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TOWARDS THE DEVELOPMENT OF PERFORMANCE APPRAISAL SYSTEM FOR UCC SENIOR AND JUNIOR STAFF

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ABSTRACT

The principal aim of this study was to evaluate the current UCC performance appraisal for the Junior and Senior Staff and to make recommendations for improvement or development of a new system for consideration by management.

The study revealed that an effective performance appraisal system must, among other things, aim at:

- *Performance Improvement*
- *Compensation Adjustments*
- *Placement Decisions*
- *Training and Development of Staff*
- *Identification of Deficiencies in Staffing Process*
- *Preparations to meet external challenges*

It also revealed that management and staff use the feedback from the appraisal exercise in making important management and personal decisions including career planning and Human Resource Planning.

The study further revealed that the UCC Junior and Senior Staff appraisal system document suffers

from a number of problems and that there is the need to design a new appraisal system for the assessment of UCC Junior and Senior Staff work performance.

From the findings of the study, it is proposed for consideration by management, Peter Druker's Management by Objectives (MBO) technique. Though this technique does not represent the ideal form of performance appraisal technique (Luthan 1977), it is one of the techniques that come closest to the ideal. It represents a significant point of departure from the rating scale and offers a great deal of potential for the future.

Introduction

The national policy of regarding higher education as a public good funded by government with agreed levels of "free" provision is gradually changing to a situation where higher education is being treated as a traded service to be funded according to results and, where possible, paid for by its

beneficiaries. This means that those who have traditionally been regarded as the consumers of university education are now regarded as customers, that is, individuals exercising choices over personal investment decisions among a large number of alternatives. Under this condition, one cannot but side with Boxall (1991) in saying that universities can no longer prosper simply by admitting students; they must attract them.

To do this, universities among other things, must relate their services to the benefits sought by students, parents, employers, governments as well as research buyers, and must have an effective, dynamic and goal oriented work-force. It is therefore not surprising that recently, universities have used and continue to use staff performance appraisal as one of the means of maintaining an effective, dynamic and goal oriented staff in order to remain market/customer oriented.

Letham and Hill (1992) believe that the universities have come a long way in a few years as far as staff appraisal is concerned. They continue that in the mid 1980's appraisal was being practised in one or two universities, piloted in half a dozen, thought about in many, but avoided in most.

They concluded that by 1987, the Committee of Vice Chancellors and Principals (CVCP) and the Association of University Teachers (AUT) had issued joint guidelines on the matter, and by 1991 all universities had introduced some forms of appraisal schemes. The importance that all universities attach to performance appraisal has come to stay and there is the need to organise it effectively in order to derive its full benefits.

As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War, more than 60 years ago. Yet in the broad sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession.

Duleucz (1989) claims that there is a basic human tendency to make judgements about those one is working with, as well as about oneself. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgements made will be lawful, fair, defensible and accurate. It is in an

attempt to make lawful, fair, defensible and accurate judgements about work performance that organisations, co-operations, industries and the universities use performance appraisal systems to evaluate the work performance of employees.

Performance appraisal systems began as simple methods of income justification. Thus, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if an employee's performance was better than what the supervisor expected, a pay rise was in order.

Managers and supervisors gave little consideration to the developmental possibilities of appraisal. It was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this worked to attract the needed results, but more often than not, it failed.

For example, early motivational researchers were aware that different people with roughly equal

work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance. Some empirical studies have shown that pay rates were not the only elements that had impact on employee performance. It has been found that other issues such as morale and self-esteem, could also have major influence on workers' work performance.

As a result, the traditional emphasis on reward outcomes was progressively rejected. The potential usefulness of appraisal as a tool for motivation and development was gradually recognised in the United States in the 1950s. The general model of performance appraisal as we know it today began from the 1950s.

Meaning of Performance Appraisal

It must be said that performance appraisal does not subject itself to one definition. Different scholars have defined the term differently. Letham and Hill (1992) see performance appraisal as the activities which involve the collection and use of information from or about people within an organisation for the purpose of assessing or adding to their performance at work. To them,

performance appraisal is to correct the inadequacies in staff performance.

Mahmoud (1996) also defines performance appraisal as the systematic evaluation of the employee with respect to his performance on the job and his potential for advancement. He sees performance appraisal as one of the most important functions of the Human Resource Department.

Archer North and Associates (1999) see performance appraisal as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual) in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. From these and other definitions, it could be suggested that performance appraisal serves as a foundation for future decisions. Its focus is on the review of the past, utilising judging methods, ratings and/or descriptions established by the organisations. It is also clear that performance appraisal is both evaluative and developmental. That is, it evaluates the employee's past performance, identifies his/her

weaknesses and develops strategies for strengthening the strengths and reducing the weaknesses.

Purposes of Performance Appraisal

Many researchers, management commentators and psychometricians have expressed doubts about the validity and reliability of performance appraisal. Some researchers, such as Derven (1990) have even suggested that the performance appraisal process is so inherently flawed that it may be impossible to perfect it.

At the other extreme, there are many strong advocates of performance appraisal. Lawrie (1990) for instance, views performance appraisal as potentially the most crucial aspect of organisational life.

Between these two extremes lie various schools of thought. While all endorse the use of performance appraisal, there are many different opinions on how and when to apply it. Some scholars (e.g. Gilley & Egglund, 1993) believe that performance appraisal has many employee development uses, but scorn any attempt to link the process to reward outcomes, such as pay rises and promotions. This group believes that the linkage to

reward outcomes reduces or eliminates the developmental value of performance appraisal. This group sees the reward-linked process as judgmental, punitive and harrowing rather than an opportunity for constructive review and encouragement. They posed the question, for example, how many people would gladly admit their work problems if, at the same time, they knew that their next pay rise or a much-wanted promotion was riding on an appraisal results? They argue that it is very likely, in that situation, many people would deny or downplay their weaknesses. They are of the view that the desire to distort or deny the truth is not confined to the person being appraised. Many appraisers feel uncomfortable with the combined role of judges and executioners. They often know their appraisers well, and are typically in a direct superior-subordinate relationship. They work together on daily basis and sometimes mix socially well. They therefore find it difficult, at times, to give a report that has a direct effect of negating a promotion or salary increase.

On the other hand, there is a strong rival argument which claims that performance appraisal must unequivocally be linked to reward outcomes. The advocates of this approach say that organisations must have a process by which

rewards may be openly and fairly distributed to those most deserving on the basis of merit, efforts and results. They continue that there is a critical need for remunerative justice in organisations. Performance appraisal is the only process available to help achieve fair, decent and consistent reward outcomes. In a recent research, Bannister and Balkin (1990) reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards.

The University of Cape Coast has, since the 1970s, been using the ranking/rating method of appraisal system for the assessment of the performance of its Junior and Senior Staff. Though modified three times, a critical analysis of this appraisal system indicates that the drawers - Personnel Section - are believers of the school of thought which thinks that there should be a link between appraisal and reward outcomes. The UCC appraisal system requests the appraiser to inform the personnel section whether the appraisee, based on his/her performance, is qualified for salary increase or not.

According to the Deputy Registrar (P & W), the results of the

performance appraisal assist the Appointments and Promotions Board (Junior and Senior Staff) in arriving at promotion decisions. He said, to arrive at promotion decision on an employee, the Board considers the appraisal reports on the employee for a period of three years. If the reports are positive and tally with the Head of Department's recommendation on the employee's application form, the Board promotes the employee. On the other hand, if the reports are negative and the Head of Department's recommendation is positive, the Board analyses the situation critically and takes the appropriate decision.

It must be noted that assessment of human potential is difficult, no matter how well designed and appropriate the performance planning and appraisal system is. The appraisal system used must therefore be : (a) correlated with the organisational mission, philosophies and value system, (b) cover assessment of performance as well as potential for development, (c) take care of organisational as well as individual needs, and (d) help in creating a clear environment by linking rewards with achievements, generating information for the growth of both the employee and the organisation, and suggesting

appropriate person-task matching and career plans. The system must provide feedback to the appraisee as this will help him/her to know his/her strengths and weaknesses. (Theresa & Kellen, 1996; Garton 1980).

Thus, performance appraisal should not be used solely as a means of wage increase, transfers, promotions and lay offs as is the case of UCC's Senior and Junior staff appraisal system. It must be a means of communication, motivation and development of all employees in an organisation. Additionally, due to the extremely important value of employees - both pragmatically in cost terms and in the contributions they make to the success of the organisation - the appraisal system has become a major method of controlling the human asset. Such human controls are necessary if organisations, including universities, are going to survive and grow in the coming years.

The Food and Agriculture Organisation (1997) is of the view that the goals of performance appraisal must be consistent and mutually decided on by the employees and management. The appraisal system has to be reliable and consistent, and should include both objective and subjective ratings. This is because employees would like to know from a

performance appraisal system concrete and tangible particulars about their work, and assessment of their performance. This includes how they could obtain a large share of rewards, and how they could achieve their goals through their positions. From the point of view of the employees, therefore, the performance appraisal system should aim at their personal

the other human resource management functions, and one can therefore side with Mahmoud (1991) in saying that the performance appraisal system is an important management tool which could be helpful in motivating and effectively utilising human resources.

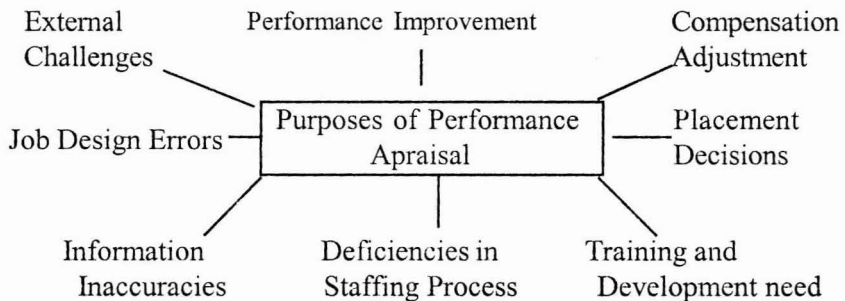


Fig 1 Purposes of Performance Appraisal

development, their work satisfaction, and their involvement in the organisation. This is essential because employees can develop only when the organisational interests are fulfilled. Mutual goals simultaneously provide for growth and development of the employees and the organisation as they increase harmony and enhance effectiveness of human resources in an organisation.

From Figure 1, it is obvious that performance appraisal affects all

Uses of Performance Appraisal

Rao (1985) is of the view that a properly designed performance appraisal system is an essential aspect of Human Resource Management and has many and varied uses. Some of the uses are discussed below.

Employee Performance

An effective performance appraisal system ensures effective staff performance on the job. Appraisal

helps individual workers to understand more about their roles and become clearer about their functions. The setting of goals by the employees and the supervisors as well as the interaction during interview sessions make the employees to know what are expected of them and enable them to perform effectively and efficiently. According to Castetter (1981), performance appraisal in this way, is instrumental in helping employees to better understand their strengths and weaknesses with respect to their roles and functions in the organisation.

Developmental needs of staff

Performance appraisal helps the organisation in identifying the developmental needs of employees, given their roles and functions. During the interview session both the appraisers and the appraisees are not only interested in whether or not the objectives were achieved, but also why they were not achieved. By this way, the weaknesses of the employees are identified and correct remedies, usually in the form of training, are prescribed. A well designed performance appraisal system should supply systematic grounds for determining what kinds of courses and experiences that might

help the individual employee overcome their weaknesses.

The aggregate of performance appraisal can also help the Human Resource Department to identify or determine the developmental needs of the organisation as a whole. The results of appraisal can be used as the basis for the organisation's educational policies and programme development. For example, if ineffectiveness in a particular technical or administrative area shows up in several evaluations, it may indicate a need for training in the area of deficiency. In this way, the training will be directed towards the accomplishment of some organisational objectives such as more efficient production methods, improved service quality or reduced operating cost.

Increased Communication

In modern organisations, performance appraisal acts as a mechanism for increasing communication between the supervisor and the employees. The interview session and the feedback from the appraisal give the employees the opportunity to get to know the expectations of their supervisors and each supervisor also gets to know the difficulties of the subordinates and tries to solve

them together with the employees. This makes the supervisors and the employees to accomplish their tasks.

Management Decisions

An effective performance appraisal system provides an objective basis for taking certain human resource management decisions. These management decisions include job analysis, job design, recruitment, selection, orientation, training promotion and compensation. For example, the results of performance appraisal are used as the basis for merit increases in salary. They also provide the Human Resource Department with information on how each employee is performing on the job and this helps the department to decide on who should be compensated, by how much and by what means. The compensation could be either increase in salary or incentives.

Human Resource Planning

The Human Resource Department uses the results of the performance appraisal for human

resource planning. The results of the appraisal may indicate personnel gaps in the organisation. For example, if the appraisal results show that many of the personnel/professionals in the organisation are lacking in some particular speciality, it may indicate the need for someone who is proficient in the area of deficiency. The potentials of the present employees are then analysed to find out the number of employees needed to eradicate the deficiency.

In addition to the above, performance appraisal also provides each employee with an opportunity for self-reflection and individual goal-setting, so that individually planned and monitored development takes place. Finally, performance appraisal prepares employees for higher responsibilities by continually reinforcing the development of behaviour and qualities required for higher-level positions in the organisations.

Figure 2 summarises the uses of performance appraisal.

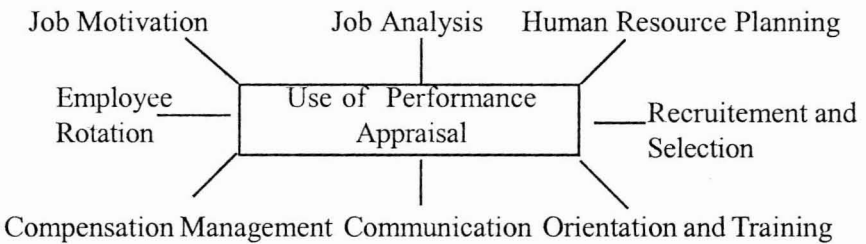


Fig 2 Uses of Performance Appraisal

Observation

As stated earlier, the University of Cape Coast has been using the rating scale form of performance appraisal in evaluating the performance of her Junior and / Senior Staff. This appraisal system lists personality traits or qualities desired for a particular job. For example, UCC's appraisal system lists qualities such as job knowledge, organisational ability, attitude, dependability, creativity/initiative, leadership ability, skill, adaptability and punctuality. The rater is expected to observe the actual performance of the employee and tick off on the form the range which best describes the employee's work performance.

A critical look at the UCC appraisal system indicates that the appraisal system to a very large extent, does not meet or fulfil the purposes and uses of appraisal system discussed in this paper. One is tempted to say that the main purpose of the appraisal system at UCC is to determine whether or not an employee should earn an increment (Part V.) It does not aim at assessing the past performance, identifying training needs of employees, identifying career development opportunities, establishing a more effective

communication system nor performance goals for employees etc.

The UCC Junior and Senior appraisal system suffers from organisational influence or setting. Appraisers of the system see the appraisal exercise as the basis for wage increment. Supervisors therefore tend to give employees good appraisal results in order not to appear as "bad guys" in the eyes of their subordinates. This explains why after rating some employees as good or very good, some heads of departments turn round to demand that the same employees must be transferred from the departments.

The system also suffers from the problem of subjectivity and inter personal relations. The fact that the employee is not assessed against any set goals makes it difficult to prevent emotional issues intruding into the appraisal reports. The type of relationship which exists between the supervisor and the employee may influence the supervisor's appraisal. A supervisor who likes a particular employee might give that employee a positive report even if the employee does not deserve that.

Proposal

It is in the light of the weaknesses and problems associated with the current performance appraisal system being used in assessing the performance of UCC Junior and Senior Staff that the author proposes for use Peter Drucker's Management By Objectives (MBO) technique. As stated by Luthan (1977) even though MBO does not represent the ideal form of performance technique, it is one of the techniques that comes closest to the ideal. The MBO represents a significant point of departure from rating scale and offers a great deal of potential for the future. MBO methods of employee's performance examine the extent to which pre-determined work objectives have been met. Usually the objectives are

established jointly by the supervisor and subordinate. Once the objectives are agreed upon, the employee is usually expected to self-audit, that is to identify the skills needed to achieve the objectives. He/she is expected to monitor his/her own development and progress. In this way, MBO methods of performance appraisal give the worker a satisfying sense of autonomy and achievement.

Process of MBO

The MBO which is currently being used, in one form or the other, by large business organisations and some non-profit organisations involves the process of setting objectives and appraising results. The MBO process which is a circular one is shown in Figure 3.

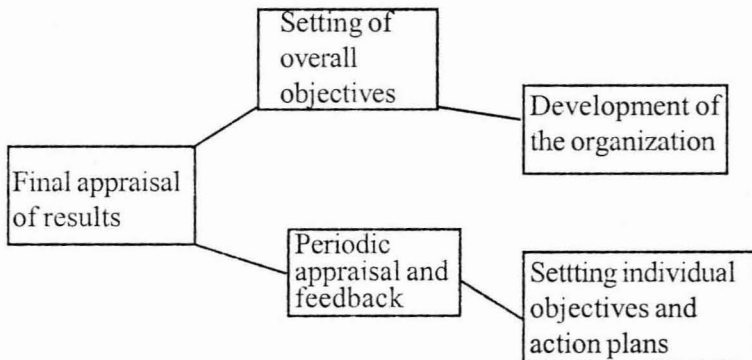


Fig. 3 Process of MBO

Source: Ross A. Webber. Management, Richard D. Irwin. INC
Homewood, III pp 351 - 355.

Setting of Overall Objectives

To implement MBO on a university-wide basis, the top management (Training & Development and Personnel Section) must formulate the overall objectives for the appraisal system. They must identify key result areas that have the greatest impact on the overall performance of the organisation. After the key areas have been identified, measures of performance must also be determined to serve as the basis for measuring the objectives. The objectives must be result-oriented and stated in measurable terms with target dates, if possible, and accompanying action plans that propose how the objectives will be accomplished.

Developing the Organisation

After the determination of the overall objectives, it is vital for the organisation (The university) to be prepared so that MBO can be successfully implemented. The preparation will include training of both the appraisers and assessment of performance.

Setting Individual Objectives

Once the overall objectives have been set and the organisation

(university) has been developed to the point of accommodating an MBO System, individual employees in the system must be helped to set their individual goals. These individual objectives are normally set by each supervisor-subordinate pair, starting from the top and going down as far as the system is to be implemented.

Appraisal of Results

The setting of the objectives plays a vital role in the appraisal part of MBO. The individuals are appraised as to how they perform in accordance with the objectives set. The appraisal session must attempt to be diagnostic rather than being purely evaluative. This means that the reason "why" the objectives were either attained or not attained is assessed, rather than having the sessions purely punitive if objectives are not attained or rewarding if they are attained.

There should be periodic reviews which must be conducted in order to evaluate progress towards the attainment of objectives, and they should offer the necessary opportunity to make necessary changes in the objectives. This should be the case because every organisation is operating in such a

dynamic environment that objectives set at the beginning of the period may be rendered obsolete in a few months because of changing conditions. The constant review of the individual objectives and, to a lesser degree, the overall objectives makes MBO a living system that is adaptable to change. At the annual sessions, overall diagnosis and evaluation are made according to the results attained, and the process starts all over again.

Problems

Some administrators and researchers kick against the introduction of MBO in service institutions such as the university. They claim that MBO has a number of problems and is suitable for organisations which produce concrete products, eg. Breweries.

One should not be tempted to think that MBO is without problems. There are some generally recognised problems that can occur in an MBO programme.

Webber (1975) in his research report summarises these problems as :

1. Distrust of the system
2. Resentment of a forced programme
3. Resistance to paper work and talk

4. An overly narrow focus
5. Inconsistency between bottom-up and top-down plans and
6. Inability to measure objectives.

Humble (1970), one of the main exponents of MBO, thinks that MBO is ideal for public sector organisations in which it is hard to quantify and/or price output. He thinks that most of these problems can be overcome by careful implementation and proper administration of the programme.

After reviewing in detail the existing studies on MBO programmes, Carroll and Tosi (1975) concluded that "the researches on organisational MBO programmes indicated that the adoption of this approach can improve managerial performance, managerial attitudes and organisational planning". Researches on related aspects of goal setting, feedback on performance, and participation, which are essential features of MBO, may be generalised to MBO. For example, experimental studies by Locke and his colleagues (1970) found that goal setting per se may have a very positive influence on performance. There is also considerable evidence that objective feed-back about performance can

improve performance. Such feedbacks can be a very powerful positive reinforcement for organisational participants. The MBO's periodic appraisals provide feedback close to the actual behaviour - at least quarterly - and give the administrator the opportunity to positively reinforce subordinates' progress towards goals and goal accomplishment. Since MBO also has participation of subordinates in the goal-setting process the literature going as far back as the human relations movement can be used to support the effectiveness of MBO.

Conclusion

It can be concluded that MBO, either as a specific technique for appraisals or as a complete system of management, seems to hold enough promise to continue its widespread application. It is readily adaptable and can be used in conjunction with other Modern Human Resource Management techniques such as job enrichment and Organisational Behaviour Modification. MBO's greatest advantage is that it combines good and sound management techniques for decision making, communication, and control with basic behavioural requirement. Goal setting, feedback about performance, participative decision

making, open two-way communication, and self-control are some of the very positive characteristics of MBO. This unique combination makes MBO worthy of careful consideration. Although there can be problems, MBO, if carefully implemented and developed, seems to hold a great deal of promise for management.

It is my hope that if the University accepts and adopts this proposal, she will succeed in motivating her staff to improve productivity. The system will provide enough information for management decisions in areas such as job design, training needs, placement of staff, as well as compensation.

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