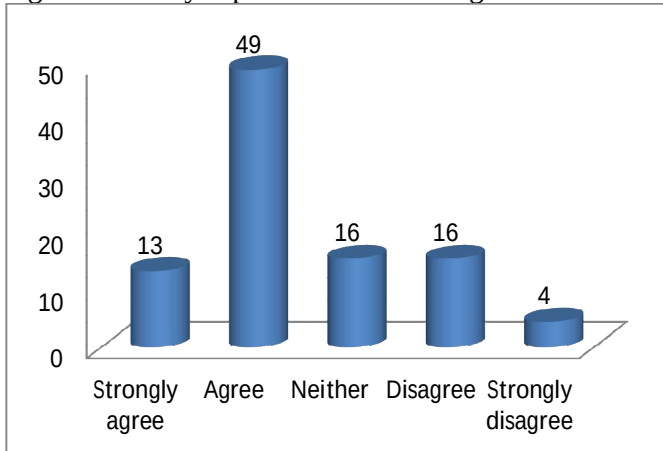


Figure 4.15 indicates that only 38% of the respondents' agree that supervisors discuss their work performance on a regular basis. It is alarming to note that 40% of the respondents disagreed that their supervisors discuss their work performance on a regular basis. This result contrasts Grobller et al.'s (2011:300) findings, which indicated that written appraisals should be conducted regularly for all employees. The DEA PMDS policy (2011) notes that performance at the individual level must be continuously monitored to allow for the identification of factors limiting performance and

to develop measures to mitigate the effect of such factors. Cascio (2010:359) stressed that supervisors need to communicate frequently with their subordinates about their performance. He argues that feedback has a maximum impact when it is given as close as possible to the action. Cascio (2010:332) added that regular assessment of progress toward goals focuses the attention and efforts of an employee or a team.

Figure 4.16: My supervisor acknowledges it when I do a good job.



The majority (62%) of the respondents' agree that their supervisor acknowledges them when they do a good job. Noe et al. (2008:384) suggest that raters should recognise effective performance through praise. Praising effective performance provides reinforcement for that behaviour. It also adds credibility to the feedback by making it clear that the manager is not just identifying performance problems. According to Jones et al. (2009:445-446), effective feedback encourages and motivates high performance. Performance feedback lets subordinates know which areas they are excelling in and which areas need improvement; it also provides guidance for improving performance. Cascio (2010:359) emphasised that if a subordinate behaves effectively or ineffectively, tell him or her immediately. These incidents should not be filed away so that they can be discussed in 6 to 9 months.

Figure 4.17: I am satisfied with the relationship between me and my supervisor.

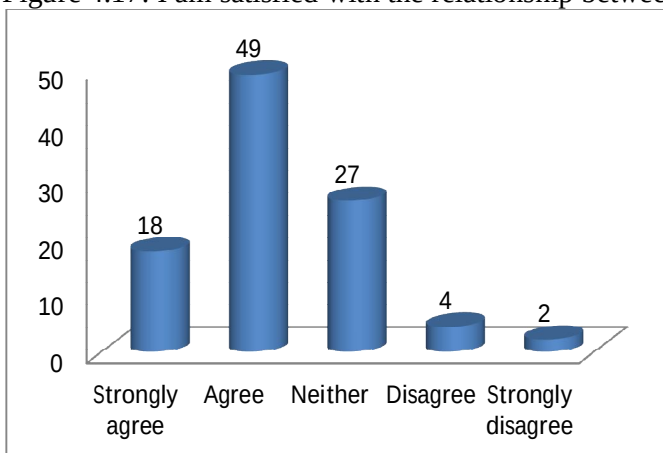
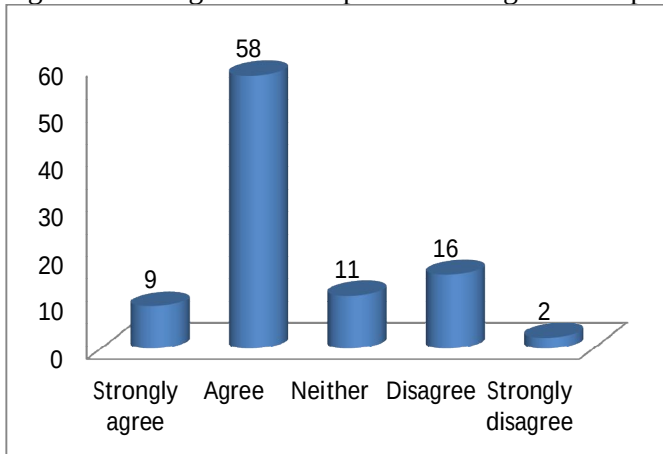


Figure 4.17 illustrates that 67% of the respondents' are satisfied with the relationship they have with their supervisors. Only 7% of the respondents' had an opposing view to this. Werner et al. (2007:106) stressed that ideal performance appraisal should be a collaborative venture between a subordinate and superior in which goals and objectives are agreed upon and development plans are put in place to ensure that the subordinate can achieve those goals and objectives. In some

instances, managers are often uncomfortable confronting employees with their performance weaknesses. Such confrontations, although necessary to the effectiveness of the performance appraisal, often strain working relationships (Noe et al., 2008:348).

Figure 4.18: I agree that the performance goals set up for me are specific and realistic.



The perceptions of respondents' regarding whether performance goals are specific and realistic are illustrated in Figure 4.18 above. A significant 67% of the respondents were of the opinion that performance goals that were set for them are specific and realistic. This outcome is also supported by goal setting theory, which suggests that to stimulate high motivation and performance, goals must be both specific (generally quantitative and measurable) and difficult (hard but not impossible to obtain). Noe et al. (2008:368) suggest that each employee should be set goals that are realistic, measurable, achievable and aligned with company goals.

Public service PMDS stressed that performance goals need to satisfy five primary criteria:

S: Simple, clear and understandable;

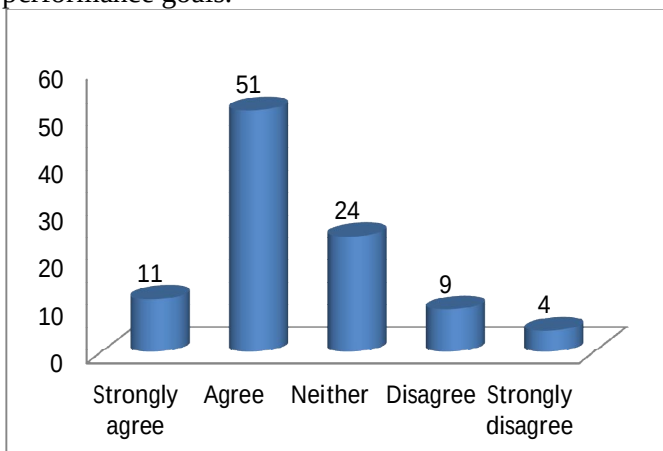
M: Measurable, in terms of quantity and where possible, quality, money and time;

A: Achievable and agreed between the member and the supervisor;

R: Realistic but challenging, within the control of the member, taking into account her/his experience; and

T: Timely, to reflect current priorities and assessable within the annual reporting cycle of the PA.

Figure 4.19: It is clear to me which course of action I need to take in order to accomplish my performance goals.



It is evident in Figure 4.19 that the majority (62%) of the respondents' agree that it is clear which course of action they need to take in order to accomplish their performance goals. Cascio (2010:331) asserts that goals direct attention to the specific performance in question, they mobilise effort to accomplish higher levels of performance and they foster persistence for higher levels of performance. The DEA PMDS emphasised that the primary tool for capturing KPAs in a clear and concise manner is a work-plan. The more precisely those KPAs are described, together with the criteria by which they will be measured, the more effective the performance management process will be.

Figure 4.20: The performance feedback I receive is helpful in improving my job performance and in attaining my goals.

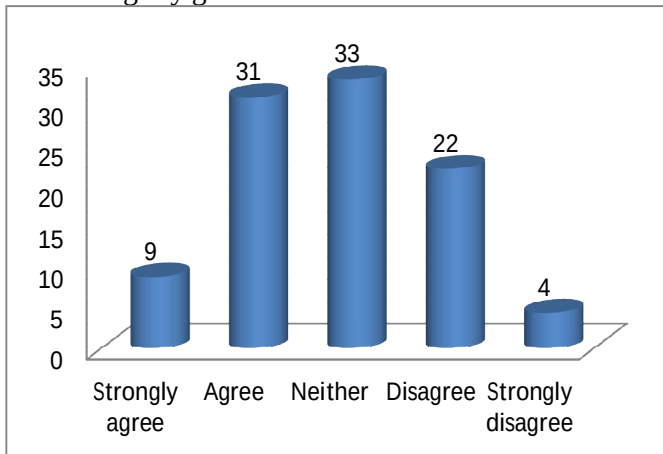


Figure 4.20 shows that 40% of the respondents' agree that performance feedback they receive is helpful for improving their job performance and in attaining goals, while 27% of the respondents' disagreed. According to Jones et al. (2009:445-446), performance feedback lets subordinates know which areas they are excelling in and which areas need improvement; it also provides guidance for improving performance. The DEA PMDS emphasised that reviews are important feedback sessions that take place at regular intervals during the course of the year. They provide an opportunity for members to receive feedback on how they are performing. They also provide a time for structured reflection by the member using the process of self-assessment.

Results for Objective 2: Examine the Relationship between Performance Pay and Employees' Motivation

Figure 4.21: Effective performance appraisal feedback enhances my motivation to perform.

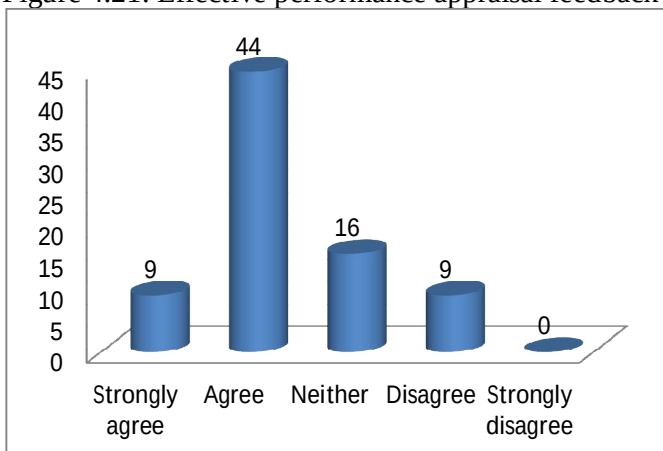
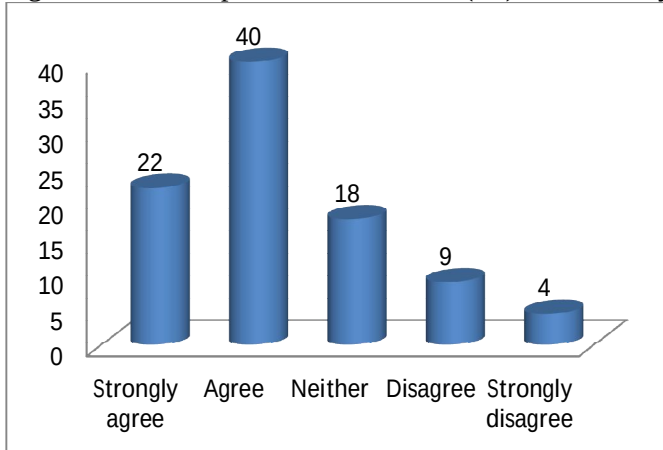


Figure 4.21 illustrates that 53% of the respondents' agreed that effective performance appraisal feedback enhances their motivation to perform. Only 9% of respondents' disagreed. The positive outcome is supported by Jones et al.'s (2009:445) assertion that effective feedback encourages and motivates high performance.

Figure 4.22: Poor performance scores (<3) decrease my level of motivation.



According to the DEA PMDS five-point rating scale, a score of "1" (Unacceptable Performance) on the scale means performance does not meet the standard expected for the job. A "2" (Performance Not Fully Effective) means that the jobholder has achieved less than fully effective results against more than half of the performance criteria. Figure 4.22 illustrates that 62% of the respondents' agree that a poor performance score (<3) reduces their level of motivation. Only 13% of the respondents' had an opposing view to this. The IDS HR study (2009:886) cited that while rating staff can provide a clear indication of how rewards are linked to performance, it can have a de-motivational effect for employees receiving a lower rating.

Figure 4.23: Good performance scores (>3) increase my level of motivation.

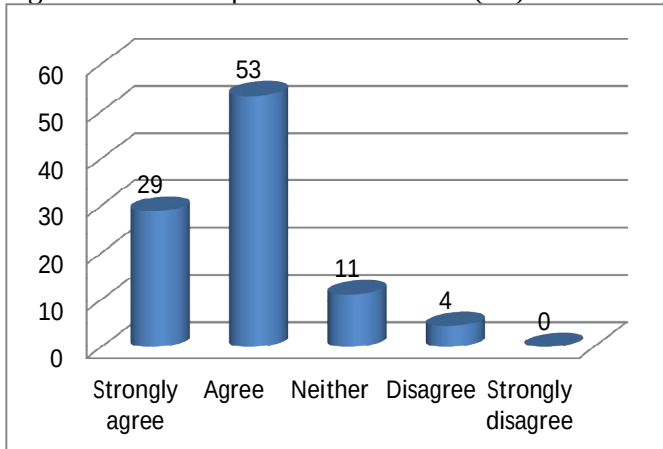


Figure 4.23 above shows how the respondents' rated performance scoring against their level of motivation. A significant 82% of the respondents' agree that good performance scores (>3) increase their levels of motivation. According to the DEA PMDS (2009), employees who have consistently performed on a high level during a performance year are considered for the possible awarding of a merit bonus. Jones et al. (2009:464) argue that managers can base merit pay in the form of a salary increase or a bonus on top of regular salaries. They emphasised that when individual performance can be accurately determined, individual motivation is likely to be highest when pay is based on individual performance.

Figure 4.24: Performance remuneration has encouraged me to work beyond the requirements of my job.

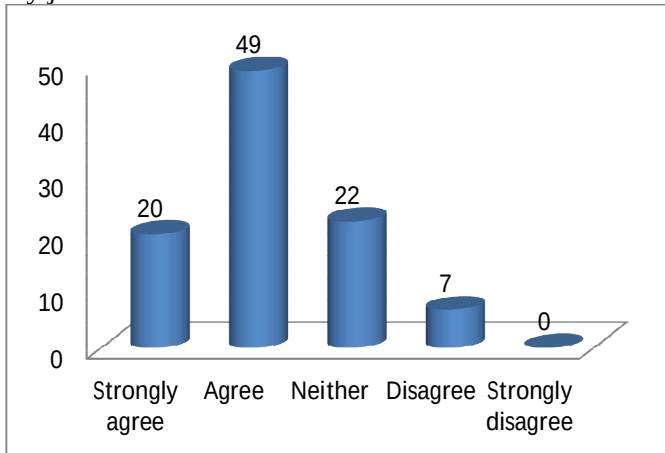
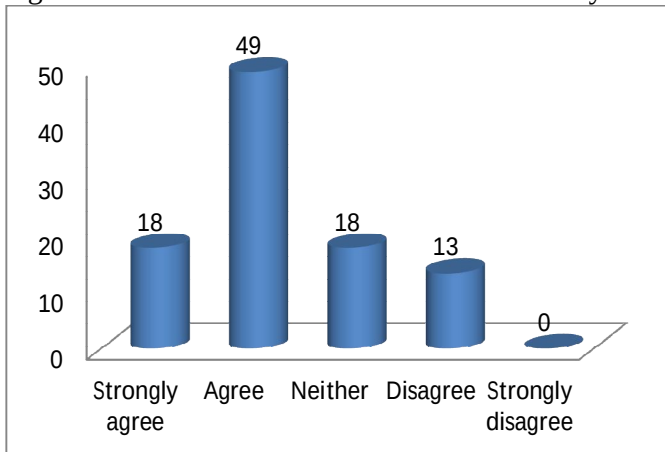


Figure 4.24 shows that the majority (69%) of the respondents' agree that performance remuneration encourages them to work beyond their job requirements. According to Jones et al. (2009:485), managers can use pay to motivate employees to perform at a high level and attain their work goals. Pay can be used to motivate people to perform behaviours that help an organisation to achieve its goals, and it can be used to motivate people to join and remain with an organisation.

Figure 4.25: Performance rewards have raised my level of motivation at work.



The perceptions of respondents' relative to whether performance rewards have raised their levels of motivation are shown in Figure 4.25. A remarkable 67% of the respondents were of the view that performance rewards raise their levels of motivation at work. The results coincide with Jones et al.'s (2009:464) perspective in individual motivation is likely to be highest when pay is based on individual performance. Cascio (2010:438) stated that a properly designed incentive programme works because it is based on two well accepted psychological principles: (1) increased motivation improves performance and (2) recognition is a major motivation factor.

Figure 4.26: I am motivated with the incentives provided by my organisation.

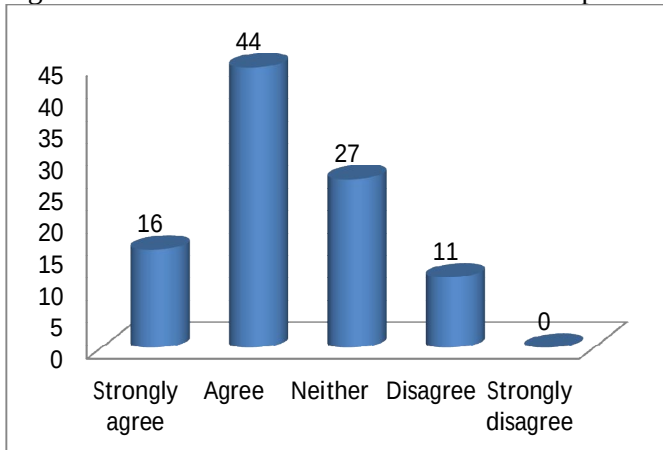


Figure 4.26 shows that 60% of the respondents' agree that they are motivated by the incentives provided by the DEA and a meagre 11% disagree with the statement. Jones et al. (2009:468-470) assert that to motivate organisational members, managers need to determine which outcomes are highly desired and make sure that those outcomes are provided when members perform at a high level. If a person does not desire the outcomes that are linked to high performance, then motivation to perform at a high level is low. Cascio (2010:332) stressed that to encourage good performance, it is important to provide a sufficient number of rewards that employees really value in a timely and fair manner.

Results for Objective 3: Assessing Managers' Perceptions of Performance Appraisal

Figure 4.27: I have sufficient information to make objective evaluations for evaluating employees' performance.

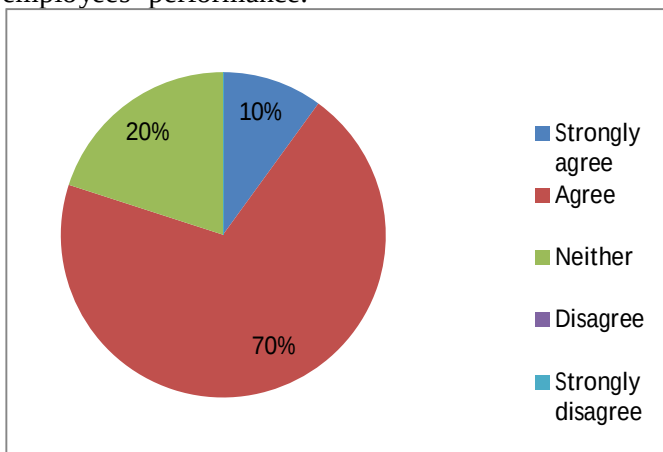


Figure 4.27 depicts that 80% of the supervisors' agree that they have sufficient information to make objective decisions about employees' performance. According to www.bookboon.com (running effective appraisal 2012:15), supervisors and employees need to maintain records that will support the performance appraisal process. During the performance management cycle, supervisors are encouraged to make notes about employees' performance and keep records of their contributions and challenges. For example, if the unfortunate situation arises where a supervisor wants to take disciplinary actions against an employee, written notes and records of performance play a vital role in supporting and justifying the case.

Figure 4.28: I am sufficiently trained to conduct performance appraisal.

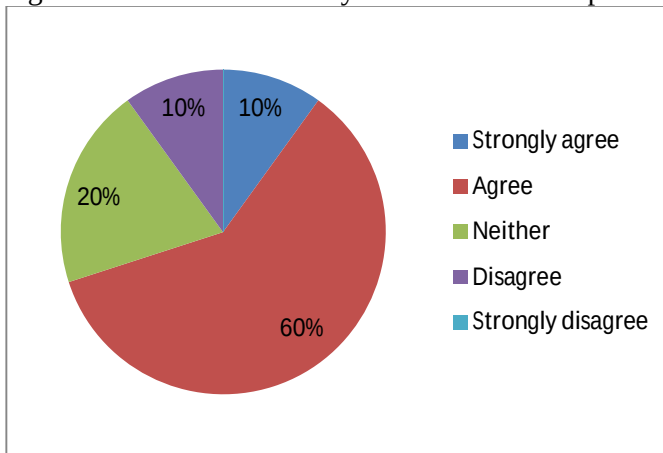


Figure 4.28 shows that 70% of the respondents' agree that they are sufficiently trained to conduct performance appraisal, while 10% disagree and 20% neither agreed nor disagreed with the question. The positive outcome is supported by Grobler et al.'s (2011:299-300) assertion, which states that a critical step in the PA process is training supervisors (or other raters) so that they prepare fair and accurate appraisals and effectively communicate the evaluation to the employee. According to the DEA PMDS policy, the training of supervisors, in particular, is of the utmost importance. They must be well briefed on how to implement the system and they must ensure that all employees are suitably equipped through adequate training to be able to participate meaningfully in the processes.

Figure 4.29: My appraisal skills are regularly refreshed and updated through training.

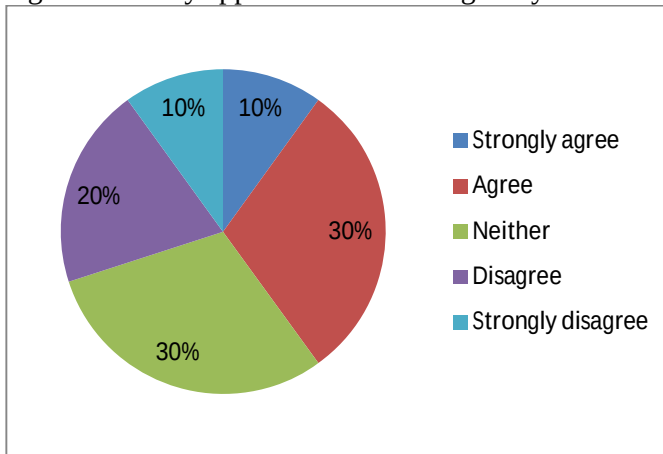


Figure 4.29 illustrates that 40% of the respondents' agree that their appraisal skills are regularly refreshed and updated through training, 30% neither agree nor disagree and 30% disagree with the statement. Grobler et al. (2011:300-301) indicated that supervisors and other appraisers should be regularly trained in proper conduct of appraisal procedures. This includes emphasising that PAs should be truthful, candid and constructive, but not malicious.

Figure 4.30: There is a clear linkage between performance and pay.

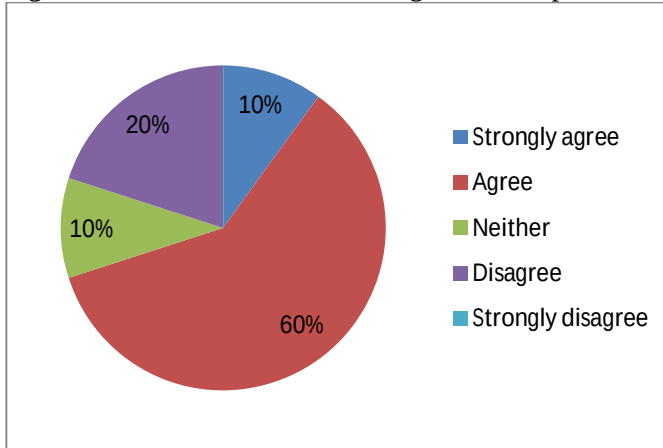
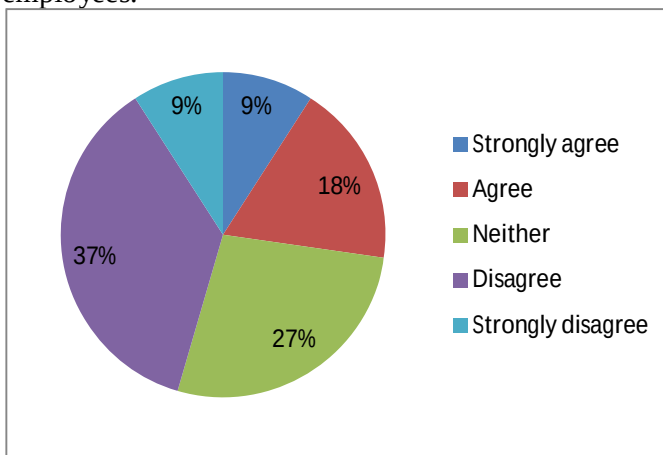


Figure 4.30 illustrates the link between performance and pay. It shows that 70% of the respondents' indicate that there is a clear link between performance and pay, while 30% disagree. Noe et al. (2008:368) argue that when linking pay to performance, it is critical that employees understand the performance goals and how to meet them. Jones et al. (2009:485) believe that pay can be used to motivate people to perform behaviours that help an organisation to achieve its goals, and it can be used to motivate people to join and remain with an organisation. Jones et al. (2009:466) assert that managers strive to ensure that people are motivated to contribute important inputs to the organisation and these inputs are put to good use or focused in the direction of high performance, with high performance resulting in workers' obtaining the outcomes desired. The authors further suggest that managers can use pay to motivate employees to perform at a high level and attain their work goals.

Figure 4.31: Performance based remuneration is the most effective method for motivating employees.



The perceptions of the respondents' regarding whether performance based remuneration are the most effective method for motivating employees are shown in Figure 4.31. Approximately 47% of the respondents' perceive that performance based remuneration is the most effective method for motivating employees. However, 46% of the respondents' suggested an opposing view to this.

The evenly matched results show that performance based remuneration is not the only effective method for motivating employees, which suggests that employees are motivated by different things. This statement is supported by Herzberg's theory, which states that people have two sets of needs: motivator needs and hygiene needs. Motivator needs are related to the nature of the work itself and how challenging it is, such as interesting work, autonomy, responsibility, being

able to grow and develop on the job and a sense of accomplishment and achievement. These help to satisfy motivator needs.

Hygiene needs are satisfied by outcomes such as pleasant and comfortable working conditions, pay, job security, good relationships with co-workers and effective supervision. Satisfying hygiene needs, however, does not result in high levels of motivation or even high levels of job satisfaction (Jones et al., 2009:474).

Figure 4.32: Money/remuneration is the best motivator for staff to give sustained high performance at work.

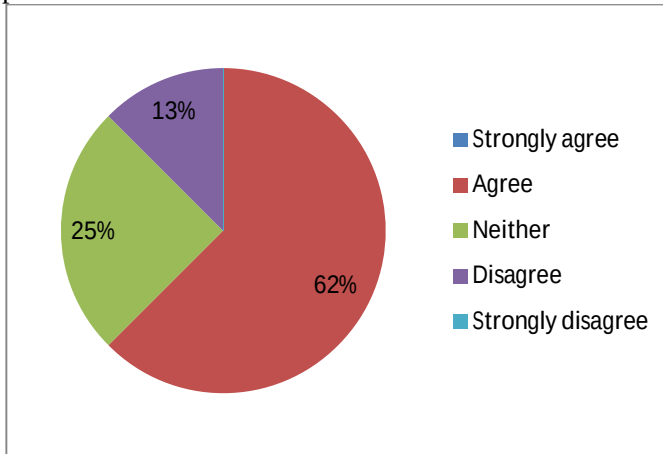


Figure 4.32 depicts the perceptions of the respondents' regarding whether money or remuneration is the best motivator for staff to give sustained high performance at work. The findings show that 62% of the respondents' agree that money or remuneration is the best motivator for staff to give sustained high performance at work. Cascio (2011:332) argues that if an organisation intends to encourage its employee performance, it is important to provide a sufficient number of rewards that employees' value in a timely fashion and in a fair manner. He emphasised that companies should not offer rewards that employees are not concerned about. According to Jones et al. (2009:464), when individual performance can be accurately determined, individual motivation is likely to be highest when pay is based on individual performance.

Figure 4.33: Employee's performance improves after process of performance appraisal.

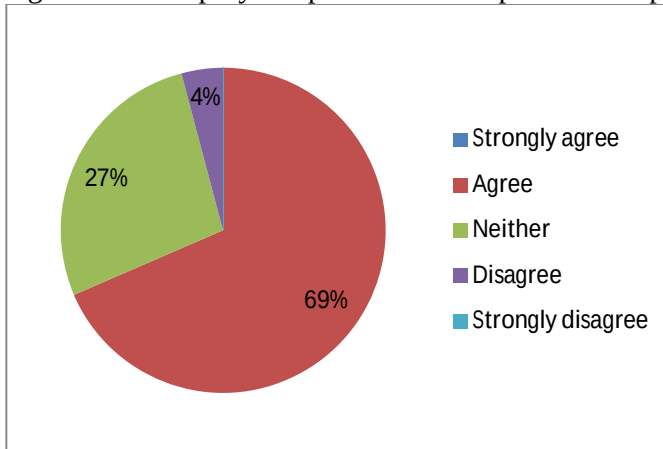


Figure 4.33 depicts supervisors' perceptions of whether employees' performance improves after the process of performance appraisal. Figure 4.33 shows that 69% of respondents' agree that

employees' performance improve after the process of performance appraisal, only 4% of the respondents' disagreed and 27% neither agreed nor disagreed.

Performance feedback is a primary developmental need, because almost all employees want to know how their supervisors feel about their performance. Their motivation to improve their current performance increases when they receive feedback that specifies goals, which, in turn, enhances future career moves (Grobler et al., 2011:297-298). According to Cascio (2010:332), regular assessment of progress toward goals focuses the attention and efforts of an employee or a team.

Results for Objective 4: Identifying Strengths and Weaknesses of the Current Performance Appraisal System in the Chemicals and Waste Management Branch

Based on the information provided by the respondents' through questionnaires and interviews, the following are the strengths related to the current PMDS that are used by the DEA (Chemicals and Waste Management branch):

- Employees believe that performance appraisals have clearly defined measurement areas and help them achieve departmental goals;
- Employees understand critical performance areas in which their work is appraised;
- Employees seem to be happy with the performance measurements that are set for them;
- Employees are generally happy with the performance bonuses provided by the Department;
- Most employees seem to be motivated by bonuses to perform better;
- Employees believe self-evaluations enable them to monitor their performance and contribute to their final appraisal results;
- Line managers often take time to clearly explain the strategic goals of the Department to employees;
- Performance reviews are flexible; employees are allowed to do additional work that is outside their scope of work and are rewarded for their efforts;
- Employees believe that line managers often provide good leadership and acknowledge them when they do a good job;
- Employees believe that the performance appraisal is well designed; and
- The majority of the employees agree that performance goals set are specific and realistic.

The following weaknesses were identified:

- The majority of employees' believe that performance appraisals are subjective and the outcome of PA's are dependent on the relations between supervisor and supervisee;
- Few supervisors are trained in the art of giving feedback accurately and supervisor's appraisal skills are not refreshed and updated through regular training;
- Training programmes are not provided due to a lack of funding, and, therefore, ineffective performance could not be rectified;
- Some employees believe that performance goals set for them are vague, unquantifiable and difficult to measure;
- There is a lack of on-going communication between supervisors and supervisees about performance;
- Performance assessments are not done regularly and only two formal assessments are conducted bi-annually;
- There is a general belief that the process of awarding bonuses is not fair and is dependent on the kind of relationship between supervisors and supervisees;

- The majority of the employees believe that the performance appraisal process is unclear and biased;
- There is a lack of consistency in measuring performance;
- Performance reviews focus more on motivating performance scores than reviewing performance;
- Targets are not met due to a lack of resources and capacity (e.g. finance and staff); and
- Employees' are not happy that feedback regarding their performance scores is not provided by the moderation committee after their scores are reviewed.

CONCLUSIONS AND RECOMMENDATIONS

Findings from the Study

The study revealed that 44% of the interviewed personnel at the Department of Environment Affairs (Chemicals and Waste Management branch) suggest that performance appraisal is unfair, the criteria for assessments is inconsistent and that appraisers are not skilled to conduct PAs. The participants' argued that supervisors use performance appraisals to settle personal vendettas, which, if true, is a serious allegation. The study further showed that 45% of the interviewed employees consider that they are victimised against incidents that have no bearing on their actual performance through the use of performance appraisals.

The survey indicated that 40% of the respondents' consider that managers fail to provide subordinates with regular feedback on their performance during the year, but tend to wait for the end of year to criticise them in the performance appraisal meeting. About 30% of the interviewed respondents' perceived that performance appraisal in the department focuses more on rewards than developmental purposes.

Based on the study, it can be concluded that 68% of the employees' perceptions towards performance appraisal are positive. However, certain weaknesses have been identified. The following weaknesses were identified:

- The majority of employees believe that performance appraisals are subjective and are dependent on the relations between supervisor and supervisee;
- The reward side of performance management appears to be over-emphasised. Because of this emphasis, employees mostly have monetary expectations from the application of performance appraisals, which, if not realised, results in dissatisfaction and the lodging of disputes;
- Performance goals are vague, unquantifiable and difficult to be measured;
- There is a lack of communication and interaction between supervisors and supervisees;
- The process of awarding bonuses is not fair and is dependent on the kind of relationship between supervisors and supervisees;
- Few supervisors are trained in the art of giving feedback accurately and supervisors' appraisal skills are not refreshed and updated through training regularly;
- The performance appraisal process is unclear and biased;
- There is a lack of consistency in measuring performance;
- Performance assessments are not done regularly;
- Performance reviews focus more on motivating performance scores than reviewing performance;
- Training programmes are not provided due to a lack of funding, and, therefore, ineffective performance could not be rectified;

- Performance targets are sometimes not met due to a lack of resources and capacity (e.g. finance and staff); and
- Feedback regarding performance scores is not provided from moderation committee meetings.

Recommendations

Based on the findings from this study, the following recommendations are suggested for consideration to enhance the effectiveness of the performance appraisal system. PA is a good management tool, but it should be subjected to continuous reviews in accordance with the changing trends and quality demands. This is because HRM is continuously transforming and for PAs to be relevant, they must keep up with market demands.

Supervisors need to be continuously trained in the effective conduct of the appraisal process. This is to ensure that PAs are carried out as objectively as possible. PA results should specifically focus more on the supervisor's ability to provide accurate feedback to subordinates as well as communicating specific expectations in all areas of job performance during the performance appraisal process. Supervisors should also be trained to manage ineffective performance constructively. As a result of PA evaluations, specific training and development programmes should be implemented to empower employees if the PA result identifies such areas.

The Department of Environmental Affairs should have a consistent reward system that recognises and remunerates good performance. When linking remuneration to performance, employees need to understand specific performance goals and how to achieve them (Cascio, 2010:439). One of the dimensions of an effective performance management system is to reward performance by linking employees' pay to quality performance output. However, non-financial rewards and recognition may also contribute to consistent good performance.

Performance appraisals should focus on the performance of employees in doing the work that was planned with the supervisor and should not reflect personal bias. Top management should ensure that PAs are used as a corrective and not as a punishing instrument. It is only when PAs are used as corrective tools that they can contribute to a motivated and productive workforce.

There is need for regular performance reviews between employees and their supervisors throughout the appraisal period. Performance appraisals should not be confined to an annual appraisal interview. PAs should be on-going and conducted throughout the year to make sure that objectives are on track and that any strategic adaptations that may be needed are incorporated and acted upon pro-actively. Regular reviews and constructive feedback from management reflect a commitment to continuous and open communication with employees.

Feedback is the way managers continuously shape employee performance. When done correctly, it motivates employees and improves their productivity. Thus, supervisors and employees confront problems as they occur. Praise is given as it is earned and questions are addressed as they arise. Both supervisors and employees work to create an open environment that emphasise mutual support and instances of misunderstanding are minimised.

Supervisors should make succinct notes on each of the employees to be appraised. This is because, if one waits till the end of the period to do the performance appraisal, the tendency will be to forget some significant positive or negative behaviour the appraisees showed in the course of the appraisal period.

Departments should ensure that training and development on the effective implementation of the PMDS is provided to enable appraisers to understand the important role played by performance management in their day-to-day activities and for officials to observe behaviour accurately and fairly. Such training should include goal setting, communicating performance standards, observing subordinate performance, coaching, giving constructive feedback, completing the rating form and conducting the appraisal review.

The focus of performance appraisal should not only be on motivating for high scores, but emphasis should also be on the training and development needs component of performance appraisal in order to address aspirations and developmental areas of employees. A well trained and developed workforce is a prerequisite for increased employee performance and organisational growth. It also leads to efficiency and productivity to reach organisational goals. Any changes made to scores or ratings of employees during the performance appraisal process should be communicated clearly and early to all concerned. This should prevent conflict situations and create a constructive working environment.

NOTE: This study was presented by the principal author to the Regent Business School in 2014 for the award of the Master of Business Administration Degree (MBA). The dissertation was supervised by Professor Pieter Joubert and edited by Professor Anis Mahomed Karodia for purposes of producing a publishable journal article. Kindly note that the full bibliography is cited and the references used for the purposes of this article are contained in the full bibliography cited.

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