

AN EVALUATION OF THE PERFORMANCE MANAGEMENT SYSTEM WITHIN TEN PUBLIC HEALTH INSTITUTIONS OF THE FREE STATE PROVINCE

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**This thesis is submitted in fulfillment of the requirements for the degree of
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DECLARATION

I declare, with a conscious and clear mind, that this thesis is my own work and that to the best of my knowledge, conviction and belief, it contains no material that, to a substantial extent, has been accepted for an academic award, except where acknowledgement is made.

A handwritten signature in black ink, appearing to read 'S. Katende', with a stylized flourish at the end.

Semakula-Katende, Solomon Mike Mulumba

The completion of this Doctorial Thesis has been made possible by the inspiration, guidance and encouragement of many people, some of whom are acknowledged.

I wish to thank God Almighty through Jesus Christ, who gave me the wisdom and ability to undertake and complete this study and heartfelt gratitude to my family and colleagues for their unconditional support and encouragement throughout this study.

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ABSTRACT

This research study was undertaken, primarily, to establish the major factors which influence the effectiveness of the employee performance management and development system (EPMDS) to deliver its intended purpose within the Department of Health in South Africa. That is, why the EPMDS has largely been ineffective in achieving intended organisational goals and objectives. That entailed undertaking a critique of a substantial literature study about performance appraisals issues, to ensure that only relevant ones were incorporated in the development of a theoretical (normative) model to address the research problem. In addition, personal interviews were conducted with selected hospital staff, which included top, middle and lower management and junior staff in order to augment, evaluate and reiterate the theoretical findings.

The literature from journals, publications, articles of decades of research reviewed established gaps, which compromised the effectiveness of the EPMDS. Key driving factors – determinants were identified and well addressed in the study to enhance its success in achieving intended purpose. A number of models contributed enormously to the foundation of the normative model, which included, Boyatzis' (2002) effective management model, Quinn's (1988) competing values framework, the four perspectives balance scorecard of Kaplan and Norton (1996), and Leadership Code of Ulrich et al. (2008).

It was established, however, in the literature review, that leadership and management were focusing more on rewarding the high performers or favourites and reprimanding the low-performers or the outer group than other objectives, - proficient leadership, effective management and employee empowerment through training and development. This acted as blockage to the attainment of these and other objectives, like leadership succession, employee performance sustainability, personality traits, enhanced coordination and control within the organisation, improved goal alignment between the organisation and its members, and increased employee effort, and commitment.

The study was conducted on employees of the ten public hospitals within the Free State Province of salary levels 1-12, for whom the EPMDS was applicable. The target population was about 2400 employees, from whom a target sample of 300 were selected, comprising of CEO's (as leaders), managers and employees.

The research study was qualitative, which entailed collecting data by means of self-administered structured questionnaires from the sample. In addition, interviews were conducted on 65 employees of the target sample to improve and validate the quality of data collected. Consequently, the research design was a triangulation of quantitative and qualitative methods to ensure reliability and validity. Thus, different methods of data collection were used, such as questionnaire and interviews, which were employed to garner the perceptions or opinion of employees on certain key aspects of performance appraisals. Simple random sampling was employed for selecting 300 participants from 2400 employees, whilst and purposive-judgemental method used for identifying the participants of the interviews, to ensure that the empirical testing of the hypotheses is achieved.

This study was undertaken with regard to a number of limitations. First, the target population might not have been representatives of all the public health employees in South Africa, as the research was conducted in only ten institutions in one province. Another limitation was that respondents to questionnaires might have rated their hospital more favourable than an outsider would have. Finally, there might have been other factors or dimensions, which might have impeded the EPMDS effectiveness that might not have been included in the research design.

Evidence, however, emerged that supported the existence of six key construct with a total of twelve major determinants that influenced the effectiveness of performance appraisals to develop and empower all stakeholders to provide quality service to the community, whilst meeting executive, political and personal needs and deadlines. The constructs were established as leadership, administration, development, information, management competency and moderation.

The determinants were identified as leadership process, performance culture/climate, selection and placement of talents, alignment of potentials/skills with organisational goals, communication, management of appraisals, motivation, expectations, resources, responsibility and accountability, acknowledgement of performance, and diversity in the workplace. A strong link was established between these determinants and the effectiveness of appraisals. Leadership and management should focus mainly on strategic goals, – productivity and employee empowerment instead of reward, to enhance performance and staff retention.

Ultimately, the contribution made by this study to the body of management theory and practices are summarised in this section. From the study, it was concluded that:

- Three prime drivers, – leadership, management and communication/MIS, are identified as being critical for the effectiveness of the appraisals, and deserve special attention.
- Leadership and management play a central role in the appraisal process, and should be equipped with appropriate competencies to lead and manage effectively.
- Organisational and employee goals should be aligned and integrated into a common purpose.
- In its current form, the study established that EPMDS was more suitable for unskilled and semi-skilled employees than their skilled counterparts.
- Reward is rather an outcome of an employee appraisal than it is a driver.

The modified structural performance appraisal model – MSPAM, which capitalised on shortcomings of its predecessors resulted, and is proposed for use in the public hospitals in order to enhance the effectiveness of appraisals in attaining goals and objectives of the Department of Health. Developers and vendors of appraisals should incorporate key factors into the framework to improve objectivity and effectiveness, which will require promotional programmes to potential users. Future research and testing of MSPAM is required for its replication and viability.

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Acronyms

ABS:	Australian Bureau of Statistics
ACPA:	American College for Personnel Administration
AGFI:	Adjusted goodness-of-fit index
AIC:	Akaike information criterion
ASTD:	American Society for Training and Development
APA:	American Psychological Association
BARS:	Behaviourally anchored rating scales
BOS:	Behavioural observation scales
CDM:	Composite Direct Model
CETI:	Communicative Effectiveness Index
CFI:	Comparative Fit Index
EII:	Emotional Intelligence Index
GFI:	Goodness-of-fit index
LBAlI:	Leader Behaviour Analysis II
MLE:	Maximum Likelihood Estimation
MSPAM:	Modified Structural Performance Appraisal Model
MTMM:	Multitrait-Multimethod matrices
NFI:	Normalised fit index
NNFI:	Non-normalised fit index
PCA:	Principle component factor analysis
PSTN:	Public Switched Telephone Network
RMSEA:	Root Mean Square Error of Approximation
SRMR:	Standardised Root Mean Residual
SAQA:	South African Qualification Authority
SMC:	Squared Multiple Correlations
SurveyShack:	Computer-based SurveyShack appraisal system
TLI:	Tucker-Lewis Index

CHAPTER ONE

1. ORIENTATION

1.1 Introduction

In many organisations, including public institutions, performance appraisal systems have remained some of the great paradoxes of effective human resource management, according to Rudman (2004). Countries in the developing world, including South Africa have made strides in advancing corporate administrative systems to improve the performance of employees in the public service (Sangweni, 2003). "Performance appraisals provide valuable performance information to a number of critical human resource activities, such as the allocation of rewards – merit pay, promotions, feedback on the development and assessment of training needs; other human resource systems evaluation, such as, selection predictors and performance documentation for legal purposes," aver Cleveland, Murphy and Williams (1989: 130-135).

Specifically, the main objective of the study was to establish why the Employee Performance Management and Development System (EPMDS) has been largely ineffective in achieving its intended objectives and to identify factors influencing its (EPMDS) implementation, as was well reflected in the questions and objectives of the study that followed. That entailed undertaking a literature study from which a theoretical model was derived to evaluate and test the effectiveness of the current EPMDS within the Department of Health in South Africa.

Globally, public sector organisations have adapted measuring performance using theories, practices, and tools borrowed from the private sector (Collis & Hussey, 2009; Gillen, 2007; Armstrong & Baron, 1998; 2005; Wolf, 2005 1/2; Fletcher, 2004, 1993; Saunders, Lewis & Thornhill, 2007; Sarkar, 2000). Performance appraisals seemed to offer much potential for enhancing the effectiveness of human resource decisions and for satisfying needs of employees for performance feedback (Ilgen, Fisher & Taylor, 1979: 349-371; Fisher, Schoenfeldt & Shaw, 2003; Goodge, 2005) (Appendix 1 & 2).

"Performance Appraisal is an organisational system comprising of deliberate processes for determining staff to improve staff effectiveness," according to Winston and Creamer, (1997: 16). "When you feel good about yourself, you perform better. When you perform well, you feel good about yourself. Neither can endure without the other," (Taylor, 1995: 69). There was evidence that the entire subject of performance appraisal had remained a practical challenge to the academics who often designed it (Freeman, 2002), to researchers, and to managers and practitioners who would use it (Forster, 2002). Moreover, the ever-increasing budgetary costs of developing and executing performance appraisals were progressively challenging corporate and financial decision makers to look for alternatives, according to the American College for Personnel Administration (ACPA, 1996).

That is, they had to embrace innovative re-engineering by making service less cumbersome through the introduction of a legislative framework that curtailed the costs. Banks and Murphy (1985: 335-345) noted that, "Organisations continue to express disappointment in performance appraisal systems despite advances in appraisal technology." Many studies had been conducted internationally on performance appraisals in the private sector (Carrol & Schneier, 1982; Cardy & Dobbins, 1994; Pendle & Lewis, Brown, 1988; Armstrong & Appelbaum, 2003; Brumback, 2003; Adroft & Willis, 2005), and, in South Africa, studies were done specifically in education (Mouton & Marais, 1990; Parsons, 1995; Quinn & Mckellar, 2002; Brown, 2005; Briggs & Coleman, 2007).

There had been a few studies done in the public health sector locally (Bless & Higson-Smith, 2000; Blanche, Durrheim and Painter, 2006; Cameron & Stone, 2007), specifically on performance appraisal, but none was found identifying the major factors that drove performance appraisals. There was a gap that required more research to improve the effectiveness of performance appraisals. That theoretical gap prompted the undertaking of this study which was hoped to be of value to non-private sector organisations and also add the research findings to the existing body of knowledge, as well as establishing what could be done to enhance effectiveness of the failing EPMDS in use.

This investigation was focused on the performance appraisal system employed by the Free State Provincial Government Human Resource Management (FSPG HRM), popularly called the Employee Performance Management and Development System (EPMDS), with the purpose of identifying the major driving, or determining, factors, as illustrated in the questionnaire, Appendix 3. Those factors needed to be present for the success of the appraisal, the absence of which compromised its effectiveness to achieve the purpose intended. The EPMDS was adapted and modified by the FSPG from the National Department of the Public Service and Administration (DPSA) (FSPG HRM, 2002; RSA, 1996; 2003). The DPSA developed a legislative framework that informed the public service on how to improve performance and quality of service delivery as exemplified in the White papers on transformation (RSA, 1995; 2002) and White Paper on HRM (RSA, 2002).

The introduction of the White paper on Transformation of the Public Service, (RSA, 1995), the White Paper on Human Resource Management (RSA, 1995; 1997), the South African White Paper on Transforming Public Service Delivery (Batho Pele) (RSA, 1997), the South African Promotion of Equality and Prevention of Unfair Discrimination Act (RSA, 2000), the Employment Equity Act (RSA, 1999) and the Promotion of Administrative Justice Act, (RSA, 2000) were effected to address the challenges in the workplace. The new Public Service Regulations (RSA, 2002) which introduced a new dispensation to revolutionise performance management and development in an effort to improve the intent of appraisals was also discussed. FSPG HRM's EPMDS was one such a by-product (FSPG HRM, 1996; 2003; 2005; 2006; 2007; 2008).

The EPMDS, (formerly known as the Performance Development and Management System – PDMS) was one of such appraisals meant to address those changes. It was developed by the Department of Public Service and Administration (DPSA) as a framework for voluntary use by national and provincial departments (FSPG HRM, 2003) leaving them with the choice of implementation on a permanent basis. The EPMDS is depicted in Appendix 10.

It began with translating organisational goals into clear expectations for each individual, creating plans for employee development (**leadership**), training people to do their jobs (**development**), providing effective supervision and coaching (**management**), and determining strengths and weaknesses (**administration**) (FSPG HRM, 2003). It was designed by leaders as a set of instruments that enabled managers to plan, direct and improve the performance of subordinates in line with achieving the overall objectives of the Public Service, as well as deciding on the confirmation of employees with regard to probationary terms of employment (**placement of potentials and talents**).

EPMDS was introduced as a policy document by the Free State Provincial Government (FSPG, HRM, 2003; 2007). It was aimed at improving performance by directing attention to the key areas of activity, which were identified through strategic planning processes. That established clear links amongst organisational development and culture change, the delivery of quality services, and the personal and professional development of jobholders at work (FSPG HRM, 2007). Its philosophy was to form a common bond of ownership amongst all jobholders so as to create a working environment where all individuals were being developed, motivated, and inspired to deliver a quality service based on effective performance (2007: 10).

The main objective of the EPMDS was to provide a corporate framework to manage and secure effective and efficient organisational performance in meeting internal and external customer needs and expectations. It was aimed at optimising individual excellence and achievement, in order to contribute to the overall achievement of the organisational goals to improve service delivery (FSPG HRM, 2003; 2007). EPMDS as a policy was applicable to all jobholders on salary levels 1 to 12, appointed in terms of the Public Service Act (RSA, 2001) (as amended) within the Free State Provincial Government (FSPG) on permanent and contracted appointments. This instrument was also designed to make informed decisions regarding probations, rewards (pay progression and cash bonuses), and skills development of jobholders. The policy viewed performance on an individual level and linked it to the performance of both the service unit and the organisation in a performance and development management cycle over a one year period (FSPG HRM, 2007: 11).

The cycle had a variety of phases, namely: - performance planning, performance monitoring, performance review and assessment, recognition, reward, unsatisfactory performance, and appeals linked to support, coupled to a two-way feedback communication system and continuous learning and development. It was linked to financial rewards in the form of pay progression and cash bonuses. The probation cycle was, however, linked to the permanent appointment of jobholders on probation. The EPMDS contained conduct criteria, namely the code of conduct for public servants, to give practical effect to the relevant constitutional provisions relating to the Public Service. It served as guidelines by which managers could determine what was expected of jobholders from an ethical point of view, both in their individual conduct and in their relationship with others (FSPG, HRM, 2006).

Introducing a performance appraisal system into an organisation was not an easy task, as it placed certain challenges on every jobholder, namely, to be as effective as possible. In addition, that presented specific challenges to every manager throughout the organisation to create a working environment where the jobholder was developed and motivated to deliver the best performance possible (Saunders, Lewis & Thornhill, 2007). The EPMDS, as the appraisal system of the FSPG, was aimed at planning, managing, and improving employee performance, – to optimise the output of every employee in terms of quality and quantity according to section 4.1 (FSPG HRM, 2003; 2007). In the 2004/5 report of the Free State Provincial Government, Health Department, Human Resource Management (FSPG, HRM, 2003) the situation analysis of the department identified, inter alia, numerous challenges which had to be managed in the course of exercising the provincial mandate of providing quality health care services to the community.

In the EPMDS assessment there was still some uncertainty regarding the implementation phase. For instance, how scores were allocated and the guiding of supervisors on making the correct score allocations were still not clear (FSPG HRM, 2007). Managers /supervisors had the responsibility of ensuring that the specific operational plans were available and were in line with the departmental objectives.

At the beginning of the performance cycle, jobholders (employees) were supposed to agree with their supervisors on the objectives as set in their Performance and Development Plans (PDP), and these objectives were to be aligned with the departmental objectives. The correct unit of measurement and standard was meant to guide the supervisors/ jobholders in determining the relevant score that the jobholders deserved, based on the achievement of the set objectives.

For example, the Key Performance Areas (KPA's) of a Senior Personnel Officer in charge of the Leave Section were the continuous management of leave at an X Hospital to ensure correct leave statistics (FSPG HRM, 2003; 2006; 2007). A cash bonus was a financial award granted to a member in recognition of sustained performance that was significantly above expectations and was rated as such in terms of the rating scale. The relationship between scoring individual KPA's and the weighted scores were examined in detail in Chapter 3. This study focused on identifying the factors that impeded the effectiveness of the EPMDS in the attainment of organisational goals and performance appraisal, - as had been stipulated in the FSPG HRM Business Plan (FSPG HRM BP, 2003; 2006; 2007). In this study, it was argued that selected factors and constructs had the potential of influencing the successful, sustained use of employee performance appraisals.

1.2 Problem Statement

Specifically, the main objective of this study was to establish the gap in the existing literature surrounding the successful, sustained application of a performance appraisal system, to identify the major determinants, constructs, concepts, dimensions, and measures required for an effective performance appraisal process to succeed, and to develop a model that will make the current ineffective EPMDS work successfully to enhance organisational effectiveness within the Department of Health in South Africa. In addition, this research project was to explore the extent to which those determinants predicted different dimensions of the current effectiveness of the employee performance appraisal, as well as how positive determinants would automatically result in enhanced effectiveness of the EPMDS without proper leadership.

Or whether there were any reasons giving rise to blockages that impacted the EPMDS effectiveness. The EPMDS as a policy document, - was quite sizeable and elaborate, giving a step-by step explanation of the processes involved and using ambiguous jargon that left many managers confused. It was developed with the need to empower workers so as to equip them for greater responsibility in time. It was, however, grossly misunderstood and incorrectly implemented. Consequently, its implementation had not been smooth sailing. It had many hitches, bearing in mind that different categories of stakeholders had a variety of skills, expectations, experiences, and motives (Davis, 2001: 92-100).

For some managers, who had benefited from the outdated appraisal system, it was time to resist, delay, and even block its implementation for as long as they could, which afforded them an opportunity to criticise the new system as non-functional and to return to their favoured, previous one (Ashkanasy, Hartel & Zerbe, 2000). Leaders and managers, who were not afraid of changes and had been inconvenienced by the shortcomings of the previous system, openly embraced the change and went all out to make it a success, story (Armstrong & Appelbaum, 2003). They viewed the EPMDS as the answer to their efforts to afford their subordinates opportunities for training, development, ownership, and active participation in the management of their institution (FSPG HRM, 2003; 2007).

Workers, likewise, had varied expectations (Davis, 2001). For some, - it was the opportunity to have a tangible say in their workplace affairs such as employee appraisal, conduct, training and development. For others, - it was time to reap what they had not planted, - to board the 'gravy train'. For the unions of workers, employers, and other stakeholders, different expectations were anticipated which resulted in numerous conflicts of interest. The Free State Provincial Government amended various policies to address those challenges, notably the EPMDS (FSPG, HRM, 2006; 2007). In addition, the language and terminology used in the EPMDS document was not easy to understand, and ambiguity left supervisors and jobholders free to make their own interpretation.

Many of those problems, however, led to grievous consequences for employees and managers (such as, - demotivation, lower levels of productivity, resignations, and even litigations). Those collectively led to the deterioration of workplace relations and underperformance, in view of which, it could be understood why the implementation of the new Employee Performance Management and Development System (EPMDS) was not a successful project. Its introduction received different reactions (acceptance or rejection) from different stakeholders, and this was exacerbated by the lack of commitment of leadership and management to identify and address the driving factors required for success.

A policy document should be judged to be good only by its clarity and the ease and success of its implementation. The EPMDS, however, did not appear to meet the above three criteria, and it was ineffective during the implementation phase. That prompted the undertaking of this study to find and address the drivers/determinants of the current application ineffectiveness, and to develop a model that would achieve the correct application of the system to attain the organisational goals and objectives necessary to ensure compliance with its original intention. The management of the performance of employees in public health institutions was one of the key areas in human resource management from which interpersonal conflict often emanated (FSPG, HRM, 2007), which, in turn, impacted negatively on workplace relationships.

In summary, this study was undertaken in an attempt to expose, describe, and critically evaluate the current Employee Performance Management and Development System (EPMDS) in use at public health institutions in the Free State Province, - in order to address the determinants/drivers of its apparent ineffectiveness. Certain factors of the performance appraisal were argued to have influenced its outcomes, named as determinants or drivers in this study, which, in turn, influenced the attainment of organisational goals (Fisher et al., 2003). Apparently, the EPMDS success was influenced by those key factors, which were established and addressed individually or collectively to solve the research problem. Those factors left managers and employees disillusioned and frustrated with the entire appraisal exercise (Karasek, 1989).

This state necessitated the researcher to develop investigative questions, which were examined to solve the research problem (Cooper & Schindler, 2008). Kerlinger and Lee (2000: 24) defined a problem as an interrogative sentence or statement that asks what relationship exists among two or more variables. This investigation covered in detail the relationships between performance appraisal and its outcomes – organisational effectiveness, and how the various drivers of performance appraisal would affect the outcomes.

Cooper and Schindler (2008) concurred that, it also aimed to present the covariance among variables and to verify the relationships among the investigative themes and the identified independent variables in terms of the related appraisal models. Those models included, - the leadership code of Ulrich, Sweetman and Smallwood (2008), the culture, leadership and organisational framework of House (2004), the performance prism of Neely, Adams and Kennerley (2002), the performance management model of Tucker, McCarthy and Benton (2002), the four perspectives balanced scorecard of Kaplan and Norton (2005), Quinn's (1988) competing values framework, and Boyatzis' (1982) effective management model. Consequently, the problem statement emerged as:

'The ineffective implementation of the EPMDS that influenced the delivery of its intended purpose.'

Primarily, the investigation was to establish why the EPMDS was ineffective and to identify the influencing factors. To achieve that, the current researcher undertook a literature study about performance appraisals, - from which a theoretical model was derived. That model represented the current appraisal status. From the captured analysed data, an empirical/statistical model emerged which was superimposed over the theoretical model to identify gaps and establish the factors that explained why the EPMDS did not work.

1.3 Primary and Sub-investigative Questions

The primary investigative question answered by this study was:

'Why was the EPMDS ineffective in delivering organisational goals and objectives?'

In order to address the research problem, a literature review was undertaken and the researcher identified gaps, from which a number of minor or sub-investigative questions emerged as follows:

1. What were the driving factors or determinants of an effective employee performance appraisal system?
2. To what extent did those determinants predict different dimensions of the effectiveness of the employee performance appraisal?
3. Did positive determinants automatically result in enhanced effectiveness of the EPMDS without proper leadership?
4. What were the blockages that impacted the ineffectiveness of the EPMDS?
5. What was the association among the moderating variables and the motivation and expectations of employees as determinants of the performance appraisal?
6. How were those findings integrated with workplace initiatives to enhance the effectiveness of the current EPMDS?

1.4 Key Objectives of the Investigation

The primary objective of this research emerged as:

"to discover the factors responsible for driving the effectiveness of the EPMDS in attaining its intended purpose and to make recommendations to address those."

In order to examine the impact of the major drivers on performance appraisal outcomes under current research and to increase understanding of performance appraisal by-users, specific research objectives were developed (Williams, 2002), namely:

1. To identify the drivers or determinants that influenced the effectiveness of an employee performance appraisal system;

2. To determine the extent to which those determinants predicted different dimensions of the effectiveness of the employee performance appraisal;
3. To examine whether positive determinants automatically resulted in enhanced effectiveness of the EPMDS without proper leadership;
4. To explore why and how blockage reasons would impact on the EPMDS effectiveness?
5. To establish the association between the moderating variables and the motivation of employees, as well as their expectations as major determinants of the performance appraisal; and
6. To determine how those findings would be integrated with workplace initiatives to enhance the effectiveness of the current EPMDS.

1.5 Research Hypotheses

Twenty hypotheses were set in Chapter 3 for testing the relationship between constructs and determinants within the appraisal system in Chapter 5, in line with Sarantakos (1997). Because of the volume of space it would take to state each of those hypotheses in this section, the reader is referred to the relevant sections 3.7.1- 3.7.6 (Chapter 3). A number of hypotheses were developed from the envisaged linkages between those variables (namely, determinants, constructs, concepts, dimensions, measures) and the performance appraisal system. Those included the null hypotheses (H_0) which stated that there was no significant difference between the expected and observed result, and the alternative ones (H_1) which exposed the difference. That was to establish a point of departure and identify a new line of inquiry that could lead to the development of a new model, or a modification of the existing EPMDS, that would enhance the effectiveness of the organisation (Kerlinger & Lee, 2000).

1.6 Research Design

This study used triangulation to overcome the potential bias and sterility of a single-method approach Collis and Hussey (2009 in Denzin, 1970).

A triangulation of data collection (scheduled collection), methodology (quantitative and qualitative approaches), and theories (interdisciplinary) was employed, according to Easterby-Smith, Thorpe and Lowe (1994). Saunders, Lewis and Thornhill (2007) argued that data ought to be collected through methods such as self-administered questionnaires and personal interviews. Those were employed in this study, - conducted on a sample of employees of Eastern Free State Province public institutions.

Discussion of the rationale behind criteria for selecting participants, and the appropriateness of the selected unit of analysis for the purposes of the research (Williams, 2002) was made in Chapter 4. In addition, the sampling method, the ethics of the research, validity, reliability, and the data collection methodology were investigated as well to obtain information from respondents in those institutions from questionnaire and personal interview (Babbie & Mouton, 2001).

1.7 Significance of the Study

The significance of this study was that the findings emerging from this investigation might benefit not only the employees, leaders, and managers of the public sector, but also the private sector, and the country as a whole. Employees' confidence and desire to have active participation in the EPMDS in its entirety would be enhanced, whilst leaders and managers would be able to re-train and re-skill in order to address the appraisal challenges in a much more informed manner. The clients and the country at large would get better service delivery from a more harmonious public workforce, whilst the private sector, which is often viewed as a competition, would use the same approach, if similar challenges appeared in their service. Furthermore, in the development of a performance appraisal system, the systems application must be adapted to the organisation's specific contextual situation when knowledge transfer takes place. It was thus, hoped that this study could add value to, and contributed new knowledge on local, provincial, national, and international levels. It would also assist in addressing the factors influencing the ineffectiveness of the EPMDS and what corrective actions were appropriate to make its application effective.

1.8 Scope of the Study

The EPMDS is a national policy negotiated by the South African Government (RSA, 2001; 2002) and the unions of the employers and employees. It is still in use. It was implemented in all provinces and national departments to address the performance challenges that had met with resistance. Its inability to achieve the intended purpose was a provincial and national disaster. This study was confined to employees of the Department of Health of the public sector and it did not include other departments or the private health sector. The findings might assist other departments and areas of the private sector within South Africa.

The focus was based on the opinions and experience of the selected sample of participants of public employees, mainly nurses, on the use of the EPMDS in order to establish reasons for its ineffectiveness. In addition, the study was hoped to ascertain whether the EPMDS ought to be continued as it was, modified, or totally abandoned for a new, revised, or different model. The data collection method was limited to a questionnaire and personal interviews. Employees were asked to assess the current usage of the EPMDS and the problems of its application and the resistance to its use.

The scope of the investigation was confined to the public sector to focus on the type of appropriate subjects relevant for the study. The survey was conducted in English; assistants were, however, hired and trained to assist participants who needed help with language. The study was conducted from April 2009 to March 2010.

1.9 Possible Contribution to the Body of Knowledge

In the literature review, gaps and mismatch were identified and established, in attempt to seek solutions to those challenges and, ultimately, to make recommendations to enhance organisational effectiveness.

This research aimed to contribute to the performance appraisal theory and practice (Ashkanasy, Hartel & Zerbe, 2000) and to argue against performance appraisals that focused predominantly on the rewarding of employees financially, rather than enhancing development, empowerment, and job and leadership succession (Dawson, 2005). In particular, the study was to establish the role played by the various factors, - determinants, concepts, dimensions, and measures of the performance appraisals in organisational effectiveness (Kelley, 2005; Davis, 2001; Dale, 1985; Deal & Kennedy, 1982). In the study, major factors that played a critical role in determining the effectiveness of the EPMDS were identified as the 12 determinants, which were later integrated into six groups or constructs (leadership, administration, development, management competency, and moderation).

These constructs were established as the major driving for an effective appraisal system. Should one or more of these construct not be in place and effectively managed, it would lead to ineffective appraisal system. The constructs that were not receiving proper attention that contributed to the EPMDS' ineffectiveness were leadership, management and lack of information. In this study it was also found that, whilst they also had a direct, positive and significant impact on the determinants, specifically productivity, teamwork, empowerment, and commitment as outcomes of performance appraisals. Importantly, it was noted that employee attitudes and rewards were not determinants, as earlier postulated, but rather part of the outcome domain of appraisal systems. It was arguable that, through addressing those factors and possibly developing a new performance evaluation model built with the incorporation and recognition of those factors in mind, greater organisational success would be achieved through effective performance appraisal.

The primary purpose of this research was to remind the leadership and management within organisations that performance appraisal system, as a tool, were originally designed to focus more on employee development, but has become skewed in the sense that this aspect became increasingly neglected in favour of using the process for financial benefits relating to performance bonuses and salary increases. The intent was to correct this imbalance.

Thus, the expected outcome of the study might confirm, compliment some of the findings of previous studies, though diverted to a different direction – the new model, the MSPAM was developed. The main findings, together with the Modified Structural Performance Appraisal Model (MSPAM) were argued to enrich the understanding about the importance and usefulness of appraisal systems – the EPMDS – in the South African government Health Department, HR practitioners, and other governments departments nationally and internationally, particularly in developing countries. In addition, the findings added new knowledge to the existing body of knowledge in the field of management practice.

1.10 Literature Review

The literature of Human Resource Management (HRM) was reviewed extensively, focusing, - specifically on performance appraisal and management. The review also traced the purpose of appraisal systems, factors, determinants and reasons why it was difficult to get effective appraisals. The researcher acknowledged and engaged with the idea that performance appraisals had been widely criticised as inherently flawed systems. Various databases, catalogues, indices, books, publications, and the internet were consulted to source relevant material for this research.

1.11 Summary of the Chapter

The introduction covered the background that prompted the undertaking this study. It covered and investigated the research problem, the research questions were answered, the objectives, significance, and the contribution of this study to the existing body of knowledge was exposed. That is, it would evaluate the factors responsible for the EPMDS ineffectiveness and attempt to address the challenges so as to make it work more effectively. Specifically, the main objective of this study was to establish the gaps in the existing literature surrounding the successful, sustained application of a performance appraisal system, to identify the major determinants, constructs, concepts, dimensions, and measures required for an effective performance appraisal process to succeed.

It was also to develop a model that would make the currently ineffective EPMDS work successfully to enhance organisational effectiveness within the Department of Health in South Africa. The next chapter presented the theoretical foundation of the study. The structure of the remaining chapters to follow was set out below.

1.12 Organisation of the Thesis

1.12.1 Chapter 1: Orientation

Chapter one covered an orientation to the problem and problem statement, the primary investigative questions and subquestions to be answered by the study, the research objectives, the significance and the scope of the study.

1.12.2 Chapter 2: Theoretical Foundation

The theoretical foundation was presented in Chapter 2 and covered the historical background of the theory underpinning the employee performance appraisal concept and how it had evolved over time, in order to identify gaps in the existing body of knowledge, and order to establish existing areas which had been insufficiently researched. There appeared to have been a need to conduct extensive research into the use of performance appraisal in the public sector, which was apparently under-researched. There was, thus, a gap that necessitated the undertaking of that investigation. That was aimed at developing a theoretical foundation for this study by examining performance appraisal, its origin, and measurement to current times.

1.12.3 Chapter 3: Literature Review

This chapter covered the contemporary literature available to enhance the development of a theoretical or normative framework for generalisations and propositions regarding the performance appraisal. That was superimposed over the empirical model that emerged from the data analysis in Chapter 5.

The theories and models underpinning its constructs, conception, determinants, concepts, dimensions, and measures were critiqued and integrated within the framework of schools of performance appraisal. Links were provided between organisational effectiveness and successful employee performance appraisals which were investigated in terms of the task and contextual performance of employees. Hypotheses were developed from the proposed linkages between determinants of the performance of employees and performance appraisal. A point of departure was established and a new line of inquiry (gaps) identified to guide the conceptual development of the research design and methodology.

1.12.4 *Chapter 4: Research Design and Methodology*

The research design and methodology was presented in Chapter 4. Included in the chapter were the unit of analysis, sampling methodology used, ethics of research, validity, reliability, as well as statistical techniques used for the data analysis and interpretation.

1.12.5 *Chapter 5: Analysis of Results*

The analysis and interpretation of results were presented in Chapter 5. The comparison and contrast evaluation and interpretation of the empirical research findings were to be matched against those of the theoretical model developed from the literature review. The degree of congruence, or good fit, between the two models would provide answers to the investigative questions and address the problem statement posited in Chapter 1.

1.12.6 *Chapter 6: Conclusions and Recommendations*

Chapter 6 covered an integrated summary of the research conclusions, the research contribution towards theory, methodology, and practice. Problems encountered while doing the study, limitations of the research and direction for future research endeavours were presented, as well as the recommendations made regarding the implementation of the EPMDS.

CHAPTER TWO

2. THEORETICAL FOUNDATION OF THIS INVESTIGATION

2.1 Introduction

This chapter presented the historical background of employee performance appraisal, covering its origin, and the history of the concept 'performance management and its links to employee performance appraisal.' Section 2.2 gave the background of the theoretical foundation, whilst in Section 2.3 the purpose, and, in Section 2.4, the key factors – constructs were discussed. In Section 2.5, the gaps in the literature were identified, whilst in Section 2.6, legal and statutory theoretical foundation was examined, while, measures in performance appraisal systems were discussed in Section 2.7. Presentations of characteristics were made in Section 2.8, benefits in Section 2.9, and reasons influencing the ineffectiveness of performance appraisal systems were covered in Section 2.10. Finally, the summary and conclusions were provided in 2.11.

Specifically, the main objective of this study was to establish why the Employee Performance Management and Development (EPMDS) had not achieved its intended objectives and to identify the major influencing factors. That entailed undertaking a literature study from which a theoretical (normative) model would emerge depicting the current appraisal situation in the Department of Health in South Africa.

Performance appraisals and research on the development and measurement of employees had flourished over several decades (Ilgen, Fisher & Taylor, 1979; Banks & Murphy, 1985; Cleveland, Murphy & Williams, 1989; Meyer, 1991; Taylor, 1995; Winston & Creamer, 1997; Saunders, 2000; 2003; Freeman, 2002; Forster, 2002; Sangweni, 2003; Fisher et al., 2003; Rudman, 2004; Saunders et al., 2007; Collis & Hussey, 2009).

Concepts, dimensions, and measures required for an effective performance appraisal process were defined and aligned in integrated links to achieve organisational effectiveness (Deet & Tyler, 1986). That alignment involved examining executive theoretical constructs or components, namely leadership, administration, development, management competency, information, and moderation, and legal/statutory foundation (constructs, concepts, dimensions, measures, and purposes), and how performance appraisal had evolved over time (Crawford, 1998). Progress was traced from the traditional simplicity of the thinking (concept/thought evolution) (David, 1995) into the contemporary systems thinking of today (Rudman, 2004). Firstly, the attempt was to measure some kind of productivity and to motivate employees to work harder (Cropanzano & Wright, 2001).

Next was to link this to both the needs of employees and organisational effectiveness, as well as with people having to achieve targets around performance measures (goals/objectives/KPAs). This gave rise to systems thinking and the development and attempt to create integrated organisational and management performance/ employee performance appraisal systems (Quinn, 1988; Boyatzis, 1982). In addition, the purpose, benefits, challenges, and determining factors of performance appraisal, which were critical for organisational effectiveness, were discussed (Delery & Doty, 1996). An attempt was made to organise the concepts, constructs, dimensions, and measures into partially integrated links for an effective appraisal system.

The complete final integration, however, was presented in Chapter 3 after the determinant factors had been identified. Thus, the integration and alignment among those factors were completed only after the literature review, after which a theoretical/normative model emerged that benchmarked any empirical analysis to determine the degree of good-fit or mismatch. It was hoped that a mismatch or poor-fit between the theoretical model and the empirical research findings would lead to the opportunity to develop a new performance evaluation model that might overcome the shortcomings of its predecessors (David & Sutton, 2004).

2.2 Background of Performance Appraisals

Fundamentally, the history of performance appraisal was quite brief (Taylor, 1911). Its roots in the early 20th century could be traced to Taylor's pioneering Time and Motion studies (Fisher et al., 1999; 2003; Fletcher, 1993a; 2004). But that was not very helpful, for the same might be said about almost everything in the field of modern human resource management. Appraisals, as distinct and formal management procedures used in the evaluation of work performance, actually dated from the time of the Second World War, – just over 60 years ago, as tabulated in Appendix 1.

Informally, people have always judged others, peers, subordinates, or supervisors. However, the practice of appraisal is a very ancient art. In the scale of things historically, it is claimed to be the world's second oldest profession (Gillen, 2007). Performance appraisal, so-called employee appraisal, referred to a method by which the job performance of an employee was evaluated (Hutchinson & Purcell, 2003). Without a structured appraisal system, there was little chance of ensuring that the judgments made were lawful, fair, defensible, and accurate (Karl & Wexley, 1989: 5-20). Margulies (2004) maintained that performance appraisal systems began as simple methods of income justification.

The appraisal was, thus used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes (Fisher et al., 2003). If the performance of an employee was found to be less than ideal, a cut in pay or demotion followed. On the other hand, if one's performance was seen to be better than what the supervisor expected, a pay rise or promotion was given. Little consideration, if any, was given to the development component of appraisal (Wolff, 2005: 9-15).

It was felt that a cut in pay, or a rise, provided the only required impetus and motivation for an employee either to improve or to continue to perform well.

2.2.1 Definition of Key Concepts

- Performance Appraisal and Performance Feedback

Performance appraisal (PA), also known as employee appraisal is that portion of the performance assessment that constitutes the management process. In PA the contribution of the employee to the goal attainment of the organisation during a specified period of time is assessed. Usually, that was evaluated in terms of quality, cost and time, according to Hutchinson and Purcell (2003). Performance feedback (PF) informed employees about how well they had performed in comparison with the standards of the organisation (Hill & Jones, 2001).

- Performance Assessment and Management Process

Performance management, in its broadest context, is a managerial process that links corporate objectives to performance standards, and the evaluation to which the performance review, or performance appraisal is often applied in order to achieve the goals and objectives of the organisation (Appleby, 1981). Performance management, according to Butler, Ferris and Napier (1991), served as a strategic and on-going function of focusing employee efforts and skills on the types of behaviours required to attain organisational goals successfully (Rudman, 2004).

- Productivity and Rewards

Appraisal systems were related to institutional productivity requirements (Fisher et al., 1999; 2003) and they were expected to reveal the productivity of units and to serve as a response system on which to focus attention (Davis, 2001). One of the most crucial response systems was the reward structure of the institution. Hypothetically, performance appraisal was used to reward productive staff through salary adjustments (Hicks, 2000). Salary adjustments were fixed, especially in state institutions, while alternative reward structures could be initiated by departments to recognise productive staff.

The EPMDS was meant for that purpose but it was seen not to have been effective for a variety of reasons, which were the focus of this study. Probable reasons might include, inter alia: poor communication; budget constraints; inadequate training; and low levels of leadership and management competency (Fletcher, 2004). Concerns about under-productive staff were addressed in this study, through targeted staff development activities, or through other appropriate means.

- Management Competency

Boyatzis (1982: 97) defined competency as "an underlying characteristic of a person which results in effective and/or superior performance in a job." He elaborated that job competency represented ability; whilst the set of competencies of individuals reflected their capability. Job competency might be a motive, trait, skill, aspect of one's self-image or social role, or a body of knowledge that an individual used, or it included the existence and possession of those characteristics. That competency might or might not have been known to the individual. Similarly, Mitrani, Dalziel and Fitt (1992) agreed that competencies were motives, traits, self-concepts, attitudes, values, or content knowledge/cognitive/behavioural skills. Competency was an individual characteristic that could be measured or counted reliably and that could be shown to significantly differentiate among performers (David, 1995). That is, it could be differentiated between superior and average performers, or between effective and ineffective performers, as was reaffirmed by Boyatzis (1982).

2.2.2 Origins of Performance Appraisal Systems

Historically, the generalised institution of systematic evaluation procedures began in the 1950s. It began with a system of performance appraisal as a method for justifying relative income distributions, which included deciding whether or not the wage of an individual employee, relative to other employees, was justifiable (Rudman, 2004).

Its evolution progressively increased the traditional emphasis on reward outcomes rather than personal development. In that regard, the usefulness of appraisal as a tool for motivation, development, and empowerment was not recognised. Managers continued to emphasise motivation and reward instead of personal empowerment (Black, 2003), as well as responsibility, accountability, ownership, and succession, Appendix 1. In fact, personal development was often neither recognised nor funded in the planning of the performance appraisal process.

That explained and clarified the reason why many employees in the South African government departments viewed the EPMDS in terms of rewards – promotion, cash bonuses, and notches (FSPG HRM, Reports, 2003/4; 2005/6; 2007/8). Presumably, the foundation of performance appraisal was the job analysis and the subsequent job description (Fisher et al., 2003). They refined the definition and understanding of performance appraisal to include a structured and formal interaction between a subordinate and his/her supervisor. Generally, that took the form of a periodic interview (perhaps Bi-annual – EPMDS, Quarterly – probationary), in which the performance of the subordinate was discussed (Armstrong & Baron, 2005).

Performance appraisal was a formal system of measuring, evaluating, and influencing job-related attributes, behaviours and outcomes of an employee (Rudman, 2004) aimed at determining how productive an employee was and/or whether the productivity of an employee could be improved (Renton, 2000: 41). Performance appraisals served to manage people and meet company goals (Gillen, 2007 in Pearce, 2006), though, usually, appraisals did not meet individual employee expectations and needs, in comparative terms. Normally, there was the tendency of an individual to make judgment about him/herself or about people he/she worked with, which was inevitable and universal.

Without a carefully structured system of performance appraisal and evaluation, people tended to judge the performance of co-workers, or subordinates, or superiors or peers arbitrarily, inconsistently and informally (Simmons & Iles, 2007), which created serious motivational, ethical and legal problems within the organisation.

A structured performance appraisal was perceived to be more likely lawful, fair, defensible, valid, and reliable. In summary, appraisals were as important today as they were several decades ago, despite the numerous problems associated with their use. Gaps were emerging that clarified the reason for an ineffective EPMDS. According Pfeffer and Veiga (1999: 33-34), in a Gallup survey of senior executives, when asked about the effectiveness of various methods of improving quality, the executives responded as follows: 1) employee motivation; 2) organisational culture change; 3) employee education; 4) communication; – all of which are resource issues, and then came 5) leadership proficiency; 6) Management competency; and 7) commitment. Of lesser importance were control systems, inspections, and new equipment. This confirms the importance of the motivation of employees as a major determinant of performance appraisal effectiveness.

In this investigation, it was hoped to focus on those gaps to find answers to the EPMDS dilemma. Next, the purpose of appraisals was examined.

2.3 Purpose of Performance Appraisals

Performance management, in its broadest context, was a managerial process that links corporate objectives to the performance standards and evaluation which determined way the performance review, or performance appraisal, was often applied (Appleby, 1981). The focus of a performance appraisal was the measuring and improving of the actual performance of the employee and also the tapping and unleashing of the potential of employees, and to evaluate those factors influencing the effectiveness of the EPMDS in order to enhance organisational effectiveness.

It was aimed at measuring what an employee did (Butler, Ferris & Napier, 1991), and rewarding and developing employees (Bourne, Franco & Wilkes, 2003: 15). Performance management and development challenges are, however, still vividly encountered today (FSPG HRM, 2003; 2006; 2007).

Previous studies had indicated that, globally, public sector organisations had started measuring performance, employing theories, practices, and tools from their private counterparts (Saunders et al., 2007).

Furthermore, the study presented an attempt to address the challenges so as to make the system work more effectively, which entailed addressing the primary and sub-investigative questions, namely, to identify determinants of an effective performance appraisal system, to determine the extent those determinants predict different dimensions of the effectiveness of the EPMDS, to examine whether positive determinants automatically resulted in enhanced effectiveness of the EPMDS without proper leadership.

That was meant to explore why and how blockage reasons would impact on the EPMDS effectiveness, to establish association between the moderating variables and the motivation of employees, as well as their expectations, and finally, to determine how those findings would be integrated with workplace initiatives to enhance the effectiveness of the current EPMDS.

2.3.1 General purpose

There were many reputable sources and scholars who had reservation about appraisals, such as researchers, practitioners, management commentators, and psychometricians, specifically about the validity and reliability of the performance appraisal system. For instance, Derven (1990) suggested that the system was so inherently flawed that it would not be possible to perfect it. On the other extreme, was Taylor (1911), who believed that scientific management did not work unless the worker benefited, or Lawrie (1990), who argued that the systems were the most important HRM aspects of organisational effectiveness. In Taylor's view, management must be able to arrange the work in such a way that enabled the worker to produce more and get paid more, which requires teaching and implementing more efficient procedures for producing a product (Taylor, 1911; Jawahar & Williams, 1997).

Performance appraisal helped to review the performance of the employees, their strengths, weaknesses and accomplishments during the year strategically (Baldwin & Blackburn, 1981: 598-614). A performance appraisal system might enhance decisions with regard to the goals, objectives and the desired performance standards for the employee for the upcoming year, according to the American College Personnel Administration (ACPA, 1996), to ensure that those goals and objectives were achieved in the desired period. From a search of the literature on performance appraisal in the Western developed countries (Ulrich, Smallwood & Sweetman, 2008; Simmons & Iles, 2007; Radnor & McGuire, 2003; Bourne et al., 2003; Tucker et al., 2002; Smith, 1995; Deal & Kennedy, 1982; Butler et al., 1991; Appleby, 1981), and in the developing countries (Hosie, 2003; Sarkar, 2000; Fischer & Ashkanasy, 2000; Ashkanary, Hartel, Fisher & Ashforth, 1998), it appears that there was more than one purpose for the performance appraisal.

It also had notable role in areas of leadership, administration, development, management competency and information. A search of the literature in South Africa (Rhembé, 2005; Sangweni, 2003) identified various purposes of performance appraisal systems. Tucker et al. (2002: 175), in Figure 2.1, for instance, listed three components or purposes, namely administration, development and communication, whilst Bourne, Franco and Wilkes (2003) proposed the purposes to include a wide variety of applications such as employee performance, software performance, business, or corporate performance.

Armstrong and Baron (2005) viewed performance appraisal as a structured formal interaction between a subordinate and supervisor that usually took the form of a periodic interview (annual or semi-annual), in which, the work performance of the subordinate was examined and discussed with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. There was a gap that this study hoped to address to remedy the situation. Broadly, performance appraisal served three major purposes within an organisation: - administration, development, and communication (Butler et al., 1991; Tucker et al., 2002).

Two additional vital purposes, namely leadership (Kelley, 2005; Hutchinson & Purcell, 2003), and moderation (Macharia, 2010; Ndubisi, 2004, 2007; Ndubisi & Kahraman, 2005) have been identified to enhance the system's effectiveness. Management competency was singled out by Boyatzis (1982).

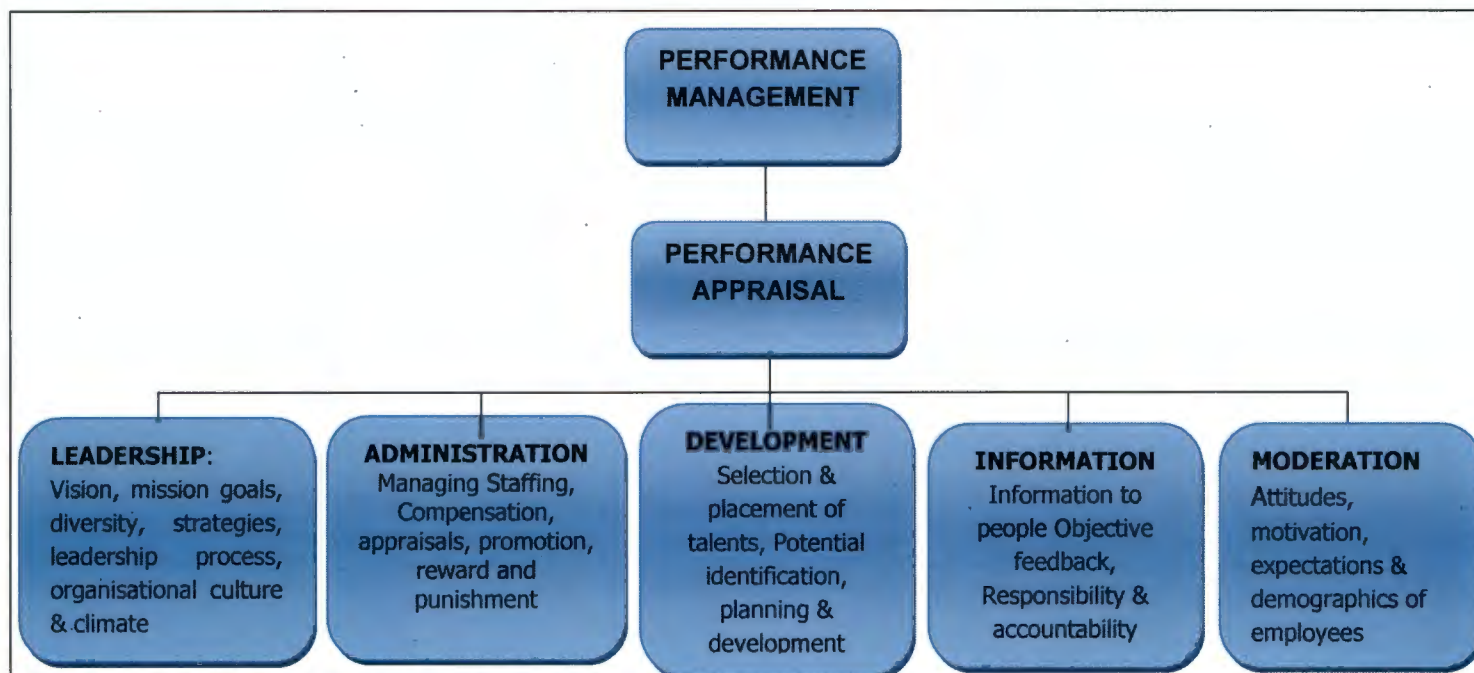


Figure 2.1: Purpose of Performance Appraisals (Modified from Tucker et al., 2002: 175)

Tucker et al. (2002) viewed the administration function as providing a method of personnel resource allocation within organisation. Staffing, compensation and promotion along with the systems of reward and punishment, training of managers to acquire competence to manage activities of the organisation, – appraisals, diversity, and acknowledgement, were all classified under administration. Development referred to the identification of the training needs of employees and developing potentials which could be designed into developmental paths for future performance, linked to personal empowerment through development. Management competency involved identifying and developing managerial potentials, and placing talents of employees for better utilisation, specifically in the performance appraisal process.

Communication was aimed at informing and providing feedback to employees in respect of their performance and future goals. In reality, however, performance appraisal was supposed to serve additional purposes, particularly, leadership (Ulrich et al., 2008).

That is, leadership and the performance culture and climate as well as vision, mission, strategy, management competency (Motowidlo, Borman & Schmit, 1997), and moderation were seen as additional purposes identified to ensure that the EPMDS worked effectively. That was another gap that this research attempted to address to make the EPMDS work more effectively.

According to David (1995), performance appraisal or management also referred to a process of leadership, – setting goals and strategy, and monitoring, – regularly checking progress towards achieving those goals and that strategy. It was seen as a continuous process and feedback loop whereby observed outputs of a system were continually measured and compared with the desired goals or outputs. If any discrepancy or gap was identified, it was then fed back into changing the inputs of the process so as to achieve the desired goals; argued Adams (1964, cited in Fisher et al., 2003). Any such management control system involved communicating the required change and promptly taking action to effect the desired change (Boyatzis, 1982).

That helped the system or organisation being managed to achieve the required goal (Hicks, 2000) or the strategic plan (Fletcher, 2002). Deficiencies in performance appraisal processes and practices were highlighted by Mohrman and Mohrman (1995) and included areas relating to ineffective leadership. Other deficiency was the inappropriate focus on rewards rather than training and development. Bourne et al. (2003) distinguished performance management as a forward-looking process and a 'Leading indicator' of performance because it drove a system/organisation towards a future goal, whilst performance appraisal, on the other hand, was the systematic, periodic, and impartial rating of the excellence of an employee in the matters pertaining to his/her present job against his/her potential for a better job.

That was, however, a narrow way of acknowledging the importance of performance appraisals.

Performance appraisal was a systematic way of managing, reviewing, and assessing the performance of an employee during a given period of time, and planning, training, and developing for the future of that employee, according to Butler, Ferris and Napier (1991), the stance of the EPMDS taken in this research. In many organisations (including those under the current investigation, in the Free State Provincial Government Health Services), appraisal results were often used directly or indirectly, primarily, - to help determine reward outcomes for employees (Dale, 1985; Dreyfus, 1990), contrary to intended purpose of all-inclusive (leadership, management and employees) organisational performance, as argued by some researchers (Campion, 2008; Gillen, 2007).

That appeared to be true with the EPMDS, in which, the 'seemingly' better performing employees were rewarded handsomely in monetary terms (promotion, cash bonuses, and incremental notches), whilst their 'apparently' lazy, underperforming counterparts were strongly reprimanded (relocation and demotion). The whole purpose of appraisal appeared to have been undermined. Issues, such as leadership, management competency, employee development, and training, which were critical for the success of appraisals, were, more often than not, neglected (FSPG HRM Report, 2003/4; 2005/6; 2007/8). The element of subjectivity of raters conducting appraisals, however, raised the question of fairness and transparency regarding employees being rated.

By the same token, the goals of the organisation and the needs of the employee did not appear to be appropriately aligned. Worse still, appraisal results were used to identify the poorer performers who required some form of counselling, or, in extreme cases, demotion, dismissal, or decreases in pay (Bourne et al., 2003; Rudman, 2004). In that regard, organisations needed to be aware of, and comply with, the laws of their country that restrict their capacity to dismiss employees or decrease their pay according to the Employment Equity Act (RSA, 1999, as amended). They were required to conduct performance appraisals within that legal confinement. In the context of HRM, performance appraisal, according to Rudman (2004), involved a series of steps, such as: setting goals, self-assessment, manager assessment, and peer-assessment, – the so-called 360° assessment; coaching, development planning, and evaluation (Goodge, 2005).

Previous studies (Broadbent, 2007; Armstrong & Baron, 2005; Adcroft & Willis; 2005; Fletcher, 2004; Hutchinson & Purchell, 2003; Fisher et al., 2003; Ballou, Bowers, Boyatzis & Kolb, 1999: 338-35), revealed certain critical issues: that the process, which was widely used in business (but often called performance appraisal), had two forms:- 1) the competitive assessment – where employees were rigorously compared with one another, and 2) coaching and development – where employees were evaluated against their own goals and capabilities.

Hosie (2003) argued that a key aspect of performance management was its performance measurement. Regardless of the process being driven by performance management, clear and concise measures were required to define the desired goals properly, averred Hosie (2003). Most performance management systems did not achieve the desired goals of the process owner or project sponsor, because of a lack of leadership or inadequate leadership. Goal- measurement was ambiguous, not specific enough, plus an ineffective form of communication, or results that could not be measured effectively, collectively contributed to the system ineffectiveness (Fisher et al., 2003; Rudman, 2004).

In business, the typical approach was to create the SMART goals, specific, measurable, achievable, relevant, and timely, according to Davis (2001), which required leadership. Most often, performance management was confused with performance appraisal (Butler et al., 1991), the latter forming only the final part of the performance management cycle. Some scholars (Boyatzis, 1982; 1994; Quinn, Faerman, Thomson & McGrath, 1996; ACPA, 1996) argued that performance appraisal and performance management were one and the same, or two sides of the same coin (Bourne et al., 2003).

That, performance appraisal was a backwards looking process and a lagging indicator of performance, measuring what happened in the past, whilst performance management referred to a forward-looking process and a leading indicator of performance because it drove a system or organisation towards a desired future goal.

The stance in this research was to concur with the former, viz. that an effective performance appraisal ought to include management, evaluation, feedback, and development. Thus, the current researcher embraced Rudman's (2004: 174) definition of performance management for employee performance appraisal systems, with some modification, as:

"An ongoing process of setting SMART goals, self-assessment, manager assessment, peer-assessment (also called 360° assessment), coaching, development planning, and evaluation of the progress toward achieving the set goals through regular checks and corrective measures for personal development."

The modification of the definitions of performance management reviewed was necessary in order to convey correctly the meaning intended for this study. It was meant to be an ongoing process or cycle that was designed to enhance employee capability and facilitate productivity (FSPG HRM, 2003; 2007). The performance management cycle consisted of four stages: - defining (goals), the process (activities), measuring performance (measured how often and use of the information), and reporting, corrections and adjustments, in agreement with Rudman (2004). In this study, the challenges or reasons impacting the effectiveness of the EPMDS to attain expected outcomes in the South African Department of Health were critically examined to identify and address main blockages or driving factors.

In summary, it was established that an effective performance appraisal system was influenced by leadership, administration, management, development, communication, and moderation components (Gillen, 2007; Rudman, 2004). Those factors had to be addressed adequately to enhance the system's effectiveness to attain the intended purpose (Baguley, 2003, Tucker et al., 2002). The EPMDS, however, appeared to have focused much more on the rewarding of employees than development. Gaps emerged in the literature that were clarified and addressed at a later stage.

Next, the key constructs of performance appraisals were explored.

2.4 Key Factors Impacting Performance Appraisals' Effectiveness

In this section, the first objective was addressed to lay foundation for other objectives, 'to identify the drivers or determinants that influenced the effectiveness of an employee performance appraisal system.'

2.4.1 Clarification of Key Constructs

- Leadership Construct

Leadership was possibly the most important single determinant of an effective organisational environment, according to Kelley (2005), House (2004) and Laubach (2004). Ulrich et al. (2008), House (2004) and Freeman (2002) referred to leadership as the process of creating, decision making, and influencing administration, management, and employees to participate in activities (performance appraisals) in order to enhance the effectiveness of an organisation, and, according to Bolman and Deal (1991), it included the empowerment of employees. Leadership was identified as a key factor in appraisals.

- Administration Construct

Tucker et al. (2002) identified administration as one of key components of an effective appraisal and listed a number of activities which were critical for its success, such as the management of resources, which appeared to be inadequately performed in the EPMDs, resulting in the need for this study to attempt to resolve problems in that regard. In this research, administration was differentiated from management which focuses on the execution of the activities of the appraisal, diversity in the workplace, and acknowledgement of levels of performance.

The administration construct entailed overseeing that the allocation and evaluation of resources, staffing, reward, punishment, compensation, and promotion were appropriately administered (Gillen, 2007).

- Development Construct

Tucker et al. (2002) and Kaplan and Norton (2005) distinguished development as another key construct/component of successful performance appraisals and claimed that the outcome goals of appraisals should be objective, quantifiable, and measurable. That concurred with the four perspective balance scorecard of Kaplan and Norton (2005), in which they, specifically, emphasised employee initiatives and the learning component in order to enhance the effectiveness of the appraisal system. That, in turn, augmented the representativeness of the theoretical (normative) model, of the present situation, in order to improve the overall success of the organisation (Wolff, 2005). The development of the new model was meant to ensure that the elements and standards missing in the EPMDS were incorporated, including the performance plan, in order to comply with regulatory requirements of the Department of Health (FSPG HRM, 2001), and to make the system work more effectively.

- Information Construct

Tucker et al. (2002), and DeNisi and Peters (1996) continued by arguing that, for the performance appraisal to be effective, there ought to be effective communication among the role players. Information given to people ought to be disseminated as objectively and constructively as possible, which required the existence of a climate of mutual trust and respect among them.

Later studies (Kahler, 2007; Kelley, 2005; Goodge, 2005; Wolff, 2005) established that the management of information systems (MIS) and communication were some of the factors which were very important for the success of every HRM activity. That was true in performance appraisal systems, specifically for the EPMDS, where its ineffectiveness was likely to compromise the success of the whole organisation. That was critical for employee performance appraisal in the public sector, where the diversity of the workforce, levels of management and demographics of employees varied greatly.

The information construct, therefore, referred to the concept that addressed communication and MIS (dissemination of information, objective feedback, and corrective or remedial measures) to ensure that the appraisal process accomplished the purpose for which it was intended.

- Management Competency Construct

Significant differences were found in the activities, behaviours, skills, attitudes, and qualities of effective people (leaders or managers), in contrast to less effective ones (Hosie, 2003; Quinn et al., 1996; Boyatzis, 1982) and employees (Hales, 1986). Borman and Motowidlo (1997) reiterated that a well-trained manager with required competences could stand tall in the most difficult situation and would foresee and remedy situations before they became explosive, which was desirable in the performance appraisal process. In Figure 2.2, Spencer and Spencer (1993) identified five types of competency characteristics consisting of motives, traits, self-concept, knowledge, and skills, which were acknowledged by Armstrong and Baron (2005) and Fletcher (2004).

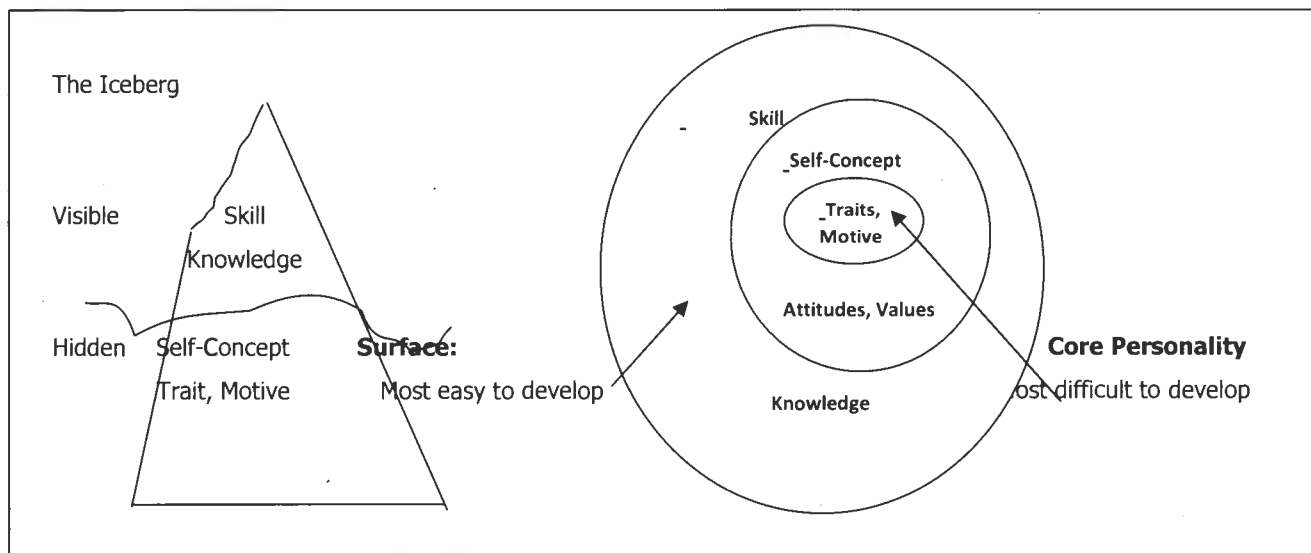


Figure 2.2: The Iceberg Model and Central and Surface Competencies (Source: Spencer & Spencer, 1993: 11)

First, motives were the things that an individual consistently thought about or wanted and which stimulated action, and drive, direct, and select behaviour toward certain actions or goals and away from others. Second, traits were physical characteristics and consistent responses to situations or information.

Third, self-concept was an individual's attitudes, values or self-image. Fourth, knowledge was the information that an individual had in specific content areas. Finally, skill was the ability to perform a certain physical or mental task (Spencer & Spencer, 1993). Knowledge and skill competencies, therefore, tended to be visible and relatively surface characteristics, whereas self-concept, traits, and motive competencies were more hidden, deeper, and central to personality.

Surface knowledge and skill competencies were relatively easy to develop, and training was the most cost-effective way to secure those managerial abilities (Spencer & Spencer, 1993). Katz's (1974 in Rudman 2004) skills typology and Boyatzis' (1982) model provided a comprehensive explanation of management competency in an organisational environment, which was established as one of the constructs relevant for performance appraisals' effectiveness. The management competency construct, therefore, addressed competency required for the effective management of appraisal.

- Moderation Construct

Previous studies in the literature had established that some variables have had a moderating effect on the major determinants of performance in the information technology (IT) sector (Venkatesh & Bala, 2008; Hashim, 2007) and Universities (Macharia, 2010). There was a perception in this study that certain variables might have a moderation effect on the performance appraisal system effectiveness, though no study had been found in the literature to support the influence of moderation in the HRM activities in the public sector. Thus, the moderation depicted and represented the influence of demographic factors (such as age, gender, race, education, and experience) on employee motivation and expectations as major drivers of the success of the appraisal.

- Effectiveness of the Performance Appraisal System

According to Boyatzis (1982) and Hutchinson and Purcell (2003), effective performance occurred when the critical components (job demands, individual competencies, and organisational environment) of Boyatzis' (1982) model were consistent.

Quinn (1988) and Quinn et al. (1996) differed and argued that the contributions of managers determined organisational effectiveness, thereby supporting the proposition that the different perspectives of the roles of managers were actually closely related. Quinn's (1988) competing values framework accounted for the non-routine cognitive complexity associated with all managerial jobs, and it perceived organisations as social structures created to support the collaborative pursuit of specific goals continuously.

- **Organisational Effectiveness**

Performance appraisals success was meant to enhance organisational effectiveness. Appraisal system effectiveness referred to key constructs which were aligned and integrated with the goals of the system to enhance the effectiveness of the organisation in achieving the intended goals. Quinn, Faerman, Thompson and McGrath (1996) and Gillen (2007) averred that achievements were evaluated against perceived contributions to the firm's goals, referred to as a value-adding concept, suggesting that organisational effectiveness was the overall goal.

That was ensured by the management of key constructs, which were to be evaluated in the context of their competing values' environment in which leaders, managers, and employees tended to operate (Hulme, 2006). That is, organisational effectiveness was perceived as the application of the inputs (concepts, constructs, dimensions, and measures) through appropriate processes to yield the outputs resulting into the outcomes intended (productivity, teamwork, empowerment, effective communication, commitment, and reward), according to Adrien's (1998: 40-56) 'empowerment: theory and practice.'

2.4.2 Factors Influencing the Effectiveness of Performance Appraisals

This section presents the theoretical foundation of factors that influence the performance appraisal enabling it to work effectively, specifically the key constructs, in order to answer the first objective:

'To identify the drivers or determinants that influenced the effectiveness of an employee performance appraisal system'. Some scholars (Hutchinson & Purcell, 2003; Armstrong & Baron, 2005) identified key elements of an effective appraisal system which included, – measurement, feedback, positive reinforcement, exchange of views, and agreement. Taking performance appraisal in totality should also include, - leadership, communication, management, development and empowerment of all role players (Hulme, 2006; Kelley, 2005; Hosie, 2003; Freeman, 2002; Hales, 1986).

Kelley (2005) argued about the importance of leadership, climate, and communication in the success of an educational organisation. One of the factors, open communication, for example, was found to result in more accurate performance appraisals, according to Wood and Marshall (1993), whilst Tucker, et al. (2002) differentiated administration, development, and communication as the key constructs. Those studies had failed to acknowledge leadership and management competency as key constructs, each with some major drivers that influenced the effectiveness of performance appraisals (Hulme, 2006).

A number of challenges to the success of performance appraisals in achieving their intended purpose (organisational effectiveness) were advanced by various scholars (McClelland, 1985; Butler et al., 1991; Ballou et al., 1999; Tucker et al., 2002; Fisher et al., 2003; Rudman, 2004). Many appraisal systems appeared to have become lopsided towards rewarding and reprimanding employees at the expense of other functions, such as productivity, teamwork, empowerment, effective communication, and commitment, such as the EPMDS (FSPG HRM, 2003; 2006; 2007).

Performance appraisal was meant to enhance the effectiveness of an organisation by addressing leadership, administration, management competency, development, communication, and moderation functions (Tucker, et al., 2002; House, 2004; Rudman, 2004; Hulme, 2006; Ulrich et al., 2008). That appeared to begin examining the second objective, 'To determine the extent to which those determinants predicted different dimensions of the effectiveness of the employee performance appraisal.'

The EPMDS had failed to meet the intended objective, – to enhance the effectiveness of the organisation. Wood and Marshal (1993) argued that performance appraisal studies should be central to the HRM theories and practices, recognising their role in developing employees and predicting future performance as one way of judging past performance. The appraisal, thus, should be seen as an integral aspect of the job of leadership, management and workforce in order to give acknowledgement to the roles of leaders, administrators, managers, and employees in the success of appraisals. Contrary to expectations, the EPMDS has remained quiet about critical issues, like training of leaders and managers, communication, performance culture and climate, which compromised its effectiveness. In the Functional Leadership Theory Model, credited to Adair (cited in Fisher et al., 2003), leadership was not seen as a person, but rather as a set of functions and behaviours that helped a group to perform tasks, which was meant to reach specific goals.

They proposed that leadership should operate in three areas, task, team, and individuals, though that appeared to be oversimplification of reality (Fisher et al., 2003). Leadership (process/style) played a critical and pivotal role in the performance appraisal system in creating, leading, and influencing the process (Rudman, 2004). That tended to address the third objective, 'To examine whether positive determinants automatically resulted in enhanced effectiveness of the EPMDS without proper leadership. 'Fisher et al. (2003 in Fiedler, 1967) contended that contingency theory gave a new important perspective to leadership, management competency, and communication, and it contributed insight into the development of a theoretical/ normative model in this research that focused on leadership as a dominant influence on other determinants of the EPMDS, without which, they were likely to be ineffective.

That addressed further the (third) objective, which was critically important to ensure that major determinants identified were aligned in an effective manner to respond to the blockages influencing the apparent ineffectiveness of the EPMDS to attain the goals and objectives of the organisation.

2.4.2 Performance Appraisals and Organisational Effectiveness

In this section, the first three objectives, and the fourth, 'To explore why and how blockage reasons would impact on the EPMDS effectiveness,' were addressed. Previous performance appraisals, according to Kanigel (1999), focused mainly on using financial results to measure organisational effectiveness. Saunders (2000), however, objected to that approach and proposed the inclusion of multiple performance indicators to broaden the concept of organisational performance management. Kaplan and Norton (2005), in their four perspectives balanced scorecard, embraced the proposal and included financial aspects, which assessed the return-on-investment (ROI), return-on-assets (ROA) and return-on-equity (ROE), performance indicators, the customer perspective, internal business processes, and organisational learning and growth.

In addition, the range of organisational effectiveness criteria had grown with the introduction of the Boyatzis' (1982) Model of Effectiveness, Competing Values Framework (Quinn, 1988), Performance Prism (Neely, Adams & Kennerley, 2002) and the Leadership Code (Ulrich et al., 2008). The research of Boyatzis (1982) identified personal characteristics which correlated with effective managerial performance, which were identical to those required for an effective leadership (Scott, 2003; David, 1995), or those required by administration (Tucker et al., 2002) and effective communication (Lex Eschauzier, 2006; Kahler, 2007). Ulrich et al. (2008) offered five rules to ensure strong, proficient leadership, whilst David (1995), and Bradford and Burke (2005) concurred, but added that the strategic approach to leadership, management, and administration would yield more organisational success.

The performance prism (Neely et al., 2002), on the other hand, aimed at broadening the range of performance measures to capture the roles and responsibilities of all stakeholders in the organisation, whilst in leadership code of Ulrich et al. (2008), a considerable number of different performance indicators were considered in empirical studies about the effects of functional or behavioural factors on organisational effectiveness.

Becker and Gerhart (1996) and Ulrich et al. (2008) recommended that focus ought to be on certain variables which had inherent meaning for a particular study. Each of those scholars perceived organisational effectiveness as meeting the prerequisites of one or two constructs. They failed, however, to look at a broader picture and identify the major drivers.

In this study, the stance was that a number of determinants were responsible for the success of appraisals in enhancing organisational effectiveness and that those required examination individually and collectively. The focus ought to be on the organisational effectiveness through the successful addressing of major determinants of the EPMDs, which entailed examining variables in the key constructs and perceptions, actions, and reaction of employees to those constructs in various government hospitals during performance appraisals.

Consequently, performance indicators that were used for this research related directly to performance functions or behaviours of employees in the South African government departments. Owing to the apparent relations between management and public service employees, a number of measures of performance had emerged, and those were addressed in this section. Next, leadership, the prime driver of the appraisal system, was examined.

2.4.4 Leadership in the Effectiveness of Performance Appraisals

In this section, the identified determinants that influenced appraisals' effectiveness (objective one) were explored further to determine the extent they predicted different dimensions of that effectiveness (objective two), and how they impacted the effectiveness (objective four). In any activity, specifically in performance appraisals, leadership ought to set the pace and lead other role players to follow and act. Leadership was possibly the most important single determinant of an organisational environment, according to Kelley (2005), House (2004) and Freeman (2002), as well as of an effective employee performance appraisal (Bolman & Deal, 1991).

Kelley (2005) for one established a relationship among leadership (process and style), organisational culture and climate, management competency and effective organisations. He did this, while comparing relationships between selected dimensions of leadership process, managerial competence, and measures of school culture and climate in 31 elementary schools. Currently, leadership was seen as a complex interaction between the leader and the social and organisational environment, according Ozga (2007), which was frequently ignored in personnel selection and leadership training. The Administrative Science Quarterly of Johnson Graduate School of Management, Cornell University (1996), reported that the past 40 years had seen considerable strides in people's (academics) understanding of leadership, which until recently focused on inherited traits and abilities. At this time, most leadership selection and training approaches had not been adequately validated.

Further progress in those areas required research to focus on methods that integrated situational components into personnel selection and leadership training. Hersey and Blanchard (1988) categorised leadership into several relationship factors, such as preferred style, maturity of followers, expectations of followers, and task at hand. They developed the well-known Situational Leadership Model that identified four styles of leadership: autocratic (telling); democratic (selling); encouraging and social (participating); and laissez-faire style (delegating). Practice had shown, however, that leadership roles, like those of management, varied in accordance with the task, timing, and situation at hand, and they could not be simplified into task and people centeredness without due regard to the contextual situation (Hulme, 2004).

The managerial grid model, a behavioural leadership-model developed by Blake and Mouton (1964), with five different leadership styles was suggested, and based on the strength of leaders' concern for people versus concern for goal achievement. Lewin, Lipitti and White (1964 cited in Fisher et al., 2003) identified three styles – authoritarian, democratic, and laissez-faire – based on the amount of influence and power exercised by the leader.

Those were similar to Pitcher's (1994) three styles of leadership, namely artists, craftsmen and technocrats, and Adair's (cited in Rudman 2004) three area model – task, team and individual. All those styles, however, demanded different levels of emotional intelligence (Killian, 2007), whilst different levels of performance required different styles (Kirby, 2005). Emotional intelligence had, furthermore, become increasingly popular as a measure for identifying potentially effective leaders and as a tool for developing effective leadership skills, according to Palma-Rivas (2000) and Palmer, Kabanoff and Dunford (1997). Palmer et al. (1997) presented a paper aimed at exploring the relationship between emotional intelligence and effective leadership by assessing Emotional intelligence by a modified version of the Trait Meta Mood Scale in 43 participants employed in management roles called the Emotional Intelligence Index (EII).

Effective leaders were identified as those who displayed a transformational rather than transactional leadership style as measured by the multifactor leadership questionnaire. Emotional intelligence correlated with several components of transformational leadership, suggesting that it might be an important component of effective leadership. In particular emotional intelligence accounted for how effective leaders monitored and responded to subordinates and made them feel at work (Palmer et al., 1997). Despite that popularity, there was little empirical research that substantiated the efficacy of emotional intelligence in those areas, critiques Rudman (2004).

McManus (2007, in Ozga (2007)), furthermore, developed the leadership process that was measured using an 11- Item and 5-scale Leadership Index to measure leadership in firms was patterned after one used at the American Federal Express for the same purpose. The objective of good leadership in that model was to obtain agreement A, that is, to get a SA (strongly agree) or A (agree) response for all eleven statements. To obtain such responses, the leadership expectation ought to be practised on a consistent basis. In other words, an AD (sometimes agree / sometimes disagree) response was considered negative when the index was calculated. The raw data distinguished that type of response from the D (disagree) or SD (strongly disagree) responses, but the index did not.

In the example, 7 of the 11 statements had a positive (SA or A) response, which calculated into a leadership index of 64 percent. In the FedEx model, a minimum index of 75 was allowed, and the index hurdle required that at least 75 percent of the workgroup shared the same positive perception (McManus, 2007 in Ozga, 2007). McManus (2007: 26 in Ozga, 2007) also recognised that "there are some people who will select a negative response regardless of the efforts that a leader makes. When a person in a formal leadership role scores lower than 75 on an annual or semi-annual survey, he/she is placed on probation and must enter into a formal leadership improvement programme.

Should the score fail to rise above the 75 percent level on the next survey, the leader (supervisor or manager) is removed from the formal leadership role (though he/she still remains employed with the organisation, probably with the same remunerative package)." That process, of course, could be modified by either changing the minimum percentage and/or changing the length of the probationary period. The number of statements, and the statements themselves, could also be changed.

Ideally, the mission, vision, and value statements that were defined by the organisation served as sources for the statements used in the Leadership Index, adds (McManus, 2007: 26 in Ozga, 2007). The key guidelines were that, 1) there were consequences for failing to improve, 2) a formal leadership improvement process was made available, and 3) regular performance feedback was provided during the time between the formal surveys. The index could also be used to gauge the degree to which each leader was supporting major improvement initiatives (such as six-sigma or lean manufacturing) or key organisational strategies. All associates who reported to the leader participated in the survey and feedback processes (Ozga, 2007).

The leadership code of Ulrich et al. (2008), and the 'Measures of Leadership model,' of Hutchinson and Purcell (2003 in Clark and Clark, 2010) were hoped to be vital and effective tools for developing the structural model required to improve the success of the performance appraisal. That model emerged from the superimposition of the empirical model over the theoretical one to expose areas of poor fit, which were addressed there.

Political association aside, effective leaders, equipped with high skills and knowledge, would be able to create, lead and influence the behavioural/functional activities of an individual or group, regardless of the object. That created and sustained a competitive advantage through the attainment of a number of leadership processes – cost, time, strategy, and market revenue (Bennis, 1990).

2.4.5 Staffing for Effective Performance Appraisals

According to the 1996 survey conducted by Organisational Resources Counsellors (OGC), the most common pattern among the multinational companies surveyed (546), including the North Americans, was the increasing use of expatriates. That was very critical in the South African public health sector where there was poor retention of skills which had resulted in a shortage of skills in almost all disciplines in the health care provision. That shortage of scarce skills was the norm, necessitated the search for and recruiting of skills wherever they could be found, as far afield as Cuba, USA, Africa, Europe, and Asia to augment the local South African workforce.

2.4.6 Developmental Factors for the Effectiveness of Appraisals

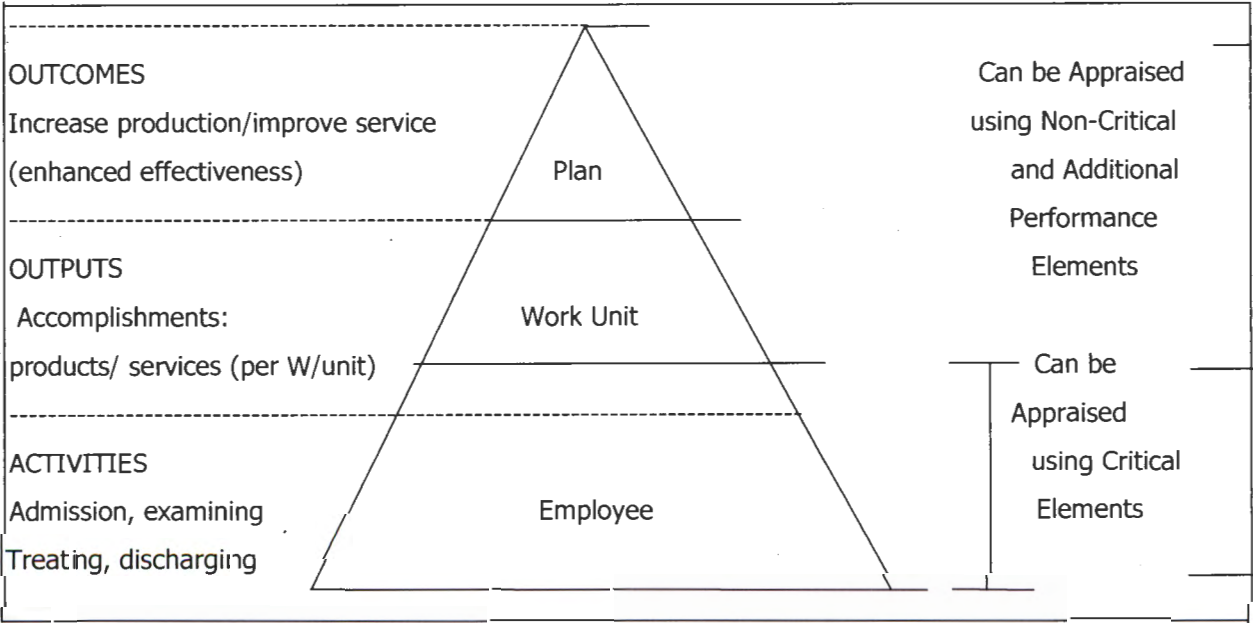


Figure 2.3: Performance Pyramid (Modified from FSPG Handbook, 2001: 26)

In the development construct suggested by Tucker et al. (2002), main determinants such as the development and placement of talents and potentials were explored to lay a foundation for the formulation of corresponding hypotheses in Chapter 3. The document covered using the Performance Pyramid to facilitate the measurement of employee performance (FSPG Handbook, 2001) depicted in Figure 2.3. Employee performance effectiveness was measured and aligned in terms of elements that were critical and non-critical to organisational goals which aimed to measure and acknowledge employee accomplishments rather than activities, and give objective feedback often for remedial actions and an improvement of the results.

Measuring outcomes and outputs required measuring organisations (or representative agencies) to have strategic plans. Those included outcome-related goals and objectives for the major functions and operations of the organisation (FSPG Handbook, 2001). That also required that South African government departments developed annual performance plans to cover each of their programmes (FSPG HRM, 2003; 2007; RSA, 1997; 1999; 2001).

Pfeffer and Veiga (1999: 37-48) noted earlier that, unless employees were put first in organisational priority list, it would be difficult to achieve organisational success. Gabris and Ihrke (2001: 157-172), in one of their studies, further, established that performance appraisals contributed to higher levels of employee burnout. Locke and Latham (1990), and later, Goodge (2005) contended that the value of 360-degree feedback was often seen in terms of individual development, while aggregate reporting of all recipients' results provided valuable data for the organisation as a whole.

That enabled leaders to take advantage of under-utilised personnel strengths in order to increase productivity, and avoid the trap of depending on skills that could be weak in the organisation, or applying human assets data to the valuation of the organisation or making succession planning more accurate, and designing more efficient coaching, and training initiatives, to support the organisation in marketing the skills of its members.

Those leaders referred, however, to goal-setting as an important element in employee motivation. The "goals stimulate employee effort, focus attention, increase persistence and encourage employees to find new and better ways to work," (Locke & Latham, 1990: 125-152). In contrast, however, studies by Baron (1988: 199-207), reported that "destructive criticism – vague, ill-informed, unfair or harshly presented had led to problems such as workplace anger, resentment, tension and conflict, as well as increased resistance to improvement, denial of problems, and poorer performance."

2.4.7 Communication/MIS in Performance Appraisals

For an appraisal to be effective, an open, objective 2-way communication and MIS was required, the installation of which enhanced the achievement of maximum organisational benefits, contended Kelley (2005). The information construct was perceived to ensure that an effective communication and MIS were established in an organisation with performance culture and climate where employees shared responsibility and accountability with management. Zoghaib (1988, in Gillen, 2007) evaluated a series of communications generated by groups of aphasic patients and the spouses of those patients: - which he found, the groups felt were important in their day-to-day life using criteria to ensure that those situations were generalised across people, times, and places.

The number of situations was reduced to 36 and constructed into an index that allowed the significant others of 11 recovering and 11 stable aphasic individuals to rate their partners' performance in the situations on two occasions six weeks apart. Data was then used to evaluate the psychometric properties of the Communicative Effectiveness Index (CETI) as a measure of change in functional communication ability. Further application of a generalisation criterion reduced the final index to 16 situations, which enabled results to show the CETI to be internally consistent and to have acceptable test-retest and the relevant reliability. CETI was valid as a measure of functional communication according to the pattern of correlations found with other measures (Western Aphasia Battery, Speech Questionnaire, and global ratings).

Finally, it was responsive to functionally important performance change between testing (Zoghaib, 1988, in Gillen, 2007). Fisher et al. (2003) listed components of the communication process to include setting objectives, identifying goals, providing feedback, and evaluating results. Many communication and information systems, however, in public institutions were found wanting, and they were partly to blame for the ineffectiveness of ventures in HRM like the EPMDs. Kelley (2005) argued, in his basic principles of communication process model, that good leadership, policies, and guidelines were invaluable assets for all executives wishing to understand and manage their interpersonal communication effectively. He insisted that for communication to be effective, leadership ought to be equipped with knowledge and skills to handle it. Those enabled leaders to develop and disseminate clear, specific strategies and objectives for management (top and operational managers) to execute.

In addition, Kelley (2005) contended that professionalism required managers or supervisors to rely both upon their technical expertise and aptitude to communicate effectively with their collaborators, top managers, partners, and their subordinates. An effective performance appraisal would need effective communication channels to disseminate information up and down the levels of all people in the organisation, according to Kelley (2005) and Kahler (2007). Kahler (2007) and the Aberdeen Group (2008) proposed that effective communication should ensure successful management of information systems (MIS) and suggested indicators in Table 2.1 as appropriate measures of effectiveness.

Table 2.1: Measures of communication effectiveness (Source: Aberdeen Group, 2008: 27)

Most common	Less common
Reduced cost per task/piece	Measurable impact on behaviour or attitude
Timely payment	Satisfaction/loyalty to customer and employee
Increased number of responses	First pass correct processing (on-boarding)
Reduced time to respond	
Reductions/increases in calls to call centre	
Visibility (declining use)	

According to Wang, Raman, Morlang and Katz (2007) rapid advances in telecommunications and Internet technologies had enabled powerful means of communication and feedback through heterogeneous devices such as telephones, cellular phones, pagers, PCs, and PDAs. Those tools which accessed diverse networks such as the Public Switched Telephone Network (PSTN), cellular networks, pager networks, and the Internet had revolutionised communication so that telecommunication guided appraisal was becoming common. That integrated heterogeneous devices and networks by having both control and data transport of a communication session on top of the Internet, which used gateways to work together with access networks, performing signalling translation, and data stream packetisation and transformation. Communication, therefore, should be the process of sending and receiving information among two or more people, without any ambiguity and distortion, according to Kahler (2007, in Handley, Schulzrinne, Schooler and Rosenberg, 1999), whilst remaining interpersonal when the people involved were contacting one another as persons on a personal level.

Lex Eschauzier (2006) referred to internal communication as an interesting, and sometimes under-valued, sub-discipline of the broader corporate communication function. Wang et al. (2007) concurred that rapid advances in telecommunications and Internet technologies had enabled powerful means of communications and feedback through heterogeneous devices such as telephones, cellular phones, pagers, PCs, and PDAs. Those tools access diverse networks such as the Public Switched Telephone Network (PSTN), cellular networks, pager networks and the Internet.

Service introduction and implementation in such systems were still immature and lacked a systematic service creation model, according to Wang et al. (2007). The services in question there referred to communication control and redirection services; allowing users to express when they wanted to be reached, on what devices, under what circumstances (Wang et al., 2007). In developing countries, like South Africa, those facilities are still confined to urban areas. Rural and semi-urban areas, like the target of this study, still have limited access. Bolman and Deal (1991) described the balance between leadership, management and effective communication.

Organisations which were over-managed but under-led eventually lost any sense of spirit or purpose. Poorly managed organisations with strong charismatic leaders might soar temporarily only to crash shortly thereafter. Leaders and managers need good communication skills and processes to perform effectively. The challenges of modern organisations require the objective perspective of the manager and brilliant flashes of vision and commitment that wise leadership provide. Velicer and Jackson (1990) recommended a communication model that held all role players to a high level of accountability and responsibility, whilst providing individualised and group remedial training and compliance monitoring.

In addition, they argued that their model operates within the confines of existing resources, - without interrupting work process of employees, and uniting all stakeholders. In conclusion, communication and management competency, like leadership, were found critical for the effectiveness performance appraisals, and as such, were addressed from the onset objectively to attain the intended success. Next, management competency was discussed.

2.4.8 Management Competency in Performance Appraisals

In this section, the researcher wished to establish whether management required competency to manage the performance appraisals in order to address several research questions: - "What are the determinants of an effective employee performance system?", and "Do positive determinants (like leadership or management) automatically result in enhanced effectiveness of the EPMDS without proper leadership?"

In addition, certain factors had been associated with roles of management, namely, diversity in the workplace and acknowledgement, which were addressed in the management competency construct. Strong leadership usually created and developed protocols for effective management with appropriate competency to implement (depending on job description and personal preferences), and matched those with the situation at hand (Phegan, 1996; 2000).

Despite those views, Scott (2001) argued that any attempt to find objective measures of the performance of managers was futile because criteria for evaluating organisational effectiveness could be produced by some objective, apolitical process. Such, measures were always normative and often controversial, but, despite the challenges of measuring output, organisations (public and private) constantly attempted to assess the performance of employees. Performance appraisal success should also be measured in terms of the management competency, according to Quinn et al. (1996), who had interest in performance management stemming from a very reasonable and widely held assumption.

That is that, if people who led, managed and worked (that is, leaders, managers and employees) on the performance appraisal had competency, they would perform effectively, which would lead to an effective performance appraisal and successful organisation (all role players benefit) (Karpin, 1995; Beer, Eisenstat & Spectre, 1990; Smith, 1976). Conceptual challenges were evident in Katz's (in Hosie, 2003) inclusion of the environment in which the organisation operated in his model. That corresponded to Boyatzis's (1982) organisational environment, in that conceptual challenges were exogenous to individual performance (Hosie, 2003: 79).

Significant differences have been found in the activities, behaviours, skills, attitudes, and qualities of effective (that is, successful), management, in contrast to less effective leadership (Kelley, 2005) and management (Hosie, 2003). A number of effective performance models proposed, which were found relevant for this study, included TQM (Deming, 1986, 1996), Competent Manager Model to Effective Performance (Boyatzis, 1982), and leadership code (Ulrich et al., 2008). In those models, distinctions in employee performance were identified (Fisher et al., 2003; Kotter, 1987). In addition, other models emerged which attempted to link employee performance with the key determinant variables in order to enhance the effectiveness of performance appraisals (Borman & Motowidlo, 1997; Podsakoff & MacKenzie, 1997; Borman & Brush, 1993). Figure 2.4 depicts the different competencies in accordance with the model of Boyatzis (1982).

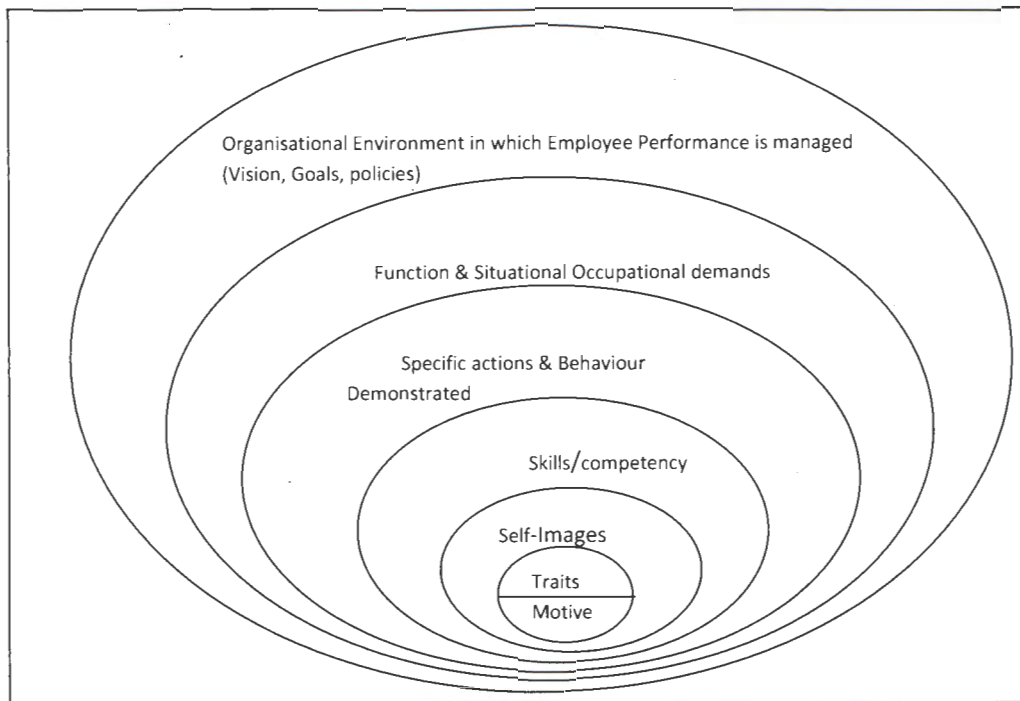


Figure 2.4: Model of Effective Performance (Modified from Boyatzis, 1982: 359)

All those models, individually and collectively, were employed for the assessment of performance, role clarification, and form the framework for developing the envisaged theoretical/normative model. Boyatzis' (1982) model, for one, had similarities with models of management competencies for the assessment of performance and role clarification (Hosie, 2003). The assumption was that the possession of particular competencies distinguished an above-average worker from an average performer. A complete understanding of performance depended on contributions made by individuals towards the effectiveness of an organisation in attaining the intended goals and objectives. Hosie (2003) warned that measuring the tasks or activities (inputs) undertaken by management was not easy since they were not a direct measure of output.

In that regard, and in order to actualise the performance appraisal measure, Hosie suggested that performance should be distinguished from related concepts, named as: - 1) effectiveness (the evaluation of the results of performance), 2) productivity (the ratio of effectiveness to the cost of achieving that level of effectiveness), and 3) utility (the value of a particular level of performance, effectiveness, or productivity).

The measure of management competency and effectiveness referred to the extent to which managerial tasks (appraisals, resources, and reward) were efficiently and effectively executed to achieve both organisational goals and the needs and expectations of employees. Those measure concepts had been used by different researchers, such as in employee service performance (Burke, 2007, in Borucki and Burke, 1999) or in staff placement/ alignment and performance (Kaufman, 1988). People in higher-level jobs reported significantly less job-related depression/ enthusiasm than workers in lower-level jobs, but also significantly more job-related anxiety/ contentment (Birdi, Warr & Oswald, 1995; Warr, 1990a/b).

The situation was less vivid when management was competent to accommodate every employee according to his/her needs (Sevastos, 1996). In his Four Factor Monopolar Model, Sevastos indicated that employees could experience high degrees of arousal and relaxation at separate times, which might affect management effectiveness. In summary, it was clear that management competency was an important construct necessary for the success of performance appraisals.

2.4.9 Specific Challenges of Performance Appraisals

Creamer (1993) identified various challenges and problems that required attention, notably:

- Determining the evaluation criteria; (for the purpose of evaluation, the criteria selected were in quantifiable or measurable terms);
- Creating a rating instrument; (to judge the performance of the employees rather than the individual employees themselves);
- Reducing resistance; (from the employees and the trade unions for the fear of negative ratings); and
- Conflicting goals and expectations; (leadership and employees have different goals, needs and expectations which often ran against each other).

Effective appraisals, therefore, should attempt to align the goals agreed upon for the benefit of all.

In addition, role ambiguity, and lack of responsibility, accountability, and effective communication, could become stumbling blocks if not addressed (Acker & Wilkinson, 2003). Consequently, the key issues identified that far, had to be addressed, namely, training of managers to manage appraisals, employee motivation and expectations, resources, reward and compensation, diversity in the workplace, leadership process, communication and information, development, selection and placement of potentials and talents, employee motivation and satisfaction, and responsibility, as well as accountability.

In addition, standards had to be clearly communicated, and every employee was made aware of what exactly was expected of him/her (Creamer, 2000). In conclusion, a theoretical foundation had identified some of the key constructs that influenced the success of appraisals, which were explored in detail in later chapters. The relationships of those variables were integrated in the proposed appraisal system to make it work. Next, gaps or blockages that might have accounted for the ineffectiveness of the performance appraisal were identified.

2.5 Gaps in the Literature about Performance Appraisals

In previous literature reviewed, there were not many studies found conducted around empowering employees through performance appraisals. None were found in South African government departments, which amplified the need for this project.

2.5.1 Gaps in the South African Government Transformation Process

The fact that the Employee Performance Management and Development System, (EPMDS) was ineffective was a gap on which this study focused to make it work more effectively. That required establishing the main purpose for which performance appraisals were usually used in public departments (Scheepers, 2008). The EPMDS, was designed to manage and evaluate performance of employees and to develop potentials for empowerment, however, it appeared to be failing to deliver the intended purpose.

That necessitated the undertaking of this research paper to identify and address the major possible factors for its ineffectiveness through the investigative questions.

2.5.2 Gaps in the Purpose of Performance Appraisal

The EPMDS appeared to have fallen into the trap of focusing predominantly on financial reward at the expense of other purposes for the organisational effectiveness which no literature has been found to address: - hence its ineffectiveness to realise its intended outcomes (FSPG HRM, Report, 2003/4; 2005/6). It was focusing much more on the rewarding of the employee than leadership, administration, development, communication, and moderation activities, - another serious gap that this study in envisaged to address. Issues such as employee empowerment through training and development, productivity, commitment, teamwork, and effective communication were not given appropriated attention or totally omitted. Personal development was undertaken in a few isolated cases, while communication was both one way and ineffective, and teamwork was never mentioned. This study focused on those issues, in an attempt to find solutions and proposed recommendations to make the effectiveness of the appraisal system a permanent feature.

2.5.3 Gaps in Literature of South African Government Departments

2.5.3.1 Ambiguity of Purpose, Goals, and Objectives of Appraisals

Basic appraisal systems sometimes succeeded in getting the results intended, but, more often than not, they failed (Armstrong & Baron, 2005), a view supported by earlier studies (Taylor, 2011; Fletcher, 1993; Kanigel, 1999) and later scholars (Hutchinson & Purcell, 2003; Goodge, 2005; Wolff, 2005; Gillen, 2007). Reward and pay rates were important, but they were not the only elements involved in appraisal outcomes. There were other factors that played pivotal roles that had to be highlighted as critical for success of the appraisal system (Karl & Wexley, 1989: 5-20), such as the leadership process (Block, 1993; Delery & Doty, 1996; Kelley, 2002; Ulrich et al., 2008; Scheepers, 2008).

Others were organisational culture and climate (Deal & Kennedy, 1982; Schein, 1997; Black, 2003) and communication and MIS (Taylor, 1990; Dillard, 1994; DeNisi & Peres, 1996; Tucker et al., 2002; Lex Eschauzier, 2006, Taleb, 2008). Those scholars contended that certain aspects were required for the success of organisations, physical resources (such as facilities and equipment) to produce a good or service; financial resources, (such as, equity, leverage /debt and retained earnings); marketing capability to connect with customers whatever products or services that are provided; and human resources (such as leadership, administration, management competency, the experience, skills, knowledge, judgment, and creativity belonging to the organisation), along with the means of organising, structuring, and rewarding these capabilities.

All those factors were important for organisational effectiveness, and SMART goals ought to be set from the beginning and communicated to all role players effectively. In this study, the researcher argued that HRM practices and performance appraisal factors such as the determinants, constructs, dimensions, and measures ought to be aligned and integrated in a logical manner for the success of performance appraisals. It was done in a logical framework with competent management and proper leadership in a learning organisational climate to enhance effective communication, which provided appraisal evaluation criteria and rating instruments, which overcame employee resistance (Cremer, 1993). That resulted in organisational effectiveness, profitability, survival, and employee motivation and satisfaction (Rudman, 2004), which were the desirable outcomes of an effective performance appraisal (Ackers & Wilkinson, 2003). In addition, the aligned variables provided valuable performance information for a number of critical human resource activities, which was another gap in this regard that this research paper addressed to enhance the effectiveness of appraisals and organisations.

- Failure to Identify the Key Role Players

Much as all those factors were critical for the success of appraisal, the factor that was most likely to provide a potentially competitive advantage was the human resource and how it was managed (Aitken, 1985). Physical, financial, and marketing resources could be copied and duplicated in one way or the other.

Successful and effective organisations, however, had to find extraordinary ways to attract, use appropriately, retain as well as motivate employees, which was a strategy that was hard to imitate (Barney & Wright, 1998). The human resource requirements should be identified and divided into distinct components according to the functions of incumbents (Tucker et al., 2002).

Management ought to be distinctly separated from leadership and administration, according to Killian (2007). In an organisational environment, performance appraisal was one of the key responsibility areas that leaders, administrators, and managers used that contributed greatly to the workplace stress to managers and workers emanating from a conflict of roles, interests and expectations, according to Aitken (1985), and Grote (2000). It was established that unless all role players were clarified and informed appropriately, and their acceptance and active participation were sought, the appraisal success would be compromised.

The EPMDS was introduced in April 2003 to replace the previous incident assessment type that had failed dismally (FSPG HRM, 2003). It combined aspects from a number of systems, namely, MBO, Feedback, and Competency based systems, and was meant to assess one's performance and conduct at work on the one hand and to develop and reward employees on the other hand. It was, however, unable to achieve its intended purpose, because managers were playing all roles and succeeding in none. That is, they created, influenced, and led (leadership), administered systems and resources (administration), and were left with little time to perform their rightful duties (planning, organising, directing and controlling) of resources.

No study was found where those roles were distinctly separated and assigned to specific role players. Most studies reviewed in literature were international and referred to performance appraisal in the global context (Ulrich et al., 2008; Rudman, 2004; Fisher et al., 2003; Tucker et al., 2002; Saunders, 2000; Saunders & Lewis & Thornhill, 2003).

A search in literature about performance appraisal in the South African context yielded only a few studies, mainly in the private sector (Grobler, Warnich, Carrell, Elbert & Hatfield, 2006; Schmickl & Schmickl, 2002; De Vos, Strydom, Fouche & Delport, 2006). Worse still, only a handful could be found in the literature regarding performance appraisal in the South African government departments (Motlhabane, 2005; Cloete, 1995), mainly in the Department of Education (Molale, 2004; Chisholm, 2004; Luvuno, 2003; Kraak & Young, 2000; Legotlo & Teu, 1998; De Swardt, 1998).

No study was found regarding the Department of Health and none specifically on the distinction between leadership, administration, and management. Those critical constructs were treated as one and the same thing, when in reality they were distinct with specific roles, and each with tangible functions distinct from others. There was another gap that was addressed in the study, where the role and responsibilities of those construct were identified and communicated unambiguously to all role players.

- Ambiguity about What Appraisals are Meant to Measure

One explanation offered by Folger, Konovsky and Cropanzano (1992) was that appraisal systems had traditionally been designed and implemented around a 'test' metaphor, which tended to treat performance disagreements between managers and employees as disputes over the most accurate view of what constituted reality. The truth could be measured against some precise, consistent standard, and appraisers became "truth seekers who record objective reality using reliable and valid measures" (Folger et al., 1992: 3). The underlying assumption of the test metaphor, however, became questionable when it was applied to performance appraisal, particularly the EPMDS.

For example, work settings were assumed to permit the reliable and valid measurement of objective performance, whilst, as explained by Folger et al. (1992), there were increasing numbers of employees in service jobs where objective results were unavailable, or in groups where individual performance results were difficult to measure.

Some researchers argued that, rather than assessing performance objectively and accurately, evaluations of raters were often subjectively biased by cognitive and motivational factors (Longenecker, Gioia & Sims, 1987; DeNisi & Williams, 1988). That was visible in the perception of participants in the survey about the measure of appraisals; - they depended predominantly on the attitudes, mood and preferences of raters. Supervisors often applied very different standards to employee performance, resulting in inconsistent, unreliable, and invalid evaluations across the organisation, which compromised the purpose and effectiveness of performance appraisals (Longenecker & Goff, 1992: 17-23).

- Conflicts in Appraisals

The management of the performance of employees in public health institutions, however, was one of the key areas in human resource management where interpersonal conflict often emanated (FSPG HRM, 2006), another gap that would require future research. The demand for fairness, equity, justice, and redress for previous imbalances for all had become the order of the day for employees and their trade unions, encouraged by affirmative legislation that facilitates change. Those included the Affirmative Action (AA), Rural Development Programmes (RDP), and Black Economic Empowerment (BEE) (RSA, 1994; 1996; 1998; 1999; 2001; 2002). A review of the previous reports (FSPG HRM, 203/4; 2005/6; 2007/8) revealed that, seven years after its initial introduction, the EPMDS was still ineffective in achieving its intended purpose.

Instead, the system appeared to have led to much demotivation, negativity, and apathy from workers. It, however, appeared not to have been fully understood by many managers and workers, which made the implementation process difficult. It had alienated some managers from their employees (FSPG HRM 2006). It appeared to have strained the workplace relations and resulted in many complaints among workers. Moreover, many managers and workers in the selected institutions of this research survey appeared not to have been conversant and comfortable with the EPMDS policy document, making misinterpretation an unavoidable occurrence.

Its repeated revisions (FSPG HRM, 2006; 2007) did not appear to have helped much to enhance its effectiveness, mainly because the implementers of the EPMDS (leaders and managers) appeared not to have assessed and addressed some critical issues, – the key determinants necessary for its success.

2.5.4 Gaps in Cultural influences on Performance Appraisals

Several studies have been conducted on cultural influences on performance management in Europe and the USA (House, 2004; Schein, 2005; Lane, 1992; Kotter & Heskett, 1992; Koys & De Cottis, 1991). In Austral-Asia, – there have been studies in Australia, New Zealand and China (Cropanzano, James & Konovsky, 1993; Cropanzano & Wright, 1999; 2001; Hosie, 2002; 2003), however, there has been little of a similar record of studies in developing countries of Southern Africa, specifically in South African government (Cameron & Stone, 1995; Babbie & Mouton, 2003; Blanche, Durrheim & Painter, 2006).

There were gaps in the research literature reviewed in that regard: - specifically nothing could be found regarding the area of cultural influences in performance appraisal within South African government departments. Future research regarding the impact of diverse cultural backgrounds on performance appraisal was required to help improve intercultural relations. Consequently, gaps emerged in the literature of performance appraisals, and those confirmed the necessity of undertaking this study to address issues in the objectives. Next, the legislative and statutory theoretical framework was discussed.

2.6 Legislative and Statutory Theoretical Foundation

Labour related litigations were not uncommon in the workplace these days. It was critical to reflect on the important legislature that informed performance appraisal in South African government departments in order to curtail the frequency of litigation. Specific relevant legislative documents included the South African Constitution (RSA, 1996), the various South African White papers on transformation (RSA, 1995B), on Delivery, – Batho Pele (RSA, 1997), on HRM in Public Service (RSA, 1995) were consulted.

Others included the Labour Relations Act, No. 66 of 1995 (RSA, 1995A), the Public Service Laws Amendment Act, 1997 (RSA, 1997), the Employment Equity Act, No. 55 of 1998 (RSA, 1998), the Public Service regulations of 2001 (RSA, 2001) and Collective Agreement, No. 3 of 2002 (RSA, 2002). The Employee Performance Management and Development System (EPMDS) was a legal and statutory document aimed at optimising individual excellence, which helped to contribute to the achievement of organisational goals to improve service (FSPG HRM, 1996). In terms of the EPMDS, statutory documents included, FSPG HRM (1996; 2003; 2005; 2006, 2007) and FSPG HRM (Reports, 2003/4; 2005/6; 2007/8) (Appendix 12).

Part of the implementation phase of the EPMDS cycle was to calculate the total financial implications of the rewards, namely pay progression and cash bonuses for all officials who qualify for such rewards (FSPG HRM, 2005). Rewarding employees financially for their performance, however, became the most important determinant of the EPMDS effectiveness, which resulted in demotivation, mistrust, and unrealistic expectations (Freeman, 2002). Personal succession, empowerment, teamwork, and commitment were neither mentioned nor scheduled.

Previously, some scholars believed that the critical factor in the long-term success of an organisation was its ability to measure how employees performed (Freeman, 2002) and to use that information to ensure that performance met pre-determined service standards. Schmickl (2002) argued that institutions could become successful only if their leadership used the right mix of inputs and climate. Employees judged a company (its leaders and managers), its success or failure; by the way it managed its inputs to achieve desired outcomes (Fisher, et al., 2003).

A good appraisal required the meeting of certain conditions, some of which the EPMDS appeared to comply with. Its annual cycle, which commences from April 1 of one year and extends to March 31 of the next, entailed a number of key processes that ought to be understood and embraced by every stakeholder.

Those were named as 1) develop a work plan, 2) agree on capabilities, 3) have ongoing review and feedback, 4) have quarterly reviews, 5) inculcate upward feedback, 6) develop an Employee Development Plan (EDP), and 7) develop the employee (FSPG HRM, 2007). The EPMDS, in its present form, appeared to have been successful in assessing unskilled and semiskilled employees (such as, clerical workers, general assistants, cleaners, and porters). It appeared, however, ineffective and inappropriate for assessing skilled employees (such as doctors, scientists, nurses, therapists, and technologists). Moreover, in each of the different health workers categories (skilled and unskilled), there were inner demographical differences (age, gender, race, education, and experience), which might influence the effectiveness of performance appraisals.

Included also were behaviours, traits, values, attitudes, expectations, and motivation (Boyatzis, 1982), which rendered the EPMDS questionable and unsuitable. In order to avoid confusion, Rudman (2004) suggested restricting usage to terms that had the same meaning for all the people within an organisation. In that regard, the key common terms that were standardised in the EPMDS (FSPG HRM, 2003; 2007) that required clarification included:

- Key Performance Areas (KPAs): - a critical area of the responsibilities of job (such as, the taking of x-rays, dispensing medication, and client relations);
- Objectives and standards: - Objective/target – statements of particular outcomes achieved in a key responsibility area;
- Acceptable Standards: - performance criteria that were met on a continuous basis;
- Performance indicators and Measures: – often used interchangeably to describe the evidence or information needed to show that planned effort achieved the desired results and that the target or objectives had been met; and
- Performance measures: - were characterised as objective or subjective or used in combination.

The EPMDS was designed along the lines of the MBO and competency-based models, though it was not as effective as was intended. It focused greatly on rewarding employees and remained ineffective on development, training, empowerment, competence, and commitment.

It ignored other types of assessments, which would have made the appraisal more comprehensive, such as self-assessment (employee evaluating him/herself), peers, subordinates, and clients, - internal and external to the organisation. There was a new approach to employee performance assessment called 360° assessments, using some or all of the sources of feedback described. Performance assessment was meant to be an important tool for motivating and improving employee performance, which was not fully realised and abused, and that resulted in relational conflicts (Fisher et al., 2003). Nevertheless, such a system could be improved in various ways, including, carefully developing an appropriate assessment instrument and training raters to use the system properly (Cooper & Schindler, 2008).

Furthermore, the trainers in that regard were to provide feedback to raters as to how well they had performed their assessments and development functions with their subordinates. Supervisor-subordinate encounter was often an unpleasant confrontation and, even accusations were levelled, which lead to more strained relationships and mistrust (Judge & Hulin, 1993). That crucial meeting could enhance or severe the relationship between supervisor and subordinate, and sometimes, at the worst, could end in the labour court. When giving performance feedback to subordinates, supervisors ought to ensure that it was credible, specific and constructive, and should be accompanied by concrete examples of good and/or poor performance appraisals. A good appraisal included an appropriate degree of participation and ensured that clear and unambiguous goals for the future performance were set and understood by all (Fisher et al., 2003).

Performance appraisals also represented regular reviews of employee performance within organisations (Rudman, 2004). Generally, the performance appraisal was seen to serve a number of purposes, as was explained earlier. To recap, appraisals included; giving feedback on performance to employees; identifying employee training needs; documenting criteria used to allocate organisational rewards; and forming a basis for personnel decisions with regard to – salary (merit) increases, promotions, and disciplinary actions.

It also provided an opportunity for organisational diagnosis and development; facilitating communication between employee and administrator; and validating selection techniques and human resource policies to meet South African Equal Employment Opportunity requirements (RSA, 1995; 1998, 2001; Kaufman, 1988). The enacting of labour-related legislation and statutory acts internationally has had a profound impact on how public relations were conducted in South Africa. In this country, legislative and statutory foundation was part of every organisational governance framework. In addition, there were a number of transformational documents to enhance performance appraisals and other HRM activities (RSA, 1994, 1995, 1996, 1997, 1998, 1999, 2001).

Globler, Warnich, Carrell, Elbert and Hatfield (2006) recommended that organisations should have policies and guidelines protecting them from work-related litigation, and that an appraisal should be in a written form. Appraisers should be properly trained, and standards should be clear and free from the errors of the rater, as well as accommodating room for future progress. An appraisal should give feedback and afford the employee/manager being rated an opportunity to respond. Complying with those guidelines would go a long way in improving performance appraisals, and reducing litigation that might emanate from performance appraisal matters.

In summary, a legislative foundation and harmonious workplace relations were essential for organisational success in attaining its goals, failure of which conflicts emerged, which jeopardised the workplace environment. Despite deliberations done in this section, rewarding employees in monetary terms for their performance was still being perceived as the primary driver of appraisals' effectiveness at the expense of empowerment. It was hoped that this study would address all those issues in the research problem so to enhance the effectiveness of performance appraisals. Next, measures of appraisals were explored.

2.7 Measures of Performance Appraisals

An examination of the various methods of performance appraisal disclosed that there was no system which was perfect for all purposes at all times.

Likewise there was no performance appraisal system that measured all key constructs. Appraisals required revising, and modifying, once in a while, in order to ensure they work effectively in a given situation. Then, the focus was directed on the measurement of the employee performance in terms of the gaps identified in the literature and organisational goals. South African government departments were continuously compelled to choose between ever-increasing organisational needs and the needs of their employees with limited available resources (Sangweni, 2003).

Performance appraisal, so-called 'employee appraisal', referred to a method by which the job performance of an employee was evaluated (Hutchinson & Purcell, 2003). "Performance appraisal reliability and validity still remain major challenges in most performance appraisals and new (and presumably improved) appraisal systems are often met with substantial resistance," argued Banks and Murphy (1985: 342). In essence, effective performance appraisals in organisations have continued to be a compelling but unrealised goal which was echoed by practitioners in the private and public sectors (Meyer, 1991: 68-76; Gellerman & Hodgson, 1988). That scenario was also existing in South African government departments, specifically in the Department of Health as indicated by provincial reports (FSPG Report, 2003/4; 2005/6; 2007/8), which necessitated the undertaking of this study.

The operation of a performance appraisal system was to determine how effective the system worked in the attainment of organisational goals (Bless & Higson-Smith, 2000; Saunders, 2000). Scholars like Fisher et al. (2003), Rudman (2004), Blanche, Durrheim and Painter (2006), Cameron and Stone (2007) have done extensive studies in HRM, which have benefited performance appraisals. Van der Walddt (2004) argued about the importance of measure in performance appraisals, - that they required accurate measure between performance outcomes and behaviours. He concluded that if that was undertaken each key construct, it would be able to enhance the effectiveness of the system.

For measures of performance appraisal capability to work effectively, they needed to be centred on the measurement of the task/contextual employee performance factors (Hosie, 2003; Boyatzis, 1982). It was those key determinants that would influence the success of the performance appraisal (Saunders et al., 2003; 2007; Sarkar, 2000; Cleveland et al., 1989) to enhance organisational effectiveness. In the next section, task/contextual performance as measures of employee performance were discussed.

2.7.1 Task and Contextual Performance

Scholars, like Motowidlo et al. (1997) and Boyatzis (1982), contended that employee performance consisted of two parts, the task and context. Boyatzis (1982) categorised job performance as consisting of task and contextual performance, whilst Borman and Motowidlo (1993), perceived the performance of managers as consisting of task performance (the major part) and contextual performance (the minor part), which was also true of the performance of employees. Task performance explained the direction, amplitude, or persistence of individual employee work behavioural linkages to a given task. That required holding constant the effects of aptitude, skill, job knowledge, and situational constraints operating in the immediate work environment according to Hosie (2003) Campbell and Pritchard (1976).

Contextual performance dealt with the psychological linkages between people, and it was presented by discretionary forms of contributions to the organisation (Hosie, 2003), which were contributions that had uncertain or indirect influences, like rewards influencing task performance under direct supervision (Organ & Lingl, 1995). Thus, contextual performance acted to reinforce the linkages amongst employees and, thereby, sustained and enhanced the collective character of the organisation (Organ & Paine, 1999).

Task and contextual performance were integrated into the first stage of the development of the theoretical performance appraisal model as depicted in Figure 2.5 modified from Boyatzis (1982) in an attempt to address the research problem and make performance appraisal effective.

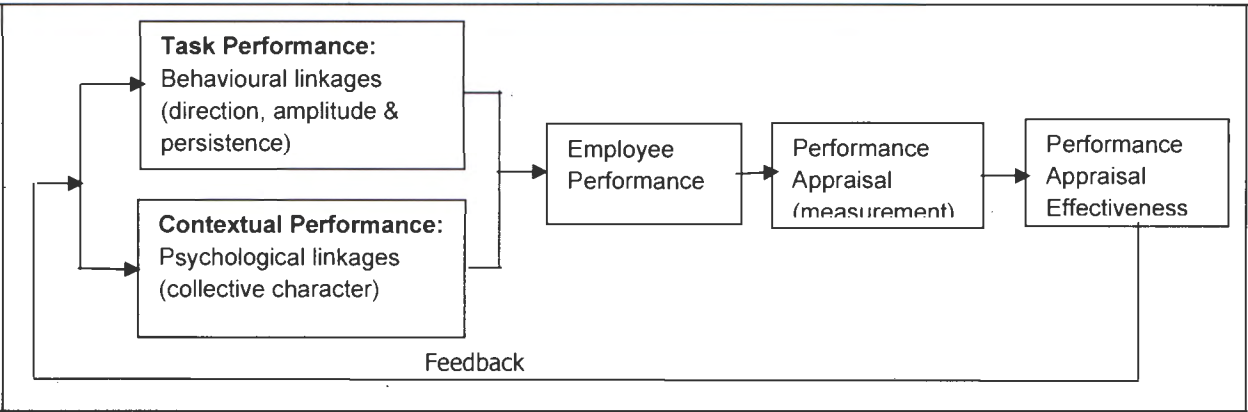


Figure 2.5: Task/Contextual performance versus of appraisals (Modified from Boyatzis, 1982, 174)

Integrating task and contextual performance, performance management competence, and the themes or constructs of the appraisal produced the second stage of the development of the theoretical model depicted in Figure 2.5. One of the first challenges of this study was the development of a shared global understanding of what constituted competence. Competence was a term which was used widely, but which had come to mean different things to different people. It was generally understood, however, as meaning encompassing knowledge, skills, attitudes, and behaviours that were causally related to superior job performance (Boyatzis, 1982), which had been described as attribute-based inference of competence by Heywood, Gonczi and Hager (1992).

In addition, to that was added what was referred to as the performance-based approach to competence, which assumed that competence could be inferred from demonstrated performance at pre-defined and acceptable standards in the workplace (Gonczi, Hager & Athanason, 1993). The performance-based approach was the basis for what became known as the Competency Standards Movement that underpinned the South African Qualification Authority (SAQA, 1999; 2002). The Competency Standards Framework encompassed both attributes and performance based approaches (Crawford, 2008), which was further broken down into a framework of input, process, and output competencies (Finn, 1993), presented in Table 2.2.

Table 2.2: Dimensions of Competency and Determinants (Adapted from Crawford, 2008: 5)

Knowledge (qualifications) + Skills (ability to do a task) +	Input Determinants: leadership knowledge and understanding, leadership process and style, learning organisational culture/climate and effective communication that a leader brings to a job +
	Input Competencies: the knowledge and understanding, skills and abilities that a manager brings to a job +
Core Personality and Characteristics (Motives + Traits + Self-Concept) +	Process Competencies: the core personality characteristics underlying a person's capability to do a job +
Demonstrable performance in accordance with occupational / professional / organisational Competency Standards.	Output Competencies: the ability to perform the activities within an occupational area to the levels of performance expected in employment

In addition, measures of performance appraisal should include the Leadership process (Ulrich et al, 2008; Kelley, 2005; Schmickl & Schmickl, 2002; Kaplan & Norton, 1996), performance culture and climate (Schein, 2008; Deal & Kennedy, 1982), and effective communication (Crawford, 2008). Next, characteristics of performance appraisal were examined.

2.8 Characteristics of Performance Appraisals

The effectiveness of a performance appraisal required the attaining of certain characteristics to meet the intended organisational goals, which in turn depended wholly on effective leadership and management competency, and effective communication to plan and implement the process successfully. Price (2004) contended that for any performance appraisal system to be perceived as effective by all stakeholders, it ought to contain certain features (Levine, 1995).

2.8.1 Strong Leadership

Top leaders and managers have to show practically total commitment to the entire performance appraisal process, from the beginning to the end, within their organisations.

That entails leadership planning, leading, and influencing activities; with management committing both financial and human resources, monitoring and support, during the whole process (Ulrich, et al., 2008; Hulme, 2006; Kelley, 2005).

2.8.2 Strong Teamwork

The appraisal process demanded the ownership and active participation of all the stakeholders according to the set goals and objectives agreed upon collectively.

2.8.3 Effective Management Competency (Training of managers)

Management competency was a prerequisite for performance appraisal success. Managers ought to be provided with appropriate and adequate training and development to ensure that all activities of the process were managed efficiently. Competent administrators and managers ensured that the budget was allocated in time, there was proper selection and placement of talents, and that the rewards were allocated appropriately.

2.8.4 Alignment and Consistency of Goals and Objectives

Leadership and management were expected to be consistent when applying the system, and if there was a failure to be consistent the system might lose credibility. They, therefore, aligned the performance appraisal outcomes with the organisational goals and objectives, and communicated those goals to all role players to ensure total cooperation and commitment.

2.8.5 Acknowledgement and Recognition of Good Performance

Good performers in the process ought to be acknowledged and rewarded in more training and development.

Managers ought not to shy away from giving compliments wherever they were appropriately deserved. Under performers, on the other hand ought to be informed and prepared for training and developed by managers of all levels.

2.8.6 Achievable Goals and Objectives Consistent with reward systems

It was critical for leadership planning to link rewards to the performance appraisal outcomes to ensure that high performers received recognition in monetary and non-monetary awards, and that underperformers received training and development. Matters involving money, like rewards, were sensitive and generated emotions, and they ought to be given the extreme caution and sensitivity they deserved (Price, 2004). Those features of employee performance should form part and parcel of the appraisal to ensure that it worked effectively. Next, benefits of appraisals were discussed.

2.9 Benefits of Performance Appraisals

Performance appraisals have advantages and disadvantages, and Ulrich did a comparative analysis of traditional versus strategic HRM (Ulrich, 1997). The misuse and abuse of systems by many managers (as the appraisers), however, have made appraisals less appreciated by many employees (as the appraisees), and their benefits are not understood. Errors, the misconception of the purpose of performance appraisal, the subjectivity of the raters (or appraisers), and unrealistic expectations of the ratees (appraisees), have made performance appraisals a taboo, – especially when they were linked to rewards (Bourne et al., 2003).

Ilgen, Fisher and Taylor (1979: 349-371) reiterated that appraisals offered much potential for enhancing the effectiveness of human resource decisions and for satisfying the needs of employees for performance feedback, though that could not garner support from other scholars. In a Gallup survey of senior executives, Pfeffer and Veiga (1999: 33-34) found that quality and productivity were observed to be the most important competitive issues facing American business.

Relatively few organisations, however, subscribed to full-on high-performance work systems. According to Rudman (2004), employee performance appraisal offered a rare chance for a supervisor and subordinate to have 'time out or time alone' for a one-on-one discussion, whilst covering important work issues that might not otherwise be addressed (Rudman, 2004).

Consequently, most researchers tended to agree on a number of points considered critical for effective appraisals (Ilgen et al., 1979; Fisher et al., 2003), that:

- "Universally, where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive," (Iversen, 1996: 399-436);
- An official appraisal interview was the only time available for management and employees to get an exclusive, uninterrupted access to each other. "In twenty years of work, that's the first time anyone has ever bothered to sit down and tell me how I'm doing and where I need to improve," noted Mullins (2005: 125); and
- The value of that intense and purposeful interaction between a supervisors and subordinate was always underestimated (Ackers & Adrian-Wilkinson, 2003).

2.9.1 Motivation and Satisfaction

Ledy and Ormond (2010) argued that a performance appraisal could have a profound effect on levels of employee motivation and satisfaction, - for better or worse, and it provided employees with recognition for their work efforts. Pfeffer and Veiga (1999; 2003), have shown that human beings even preferred negative recognition in preference to no recognition at all. The existence of an appraisal programme indicated to employees that the organisation was genuinely interested in their individual performance and development. Pfeffer and Veiga maintained that recognition had a positive influence on the individual's sense of worth, commitment, and belonging.

Hence, the strength and prevalence of that natural human desire for individual recognition ought never to be overlooked. Accordingly, Ackers and Adrian-Wilkinson (2003) added that absenteeism and turnover rates in some organisations might be greatly reduced where more attention was paid to performance appraisal, and they recommended that a regular performance appraisal, at least, should be a good start to enhance the commitment of employees and to restore their trust/confidence in leadership and management.

2.9.2 Employee Empowerment

In the same way, leadership and management were required to ensure that employees were properly informed and prepared for the process so as to minimise fears, mistrust, and unrealistic expectations, and to inculcate proper understanding and trust between management and employees. Pfeffer and Veiga (1999; 2003) advocated that performance appraisal offered an excellent opportunity, perhaps the best that had ever occurred, for a supervisor and subordinate to recognise, and agree upon, individual training and development needs.

Performance appraisal should make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations (Ackers & Adrian-Wilkinson, 2003). The ineffectiveness of the EPMDS to achieve its intended purpose, however, appeared to have been partly owing to leadership and management failure to recognise the importance of employee development and to increase the budget for the training and development of employees accordingly (FSPG HRM, Report, 2003/4; 2005/6). Tucker et al. (2002) argued that when the performance appraisal data was consolidated, seen from the view of the organisation as a whole, it formed a picture of the overall demand for training and development of all employees, leaders and managers included. In planning employee development programmes, the influence of moderation factors such as gender, race, education, and experience on employee motivation and expectations, were addressed, according to Senge, Ross, Smith, Roberts and Kleiner (1994).

Such programmes would address regular and efficient training needs and performance audits for the entire organisation (Senge, 1990).

2.9.3 Recruitment and Induction

Performance appraisal data was usually used to monitor the success of the recruitment and induction practices of an organisation (Rudman, 2004), so as to assess how well the hired employees were performing and to monitor the effectiveness of changes in recruitment strategies. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it was possible to assess the general quality of workers. That was to assess whether the quality of the workforce was improving, staying steady, or declining. Little was done, however, in terms of development and the proper placement of potentials and talents.

2.9.4 Employee Evaluation

Employee evaluation, though often understated and even denied, is a legitimate and major objective of performance appraisal, according to Ackers and Adrian-Wilkinson (2003). The need to evaluate (or judge), however, was also an ongoing source of tension, since evaluative and developmental priorities appeared to clash frequently. Organisations had obligation to conduct such evaluations of performance, although many still recoiled from the idea.

Rudman (2004) added that the explicit process of judgment was dehumanising and demoralising and a source of anxiety and distress to employees, and it ought to be done cautiously. Performance appraisal could not serve the needs of evaluation and development at the same time; it had to be one or the other, hence the need to prepare adequately for the appraisal process and to train stakeholders. There was, however, an acceptable middle ground, where the need to evaluate employees objectively and the need to encourage and develop them could be balanced (Rudman, 2004).

2.9.5 Reward and Compensation Issues

Rewards appeared to have clouded the whole process of appraisal and were blamed for the many conflicts emanating from the appraisal system (Fisher et al., 2003). That was why many organisations were looking for alternative method. Insights into what might have gone seriously wrong in a system of reward-linked performance appraisal were found in the works of Deets and Tyler (1986: 50-52), and entitled the Xerox experience, the Case for Linkage, appraiser pressure, the Management Trick, Employee expectations, conflict and confrontation, and the EPMDS Experience (Fisher et al., 2003). In conclusion, as appraisals were beginning to be perceived as tools for more than performance indicators for reward, more benefits were certainly being discovered. Next, the major reasons for the ineffectiveness of appraisals (EPMDS) to deliver its intended purpose were explored.

2.10 Reasons for the Ineffective Performance Appraisals

A number of reasons were identified in the literature. Tucker et al. (2002), for instance, argued that since performance appraisals were departmentalised, blockage in one of them would result in the failure of the whole system. Nel et al. (2002), Fisher et al. (2003) and others (Rudman, 2004; Kaplan & Norton, 1993; 1996, 2005; Ulrich et al., 2008) appeared to concur, that appraisal's ineffectiveness might be owing to problems within a determinant or construct. Even a properly-designed performance appraisal system might misfire or produce negative consequences owing to failure in constructs, and or determinants.

2.10.1 Leadership (Statutory/legislative) Factors

Leadership factors such as mission, vision and strategy exerted a direct influence on the success of the activities of an organisation, which had direct association with the performance appraisal.

Those included leadership process/ style (Kelley, 2005), political or ruling party mandates (RSA, 1996, 1998, 2000), economic (recession, and increasing levels of unemployment) and social (community needs) forces. Those were addressed appropriately to enhance the success of performance appraisals (Pfeffer & Veiga, 1999; Saunders, 2000; Tucker et al., 2002; Neely et al., 2002; Fisher et al., 2003; Rudman, 2004; Hulme, 2007; Ulrich et al., 2008).

2.10.2 *Administration (Interpretational) Factors*

Many policy documents relating to performance appraisals, including the EPMDs, were usually sizeable booklets written in jargon that could not be understood by the majority of ordinary workers including some leaders and managers. That meant that executing performance appraisals in that unmanageable form was difficult resulting in higher failure rates (FSPG HRM, Report, 2003/4; 2005/6). There ought to be ways and means (resources and logistics) to drive the appraisal process to a conclusive end.

2.10.3 *Developmental Factors*

It emerged from previous studies (Tucker et al., 2002) that potentials and talents of people ought to be discovered, developed, and placed appropriately for appraisal effectiveness. Failure to do so, or any other form of incongruence, led to ineffectiveness.

2.10.4 *Information (Implementational) Factors*

Leadership and management often never recognised how mammoth a task performance appraisal was, which resulted either in the absence of appropriate preparation or a lack of adequate resources to see the process through, which compromised its success rate (Tucker et al., 2002; Rudman, 2004). Communication was usually one way only and not effective (FSPG HRM Report, 2003/4; 2005/6) resulting in the ineffective appraisal.

2.10.5 Management Competency Factors

Management competency factors also impacted the performance the success of appraisals, which included the leadership process and the failure of management to involve employees in the decision making process (Autocratic/authoritarian). A non-learning culture and climate, and an ambiguous vision driven by an unrealistic mandate contributed to the failure of any system, however good (Tucker et al., 2002). Usually very little effort was made to align the organisational variables with those of performance appraisals, which exacerbated the systems' ineffectiveness to achieve the intended purpose.

2.10.6 Moderation Factors

Saunders (2000: 256) observed that characteristics of individual personal and demographic variables impacted on performance appraisal outcomes. Those factors were less known in the performance appraisal circles. Many challenges commonly encountered in performance appraisal practices, however, that prevented the system from being efficient and effective, were discussed. Tucker and colleagues (2002), for instance, categorised them as administrative, developmental and communicative factors. Some researchers (Pfeffer & Veiga, 1999; Fisher et al., 2003; Rudman, 2004; Ulrich et al., 2008) added other dimensions, strategic, moderation, and so forth, as explained earlier.

Fisher et al. (2003) identified certain factors, which were nuisance to HRM activities including appraisals, namely the Fear of Failure, Judgment Aversion, Feedback-Seeking, Appraiser Preparation, Employee Participation, and Performance Management. Rudman's (2004) list of factors included the halo effect, central tendency, harshness/leniency, similarity/dissimilarity, first impression/recency, contrast, bias/prejudice, logical error, and attributional error which were summarised below. The halo effect was the tendency for ratings and assessments to be influenced by one or two positive attributes of the individual, which resulted in an overall favourable assessment that would not necessarily be supported by a careful consideration of all relevant factors.

An overall unfavourable assessment resulting from the undue influence of one or two negative factors he referred to as the horns effect (Rudman, 2004). Central Tendency: was a situation or psychological bias that occurred when ratings from assessment were clustered in the middle range of the scale with little differentiation between outstanding and unacceptable performance (Rudman, 2004). The Likert scaling technique of the questionnaire used in this study might have been subjected to distortion from several causes, according to Trochim (2006). Respondents might have avoided using extreme response categories (central tendency bias); agreed with statements as presented (acquiescence bias); or tried to portray themselves or their organisations in a more favourable light (social desirability bias). The researcher omitted the central range of the scale to force respondents to commit to either agreement or disagreement.

Harshness/Leniency problem: referred to ratings that were too high or too low in terms of actual performance of employees that would produce an inaccurate or skewed distribution of assessments. Apart from the misleading impression that rating might give, it could lead to problems when the ratings of different groups were compared (Rudman, 2004). Similarity/Dissimilarity: was a state of being favourably disposed towards people whom one liked and away from people whom one did not like. That implied that some similarity in the backgrounds, attitudes, or experiences of the manager and the employee – quite unrelated to job performance – could lead to a more positive assessment than was warranted.

Equally, dissimilarities between managers and employees could produce unjustifiably negative ratings (Rudman, 2004). First Impression/ Recency: referred to a tendency to judge people on the basis of a recent incident or performance that might not be typical of the whole review period, or on the basis of a single factor or impression, for example, what the employee wore for the interview (Rudman, 2004). Contrast error referred to mistakes managers sometimes made when an employee was given an unjustifiably high or low rating in contrast to a very low or high rating given to the previous employee assessed.

That happened when employees were compared with one another and not with the performance requirements of their jobs. Problems with bias and prejudice fell into two categories: one was conscious or unconscious discrimination set off by age, race, sex, cultural origins, appearance, marital status, social position, or personal habits; the other covered personal judgements about an employee that had no relevance to job performance (Rudman, 2004).

Logical error: occurred when characteristics or factors that appeared to relate logically were given similar ratings, even though they were not actually linked. Stereotyping was a type of logical error. It happened when it was assumed that a particular characteristic of an employee would lead to other characteristics. For instance, the fact that an employee was a woman, and a woman was sensitive, might imply that that particular employee was sensitive. A similar effect was implicit personality theory, where our views of how different characteristics went together lead us to make assumptions based in one factor (such as it was a common but questionable assumption that articulate people were emotionally stable) without examining all the other characteristics of the individual.

Insufficient information was not strictly a problem or psychometric error, but insufficient, inadequate, incorrect, or unrepresentative information could be a problem in itself for leading errors of performance reviews, such as halo effect and central tendency (Rudman, 2004). Attributional error referred to the characteristics of the assessing manager. Some researchers were less concerned with the potential for error in designing and using rating scales, and more with ways in which managers explained performance (Fisher et al., 2003). In this study all were taken into consideration.

Fletcher (1993b) invited colleagues to try a little exercise to understand the nature of attributional error. Fletcher further argued that one would attribute his/her own poor performance mainly to situational or circumstantial factors, which he called external attribution. Likewise, the main cause of poor performance in others might be seen in their individual characteristics. He referred to those as internal attribution.

The danger here was the fact that managers attributed the lack of goal achievement of an employee to personal deficiencies and pay insufficient attention to other factors (Rudman, 2004). Bias Effects: was described by Gabris and Ihrke (2001: 157-172) as "a disruptive bias in performance appraisal known as the Matthew Effect, named after the Matthew of biblical fame." In performance appraisal, the Matthew Effect occurred when employees keep receiving the same appraisal results, year in and year out, which tended to become self-fulfilling. In that case, even if they did well, they might continue to do well; if they did poorly, they would continue to do the same.

The Matthew Effect suggested that no matter how hard an employee strived to do his/her best, his/her past appraisal records would prejudice his/her future attempts to improve. That was another study to support the theory that poor performers might not have a fair chance to improve, as argued by Murphy and Balzer, (1989: 619-624). For the system to be successful, therefore, a comprehensive approach of consultation and collaboration should be developed at the primary stage of appraisal, and all stakeholders should be brought on board to address the critical factors effectively. Next, a summary of the chapter was given.

2.11 Summary of the Chapter

In summary, the theoretical foundation of appraisals identified determinants and functional constructs, and gaps that were responsible for the apparent ineffectiveness of appraisals. The foundation was developed around the investigative questions and objectives to address those deficiencies as identified and enhance appraisal effectiveness. The theoretical framework examined the South African legal framework and established that six key constructs, each with specific major determinants aligned, which were critical for conducting an appraisal process, – namely, leadership, administration, development, information, management competency, and moderation.

Twelve, major determinants were also identified, contained in each construct, which will require further specific literature which will be dealt with in the next chapter.

Those were identified as the leadership process, performance culture and climate for leadership, management of resources, accountability and responsibility for the administration, development, selection and placement of potentials and talents, and alignment for the development construct, communication and MIS for the information construct, managing of appraisals, diversity and acknowledgement for the management competency construct, whilst demographics, motivation and expectations related to the moderation construct. A detail review of the literature relevant to those variables was done in the next chapter. Specific conclusions were drawn in each major section covered within this chapter.

Finally, it is important to note that, for the sake clarity and consistence over the terminology used in this study, clarification of some terms was found appropriately necessary at this juncture. There were a number of terms that were used interchangeably throughout this study such as, theme/construct (to mean cluster or group of related variables), driver/determinant (a factor influencing the effectiveness of the appraisal system), appraisal/appraisal system, theoretical/normative data or model (emerging from the literature review), empirical/statistical data or, model (emanating from data analysis) and structural/modified (final theory or model recommended to address the research problem).

Chapter 3 covered the literature review in relation to those determinants, constructs, and measures of performance appraisals, and the development of a theoretical/normative model, which was superimposed over the empirical model from the statistical analysis to establish areas of poor fit and goodness of fit. These areas were addressed to resolve the research problem.

CHAPTER THREE

3 LITERATURE REVIEW

3.1 Introduction

In Chapter 2, the historical background of employee performance appraisals was presented covering a number of concepts, constructs, dimensions, and measures. A number of factors frequently mentioned by various researchers as impacting the effectiveness of a performance appraisal were identified, aligned and integrated into a theoretical (normative) model that would make the employee performance management and development system (EPMDS) work effectively. In this chapter, literature about those variables of performance appraisals was reviewed. In the introduction, Section 3.1, key concepts were defined, whilst the importance of appraisals for organisational success was given in 3.2, and methods/systems of performance appraisal in Section 3.3. Schools of performance appraisals were discussed in Section 3.4, and measures of the employee task and contextual performance in 3.5. In Section 3.6, development of the theoretical performance appraisal model was presented, whilst in Section 3.7 hypotheses were developed, which were integrated into a performance appraisal theoretical/normative model in 3.8, and conclusions were summarised in 3.9.

Specifically, the main objective of this study was to establish the gaps in the existing literature surrounding the successful, sustained application of a performance appraisal system, to identify the major determinants, constructs, concepts, dimensions, and measures required for an effective performance appraisal process to succeed, and to develop a model that would make the current failing EPMDS work effectively to enhance organisational effectiveness within the Department of Health in South Africa. Literature about performance appraisal examined those determinants in terms of the six objectives emanating from the sub-investigative questions.

These were named as 1) to identify the drivers or determinants that influenced the effectiveness of an employee performance appraisal system; 2) to determine the extent to which those determinants predicted different dimensions of the effectiveness of the employee performance appraisal; 3) to examine whether positive determinants automatically resulted in enhanced effectiveness of the EPMDS without proper leadership; 4) to explore why and how blockage reasons would impact on the EPMDS effectiveness; 5) to establish the association between the moderating variables and the motivation of employees, as well as their expectations as major determinants of the performance appraisal; and 6) to determine how those findings would be integrated with workplace initiatives to enhance the effectiveness of the current EPMDS. That was necessary to facilitate the process of addressing the gaps, which were identified in the previous chapter.

Primarily, it was required to establish the major driving factors, the so-called determinants of performance appraisal effectiveness, and aligning them into construct or themes, in accordance with their functional relationships. They, in turn, were aligned with the investigative questions and objectives, in an attempt to formulate hypotheses for testing, from which a theoretical (normative) model emerged that was intended to address those questions/objectives, in line with the practical research approach of Leady and Ormrod (2010). It was important that the alignment of the theoretical/normative model should represent an effective performance appraisal in an ideal situation as it should be, over which an empirical model from the data analysis was superimposed to find goodness of fit and poor fit, – gaps which required corrective address through a new performance appraisal model (Longenecker & Goff, 1992).

That, in turn, was envisaged to answer the investigative questions by addressing the objectives, whilst not duplicating what was already known. It was hoped to add a contribution to the body of knowledge, with practical value for practitioners, leaders and managers. The necessity of performance appraisals success for organisational effectiveness was examined in the next section, in terms of the established objectives.

3.2 The Importance Performance Appraisals for Organisational Success

The introduction of a performance appraisal system as a management tool ensured that organisations became effective, achieved the intended goals and improved service delivery in the case of public sector. Ozga (2007) pointed out that performance management was used as a key instrument by leaders, who developed policies and managers who implemented the policy to improve the organisational effectiveness. In the contest of this study, it was imperative to focus on key determinants of an effective performance appraisal, and the challenges and issues experiences by the various role players, - leaders, managers, administrators and employees, established in Appendix 10.

That had support from previous scholars, (Leady & Ormrod, 2010; Collis & Hussey, 2009; Kirby, 2005; Armstrong & Baron, 2005; Freeman, 2002; Kanigel, 1999; Pfeffer & Veige, 1999; Lawrie, 1990; DeNisi & Williams, 1988; Deal & Kennedy, 1982), who argued that a critical factor in the long-term success of an organisation was its ability to measure how employees performed and to use that information to ensure that performance met pre-determined service standards and, where required, met further improvement over time.

Some, however, did not appreciate the use of performance appraisals (Behn, 2003; Fletcher, 1993a; Bennis, 1990; Derven, 1990; Baron, 1988; Dale, 1986), whilst others Freedman (2002), for instance, noted that rewarding employees for their performance was the most important driver of appraisal, though, it brought along problems such as demotivation, mistrust, and unrealistic expectations (Drucker (1999). Most managers viewed performance appraisal as used by an organisation as an opportunity to reward and reprimand employees (Kanigel, 1999; Taylor et al., 1995). Little was thought about the development of the organisational human resource to ensure organisational growth or employee empowerment (Kahn & Cooper, 1993; Bartz, Schwandt & Hillmen, 1989). Currently, performance appraisals are intended to link individual needs and organisational goals to ensure growth and development of both the individual and the organisation. Robbins (1993) argued that modern appraisals focused on organisational development and individual reward/incentives rather than on employee empowerment and development.

Moreover, other outcomes, such as teamwork, personal empowerment, communication, and commitment were seldom mentioned or achieved. That supported Deming (1998) belief that much of the performance variability was owing to system factors rather than individual effort or ability. He had described performance evaluation as a deadly disease, and viewed employees as merely production factors like materials, or financial resources, which did not need any special treatment or development.

Later, Fletcher and Jones (1993) and Fletcher (1993a/b, 1997), had argued along different lines that performance assessment was an idea whose time had passed. Performance appraisal should be a part of a career development programme, according to Patterson (1987). Appraisals are necessary in various organisational contexts. For instance, Schmickl (2002: 2) argued that striving towards a continuous improvement of organisational culture had become a leading indicator towards building a sound service structure within any organisation. The fact that appraisals were usually carried out by line managers rather than HR professionals made it imperative for managers to understand their role, which was particularly critical in performance appraisal (Hutchinson & Purcell, 2003) in creating a favourable performance climate.

Rudman (2004) referred to performance appraisal as a formal system of measuring, evaluating, and influencing the job-related attributes, behaviours, and outcomes of an employee, which was aimed at determining how productive an employee was and/or whether the productivity of an employee could be improved (ASTD, 2000; Levine, 1995). In that regard, motivation and expectations of an employee appeared central. Randall (1992), and Randell (1994) added that performance appraisals should mainly manage people and meet the goals of an organisation, whilst Cleveland et al. (1989: 130-135) argued that performance appraisals ought to provide valuable performance information to leaders and managers about a number of critical human resource activities. Those included the allocation of rewards – merit pay, promotions, feedback on the development and assessment of training needs, as well as other human resource systems evaluation, such as, selection predictors and performance documentation for legal purposes.

That concurred with Pickett (2003: 237-240)'s definition of performance appraisal as a process of obtaining, analysing and recording information about the relative worth of an employee, focusing on the measuring and improving of the actual performance of the employee and also the future potential of the employee. It was aimed at measuring what an employee did (Butler et al., 1991), and thought it was done for the purpose of rewarding and developing individuals, the development duty appeared to have been undermined at the expense of rewards.

In fact, in many appraisals, including the EPMDs, reward appeared to be a strong driver of their success, though they appeared not to have met individual employee expectations and needs, according to Pickett (2003), or address the attitudes of employees (Brayfield & Crockett, 1955). That focus on reward led to the apparently inevitable and universal tendency to make judgements about one or about people he/she worked with. Moreover, the reward process was not handled in a fair and objective manner so as to motivate and give realistic expectations to and motivate employees, in line with Cornelius (2001), who advised that rewards ought to be directly linked to the employee effort.

In addition, that approach was contrary to current international principles on performance appraisal and management, which emphasised focus on professional development of employees (www.ucu.org.uk accessed on 15 February 2009). That fact was further emphasised by Simmons and Iles (2007) who argued that performance management systems ought to maintain and enhance the value of intellectual capital in an organisation as its principal asset. Globally, literature on the performance of employees (and performance appraisal as a means of assessing the performance) was more robust with still some methodological inadequacies (ACPA, 1996). Dale (1985) perceived performance as a two-way system meant for organisational effectiveness and the needs of employees. Dulewicz (1996), Quinn et al. (1996) and Spencer and Spencer (1993), on the other hand, perceived the system as primarily concerned with selecting and placing talents. All said and done, effective performance appraisals are necessary for organisational success. It is undeniable that performance appraisals, therefore, should be part of the employee development/empowerment plan (Spevak & Karinch, 2000) to be accepted by employees.

That was necessary, as Lawrie (1985) explained, because a performance appraisal contributed to the overall aims of the performance of an organisation. Next, performance of employees was operationalised and contextualised in terms of the key concepts – the constructs (themes) and their corresponding determinants.

3.2.1 Operationalising the Performance of Employees

Precision and accuracy in measuring the performance of employees was important for this research, particularly when there was a limitation owing to the absence of a common metric to evaluate performance (Murphy, 1990). There were arguments in literature and in practice about what constituted a valid measure of the performance of employee, which did not simplify the development of an acceptable instrument according to American Psychological Association (APA, 1999). Such an instrument ought to enable users to make comparisons between various employees differentiated by domains, organisational categories, or location, which was not an easy task.

Studies found relevant to the investigative questions, were mainly from Europe and America (Collis & Hussey, 2009; Blanche, Durrheim & Painter, 2006; Adcroft & Willis, 2005; Chisholm, 2004), but none were specifically on the South African government Department of Health. There was not, however, any study found on performance appraisal enhancing personal development and empowerment. Nationally, not many studies into the South African government employee performance and competence found. Those provided an unbiased instrument to measure the performance of employees in the public health sector, - one that would take both the contextual performance and task performance against major determinants into consideration (Babbie & Mouton, 2003; Cameron & stone, 1995).

This is another gap that this study wishes to address to make performance appraisals effective, particularly in the public health service. As instruments of management competency, appraisals should integrate task and contextual performance variables into an effective appraisal process to enhance organisational effectiveness (Hosie, 2003).

For performance appraisal to be effective, however, it ought to link employee empowerment with organisational goals. As developmental engines, they are required to develop programmes for empowering employees and managers to perform better (Forster, 2002).

Apparently as information devices, performance appraisals should be used to manage communication and MIS to gain mutual trust and respect among role players (Tucker et al., 2002; Liebenberg, 1989). There has been limited effort to identify and acknowledge the impact of demographic factors as moderation tools in ITC private sector (Macharia, 2010; Hashim, 2008; Ndubisi, 2007; Morris & Venkatesh, 2000; Rogers, 1995), and none in the South African government departments. If those six engines, renamed the constructs, were integrated appropriately, they ought to transform the diversity in the workforce (Bagshaw, 2004; Luvuno, 2003; Dewberry, 2001; Hartle, 1997; Randall, 1992), which enhanced the effectiveness of performance appraisals. It was worth noting that performance appraisals used for administrative purposes were, on average, "scored considerably more than those used for development," according to Jawahar (1997: 905).

In his review of twenty-two studies and a total of more than 57,000 ratings, Jawahar (1997) found that evaluations were much more lenient when those ratings were being archived than for those discarded. Their findings were critical for this study, because they identified that the levels of stress and discomfort that raters experienced where rewards were involved. That called for objectivity, honesty, and justice from leadership, individual employees, their supervisors and the organisation at large, in order to improve the authenticity of the results, according to Spencer and Spencer (1993). Despite the commercially outdated and available instruments, including the EPMDS, Spencer and Spencer (1993) found varying levels of deficiencies or gaps. These, which this study sought to address in order to resolve the research problem, - ineffective performance appraisals that compromised the organisational effectiveness. The questionnaire (Appendix 3) and personal interview (Appendix 4) were conducted to gather quantitative and qualitative data to answer the research problem. Next, the operationalisation was extended to address the investigative questions.

3.2.2 Investigative Question 1: What are major drivers or determinants which influence the effectiveness of performance appraisal systems?

This section covered the literature of dimensions of performance (manager's or employees) and performance appraisal that were critical for its effectiveness, which were required to answer this investigative question. In literature review, a number of factors had repeatedly been identified as major determinants or drivers of performance in general and performance appraisal in particular, - the reasons for the performance appraisal to failing to work effectively. Previous studies, including journals, books, and other sources (Internet Websites), were explored to understand the influence of those determinants on the effectiveness of appraisal systems, to ensure that this study did not duplicate what had been studied without adding to the body of knowledge.

The main determinants of the EPMDS to work effectively were not clearly known. Factors have, however, emerged from literature, which were important to the performance appraisal systems and influenced its effectiveness. Studies which had distinguished factors of concern included those of Boyatzis (1982), Robbins (2004), Bolman and Deal (1991), Bulach, Malone and Castleman (1995), Bulach, Boothe and Pickett (1998), Saunders (2000), Tucker et al. (2002), Fisher et al. (2003), Rudman (2004), Ulrich et al. (2008), Collis and Hussey (2009), and Leady and Ormrod (2010).

For instance, it was established, according Leady and Ormrod (2010), that performance appraisals have had a profound effect on levels of employee motivation, expectations, and satisfaction. That is, they provided employees with recognition of their work efforts. In fact, there was evidence that human beings even preferred negative recognition or acknowledgement to no recognition at all. If nothing else, the existence of an appraisal indicated to employees that the organisation was genuinely interested in their development (Armstrong & Baron, 2005). That alone could have a positive influence on the individual's sense of worth, commitment, and belonging.

Determinants such as the leadership process, communication, management competency, and culture and climate were identified by Kelley (2005), and administration, information, reward/compensation, and development by Tucker et al. (2002). Fisher et al. (2003) named management of information systems (MIS) as the key driver of appraisal, whilst Rudman (2004) added, resources and reward and organisational culture and climate, – (combining behaviours), and attitudes, to the list of major determinants of appraisals' success. Fogg (2002) and Dulewicz (1989) argued that the developing of potential and proper assessment, selection, and placement of talents and skills were critical for organisational success, particularly in the performance appraisal process, whilst absenteeism and turnover rates in some organisations were greatly reduced when more attention was paid to appraisals (Leady & Ormrod, 2010).

In addition, management of diversity in the workplace by Ongori and Agolla (2007), moderation factors (Carroll & Hannah, 2000), and the values, and assumptions in terms of goal alignment (Hill & Jones, 2001), were also, found to be influencing appraisal success. Consequently, twelve major determinants (variables) were established, namely: V₁) leadership process (Ulrich et al., 2008; Kelley, 2005; Bulach et al., 1995; Quinn, 1988), V₂) organisational culture (Peterson, 1990; Koys & De Cottis, 1991; Schein, 2008), and climate (Bulach et al., 1998), V₃) employee motivation, V₄) selection, placement of talents and developing potentials (Leady & Ormrod, 2010), V₅) communication and MIS (Kahler, 2007; Kelley, 2005; Bolman & Deal, 1991), and V₆) training of managers to manage appraisals (Waters, Marzano & McNulty, 2004; Stewart, 1989), V₇) employee expectations, V₈) resources, (V₉), responsibility and accountability, (V₁₀), reward and compensation, (V₁₁) employee attitudes, and (V₁₂) diversity in the workplace. In establishing those key determinants impacting the effectiveness of appraisals, the researcher was addressing the first question/objective of the study.

Next, the second investigative question was explored.

3.2.3 Investigative Question 2: To what extent do these determinants predict different dimensions of the effectiveness of the performance appraisal system?

In a quest to answer that question, the key determinants were incorporated in six constructs or themes to develop a framework for a theoretical/normative model. Those were established as, leadership, administration, development, information, management competence and moderation. Leadership (T_1), - consisted of leadership process, vision, goals and strategy and performance culture and climate, as key determinants, whilst administration (T_2) included training managers to manage resources, and accountability during the appraisal process. Development construct (T_3) entailed identifying, planning and developing of employee potentials, and selecting and placement of skills for organisational success, whilst information (T_4) included communication and MIS. Management competency (T_5) which entailed managing appraisals, diversity in the workplace and acknowledging high performing employees, whilst moderation construct (T_6) consisted of motivation and expectations and demographics of employees. Those constructs had to be were organised in task and contextual performance appraisal framework to be able to determine the extent to which they predicted different dimensions of appraisals' effectiveness. In this regard, an attempt was made to integrate task and contextual performance in progression to developing a theoretical/normative performance appraisal model, which would make the prediction of those dimensions more distinct, in accordance with Fletcher's (2004) guidelines.

Hutchinson and Purcell (2004), on the other hand, proposed acquiring some information on specific issues or dimensions, namely, objectives and competence, – (whether individuals were performing below, within or above the requirements of the role). These factors were found helpful in addressing the investigative question two; - the extent determinants predict different dimensions of effectiveness of an employee performance appraisal. In addition, training, – (what training the individual had received in the assessment period and what training or development they would like to receive in the future); and actions, – (a note of actions that ought to be carried out by the individual or the appraiser) were also addressed.

Task performance defined as the direction, amplitude, and persistence of individual employee work behaviour on a given task (Hosie, 2003), was achieved by holding constant the effects of aptitude, skill, job knowledge, and situational constraints operating in the immediate work environment (Campbell & Pritchard, 1976). Figure 3.1, presented the intermediate stage of the integration critical for developing the theoretical model.

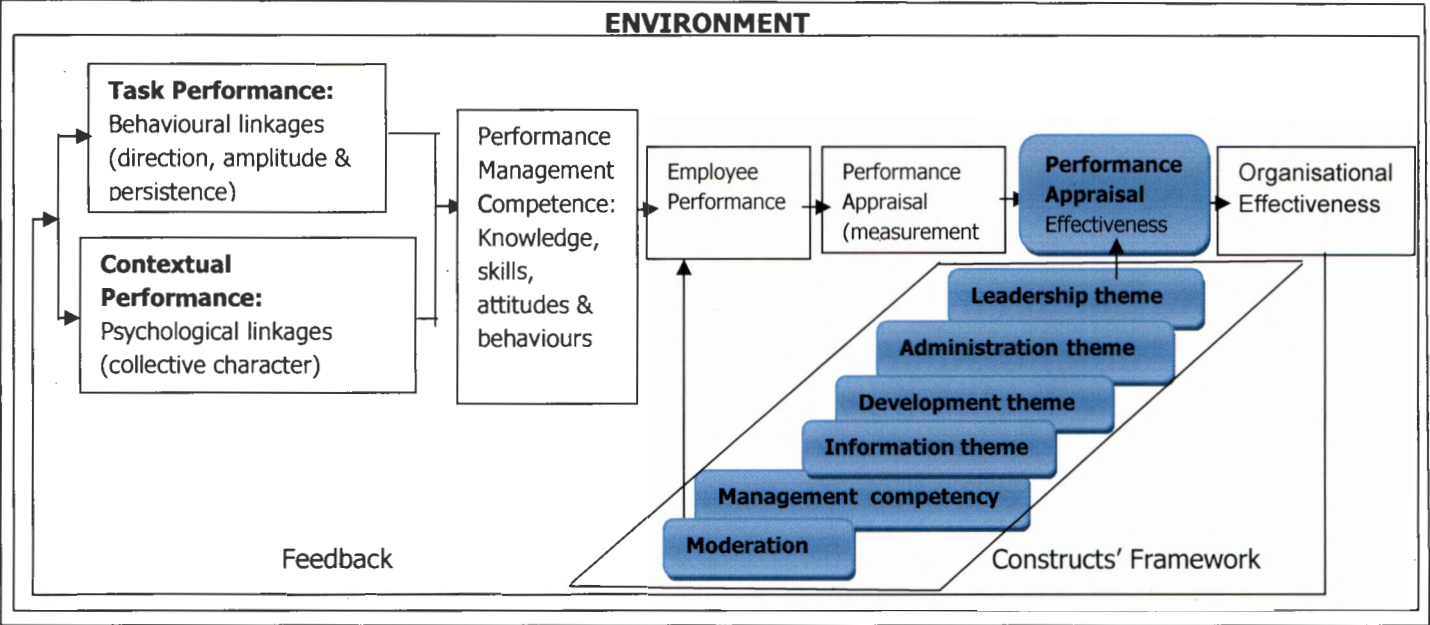


Figure 3.1: Task/Contextual performance in Appraisals' Constructs (Modified from Boyatzis, 1982, 174)

The focus was on finding the relationships among performance constructs (themes), concepts, dimensions, measures, and determinants in the performance appraisal process that made integrated linkages in the theoretical model. To investigate those relationships and to be able to determine the extent of the prediction, it was necessary to establish measures of those task and contextual performance variables. Those measures included those of management competency (Boyatzis, 1982) and performance appraisal effectiveness (Finn, 1993). For the purposes of this research, instruments had to be developed to provide measures for those variables critical for performance appraisal effectiveness. Contextual performance signified the psychological linkages between people, and the concept was presented in a form of contributions to the organisation that were intangible and have uncertain or indirect rewards compared to task performance (Organ & Paine, 1997).

Contextual performance enhanced the linkages among employees and thereby sustained the collective character of the organisation, however, the extent to which the determinants could predict appraisal's effectiveness based on contextual variables was that clear. Next, the third investigative question was addressed through examining specific measurements of performance variables.

3.2.4 Investigative Question 3: Did positive determinants of performance appraisal automatically result in its enhanced effectiveness without proper leadership?

Literature review appeared to support that the major determinants of appraisal, which were identified, tended to relate positively with its effectiveness only in the presence of good leadership (Ulrich, 2008; Kelley, 2005). Without proper leadership, the appraisal process appeared to have been ineffective. Thus Ulrich et al. (2008) concurred that leadership was important in organisational activities (appraisal) success, and argued that most individuals were predisposed to one of the four roles; some enjoy living in the abstract and future world of strategic leadership, whilst others were in the concrete and actionable execution space (administration).

Some were comfortable with the social setting required of talent (management competency), whilst others were gifted at developing future talents (development). When aligned appropriately those leadership roles would enhance appraisal effectiveness. Those were integrated into the five-rule leadership code, in which leadership appeared to create and influence positively the performance of activities in those areas. That is, as leaders moved up the ranks of the organisation into more senior roles, they needed to expand out from their predisposition and learn to master the rules to play all four roles successfully (Ulrich et al., 2008). Deal and Kennedy's (1982) measurement of organisations in Feedback, Risk and Reward, which resulted into four classifications of organisational culture, challenged the development of a model that will measures the key concepts, constructs, and determinants.

Thus, it was critically important have good leaders to measure relations between the performance outcomes and functions/behaviours to ensure that each component was able to determine how effectively the performance appraisal system worked, contended Van Der Waladt (2004). That was supported by studies by Hosie (2003) and Bayatzis (1982) that measures of performance appraisal effectiveness were centred on the measurement of factors of the task and contextual performance of an employee, which could be achieved under good leadership and management.

According to Motowidlo et al. (1997), task and contextual performance variables were critical for performance appraisal success, thus they were integrated into a theoretical/normative model, which attempted to address the research problem through the investigative questions. Task performance varied across jobs and differentiates jobs and centred on the proficiency with which task activities were accomplished in terms of differences, found in individual knowledge, skills, and capabilities, whilst contextual performance was common to most jobs and related more to differences in individual disposition, in social and psychological environment in which the technical core must flourish (Motowidlo et al., 1997).

The multitrait-multimethod matrices (MTMM) of Borman and Brush (1993) were measures that appeared appropriate for use in this study. Kelley (2005) established relationships between leadership (process and style), culture, climate, management competency and effective organisations, when comparing relationships between selected dimensions. Those were dimensions of the leadership process, managerial competency and measures of school culture and climate. Fogg (2002) and Freeman (2002) apparently concurred that only a leader who was equipped with skills to handle a complex, rapidly-changing environment could influence the reforms that led to success in performance appraisals.

- Measures of Key Constructs

In previous studies by the Aberdeen Group (2008), organisations did not seem to see the use of measures in performance appraisal.

Appraisals were needed to benchmark their climate, culture, and communications content against competition, which required understanding and measurement of key factors (constructs and determinants). That was translated into various stages of the development of an integrated model of a performance appraisal process –the theoretical model. In conclusion, the measures of key constructs were summarised as follows:

- Leadership variables: Leader Behaviour Analysis II (LBAII) by Zigarmi, Edeburn and Blanchard (1995) to measure leadership as a complex interaction between the leader and the social and organisational environment (styles, effectiveness and flexibility). The Emotional Intelligence Index (EII) by Palmer, Walls, Burgess and Stough (2001, in Ozga, 2007) and the 11- Item and 5-scale Leadership Index by McManus (2007, in Ozga, 2007) attempts to measure and improve the leadership process in organisations, and the leadership code: five rules leaders should use of Ulrich et al. (2008);
- Administration variables (Self-devised 75-item scale of managers' task performance developed from Borman and Brush (1993) 18-dimensional taxonomy. Subscale items developed to measure 'Judgement' and 'Organisational Effectiveness' (Quinn et al., 1996);
- Development variables (employee empowerment): The Four Perspective Balances Scorecard Approach of Kaplan and Norton's (1996) were employed;
- Information variables (Effective communication): Zoghaib's (1988, in Gillen, 207) Communication Effectiveness Index (CETI) was used to measure the effectiveness of communication;
- Management competency variables: (competency, task and contextual performance of managers): Self-devised 22-item scale of the contextual performance of managers developed from the 5-dimensional taxonomy of Borman and Motowidlo (1997) was employed; and
- Moderation variables (motivation, satisfaction and expectations of employees): The 7-item subscales by Sevastos (1996) were used.

The EPMDS Measurement scale is shown in Appendix 2. Next, relevant theories and models of performance appraisals were explored to address the fourth question.

3.2.5 Investigative question 4: what are the blockage reasons which impact on the EPMDS effectiveness?

In conceptualising performance appraisal both the systems theory and reinforcement theory were found applicable, in accordance with Kreitner and Kinicki (1998). The systems theory explained that good performance was a consequence of a sequential process of transforming inputs into required outputs, and that naturally human behaviour was directed towards a goal. There could be stumbling blocks at any stage of the process, which ought to be addressed. The reinforcement theory, on the other hand, was concerned with improving performance through feedback and contingent consequences, averred Kreitner and Kinicki (1998).

A number of theories were informed the study and practice of performance appraisal (Hosie, 2003, Kaplan & Norton, 2005) and the investigative questions (Radnor & McGuire, 2003) to ensure hypotheses were refined in readiness for testing. Despite the proliferation of literature and publications concerned with performance, there was limited research found that examined various aspects of performance appraisals (Borman, & Brush, 1993, 1995; Radnor & McGuire, 2003), Appendix 1. None was found identifying and examining the major factors determining the effectiveness of appraisal specifically in relation to performance, or examining the main stumbling blocks to appraisals' success.

There was a critical gap that this study hoped to examine and address in answering this investigative question. This will require identifying the determinants of performance appraisal, establishing the extent to which they predict different dimensions of its effectiveness, and determining the degree and magnitude of their influence, as well as establishing concrete blocks that prevent the effective application of the EPMDS. Many studies of social phenomena subscribe to a positivist perspective of organisations (Hosie, 2003; Gioia & Pitre, 1990; Burrell & 1979). Two approaches of research into the nature of the work of an individual employee, the unitarist and the functionalist, have emerged since the 60s (Hosie, 2003 in Martinko & Gardner, 1990; Boyatzis, 1982).

Some studies in employee performance focused on employee activities and behaviours and not on the relationship between what employees do and what they actually achieve (Hosie, 2003 cited in Stewart, 1989). The unitarist approached employees from a growth perspective, by the functions, behaviours, roles, and decisions made at work (Borman & Brush, 1993), whilst the functionalist perspective emphasised the measurement of the objective output of an employee as an indicator of effectiveness (Quinn et al., 1996). They identified productivity, profit, stability, continuity, commitment, cohesion, morale, adaptability, and external support as functionalist criteria for organisational success. If those factors were not addressed effectively, in the initial stages of the process, they could negatively influence the appraisals' effectiveness (Luthans, Welsh & Lewis, 1988).

In that regard, performance appraisal was conceived as part of a broader performance management system, which was the view of the current researcher, that performance appraisal, specifically the EPMDS, was more than mere assessment, it incorporated communication, management, development, feedback and remedial actions as well (FSPG HRH, 2003; 2007). That was precisely the purpose for which the EPMDS was intended. From the functionalist point of view, the effectiveness of an employee was seen as a quantifiable construct, a social constructivist perspective, based on the assumption that organisational phenomena were socially constructed Hosie (2003, in Cammock, Nilakant & Dakin, 1995).

Unitarist, on the other hand, viewed it as quantified functional (management), developmental, decision making (strategic), or behavioural construct (leading/influencing) (Hosie, 2003). Both perspectives had critical factors which required special consideration to enhance the effectiveness of the process. Consequently, the current researcher required to examine briefly various unitarist and functionalist theories and schools, listed as Measurement, Appraisal interview, Social Cognitive Process, and Performance Management schools of performance appraisal, in order to give a comprehensive answer to the investigative question. Those are discussed and integrated under the unitarist approach, and the development of the theoretical model.

In terms of the social functional constructivist perspectives of employee performance, theories reviewed included Maslow's need hierarchy, Human needs, Theory X and Y, Two Factor, Motivation, Expectancy, Goal-Setting, Performance, Attribution, Reinforcement, Self-Efficacy, Work Adjustment, Individual differences, Competence, Contingency, and the Competing Values Framework. The following section critiqued contemporary theories of employee performance in order to contextualise the concept of a unitarist performance appraisal in terms of the blockage reasons in the appraisal effectiveness, summarised in Table 3.1, and only a few were expanded in detail. Next, the fifth investigative question was examined.

3.2.6 Investigative Question 5: What was the association between the moderation variables and employees' motivation and expectations?

The functionalist view has been criticised for failing to provide a comprehensive perspective of organisational phenomena (Hosie, 2003; Gioia & Pitre, 1990; Rao & Pasmore, 1989). Integrating the functionalist (which is the task performance) and social constructivist (contextual performance) offered a holistic conceptualisation of employee performance in relation to performance appraisal, as illustrated in Table 3.1.

Table: 3.1: Conceptual relationship between schools and theories (social constructivist perspectives)

THEORY		SCHOOL			
		Measurement	Appraisal Interview	Social Cognitive	Performance Management
Human Need	Johnston (1979)		Partially	Partially	Yes
Motivation	McClelland (1975)	Partially	Yes	Partially	Yes
Expectancy	Vroom (1964 in Rudman, 2004)		Yes	Partially	Yes
Performance	Quinn et al. (1997)	Yes	Yes		Yes
Attribution	George & Jones (1996)	Yes	Yes	Yes	Partially
Self-Efficacy	Bandura (1977)		Partially	Partially	Yes
Contingency	Fiedler et al. (Pfeffer, 1982; 1996)		Yes		Yes
Individual differences	Motowildo, Borman & Schmit (1993)		Partially	Partially	Yes
Competence	Spencer & Spencer (1993)	Yes	Partially	Yes	Partially
Competing Values Framework	Quinn et al. (1996)		Yes		Partially

The social constructivist perspective of employee performance was informed by theories such as the Motivation Theory (McClelland, 1975). Other theories included the Theory of Human Needs (Johnston, 1979), the Expectancy Theory (Rudman, 2004, in Vroom, 1964), the Theory of Individual Differences (Motowildo, Borman & Schmit, 1977; Borman & Motowildo, 1993), the Self-Efficacy Theory (Bandura, 1998), the Social Cognition Theory (Bandura, 1999), the Attribution Theory (George & Jones, 1996, cited in De Vader, Bateson & Lord, 1986; 1984), the Contingency Theory (Pfeffer & Veiga, 1982; Jones, 1995), the Performance Theory (Galini, 1979 in Rudman, 2004; Motowildo, Borman & Schmit, 1997), the Competency Theory (McClelland, 1973; Spencer & Spencer, 1993), and the Competing Values Framework Theory of Quinn (1988), which informed by and complements the attribution and self-efficacy theory.

Each theory influenced the conceptualisation and operationalisation of the performance of an employee in one way or another. Relevant aspects of those theories were examined, because they were also core to the effectiveness of performance appraisals. Motivation Theory and the Theory of Human Needs (McClelland, 1975; Johnston, 1979) referred to motivation as being important for all leaders and employees (managers and workers reporting to them). Campbell and Pritchard (1976) defined motivation as a psychological force that affected the choice to initiate effort on a certain task and a choice to expend a certain amount of effort. It, however, impacted on the propensity to continue expending effort over a period of time.

Vroom's (Fisher et al., 2003 cited in Vroom 1964) Expectancy theory was about the choices people made and the process of making those choices. In performance theory, Quinn et al. (1996) compared the differences between the desired with the actual behaviour an employee exhibited on job that was determined by the contribution of an employee to achieving organisational goals. Reaching consensus on the dimensions of employee performance and performance appraisal was challenging, in that organisational goals were diverse. Owing to the broad similarities between organisational goals and employee performance demands, however, Hosie (2003) justified a framework for defining employee performance for many categories of jobs that was appropriately applicable in this study to address performance appraisal effectiveness.

Those performance concepts, constructs, dimensions, and measures were linked to employee performance in the appraisal process to influence the effectiveness of the EPMDS, in the attainment of organisational goals (outcomes). In the Theory of Individual Differences, Borman et al. (1997) predicted that the type of knowledge, skills, capabilities, and work habits associated with task performance were different to those associated with contextual performance, which was critical in examining the degree and magnitude the major determinants predicted different constructs (dimensions) which would make the EPMDS work effectively. They continued by arguing that performance should constitute task and contextual activities in conceptualising performance appraisals.

By extending the theory into contextual and task performance, leaders and managers were able to predict certain things: the frequency and value of attribution of actions, which enabled one to predict behavioural episodes in employee performance. Those episodes were determined by the application of knowledge, capabilities, skills and work habits of an employee. To address the employee performance appraisal in a more comprehensive manner, the current researcher subscribed to performance consisting of the task and contextual components and measurements which were aligned in the theoretical framework in order to answer the fifth investigative question.

In attribution theory, Rudman (2004, in Heider, 1958) attempted to find a cause and a person's knowledge of the environment. That was critical in examining the performance appraisal effectiveness in this study, about which employees had numerous perceptions that impacted on their motivation and expectations, – the key determinants of the moderation construct, which influenced performance appraisals' effectiveness. Rudman (2004, in Booth-Butterfield, 1996), George and Jones (1996) explained that making attributions gave order and predictability to our lives and helped us to cope. When an employee made attributions he/she analysed the situation by making inferences (going beyond the information given) about the dispositions of others and himself/herself as well as inferences about the environment and how it might be causing a person to behave.

Bandura's (1999; 1998) self-efficacy theory determined the belief of people in their capacity to perform a task successfully, and making functional or behavioural choices.

In Self-efficacy, leadership and management influenced employee performance through functional or behavioural choices, such as goal, motivation, expectations, commitment, and effort. It included a wide range of predictors of employee performance levels for a specific task or performance (Gist & Mitchell, 1992) that could be associated with performance appraisal (Barling & Beattie, 1983) relevant to the effectiveness of the EPMDS. Wood and Bandura (1999) conceptualised self-efficacy as the belief in one's capabilities to mobilise the motivation, cognitive resources, and courses of action needed to respond to challenges. Viewed from the employee performance perspective, Whetton and Cameron (1991; 1995) saw self-efficacy as an empowerment of employees to acquire confidence and feelings.

That was that they possessed the capability and competency to perform better and have ownership and a sense of belonging, which would make them actively involved in organisational activities, like appraisals. In contingent theory (Jones, 1995), an organisation designed its external structure to fit the organisational environment that was in areas in which it operated to maximise the control of its external environment (Jones, 1995; Pfeffer & Veiga, 1999), which was not possible in performance appraisals. That structure was controlled by organisational internal and external environmental forces.

Critics of contingency theory (Scott, 2003; Houk, Adams & Barto, 1995) argued that there was an over-emphasis on the environment as a determinant of organisational effectiveness. Instead, they insisted that tailoring the fit between structure and the environment was not a unidirectional process but a two-way one. Adair's (in Fisher et al., 2003) functional leadership theory model perceives leadership not as a person but rather as a set of functions and behaviours which helped a group perform their task or reach their goal. Leadership operated in three areas – task, team, and individuals – used with success in the British military, though it appeared an oversimplification of reality (Fisher et al., 2003). Finally, the sixth investigative question was discussed.

3.2.7 Investigative Question 6: How were the findings to be integrated with workplace initiatives to enhance the effectiveness of the current EPMDS?

A number of theories were examined to analyse the unitarist perspective of appraisals, depicted in Table 3.2.

Table: 3.2: Unitarist Conceptual Relationship between schools/ theories (Modified from Hosie, 2003: 66)

THEORY		SCHOOL			
	Source	Measurement	Appraisal Interview	Social Cognitive	Performance Management
Need Hierarchy	Maslow (1996, 1968)		Yes	Partially	Yes
Theory X and Y	McGregor (1972)	Partially	Yes	Partially	Yes
Two Factor	Hertzberg (Rudman, 2004)	Partially	Yes	Partially	Yes
Equity	Adams (1964 cited in Rudman, 2004)	Partially	Yes	Yes	Yes
Systems	Kreitner & Kinicki (1998)	Yes	Yes		Yes
Goal-Setting	Latham & Locke (1983)	Partially	Yes	Partially	Yes
Situational Leadership	Hersey, Blanchard & Johnson (2001; 1988)		Yes		Partially
Leadership Code	Ulrich et al.(2008)	Partially	Yes	Partially	Yes

Each theory influenced the conceptualisation and operationalisation of the performance of employees in one way or another, and performance appraisals in terms of the determinant variables, the independent variables critical for the effectiveness of appraisals. Each could be a success story or a blockage, depending on the preparedness of the role player of the project. Relevant aspects of theories for various determinants were further examined because of their importance in the phenomena and constructs in the current study, to ensure that the findings were applicable to the workplace initiatives that enhanced the effectiveness of the current EPMDS, - the sixth investigative question.

Those theories were the Need hierarchy Theory (Maslow, 1996; Rudman, 2004), Theory X and Theory Y (Rudman, 2004 cited in McGregor, 1972), the Two Factor Theory (Motivation & Hygiene) (Hertzberg, 1966), the Equity Theory (Fisher et al., 2003 cited in Adams, 1963), and the Reward-Reinforcement Theory (Robbins, 2004).

Others included the Systems Theory (Kreitner & Kinicki, 1998 cited in Ash, 1992 & Lewin, 1979), the Goal-Setting Theory (Locke & Latham, 2002), the Situational Leadership Theory (Hersey & Blanchard, 1988), and the Leadership code (Ulrich et al., 2008).



Figure 3.2: Abraham Maslow's Need-Satisfaction Model (Source: Maslow, 1996: 24)

Abraham Maslow's (1996) five levels Hierarchy of Needs were considered to be relevant for this research, which was especially critical in terms of motivating employees to progress from one level to another, and their unrealistic expectations. That is from a lower level (the physiological level 1) to a higher one (safety level 2 or social level 3) as summarised in Figure 3.2. Maslow's theory was perceived to be simple and practical in a performance appraisal context, according to Kreitner and Kinicki (1998). For example, "it may be difficult to motivate employees to achieve the organisational goals (level 4) while they are having personal problems, like a sick child or a spouse misbehaving (level 3).

It may not be possible to expect someone to participate in any team work (level 3) when they are having a driving charge with the traffic department or appointment for an operation (level 2)," (1998 195). It was interesting to note that Maslow's Five Hierarchical Needs levels had not been subjected to empirical testing and could only be used with caution (Kreitner & Kinicki, 1998: 195). Owing to its contribution to employee motivation and expectations, however, Maslow's theory was relevant to this study.

In McGregor's (1972 cited in Robbins, 2004) Theory X and Theory Y, Theory X took a rather pessimistic view of employees and naturally adopted a more authoritarian style based on the threat of punishment, which did not go down very well with the unionised workers of today and led to an intensified hierarchical organisational structure of top-down management and control in an environment of mistrust and rebellion. Theory Y allowed firms to flourish, whilst employees exercised control and take decisions.

Employees were viewed in a more positive way as: - ambitious, self-motivated, more keen to accept greater responsibility and exercise self-control, having self-direction, autonomy and empowerment, – a positive set of assumptions about workers. A thorough review of the Human Side of Enterprise revealed McGregor as advocating that managers should be open to a more positive workforce (McGregor, 1972, in Robbins, 2004). In this theory McGregor argued that a job has certain occupational factors that may cause satisfaction, whilst a separate set of factors may cause dissatisfaction.

He viewed people as being influenced by two sets of factors, the motivators and hygienic factors (Rudman, 2004: 163). The Motivator-Hygiene concept is still well regarded, even though satisfaction and dissatisfaction were generally no longer considered to exist on separate scales, and their separation has been identified as an artefact of the Critical Incident Technique (CIT) used by Herzberg to record events (Swanepoel, 2000). Harrison and Carroll (1991: 552-582) argued that "the theory does not allow for individual differences, such as particular personality traits and attitudes that may affect the individuals' unique responses to motivating or hygiene factors are omitted." Most basic criticism against Herzberg's theory was mainly that both theories contained the relatively explicit assumption that happy-satisfied workers produce more (Hosie, 2003). Ackerman and Heggstad (1997: 219-245) concur that those theories were concerned with explaining "average" behaviour, and "if playing a better game of golf is the means chosen to satisfy one's need for recognition, then one will find ways to play and think about golf more often, perhaps resulting in an accompanying lower output on the job." Those theories were useful in establishing how the findings of this study were integrated with the workplace activities, in attempt to make the appraisal effective.

In that case, a person might take a balanced view and strive to pursue several behavioural paths in an effort to achieve a combination of personal status objectives, - the stance of the current researcher, which determined expectations or estimated probability of a person that a given behaviour brought a valued outcome that influenced his/her choice of means and the effort he/she would devote to those means (Swanepoel, 2000). According to Adam's (1964, cited in Fisher et al., 2003) Equity theory, Figure 3.3, employees sought a fair balance between what they put into and got out of the job, – the inputs/outputs equilibrium. Those variables formed perceptions of what constituted a fair balance or trade of inputs and outputs, which was done by comparing their own situation with that of other referents (reference points or examples) in the market place. Thus, those perceptions were also influenced by colleagues, friends, and partners in establishing those benchmarks and one's own responses to them in relation to one's own ratio of inputs to outputs (Fisher et al., 2003), which would amplify any inconsistency in appraisal to its detriment.

INPUTS	PROCESSES	OUTPUTS
Inputs are typically: effort, loyalty, hard work, commitment, skill, ability, adaptability, flexibility, tolerance, major determinants, heart and soul, enthusiasm, trust in leaders, managers and superiors, support of colleagues and subordinates and personal sacrifice.	Employees have perceptions, attitudes and needs, need to feel that there is a fair balance between inputs and outputs	Outputs are typically all financial rewards - salary, expenses, perks, benefits, pension arrangements, bonus/commission - plus intangibles - recognition, reputation, praise and thanks, interest, responsibility, stimulus, travel, empowerment, training, development, sense of achievement/ advancement, promotion, productivity and teamwork.

Figure 3.3: Adam's Equity Theory Model (Modified from Fisher et al., 2003: 347)

The Reward Reinforcement Theory is behaviouristic in perspective and asserts that reinforcement conditions behaviour, according to Robbins (2004). Previous studies (Deci & Ryan, 1985; Geen, 1995) had shown that if the person received the reward immediately, the effect would be greater, and that decreased as duration lengthened. Repetitive action-reward combination could cause the action to become habit, which was critical in the reward system of the EPMDS, where the main focus of employees and management was on monetary rewards (bonuses, salary increments, and promotion) rather than empowerment through the training/development of employees (FSPG HRM, 2003/4).

According to Kreitner and Kinicki (1998: 189), a systems theory referred to "a framework for viewing interrelationships instead of things based on the presupposition that good performance eventuated from a sequential process of converting input into desirable outputs." In this regard, actions or behaviours were goal directed, with natural intervals between actions and consequences. Kurt (1979 in Cornelius, 2001) referred to systems theory as a framework fundamental to an organisational aimed at modelling and designing human organisations including performance appraisal.

He was particularly influential in developing the systems perspective within organisational theory, and his frustration with behavioural psychologies became an obstacle to sustainable work in psychology (Kurt, 1979 cited in Ash 1992: 198-207). In line with Adam's equity, the systems theory proposed that inputs should be translated into outputs through detailed processes created and influenced by leadership during planning, and executed by management during implementation. The theory advocated a proficient, effective leadership and a competent, collaborative-consultative management, in an effective information system with the capabilities of advancing the goals of an organisation. Those three factors, were repeatedly found mentioned as key determinants of an effective performance appraisal, which, when achieved in a performance learning culture and aligned with the objectives of employees enhanced performance appraisal effectiveness. The systems approach to organisations relied heavily upon achieving negative entropy, which was attained through openness and feedback, emphasising the need for effective communication, IT and MIS (Kahler, 2007).

Rudman (2004) added that the systems theory gave primacy to interrelationships, not to elements of the system, from which new properties of the system usually emerged. In recent years, systems-thinking has been developed to provide techniques for studying systems in holistic ways to supplement traditional, reductionistic methods (Rudman, 2004). In this more recent tradition, systems theory in organisational studies was considered as a natural sciences humanistic extension. In general, in systems theory, all role players were clarified in a progressive link that constituted the framework.

It was on that basis that this study of the EPMDS' ineffectiveness was founded in attempt to find answer to the sixth research question (FSPG HRM, 2003; 2006; 2007). Proponents of the systems theory argued that inputs should be translated into outputs through a detailed process developed by management during planning (Rudman, 2004, in Spangeberg and Theron, 2001). Inputs, processes, linkages (gaps) and the outputs were linked, as simplified in Figure 3.4.

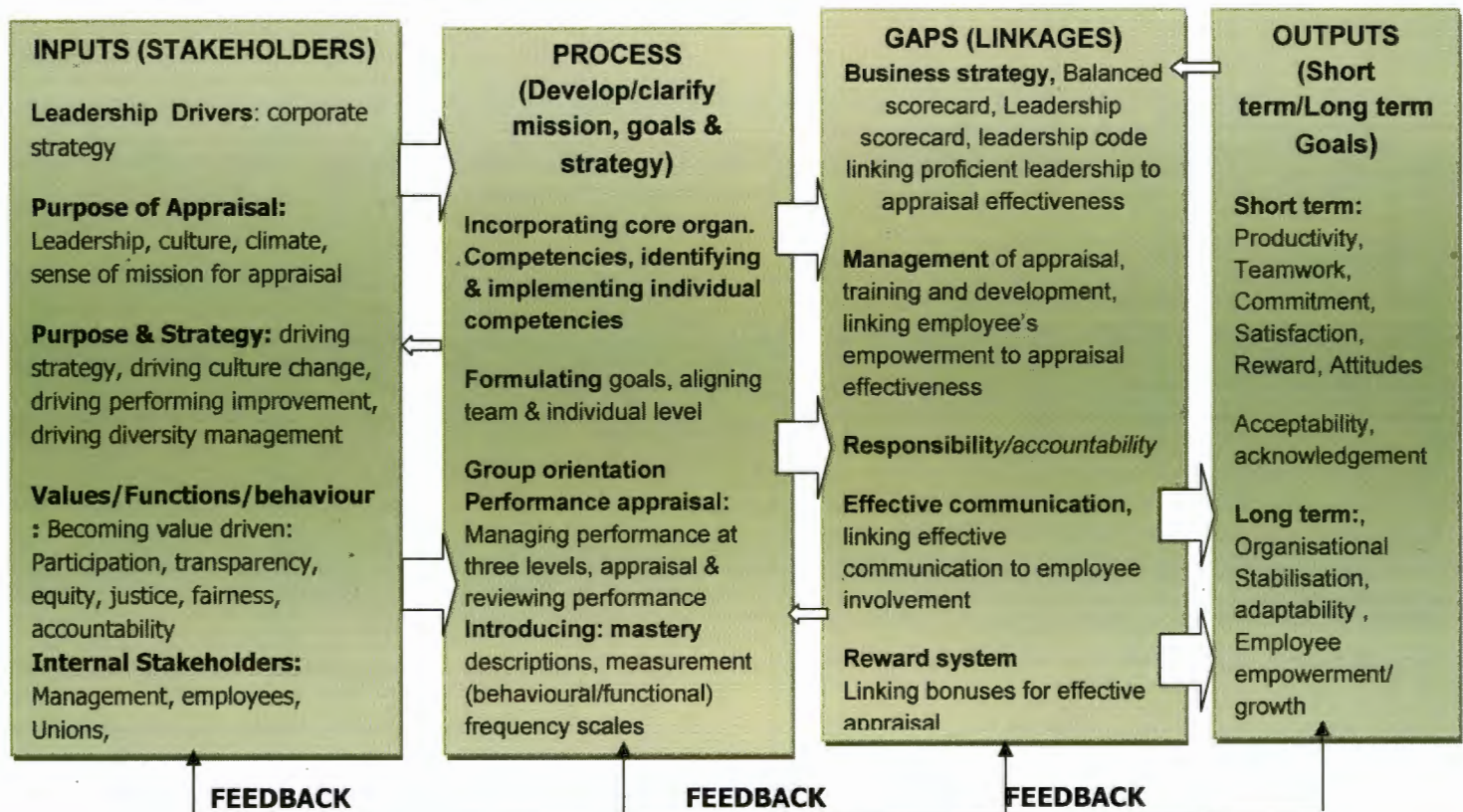


Figure 3.4: Systems Approach to Performance Appraisal (Modified from Rudman, in Spangeberg, 1995b: 38)

Spangeberg and Theron (2001, in Rudman, 2004) argued that proficient leadership and a consultative management approach should be developed, in order to give leadership and management the capacity to develop organisational leadership variables and link them with employee needs. Leadership variables would be communicated to every employee appropriately, in a timely and effective manner to generate appropriate response and feedback. Such effective management of information systems (MIS) would enhance communication, which, in turn, would improve the effectiveness of the appraisal system.

The systems theory acknowledged all role players and it was development-centred, which was critically relevant for the South African government Departmental of Health in terms of the EPMDS effectiveness. According to Rudman (2004, in Spangeberg & Theron, 2001: 35), "an effective performance appraisal and management are greatly induced by inputs." That implied that for the appraisal to work effectively it required addressing key constructs, namely leadership, management competency, and effective communication to ensure that all required inputs were made available through integration and alignment.

Latham and Locke's Goal-setting theory (1983, in Robbins, 2004: 220-225) perceived that "individuals sometimes have a drive to reach a clearly defined end state –the goal that clarifies exactly what the employee should do and how much effort will be required to attain organisation's goals." Their argument that complex goals tended to lead to improved employee performance was supported by Robbins' (2004: 241) that specific goals motivated employees better than general goals in aiming to perform towards identified organisational goals.

In situational leadership theory, Hersey, Blanchard (1988) and Hersey, Blanchard and Natemeyer (2001) made the assumption that leaders adapted their style to their employee's development style (or growth and maturity), based on the willingness of employees to perform required tasks – motivation, satisfaction, and development (Armstrong & Appelbaum, 2003). They proposed a model, in which leadership was task focused or people-focused, with four styles or processes (labelled S1 to S4) that matched the development levels (D1 to D4) of the followers (Hersey et al., 2001).

In the leadership code, Ulrich et al. (2008) proposed five rules by which leaders should influence others and they argued that all leaders should aspire to be effective and proficient, whilst management required appropriate competency. The literature was reviewed to establish major factors identified as being responsible for the ineffectiveness of the EPMDS (Fisher et al., 2003; Rudman, 2004; Ulrich et al., 2008). Importantly, the leadership code, Boyatzis' (1982) effective performance model, the balanced scorecard of Kaplan and Norton (1999), and the competing value framework of Quinn (1988).

These were perceived to provide a suitable foundation for developing the theoretical/normative model to address the investigative questions to ensure that appraisals worked effectively. Next, performance appraisal systems commonly used in performance appraisals were examined in the context of the objectives of the study to enforce the development of the theoretical/normative model.

3.3 Methods or Systems of the Performance Appraisal

In this section, a brief review theoretical literature about performance appraisals was made, which were popularly used over time, and their evolution was studied. Firstly, the origin and the concept 'performance management,' were defined to establish its relationship and linkage to 'performance appraisal.' Secondly, a number of concepts, constructs, dimensions, and measures were defined and aligned in logical, integrated links for organisational effectiveness in order to address the main objective. The road map progress of performance appraisal was tracked from the simplest way of the thinking (concept/thought evolution) into contemporary modern systems thinking.

Initially, according to Brayfield and Crockett (1955 in Rudman, 2004), the attempt was to measure some kind of productivity and to motivate employees to work harder. Next, that was integrated and linked to organisational goals and people having to achieve targets around performance measures (such as goals, objectives, or KPAs) (Appleby, 1981). That gave rise to systems thinking (Robbins, 2004) and the attempt to create integrated organisational and management performance or employee performance systems. Then, came different performance appraisal systems: - MBO, BARS, BOS, the 360° assessment, the systems theory, the effective job performance, leadership scorecard, performance prism, the leadership code, and the EPMDS, as was explained in the next section.

3.3.1 Methods commonly used

The methods which commonly used in the South African government departments were discussed in this section to identify the gaps or missing links required to be remedied.

This was in order to establish the association among various determinants that would answer the investigative questions, and make the EPMD work effectively. Rudman, (2004) used the term the 'performance planning and review system' to refer to performance appraisal, whilst Schmickl (2007) argued that the leadership scorecard ought to be a tool for creating effective leadership support, and reaffirmed its usefulness.

He contended that its focus on the continuous (performance) improvement culture was critical towards building a strong internal organisational service structure, which was necessary for the effectiveness of performance appraisals, and, in turn, enhanced the effectiveness of the organisation in meeting intended goals and objectives. Inevitably, that list was not exhaustive because more and more appraisal systems were being developed to supplement or replace the old ones. For instance, the leadership code of Ulrich et al. (2008) was transforming leadership and management into a lifestyle. It was, however, generally acceptable to categorise the appraisal methods according to the way they assessed performance (Kaplan & Norton, 1993; 1996; 2005; Rudman, 2004; Armstrong & Baron, 1998; 2005), summarised in Appendix 1.

This table summarised attributes, advantages, and disadvantages of some methods relevant to this study, such as Comparison or ranking methods, Standards-based reviews, Feedback Methods, and Result Orientated reviews, - only a few were examined in detail. Category Rating Methods: - included graphic rating scales, non-graphic rating scales, and a checklist of critical incidents (Carrol & Scheiener, 1982; Grobler et al., 2000), whilst Figure 3.5 illustrated the basic performance appraisal model.

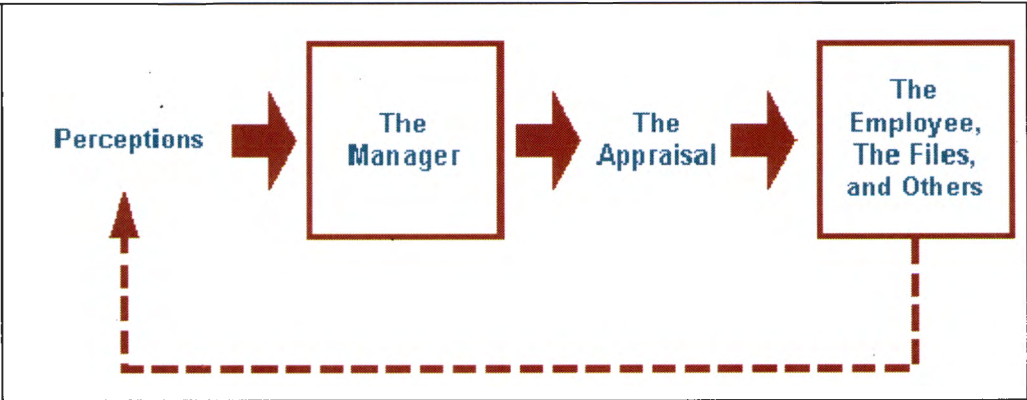


Figure 3.5: Basic Performance Appraisal Model (Source: Rudman, 2004: 62)

A graphic rating scale had a set of performance factors that incorporated quantity and quality of work, depth of knowledge, working together, loyalty, honesty, and initiative (Robbins, 2004: 577). A non-graphic scale, on the other hand, gave a description of an individual point captured rather than the score of the ratee and was seen as being more valid than the graphic scale. The checklist of critical incidents simply implied the ticking right or wrong of the employee performance effectiveness by the manager (Carrol & Scheiener, 1982). Comparative or ranking methods were often referred to as graphic rating scales, the simplest and easiest to use, and they were used to increase variations between employees. In addition, they were used to indicate how employees compared with one another (Sarkar, 2000), and included the straight ranking, forced distribution, and paired comparisons methods (Swanepoel, 2000; Grobler et al., 2006).

Behavioural/Objective methods included standards-based review methods like comparison/ranking methods, and concentrate on characteristics or traits of an employee, rather than a person's actual performance/behaviour (Schneier & Beatty, 1979). The traits assessed on those scales included employee attributes such as cooperation, communications ability, initiative, punctuality, and technical (work skills) competence (Kaufman, 1988). The one major provision in selecting traits was that they had to be in some way relevant to the job of the person being appraised. The traits selected by some organisations might not be a good idea and could result in legal action on the grounds of discrimination.

The greatest advantage of rating scales was that they were structured and standardised (Pfeffer & Salancik, 1978; Pfeffer & Veiga, 1999), which allowed ratings to be compared and contrasted easily, – even for the entire workforce. Each employee was subjected to the same basic appraisal process and rating criteria, with the same range of responses, which encouraged equality in the treatment of all appraisees and imposed standard measures of performance across all parts of the organisation. Rating scale methods were easy to use and understand (Rudman, 2004). Rating scales and the traits they purport to measure generally encapsulated all the relevant indicators of employee performance (Phillips, 1984).

There was an assumption that all the true and best indicators of performance were included, and all false and irrelevant indicators excluded. Feedback Methods (including the traditional feedback): were the usual and most common of the appraisal methods, with the upward feedback method and 360° feedback being the most popular of the feedback methods (Grobler et al., 2006, Eichinger, 2004; Cornelius, 2001).

Cornelius (2001) contended that data collection might be through surveys, observations, interviews, informal discussions, and structured questionnaires, - the type used in this project. The nature of the organisational hierarchy put leaders, managers, and employees in a supervisor-subordinate relationship where one party had formal power and the other was submissive. Leadership had power to create goals/strategies to influence management and employees (Avolio, 1999), whilst management was charged with executing performance activities including the reward system, which were crucial for appraisal's effectiveness. In some organisations, an upward feedback method or upward appraisal was used with success (Grobler et al., 2006). Tuck (2004) concurred that that method tended to intensify a fair and objective appraisal by using multiple data collection sources to provide a more balanced and fair presentation of the employee performance appraisal outcome.

That would be perceived by employees, which would enhance motivation and job satisfaction. In addition to the classical traditional feedback method, in an attempt to minimise or balance the power of the managers, subordinates were requested to evaluate their managers on certain pre-agreed criteria, contended Rudman (2004). 360° feedback methods addressed the question of the performance evaluation rater (Goodge, 2005). Nevertheless, the assessment methods described so far had alluded to the fact that performance reviews ought to be carried out by the employee's own managers because they were in the best position to know how their people were performing, including union leaders, clients and suppliers, who were involved in the process to provide a more comprehensive and – fair picture of employee performance – the 360° feedback method.

Eichinger (2004) argued that a common approach to assessing performance might be to use a numerical or scalar rating system whereby managers were asked to score an individual against a number of objectives/attributes. Employees also were given the opportunity to assess the person (manager) at the same time -360° appraisal, which implied that feedback came from all angles, – from below (subordinates), across (peers), and from the top (senior managers) in the organisational hierarchy, added Goodge (2005), Figure 3.6.

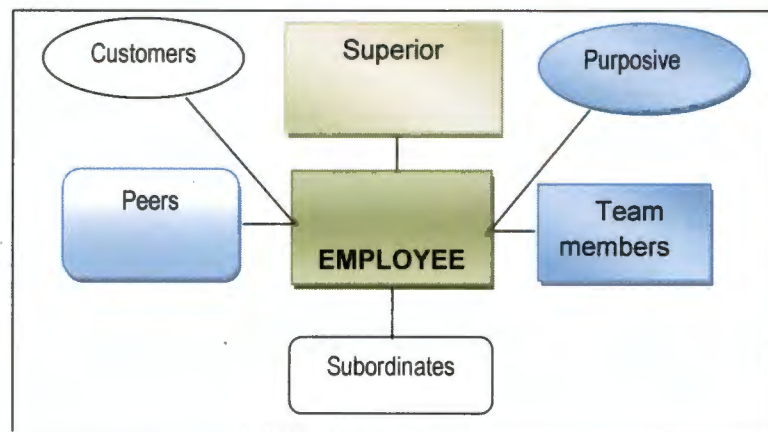


Figure 3.6: The 360° feedback model (Source: Eichinger, 2004: 266)

Another study on 360° feedbacks to leaders conducted by Arizona State University supported the hypothesis that improvement in a leader's consideration and employee development behaviours led to positive changes in job satisfaction and engagement of employees and reduced their intention to leave (Eichinger, 2004). Result Orientated reviews (MBO), being results-oriented, sought to measure employee performance by examining the extent of meeting predetermined work objectives (Locke, Shaw, Saari & Latham, 1981). Swanepoel (2000: 422) concurred that, "MBO aims at increasing organisational performance by aligning goals and subordinate objectives throughout the organisation."

It required management and employees to agree on what the employee might achieve in the period ahead, however, and (importantly) that the employee ought to accept and agree to the objectives, otherwise the commitment, teamwork, and empowerment of employees would be negatively affected, argued Taylor, Tracy, Renard, Harrison and Carroll (1995).

Sarkar (2000) contended that the importance of the MBO was the measurement and the comparison of the actual performance of the employee with the standards set. That had become the foundation on which many measures were developed. Employees got strong input by identifying their objectives, time lines for completion, and so forth. Figure 3.7 illustrated the MBO Approach.

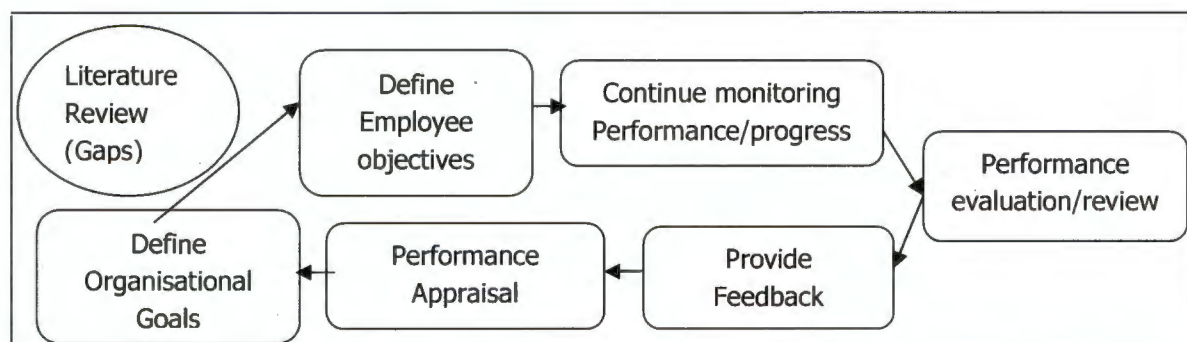


Figure 3.7: Performance Appraisal under the MBO Approach (Source: Forsyth, 2004: 79)

French and Bell (1999: 226) added that MBO usually included "ongoing tracking and feedback in the process to reach objectives and is a systematic and organised approach that allows management to focus on achievable goals and to attain the best possible results from available resources, whilst objectives are established jointly by the supervisor and the subordinate." Mali (1986) identified some of the important features and advantages of MBO listed in the table above, including motivation, better communication and coordination, and clarity of goals, which were reiterated by McNamara (1999), and were established as key determinants of performance appraisals' effectiveness.

That is "MBO brought the concept of SMART goals, namely: Specific, Measurable, Achievable, Relevant, and Time bound," (Sakar, 2000: 34). In this study, it was hoped to align and integrate the determinants of the EPMDS into a logical framework –the theoretical model, which was superimposed over the empirical model and established poor fits that were addressed to enhance its effectiveness. Competency-Based Methods focused on the significance of the task being performed and included Behaviourally Anchored Rating Scales (BARS) and Behavioural Observation Scales (BOS), according to Nel, van Dyk, Haasbroek, Schultz, Sono and Wermer (2004).

Rudman (2004) concurred that it might not be enough merely to list behavioural criteria in very brief terms, as that could be misinterpreted by leadership, managers and employees; detail ought to be given, as illustrated in Table 3.3. Saunders (2000) reiterated that BARS aimed to overcome the problems of linear or graphic scales, explained in the text, by replacing the manager's role as a judge with that of the objective observer of behaviour, which was what the EPMDS was intended. Nel et al. (2004), however, contended that BARS still involved ratings with inherent flaws, of which the most notable was that ratings themselves that were not very helpful in aiding employees improve performance because too much information ought to be lost. Fletcher (2004) added that there was the tendency for people to believe that BARS system ratings were objective, which might not have been true. Ratings could not, by definition, have been objective, because they involved in labelling and generalisations.

Tucker et al. (2002: 190) viewed BOS as a simple form of BARS, - a combination of the checklists and the rating scales, and offered advantages as listed in table 3.3. It facilitated enhancing consistency and comparability of the ratings that different managers gave different employees; enabling employees to be categorised, "for training, promotion, rewards and so on, - according to their performance; helping to overcome any potential for competitiveness between managers and employees in the assessment process; and enabling reasonably reliable comparisons to be made within and between groups of employees." Total Quality Management (TQM) and Reengineering focused more on systems rather than on the motivation of an individual employee, according to Deming (1986), to improve organisational performance at the expense of the human capital. Despite the drawbacks associated with TQM, its knowledge was critical in addressing relations among determinants and research questions in order to enhance performance appraisal effectiveness. Consequently, organisational effectiveness would be improved, based on culture and systems that supported performance learning and employee empowerment (Gillen, 2007). Evidence suggested that most effective organisations were often learning organisations, because they addressed problems as they found them in order to prevent the appraisals from being ineffective (Fisher et al., 2003). Next, the latest appraisal methods were examined in brief.

3.3.2 Current Generation Performance Appraisal Methods

Present day performance appraisal methods reviewed included the computer-based SurveyShack appraisal system, the balanced scorecard, the leadership prism, and the leadership code, to improve the foundation for the theoretical model, for addressing the investigative questions, specifically, question three, "Do positive determinants automatically result in enhanced effectiveness of the EPMDS without proper leadership?" The computer-based SurveyShack appraisal system, according to Rudman (2004), and the SurveyShack website (2009) provide an innovative internet-based survey and questionnaire project management system that took care of all data processing.

Data processing was done automatically to give a simple project administration interface. That was in order to track and send reminders to any employee who might not have responded in the time frame required, which ensured gaining a more comprehensive view of a candidate's application of skills and performance with the input of multiple participants in the candidate's assessment performance appraisals which can be carried out using single questionnaires for self assessment, or by using the SurveyShack 360° assessment tool (www.Surveystack.com. 15-12- 2009).

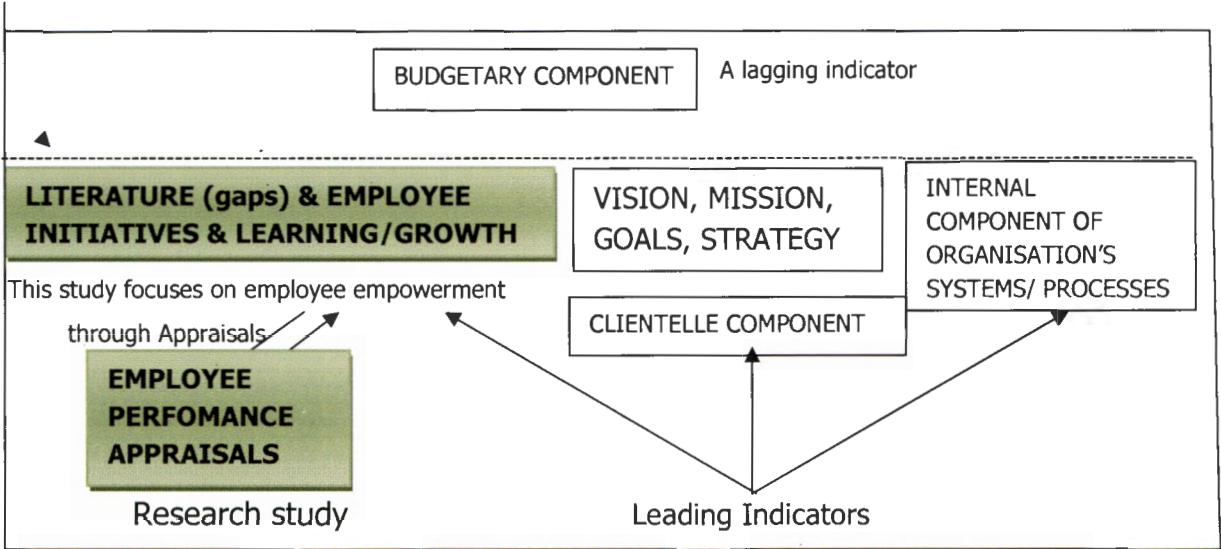


Figure 3.8: Modified Balanced Scorecard Perspectives (Modified from Kaplan & Norton, 2004: 76)

Kaplan and Norton (2004; 1996; 2005) developed the balanced scorecard that dealt with organisational performance.

Its employee learning and growth as a leading part was considered relevant for the development of the normative model in this study, (Figure 3.8.), and was found in the context of goals, objectives, measures, targets, and variables were aligned to achieve performance appraisal effectiveness, to ensure that potentials and talents were developed and placed appropriately to enhance the performance appraisal effectiveness. The alignment of organisational mission, vision and strategy with the needs of employees was critical for the success of performance appraisals (Rossouw, 2003; Fisher et al., 2003). That appeared, however, not to have been well clarified in the EPMDS process causing unnecessary blockage.

Similarly, the acknowledgement of the scorecard by Schmickl and Schmickl (2002) as an interactive management performance feedback tool had necessitated its inclusion in this study. It, however, still lacked the active involvement of an employee in the entire appraisal process. The emphasis of the leadership scorecard was on building trust and support as team-leader, which required aligning leadership with organisational objectives, as well as building on the strength of management by training and coaching them to manage around their weaknesses to make appraisals a success. The performance prism concept of Neely et al. (2000; 2002), as one of the latest generation performance measurement and management approaches had some relevance to this study in measuring and managing key constructs and determinants of the effectiveness of the EPMDS for organisational success. The employee learning and empowering component of that approach, however, did not go far in enhancing the effectiveness required of the performance appraisal for this study.

The focus of later arrivals – the prism and the leadership code – shifted to reengineering appraisals, which revived hopes of solving the research problem by addressing the leadership and management dilemma. The leadership code of Ulrich et al. (2008: 18) is depicted in Figure 3.9. That figure appeared properly aligned with objectives of this study to contribute to the framework of the theoretical/normative model envisaged. Literature about the code appeared to be a valuable guide to comprehensive leadership thinking critical for the EPMDS success.

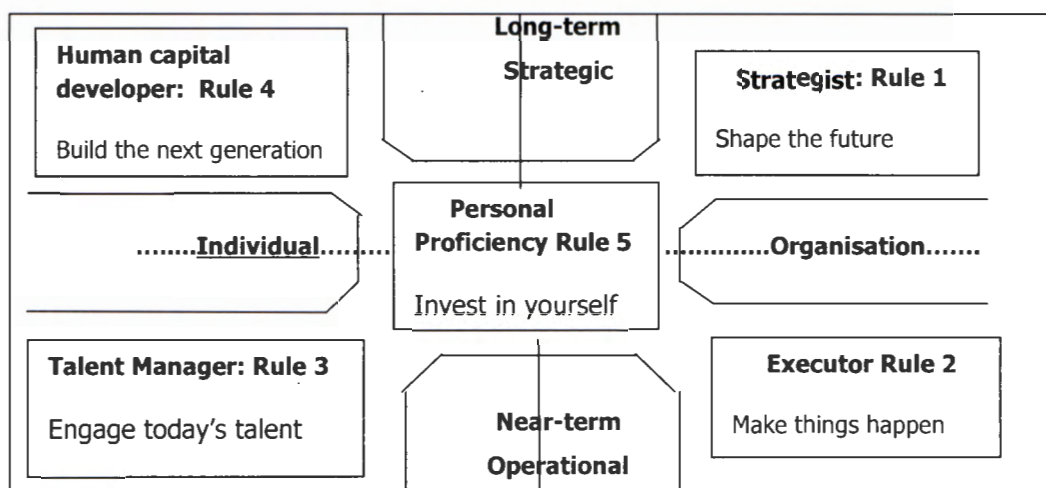


Figure 3.9: Leadership Code (Source: Ulrich et al., 2008: 18)

Those authors identified and proposed five rules that should inform leadership and management in order to perform effectively, named as, 1) shaping the future – for the strategist, 2) making things happen – for the executor, 3) engage today's talent – for the talent manager, 4) building the next generation – for the human capital developer, and 5) investing in oneself – for personal proficiency. Rule 1 of the strategists was about creating, defining, and delivering principles of what could be done, was employed in the development of the leadership construct, whilst rule 2, for executors, revolved around disciplines for getting things done and augmented the administrative and management constructs.

Rule 3, for talent managers, centred on resolutions that could help people develop themselves for the good of the organisation, whilst rule 4, of the human capital developers, demonstrated a pledge to building the next generation of talent, both of which emphasised the importance of employee empowerment and succession through training and development. That supported the importance of a developmental construct in effective appraisals. Rule 5 relating to personal proficiency lied at the heart of the leadership code and was main foundation for theoretical/the normative model in the context of leadership construct. Ulrich et al. (2008) perceived leaders (leadership, management and administration) as learners, who learned from their successes, failures, assignments, books, classes, people, and life itself.

The approach of the current researcher was to attempt to incorporate those rules and other relevant issues from previous researchers, into the development of a theoretical/normative model to ensure that performance appraisals worked effectively. That model was to employ concepts, constructs, determinants, and variables already established from others studies and models to make it effective. Specifically, the balanced scorecard of Kaplan and Norton (2004), the competing values framework of Quinn (1988), Deming's (1996) TQM, and Boyatzis' (1982) model of Effective Job Performance were examined for that purpose.

3.3.3 Competing Values Framework and Organisational Effectiveness

In that framework, dimensions of leadership and management competency were identified in an attempt to answer relevant investigative questions, namely, 'To what extent did those determinants predict different dimensions of the effectiveness of the employee performance appraisal? Did positive determinants automatically result in enhanced effectiveness of the EPMDS without proper leadership? What were the blockage reasons that impacted the EPMDS effectiveness?'

Competing Values Framework of Quinn (1988) leadership process was examined against competing values framework, whilst Quinn and McKellar (2002) examined the effectiveness of leadership in performance appraisal, and Bass (2000) focused on impact of a learning organisation. Traditional models divided the increasingly popular domain of leadership into contrasting, dichotomous, either/or categories. The vast majority of examples from the leadership literature created dichotomies of leadership, such as the Theory X versus the Theory Y (Herzberg, 1966; Rudman, 2004), task versus socio-emotional, participative versus autocratic, transactional versus transformational (Nankervis, Compton & McCarthy, 2003). "There has neither been an effort to combine the existing dichotomies into a larger synthesis, argued Hart and Quinn, 1993: 243-582)," nor to examine the extent to which multiple forms of leadership behaviour were required.

Using any one of those dichotomous models exclusively led to either/or thinking, which was "a narrow and ineffective way of conceptualising leadership," averred Bensimon, Neumann and Birnbaum (1989: 534-540). In summary, it was established that many performance appraisal methods including the EPMDS, fell short of the effectiveness required to attain the goals and objectives of organisations, owing to the failure to address the key concepts, constructs, dimensions, and measures. It is hoped that those variables were established and integrated in this study to address the gaps identified earlier, test hypotheses in an attempt to answer investigative questions, and, subsequently, to develop a structural model that will enhance the attainment of the intended purpose. The structural model emerged to address those poor fits (gaps) resulting from the superimposition of the theoretical model over the empirical one. Next, the schools of performance appraisals are explored.

3.4 Schools of Performance Appraisals

A number of attempts had been made to identify attributes of performance appraisals such as clarity, openness, and fairness (Ackers & Adrian-Wikinson, 2003; Fisher et al., 2003; Armstrong & Baron, 1998; 2005; Pfeffer & Veiga, 1999; Quinn et al. 1996). There were many more attributes that required extensive investigation. Performance appraisal had different objectives for leadership, management, and for employees, which was meant to satisfy the needs of all role players in order to achieve organisational goals. Leadership required seeing that political mandates were aligned and realised in the goals of the organisation. Administration and management required resources, responsibility, and accountability to implement the appraisal activities for the benefit of all. Employees, on the other hand, had their own expectations. For instance, some wanted appraisals for monetary benefits, whilst some were interested in having an assessment of their work for empowerment through personal development, work satisfaction, achievement, and involvement. "Management assesses the performance of employees to maintain organisational control and disburses rewards or punishments to further organisational goals," contended Einstein and LeMere-Labonte (1989, in Fisher et al., 2003: 26-30).

This research was prompted by the ineffectiveness of the EPMDs, and need to establish and properly align key determinants with organisational purposes and goals, and the needs of individual employees in performance appraisals (Wood & Marshall, 1993) to enhance organisational effectiveness, whilst empowering employees through training and development (Brown, 1988). To achieve that, the performance of employees needed to be measured accurately, which necessitated incorporating key findings of this research into the measurement of employee performance to improve organisational success. That entailed reviewing previous studies about performance issues such as job performance, measurement instruments, cognitive, and behavioural processes (Bannister & Balkin, 1990; Bacon, 1989; Bannister, 1986). The classical theory of performance, however, has predominated, and researchers (Campbell et al., 1996) have attempted to construct accurate appraisal devices of employee and job performance since the beginning of the 20th Century.

Baron's (1988) focus was on evaluating how congruent employee behaviours were with the personality attributes of the high performing employees, whilst Fisher et al. (2003) centre on the role of personality in performance. Personality contributed a percentage of the variables in job performance and might be an unreliable indicator of the performance of an employee. Performance appraisals required realistic standards and measures, information, planning, assessment, feedback, and monitoring stages to succeed, according to Campbell et al. (1996). In that regard, Wood and Marshall (1993) identified four schools of performance appraisal, namely, Measurement, Appraisal Interview, Social Cognitive Process and Performance Management, which were meant to inform the key constructs established in this study, specifically leadership, administration, and development.

Furthermore, the other three key constructs were management competency, information and moderation. Those schools meant to assist in developing measure for the performance appraisal's effectiveness, in line with the assumptions posited in the previous paragraphs. Aspects of each of those schools were examined briefly.

The Measurement School, according to Murphy and Cleveland (1991), referred to the rating of one person by the others. Previous researchers had mostly investigated what successful employees were (in intrinsic sense), rather than what they did (Taylor, 1911; Deming, 1996, 1986; Taylor et al., 1995; Kanigel, 1999; Pfeffer & Veiga, 1999). Performance assessment methodologies developed during that era were concerned with gathering valid data relevant to the performance of an employee (Kanigel, 1999), and intended to provide objective measures of outcome (Hosie, 2003).

Measurement school treated performance appraisal as essentially a measurement issue to be solved by the development of valid rating scales that minimised sources of error (Murphy & Cleveland, 1995). Most studies in rating scales centred on the development of criterion-referenced formats, which compared the performance of employees on rating scales against pre-determined standards. Campbell (1996), however, identified the main weakness of those appraisals as being the presence of systematic variance that was not associated with the performance of individuals being assessed with negative consequence on both appraisal and organisational effectiveness. That led to the Appraisal Interview School of Latham and Wesley (1981), which blossomed in the 80s, expanded the role of performance appraisals to employee counselling and feedback critical in addressing the emotions of employees.

Performance appraisal as a process was seen as an extension of corporate planning and budgeting. It was seen as resulting in the Management by Objectives School (MBO), and acted as precursor to the Performance Management School (Wood & Marshal, 1993). In that school, employee development was central to the performance appraisal, with the manager's role progressing from being that of a judge in the Measurement School to a coach or counsellor in the Appraisal Interview School (Latham & Wexley, 1994). The managerial focus in the appraisal process shifted to a facilitative approach of goal setting and feedback (strategic variables) (Wood & Marshal, 1993; Latham & Wexley, 1994; Ilgen et al., 1979). Mutual trust and respect between the manager and an employee became critical intervening factors, resulting from the actions of the manager, and which had a great impact on the effectiveness of performance appraisal.

Its limitation was the assumption that it was an apolitical model of management, avers Hosie (2003: 75). It, however failed to distinguish leadership roles from those of management (execution), and thus would not clarify responsibility and accountability. No study in the literature, however, had focused on the constructs identified as critical for the success of performance appraisal, in the health sector described in this study. That led to the Social Cognitive Process School. In the 80s, with the emergence of unionised labour, research movement started to look away from instrument design and training towards ways of achieving rater agreement. That necessitated perceiving the rater as a significant decision-maker capable of processing a number of social cues (or activities) when judging employees, according Hosie (2003, in Feldham, 1981).

Previous concerns about appraisal accuracy persisted. They were, however, extended beyond merely achieving outcomes through rating scales to examining the managers' (as raters) ability, competence and motivation to rating accurately. Management competency was recognised to be a requirement for organisational effectiveness and administration was still being considered as the same as management. The matter of leadership, however, was neither acknowledged nor adequately addressed (Avolio, 1999). Murphy and Cleveland (1991) averred that variance was mainly owing to the responses of raters to multiple, and usually competing stressors, was noticed as a factor impacting on the appraisal process. That school advanced the efforts of its predecessor, – the Measurement School, to show that managers did not simply report observations, but actively evaluated appraisal information or the information variables of appraisal in relation to their personal motivation, expectations, commitment, competence, and goals (Ilgen et al., 1993).

Hosie (2003, in Barnes-Farrell and Coutoure, 1984) found that delays in the observation of data and the recording of ratings had not significantly influenced the recall of behaviours and subsequently impact on the accuracy of the performance rating and rankings. Murphy and Belzer (1990, 1989) noted that the Measurement School's pre-occupation with error correction to frame of reference instructions afforded managers greater knowledge of specific standards assigned to performance appraisal criteria.

In the Performance Management School focus was on two propositions, that appraising performance of an employee enhanced productivity, and that performance appraisal was critical to the achievement of performance management, – the attainment of goals (Hosie, 2003; Gioia & Longnecker, 1994; Bartz, Schwandt & Hillmen, 1989). It assessed the contribution of employees the organisational success (Latham & Wesley, 1981).

3.5 Measures of the Employee Task and Contextual Performance

Measuring performance was critically important in the performance appraisals, because decisions about the rewarding of an employee and/or employee development were usually made on it, according to Bannister and Balkin (1990). Measuring performance, however, ought to take into account that different purposes of performance of an employee might require different measures (Behn, 2003). In this section, investigative questions two and four were addressed. 'To what extent did the determinants predict different dimensions of the effectiveness of the employee performance appraisal? And what were the blockage reasons which impacted the EPMDS' effectiveness?'

Measuring the performance of employees was necessary to reflect the value of the work towards the attainment of organisational goals and objectives. In that context, Murphy (1990) perceived performance appraisal as an asset of the performance of the recent past, which concurred with the definition of performance as a set of behaviours that were relevant to the goals of the organisation or the organisational unit in which the individual worked.

Apparently, Campbell, Dunnette, Lawler and Weick (1995) argued that performance should not be the consequence or result of action but the action itself. It should be measurable in relation to the level of the contribution of employees, and intended to assess the cumulative information about the functional and behavioural episodes of a person. That, according to Hosie (2003) permitted the scaling of an individual employee performance construct to form a common metric, – a contribution value representing organisational effectiveness.

3.5.1 Contextual Performance

Borman and Motowidlo (1997) developed taxonomy of contextual performance by a metanalysis of the literature, which was not specifically developed for all employees, though it could provide a framework suitable for incorporating elements of OCB, the Model of Good Soldier Effectiveness and Prosocial Organisational Behaviour, which were suitable variables to be incorporated into a framework derived from previous studies by Konovsky and Organ (1996), and Podsakoff et al. (1990).

Podsakoff et al. (1990) further identified six variables critical to the evaluation of contextual performance, and named as, agreeableness (friendliness, likeability and the capacity for getting along with others in harmonious and pleasant relationships); altruism (helping specific people in face-to-face interactions at work); courtesy (gestures that people exhibit at work to help prevent occupational problems for others); sportsmanship (inclination to absorb minor inconveniences and impositions without complaints and excessive demands for relief or redress); and civic virtue (responsible, constructive involvement and participation in challenges of the organisation), and general compliance, – (contributions in forms of adherence to rules regarding attendance, time management at work, and management resources). Contextual performance studies, however, did not yield the intended factor loadings (Podsakoff et al., 1990).

3.5.2 Task performance

Studies by Borman and Brush (1993) and Campbell et al. (1991) attempted to identify core dimensions of task performance and compared different managerial jobs, which included the major studies of the dimensions of managers (Yukl, 1987; Mitchell, 1985) and employee components (Tornow & Pinto, 1976; Steers, 1975). Those dimensions, which were mainly behaviourally based, result from many critical incidents and job activity statements, "thus reflecting what employees actually do, not what they believe they do," contended Hogan and Roberts, 1996: 26).

Some of those dimensions were cognitive and represented the five interpersonal skills (motives, habits, competencies, traits and personality). The proposed dimensions of Borman and Brush (1993) were based on theoretical formulations, highly specific aspects of the jobs of managers and not on the actual job performance requirements, which were representative of samples of the performance domain of employees.

In the literature, employee performance was conceived of as comprising both contextual and task components of performance, which were not mutually exclusive. Contextual performance was a function of job behaviour which was not part of the job requirements that contributed to organisational effectiveness, "whereas task performance entails activities that result in the implementation of processes that contribute, either directly to an organisational technical core, or indirectly by providing required materials or services," averred Borman and Brush (1993: 31).

Their 18 mega-dimensions taxonomy of the performance of managers provided a foundation for investigating employee performance and the development of an instrument to measure it, which was supported by the literature. That was critically important and assisted in addressing the impact of the determinants and blockage reasons for the performance appraisal system ineffectiveness to achieve its intended purpose. Viewing the trend globally, the contextual component was progressively becoming a major contributory factor towards employee performance, which any performance appraisal system of the future would have to incorporate (Borman & Brush, 1993).

3.5.3 The EPMDS

In the EPMDS implementation there was still some uncertainty about what score to allocate. According to the EPMDS, supervisors had the responsibility of ensuring that sectional operational plans were available. The relationship between scoring an individual's Key Performance Areas (KPA's) (Appendices 5, 6 & 10) and the weighted scores was required to be aligned with the departmental objectives (FSPG HRM, 2003, 2007).

At the beginning of the performance cycle, jobholders were required to agree with their management on the objectives as set in their Performance and Development Plans, which were aligned with the departmental objectives. The correct unit of measurement and standard guided the supervisors and the job holder in determining the relevant score that the job holder deserves based on the achievement of the set objectives (FSPG HRM, 2003; 2007). That table was meant to guide supervisors in making correct score allocations, but that was not the case (FSPG HRM, 2006; 2007). Worse still, in the latest revision, the scoring scale was changed from 100 to 150 percent, meaning the weighted score was out of 150, which brought along its own complications in computing the final scores.

Performance appraisals were partly dependent on the feedback solutions from the problems identified from the previous cycle, however, there was no formal feedback given (FSPG HRM, Reports 2003/4; 2005/6). The annual performance appraisal cycle was essential to the ongoing development of staff and ensuring that organisational targets were being met but it was usually the type of HRM managers who had to handle the volume of work and administration required to carry out those studies. Where paper-based appraisals were still being used, like the EPMDS that entailed issuing large amounts of hard copy forms which demanded more time to fill and evaluate response, using the EPMDS (Appendix 10).

Such appraisals had to chase up employees and managers to return those forms, collate and process them, analyse and report on the data and, then, finally file all the paperwork. The process took several months and usually resulted in relatively low response rates (FSPG HRM, 2007). An official employed on a personal notch did not qualify for a pay progression (notch), unless it was decided differently declared by the National Minister of Public Service and Administration. He/she, however, received the allocated cash bonus, if he/she qualified for this. Jobholders who had received an increase in salary (higher or equal to the notch at the time of assessment) before 1 July would not receive the pay progression for which they might have qualified. Jobholders, who were at the top notch of the relevant salary levels, were not eligible for a monetary reward or notch qualified for. Next, the performance of employees was operationalised to formulate hypotheses.

3.6 Development of the theoretical/ Normative Model

The actions and behaviours of key role players, – leaders, administrators, managers, and employees were critical for organisational success, and required aligning and integrating major determinants of appraisal effectiveness with appropriate organisational goals to enhance its effectiveness (Campion, 2008). Researchers had related leadership and the behaviours of managers to climate (Brown, 2005; Bulach et al., 1998; Bulach & Malone, 1994) and culture (Koy & De Cottis, 1991; Peterson, 1990; Deal & Kennedy, 1982) of an organisation. "Indeed, the culture and climate of a school can be shaped by the actions and behaviours of the building principal," averred Sergiovanni and Starratt (1998: 37). Bulach et al. (1995: 16-20) found that "teachers' views of teacher-principal interactions were related to school culture and climate, responsible for the effective performance or achievement of employees on a job."

They added that key variables to consider ought to include leadership, management competence, communication, clarity, and specificity of goals, management of resources, attitudes, expectations, diversity, change, reward and compensations (Bulach et al., 1995). Increasingly, organisations were putting more emphasis on the kind of behaviour they wanted their employ to portray (Gillen, 2007). Behaviour, particularly leadership and management behaviour, was identified as a significant source of organisational value, according to Hutchinson and Purcell (2003). House (2004), concurred that leadership behaviours set the pace for performance culture and climate, which management and employees used in order to achieve organisational success through the performance of employees. The task performance of leadership and workers (managers and employees) was closely linked with contextual performance and integrated into a performance appraisal framework to enhance its efficiency, in Figure 3.10.

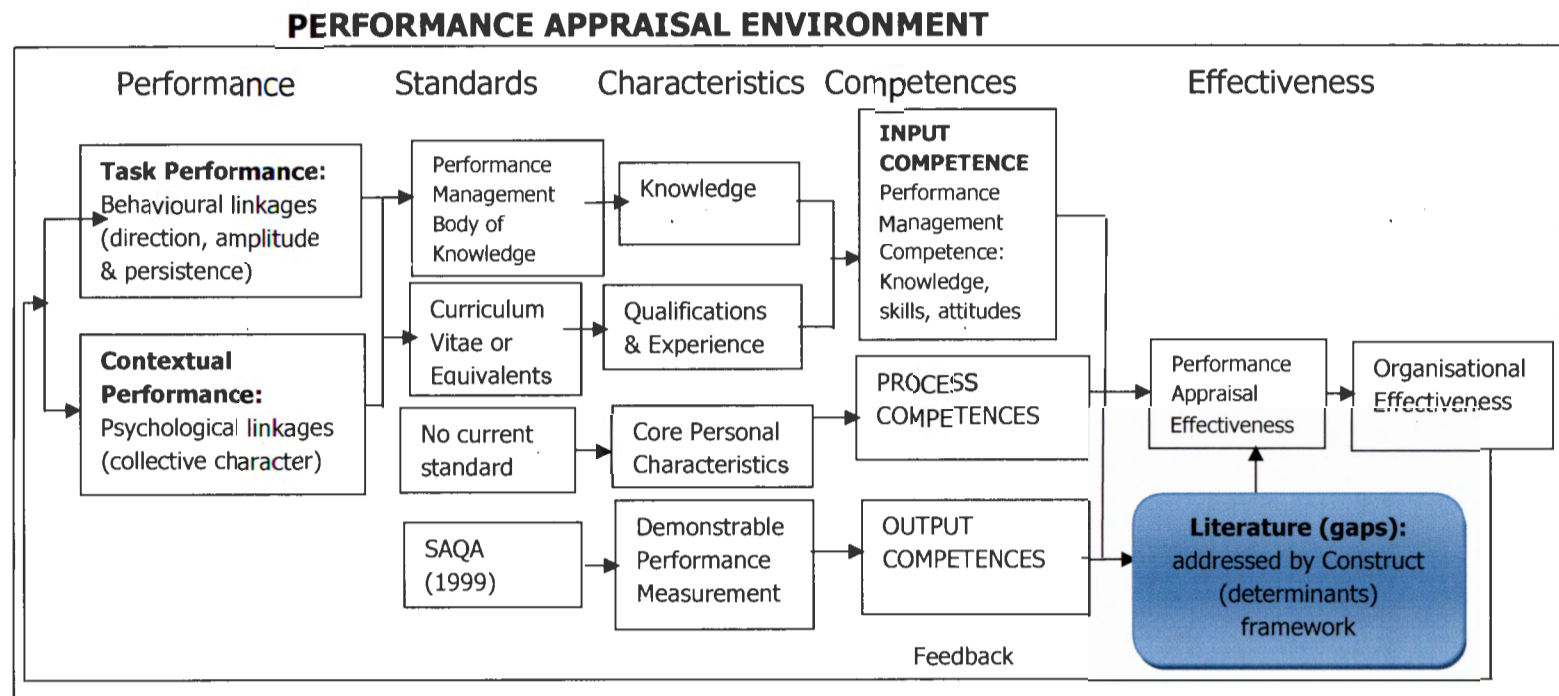


Figure 3.10: Performance Appraisal Effectiveness Framework (Modified from Crawford, 2008; Boyatzis, 1982)

3.6.1 Integration of Constructs and Determinants of Appraisals

In this section the constructs and determinants of performance appraisal were contextualised in line with the contextual foundation of this study. More theories and models pertaining to the driving factors of appraisal effectiveness examined confirmed the 12 determinants aligned into six constructs, which were identified earlier. Those were integrated with corresponding investigative questions, specifically, questions 3, 'whether positive determinants automatically resulted in enhanced appraisal effectiveness without good leadership,' and question 5, 'the relations and association among determinants of performance appraisal.' Those assisted in the development of hypotheses, which were tested to address the research problem statement. Literature had established that attempts to measure some of the determinants and make logical linkages were far from being conclusive.

Studies by Leady and Ormrod (2010); Collis and Hussey (2009); Ulrich et al. (2008); Kelley (2005), Wolff, 2005; House, 2004, Sergiovanni (1995), Lane (1992), Hallinger and Murphy (1987), Hoy, Tarter & Kottkamp (1991), and Zigarmi and Edeburn and Blanchard (1995) had established links between leadership and the organisational culture and climate. The behaviours of leadership are related to organisational climate issues, such as effective communication, innovativeness, managerial advocacy, participatory decision making, attitudes toward the development of employees, and equitable evaluation procedures, according to Kelley (2005). Leadership requires active encouragement from the environment, which most often is lacking in many appraisals.

Thus, effective leaders and competent managers should be able to predict and report positive satisfaction, enthusiasm, relaxation, low anxiety, and low depression (Sevastos' (1996). Birdin (1992, in Hosie, 2003) observed that leaders might have the power, authority and position to affect the organisational culture and climate, but many lacked the feedback to improve. If leaders were highly skilled, they were confident enough to trust other employees (managers, administrators) to have open communications, collegiality, and promote effective feedback.

Furthermore, in the complex and dynamic environment of contemporary organisations, Birdin advised that leadership ought to understand leadership behaviours and managers' perceptions of their behaviours, to ensure that they knew and understood how to provide the foundation for creating an atmosphere conducive to effectiveness and change, as well as planning for the needs of employees. Blake and Mouton (1985), and Armstrong and Baron (2005) concurred that leadership should empower employees to share in the success, by sharing the organisational vision, mission, strategy, and goals to enable them to accept and operate in an effective organisational climate. In order to achieve that, the determinants were aligned into a logical relationship framework to ensure the development of an appropriate theoretical/normative model, which established the gaps and the degree of goodness-of-fit when it was superimposed over the empirical one (Kelley, 2005).

3.6.2 Aligning Determinants, Constructs and Questions of Appraisals

In this section the twelve determinants were aligned into six constructs, as illustrated in Figure 3.13 to form a concrete alignment. Documents from the South African government departments (RSA, 1994; 1995; 1997; 1998; 2001; 2002) reiterated that leadership, management competence and communication were the prime movers of other constructs. Moderation had cropped up in a number of studies in IT (Macharia, 2010) and psychology (Birdi, Warr & Oswald, 1995), which was perceived as another key construct, which was composed of demographic variables, specifically age, gender, race, education, and experience. The twelve determinants and additional ones (alignment and acknowledgement) were logically incorporated into six constructs/themes in terms of their functional relatedness, named as, the leadership (T_1), administrative (T_2), development (T_3), information (T_4), management competence (T_5) and moderation (T_6). They were discussed and aligned with investigative questions to ensure that appropriate hypotheses were developed, which were interrelated, integrated, and aligned with appropriate investigative questions to enhance the configuration for theoretical/normative model.

Hypotheses emerged from the established linkages between the factors and employee performance appraisal goals and objectives (Kline, 2010). Later, a point of departure was found, and a new line of enquiry established which would guide the conceptual development of the research design and methodology, as well as the hypotheses to test to answer the six investigative questions, specifically, to establish why the EPMDS was ineffective in achieving its intended purpose. Next, hypotheses were formulated.

3.7 Development of Hypotheses

Hypotheses developed and were integrated with sub-investigative questions for testing to address investigative questions posited in Chapter one. Each investigative question was subdivided into minor sub-questions to ensure that appropriate solutions were found for each investigative question, which would assist in solving the research problem, in line with Cooper and Schindler (2008). H_0 (null) and H_1 (alternative) hypotheses were developed corresponding to the investigative questions.

3.7.1 Hypotheses for the Leadership Effectiveness

The leadership construct/theme, at the tactical apex of the performance appraisal process, was responsible for creating mission, vision, goals and strategy, leading and making decisions about appraisal activities to ensure their effectiveness. Leadership – (process and style) - was critical for the operation of the other variables in that theme. It is responsible for creating, planning and leading all stakeholders to become involved, through effective integration of other constructs and the objective communication of goals, objectives and strategies required for the success of the appraisal (Laubach, 2005).

In addition, leaders should inculcate a proper culture and create a right climate conducive to teamwork. Kelley (2005) established that organisational leadership was the most important single determinant of an effective learning environment, which Bolman and Deal (1991) had observed earlier about performance appraisal.

Kelley compared organisational relationship between selected dimensions of effective communication, management competency and measures of organisational culture and climate in his study, which established the relationship between leadership, and organisational culture and climate. Pfeffer and Salancik (1978) emphasised the procurement of external resources as a vital tenet of both the leadership and operational management of every organisation. Pitcher's (1994) three psychological profiles of the leadership process (artist, craftsman, or technocrat) was criticised for failing to acknowledge that, although no one profile offered a preferred leadership style. Leadership tended to respond according to the situation and readiness of management competency, communication, culture and climate, for instance, to undertake a given task. She contended, however, that balanced leadership which exhibited all three sets of traits was extremely rare.

The four leadership styles of Hersey and Blanchard (2004) were explored in terms of this study, to see how the leadership process, brand and style related with management and employees in different situations. The current researcher concurred with the stand of Brown (2005) that the four styles by Hersey and Blanchard could not be used without modification because they put greater or less focus on the task in question and/or the relationship between the leader and the follower, – depending on the development level and commitment of the follower. Ulrich et al.'s (2008) argument that leaders were effective when they embraced the five rules of the leadership code, in a learning organisational culture, was found fundamental for this study.

Fogg (2002: 16) pointed out that only leaders who were proficient enough to handle a complex, rapidly-changing environment could implement the reforms that led to sustained improvement in the achievements of both managers and employees. Quinn and Hart (1993) added that leadership required a balancing and simultaneous mastery of seemingly contradictory or paradoxical capabilities, which entailed innovativeness, decisiveness and reflectiveness, broad vision and attention to detail, bold moves and incremental adjustment, and a performance as well as people orientation.

Indeed, that meant that leadership dealt with the various levels of skills and abilities of each and every employee (administrator, manager, or employee) of the organisation, whilst creating a learning culture and suitable climate for maintaining a continuity of divergent situations (technology, workforce diversity, and change) “within today's complex organisational environment,” reiterated Freeman (2002). Bolman and Deal (1991) described the need for a balance between leadership, management, and effective communication for the attainment of the intended target. To be meaningful, the assessment of the performance of managers should be relevant to the external environment.

Neely et al. (2002) accepted the necessity of an effective leadership/management for the organisational success; their innovative view, however, remained silent about employee empowerment. Consequently, Ulrich et al. (2008), introducing the leadership code averred that effective leaders as the strategists of the organisation should be expected to plan and develop the performance appraisal in consultation with other internal stake holders, – management, employees and unions. Failure to do so compromised the intended purpose of the appraisal system, viz. – the attainment of organisational goals, in which they had first to be trained and skilled before participation. Leadership code literature was a valuable guide to comprehensive leadership thinking as it summarised the core and critical aspects of ideal leadership and its effectiveness in an organisation, specifically in terms of performance appraisal.

Leadership proficiency in the context of five rules of the leadership code of Ulrich et al. (2008) appeared to be lacking in many South African government departments, specifically in the Department of Health, which made the role of managers ambiguous and vague. No literature was been found in this regard, which identified a gap that required future research in order to establish whether leadership and the effectiveness of managers in different and similar contexts were critical for the effectiveness of performance appraisals. That was underpinned by a set of comparative, enduring transferrable dimensions by Hosie (2003, in Cammock et al., 1995) and Stewart (1989) as a probable approach.

The gaps that were identified in the literature about leadership, performance culture and climate were the foundation for the development of hypotheses which was hoped to offer corrective and remedial solutions to answer the research problem statement. In the literature, it was established that the leadership process (V_1) (Ulrich et al., 2008), and the organisational, mission, vision, strategy, goals, culture (Kotter & Folger, 1992), and climate (V_2) (Koy & De Cottis, 1991) were major determinants for the effective leadership construct model, depicted in Figure 3.11

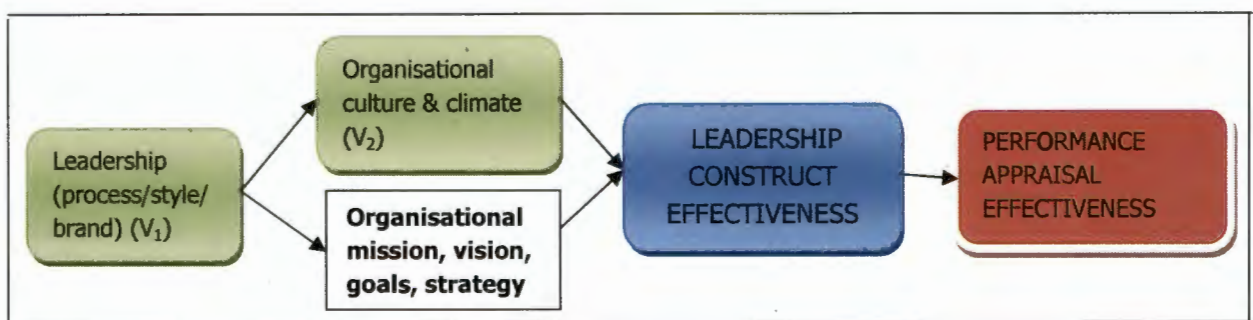


Figure 3.11: Effective Leadership Model

In aligning variables, the leadership construct attempted to address specifically the investigative questions 1 and 3, - issues of, 'influence of leadership on appraisal success, the extent leadership will predict enhanced productivity, commitment and teamwork in the performance appraisal process, and the extent appropriate organisational culture and climate in predicting employee commitment and empowerment, and the extent transparent/ open decision making does predict employee commitment and teamwork in the process.' Those issues were rephrased as sub-questions to facilitate the formulation of hypotheses, as follows:

- To what extent does effective leadership in allocating resources (financial and human) for the EPMDS predict increased productivity?
- What is the association between effective leadership and a positive performance learning culture and climate to ensure that the EPMDS works effectively to achieve enhanced productivity and empowerment?
- To what extent does leadership influence the management of diversity in the workforce to enhance leadership proficiency in the EPMDS?

In the literature leadership process, organisational culture and climate were variables associated with the leadership construct/theme and in view of the arguments and counterarguments that emerged, it was necessary to develop the hypotheses to test the leadership construct/theme (**T₁**). All hypotheses for the six constructs were formulated as H₀ and H₁ hypotheses to test the constructs and their relationship to the respective variables.

- **Hypothesis 1**

1. The extent to which leadership allocated human and financial resources in order to improve the level of productivity was critical to enhance the EPMDS effectiveness.

H₁: Effective leadership makes financial and human resources available for EPMDS implementation, which should predict increased productivity ($V_1 + V_8 = G_1$).

- **Hypothesis 2**

2. An association existed between leadership and a performance learning culture and climate to ensure that the EPMDS worked effectively to influence productivity and employee empowerment, resulting in the following H₁ hypothesis.

H₁: Effective leadership creates a strong performance learning culture and climate, and clear knowledge of strategy and objectives, which predicts enhanced productivity and empowerment ($V_1 + V_2 = G_1 + G_3$).

- **Hypothesis 3**

3. Current leadership issues in the EPMDS were not effectively addressed in the diversity of the South African workforce within the Department of Health, which impacted on teamwork, resulting in the following H₀ hypothesis:

H₀: Current leadership issues in the EPMDS do not effectively address diversity in the South African workforce, which results in poor teamwork ($V_1 + V_{12} \neq G_2$).

3.7.2 Hypotheses for the Administration Effectiveness

The administration construct was another measure which was found critical for this study and which required more exploration in order to develop relevant hypotheses to test.

Tucker et al. (2002) established administration as the administering of activities around resources and reward and compensation in performance appraisals, as distinct from management. It is differentiated from management competency, which focused on management of appraisals, diversity in the workplace, and acknowledgement of high performance.

Role specification and clarification was critical for the success of any task of the organisation, specifically the EPMDS, in which the ambiguity of roles was identified as a blockage. For the success of any performance appraisal to attain organisational goals, leadership ought to pay special attention to key determinants of the administration construct, as well as certain factors, actions, and behaviours that were critically important, and the attempt to address them in a more effective and efficient manner, argued Hartle (1997).

In the literature, a number of studies found a distinction between leadership and management (Ulrich et al., 2008; Kelley, 2005), though none was found to differentiate between management and administration activities. Some researchers had used the two words synonymously (Hosie, 2003, in Cammock et al., 1995), whilst others had preferred one to the other (Tucker et al., 2002; Birch, 1999; Luthans et al., 1988). Pitcher (1994) and Birch (1999, in Armstrong and Baron, 2005), for instance, argued a distinction between leadership and management, yet they could not find any need to segregate management from administration functions.

They observed that, as a broad generalisation, managers concerned themselves with tasks while leaders concerned themselves with people. They did not, however, demarcate management versus administrative functions, another area where a gap exists for further research. The stance of the current researcher was that administration and management were two sides of the same coin; – they might overlap, but were definitely not the same thing, which supported the argument of Hersey and Blanchard (1988) that administration and management were that kind of leadership in which the achievement of organisational goals was paramount.

Recent studies, according to Bernard, Mills, Swenson & Walsh, 2005), have questioned the rigidity of McGregor’s model, although McGregor’s work has remained a guiding principle with positive approaches. That was particularly important in examining administration and management competency in this research in the development of hypotheses to address the above-listed sub-investigative questions. In many organisations including the South African government, performance appraisal systems are aimed at the attainment of the organisational goal and objectives and rewards, but not empowerment (Rudman, 2004).

In addition, performance appraisal was also defined by Webb (2003) as a set of personnel decisions that affected the condition of employment of an individual, such as retention, termination, promotion, demotion, transfer, compensation, and discipline. That created a work environment that was conducive for working and the empowerment of employees through training and development, contended Everall and Baker (2001 in Rudman, 2004). Figure 3.12 illustrated how the variables for an effective administration model in order to achieve the goals intended, namely, to enhance efficiency of allocation and distribution of resources and diversity in the workplace.

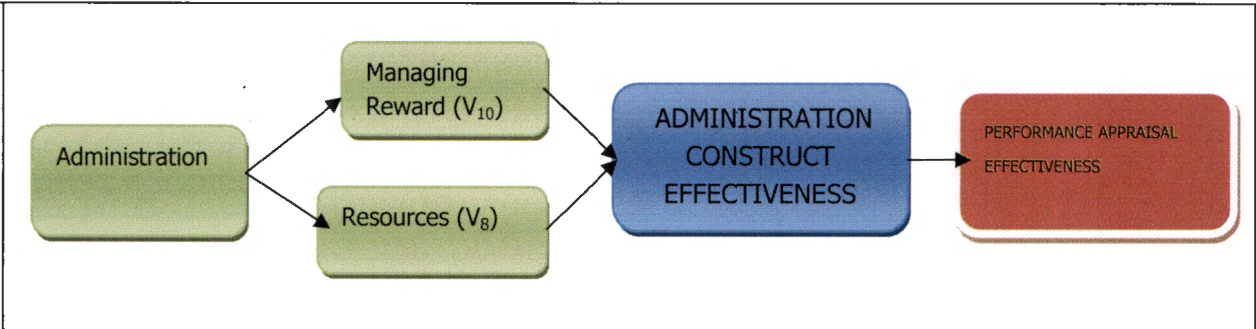


Figure 3.2: Effective Administration Model

Once again, investigative questions were refined into 3 sub-questions, in an attempt to develop hypotheses to address administration variables in the study, namely, managing resources (V₈) and reward and compensation (V₁₀), as follows:

- To what extent did management attempt to clarify Key Performance Areas (KPA's) of employees in every EPMDS cycle predict enhanced productivity?

- To what extent did overall management responsibility and accountability for the performance of their employees predict high levels of productivity and empowerment?
- To what extent did HR supervisors/ managers attempt to align the EPMDS efforts with the strategic objectives of the department to enhance management competency in the EPMDS?

In view of what was deliberated on, the literature was linked to the administration construct or theme (**T₂**) in the following statements, which were developed into the H₁ hypotheses.

- **Hypothesis 4**

- 4 Management competence is sufficient to clarify Key Performance Areas (KPAs) of employees in every EPMDS cycle, which in turn leads to the achievement enhanced productivity, resulting in the following H₁ hypothesis:

H₁: The required competencies of managers/supervisors are adequate to clarify Key Performance Areas (KPAs) and to conduct the EPMDS process for enhancing productivity ($V_4 + V_6 = G_1$).

- **Hypothesis 5**

- 5 Overall, management has responsibility and accountability for the performance of their employees in the EPMDS in order to enhance productivity and individual empowerment, resulting in the following H₁ hypothesis:

H₁: Overall management responsibility and accountability for the performance of its employees is associated with enhanced employee productivity and empowerment ($V_9 = G_1 + G_3$).

- **Hypothesis 6**

- 6 HR supervisors/ managers have adequate capabilities to align the EPMDS efforts with the objectives of the department, which enhances the productivity and commitment of employees, resulting in the following H₁ hypothesis:

H₁: HR supervisors/ managers capabilities to align the EPMDS efforts with the departmental objectives enhances productivity and commitment ($V_6 + \text{alignment} + \text{strategies} = G_1 + G_5$).

3.7.3 Hypotheses for the Development Effectiveness

Black (2003) concurred that the usefulness of appraisal as a tool for employee motivation and empowerment through development was not recognised by leadership or management in many organisations. The emphasis continued to be on reward instead of personal empowerment, teamwork, and commitment, which confirmed the existence of gaps blamed for compromising the success of appraisal. Fisher et al. (2003 in Adam, 1964) argued, using Adam's equity theory that if employees perceived that their inputs are fairly rewarded by outputs, - fairness benchmark being perceived from market norms, they (employees) were likely to be motivated to do more/better work.

This was done to improve their performance, which meant that they were then happy and motivated to continue performing (inputting) at the same level or better, which was, however, definitely greater if training and development were added to tasks of performance appraisals. If employees felt, however, that their inputs out-weighed the outputs then they became demotivated and despondent in relation to the job and employer. It is critical to view Adam's theory in contemporary times, the exact scenario prevailing in many of South African public institutions where the unionised workforce is under the impression that it was not rewarded equitably (FSPG HRM, Reports, 2005/6; 2007/8). Rewarding, however, was usually interpreted in monetary terms (cash bonuses, salary increments and promotion), but not in terms of development, which made Adams' equity theory relevant to this study only with some reservations.

In fact, Fisher et al. (2003) contended that most employees were disgruntled because there was little done in the area of training and development, and the response to their feelings was expressed in different ways; reduced effort, disruptive behaviour or resignation.

Many searched for money. The real reason they invested in a new business venture, however, was that they may pursue a plan where the real motivators were found. This was found in, specifically, acknowledgement, achievement, responsibility, and personal growth, rather than money (Pfeffer & Veiga, 1999). Man existed for many reasons other than money. Money was certainly an important personal driver if you lacked enough for a decent civilised existence, or if you were striving to acquire a house or have a holiday.

Beyond this, however, money was not a sustainable motivator on its own for the vast majority of people (Davis, 2001; Rudman, 2004). In the EPMDS, the Goal-setting theory of Locke and Latham (1990 cited in Kreitner & Kinicki, 1998) was relevant for this study; – it was one of the features in the EPMDS policy, which inspired employees to perform towards a particular direction in terms of their motivation and expectations. This was done to improve their performance and partly to explain why the goal of employees in the EPMDS centred on reward in monetary terms. Apparently, the goals of the EPMDS were not being specific and led to many interpretations that created unrealistic expectations which could not be met with the budgetary allocation. Employee training and development was critical for the organisational maintenance of competitive advantage and growth.

Many current performance appraisals (including the EPMDS) had a development part underplayed, which was, however, often neglected at the expense of reward, partly owing to the limited budgetary allocations (FSPG HRM, 2003; 2005; 2007). It was imperative, for the growth of the organisation and its employees, to train and develop employees, which, in turn, enhanced the staff retention strategy. In current times, the EPMDS was far from achieving the purpose for which it was intended, mainly because of inadequate training and development of the employees to own the system and a lack of alignment (FSPG HRM, 2007). The EPMDS was designed for the purpose of managing and developing jobholders (employees) and for their empowerment and teamwork (FSPG HRM, 2003; 2007). More often than not, however, leadership, administration, and management appeared to have put emphasis much more on managing the reward system for employees than on their development for their empowerment (FSPG Reports, 2003/4; 2005/6).

In South African government departments, performance appraisal was a consequence of the socio-political negotiation and transformation in terms of organisational reform (Chemanaï et al., 1998). Pfeffer and Veiga (1999: 37-48) argued that "unless employees are put first in an organisational priority list, it will be difficult to achieve organisational success." This was also reiterated by Gabris and Ihrke (2001: 157-172), in one of their studies, that "performance appraisals contribute to higher levels of employee burnout, because employees were neither acknowledged as human beings with varying needs and genuine contribution, nor empowered to assume their rightful role in the organisation."

Those made appraisals appear not to be useful, especially when their main focus was on the rewards. Appraisals appeared to centre on systems rather than on the growth/empowerment of both the organisation and the employees (Fisher et al., 2003). This was a deviation from the old norm, where people were being treated as mere resources (Kanigel, 1999; Deming 1996; Taylor, 1911), and which put more emphasis on organisational goals and monetary rewards for employees (cash and promotion) rather than personal empowerment through training and development. They still, however, appeared to fall short of meeting the needs, goals and expectations of all role players.

Performance appraisals of some organisations, consequently, succeeded only in demotivating and depressing their employees. A number of factors were not addressed appropriately, among them, the development and training of employees (FSPG HRM, 2003; 2007), which has resulted in poor working relations between leaders, managers, and their subordinates, and has necessitated the undertaking of this study, in an attempt to address these anomalies. The training and development of employees in order to empower employees is still not on a top priority list of most leaders and managers in public institutions, observed Sarkar (2000). Countries in the developing world, including South Africa have made strides in advancing corporate administrative systems, whilst the development of their employees has been left behind, and this has compromised the efforts of the organisation to improve the performance of employees in the public service (Sangweni, 2003).

Public sector organisations globally have adapted measuring performance using theories, practices and tools borrowed from the private sector (Saunders et al., 2003; 2007; Sarkar, 2000). Levels of employee empowerment would seem to be a good measure of performance appraisal effectiveness, according to the current researcher. Tucker et al. (2002) argued that organisations should start taking employee training and development seriously if they wanted to remain globally competitive. Ulrich et al. (2008) concurred that leadership should ensure that their management is adequately competent to execute and embrace change to empower employees. They proposed stages of change for an employee to include: 1) employee denying change; 2) employee responding with anger and resistance; 3) employee accepting and adapting to change; and 4) employee becoming committed to new environment.

All that employees really wanted to know, according to Watson Wyatt Worldwide (2002), was that leadership acknowledged their contribution, whilst management made an effort to empower them. A simple 'thank you,' or 'well done,' would go a long way to enhancing teamwork and productivity. In the literature, reasons why the training and development of managers, like that of lower employees has also been lagging behind the transformation wave that has swept the entire nation since the 1994 democratic dispensation (FSPG Report, 2003/4; 2005/6; 2007/8) was established. They included political mandates, inadequate resources, and ineffective leadership as well as incompetent management (Kahn & Cooper, 1993; Warr, 1995; Hosie, 1994; 2003).

These reasons were not, however, communicated appropriately to employees, as partners in the process, which left them ill informed and not ready to commit to, and actively participate in, new programmes like the EPMDS as members of the team. The developmental measures of the performance of employees, according to Boyatzis (1982), were attained when the critical components, - (job demands, individual competencies, and organisational environment), were integrated, like was the case, in the model of effectiveness of Hosie (2003). If any of those aspects of the model were not congruent, ineffective performance occurred, which impacted negatively on the development of potentials and selection/placement of talents in the aligning of the organisational goals.

A number of sub-investigative questions were derived from the investigative questions to ensure the development of relevant hypotheses to test. These are as follows:

- What was the perception among employees that, in the EPMDS, management afforded them ownership/ empowerment, whilst giving non-performers opportunities to improve through training and development and enhanced empowerment?
- To what extent did the management of the EPMDS process acknowledge and reward high performers and so predict high levels of productivity and the empowerment of employees?
- How true was the perception among employees that the EPMDS was more successful in lower (unskilled, semi-skilled) jobs than in higher (skilled) ones?
- What was the general feeling among employees that the EPMDS empowers them to make decisions about the effective and productive way of doing work?
- What was the general perception among employees during the EPMDS that when one was on a difficult assignment he/she could usually count on getting assistance from one's co-workers and teamwork?
- What was the effect of general knowledge and awareness among employees that their employer was legally bound to educate and train them on all workplace activities (policies, regulations and safety codes) before the EPMDS on their productivity?

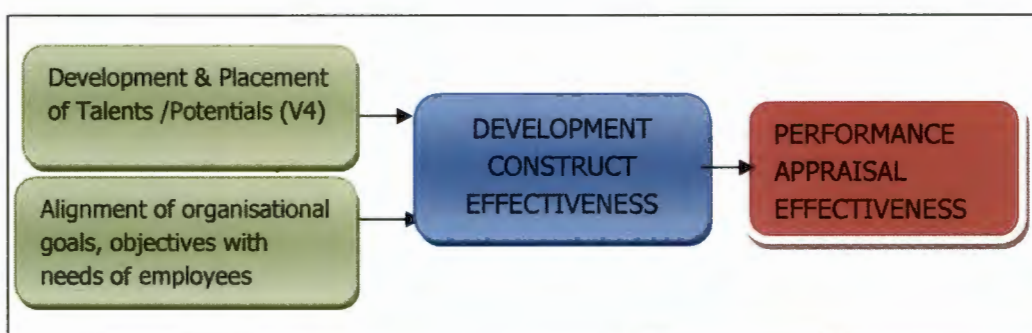


Figure 3.13: Effective Development Model

Those were posited to investigate developmental determinants of the performance appraisal that might be preventing it from working effectively, which were established as the development of the potentials of employees, the selection and placement of their talents, and the alignment of needs, goals, and objectives of employees.

These were found critical for the effectiveness of the performance appraisal, as illustrated in Figure 3.13. In this regard, employees ought to be engaged in the appraisal process from the onset to motivate and commit themselves to its effective accomplishment. Potentials have to be discovered and developed for proper placement for maximum benefit. In line with the developmental construct/theme (**T₃**), the following H_0 and H_1 hypotheses are formulated:

- **Hypothesis 7**

7. There is a perception among employees that in the EPMDS management affords them organisational ownership, whilst offering non-performers opportunities to improve, resulting in empowerment. Thus the following H_1 hypothesis:

H₁: The perception among employees is that in the EPMDS management affords them organisational ownership/ empowerment, whilst giving non-performers opportunities to improve through training and development, leading to empowerment ($V_4 + V_6 = G_3$).

- **Hypothesis 8**

- 8 In the EPMDS process management acknowledges and rewards high performers, which, in turn, enhances employee empowerment, resulting in the following H_1 hypothesis:

- **H₁:** In the EPMDS process management acknowledges and rewards high performers, which is associated with enhanced empowerment ($V_6 + \text{Acknowledgement} + V_{10} = G_3$).

- **Hypothesis 9**

- 9 Skilled employees perceive the EPMDS to be more successful in lower (unskilled, semi-skilled) job categories than in their own positions, which may affect teamwork effectiveness, resulting in the following H_0 hypothesis:

- **H₀:** Perception among skilled employees is that the EPMDS is more successful in lower (unskilled, semi-skilled) jobs than in higher positions and this may compromise teamwork ($V_4 + V_6 \neq G_2$).

- **Hypothesis 10**

10 There is a perception among employees that the EPMDS empowers them to take ownership of decisions about how work is done, which leads to enhanced productivity, resulting in the following H_1 hypothesis:

- **H₁:** Employees perception is that the EPMDS develops them to take responsible ownership for decisions leading to enhanced productivity ($V_4 + V_6 = G_1$).

- **Hypothesis 11**

11 Employees hold a perception during the EPMDS that when one is on a difficult assignment one can count on getting assistance from one's co-workers, which in turn, reflects teamwork, resulting in the H_0 hypothesis:

- **H₁:** The perception among employees during the EPMDS is that on a difficult assignment one can count on getting assistance from one's co-workers, which enhances teamwork ($V_4 + V_6 = G_2$).

- **Hypothesis 12**

12 Knowledge and awareness among employees that their employer is legally bound to educate and train them on all workplace activities (policies, regulations and safety codes) before the EPMDS impacts productivity, results in the following H_1 hypothesis:

- **H₁:** Knowledge and awareness among employees that their employer/leadership is legally bound to educate and train them on all workplace activities (policies, regulations/codes) before the EPMDS, could enhance productivity ($V_1 + V_4 = G_1$).

3.7.4 Hypotheses of the Information Effectiveness

The information construct was comprised of the communication and MIS as major determinants of its effectiveness. Presently, effective communication and MIS were either non-existence or managed ineffectively in many public institutions (FSPG HRM Reports, 2003/4; 2005/6; 2007/8). The model of Tucker et al. (2002) established that communication and MIS were critically important components of performance appraisal for the success of any organisation. This is, more specifically, so with the performance appraisal in order to convey a clear unambiguous description of what was going on.

La Vergne (2005) concurred that, if one accepted the fact that employees wanted to be involved in what they were doing, then effective communication becomes mandatory for organisations (from small to large business). The referred communication of Handley, Schulzrinne, Schooler, and Rosenberg (1999) is a process of sending and receiving information between two or more people. It is considered interpersonal when the people involved are contacting each other as persons on a personal level. Fisher et al. (2003) perceived it as a process that included setting objectives, identifying goals, providing feedback, and evaluating results for it to be considered effective. Kelley (2005) contended that the competency of managers was critical for the effective communication and MIS required for the success of performance appraisal or an effective job performance. He added that that should entail the same factors identified as determinants influencing the success of performance appraisal process, discussed as a foundation for the measuring the determinant variables by Tucker et al. (2002).

Fisher et al. (2003) referred to communication as the circulatory system of organisations that enhances the quality of relationships established in organisations in accordance with leadership component of the organisation (leadership process, mission, goals and strategy), as well as the external environment. Lex Eschauzier (2006) and Fogg, 2002) averred that good policies and guidelines were valuable assets for executives wishing to understand and manage their interpersonal communication effectively.

Nonetheless, Wang et al. (2007) indicated that service introduction and implementation in such systems were still immature and lacked a user-friendly and systematic service creation model. The services in question here referred to communication control and redirection services allowing users to express when they wanted to be reached on what devices under what circumstances. Lex Eschauzier (2006) maintained that whilst leadership should be the starting point in any organisation, it should always ask what was required to be achieved as an organisation. In addition, it should establish how such actions might contribute to the survival of the organisation in both the short and the long run.

This was done by introducing the 'Strategic Internal Communication Model' consisting of five components: personal communication; internal communication; knowledge management; empowerment; and organisational identity. Its premise was that effective personal communication between colleagues greatly influenced the internal communication (climate) of an organisation. That influenced the willingness/intention of the employees to share knowledge leading to both employee empowerment and corporate growth, resulting in identification with the organisation, which eventually led to better performance, added Lex Eschauzier (2006). Jahori (1986 cited in Rudman, 2004) lists a number of barriers against effective interpersonal communication that had to be addressed, similar to those of general organisation, such as, emotions, filtering, overloaded with information, defensiveness, cultural differences, and jargon, and came up with suggestions to overcome them.

According to Global Technology (2009), the transactional analysis model developed by Berne was a simple model that demonstrated how and why some communication systems were more functionally effective than others. It also indicated why and how some communication led to confrontation and conflict, while other communication helped build long-term relationships. The answer was hidden in the way words were spoken rather than the words themselves. Different words also meant different things to different people. To that Global Technology explained that in organisations, when people understood the basis of those communication transactions and developed skills to model them appropriately, they also handled their relationships and conflicts in a much better and more productive way (www.globaltechnology.co.za, 2009-08-22).

Appraisal systems required regular periodic revision to incorporate changes in hi-tech advancement and workforce (Scheepers, 2008). Rudman (2004) concurred that people require positive feedback and validation on a regular basis, or negative feedback when it is presented in a constructive fashion. Workers are often grateful for information on how to improve shortcomings. Such constructive feedback, however, "can happen only within the context of listening to and caring about the person," observes Scheepers (2008: 66-70).

In summary, all activities of any organisation in the public or private sector require communication and information systems as vehicles to move them around to fulfil the purposes of organisation. Velicer and Jackson (1990) argued that the information measure of organisational effectiveness should include levels of responsibility and accountability of employees and objective feedback as illustrated in Figure 3.14.

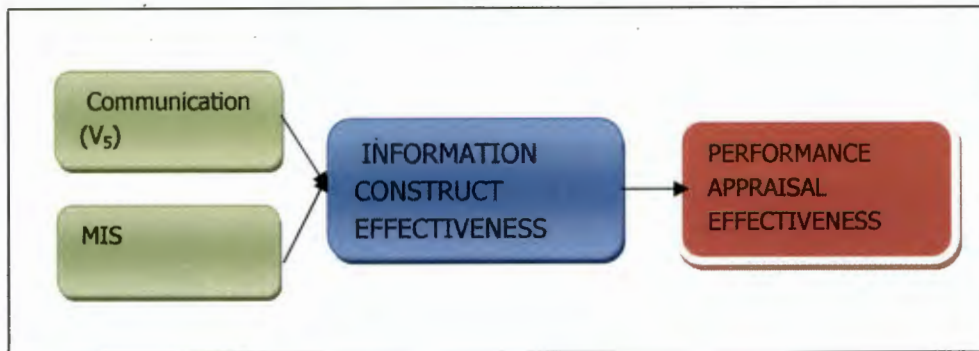


Figure 3.14: Determinants of Information Construct

In this construct effective communication and MIS are the key determinants contained, which influence the effectiveness of appraisals (Tucker et al., 2002). The effective information model is seen as one of the key or prime movers of the EPMDS which are being aligned and integrated into developing hypotheses and a model to make the EPMDS work effectively. Measures of the informative theme are the fourth group to be examined in a quest to address the following sub-investigative questions:

- To what extent does a 2-way communication in the EPMDS between management and staff predict enhanced communication?
- To what extent does ineffective communication without feedback predict blockages or causal reasons for failure of the EPMDS to achieve effective communication?

Specifically, performance appraisal required effective management of communication and information systems by well qualified personnel. That was, however, far from being effective in most of South African government institutions, specifically in the performance appraisal process. Effective communication with objective feedback was essential for the appraisal system to work effectively. On this theme, communication and MIS are aligned with organisational goals, such as effective communication construct/theme (**T₄**).

This was to enhance appraisal effectiveness, resulting in the formulation of the following H₁ hypotheses:

- **Hypothesis 13**

13 Effective communication and MIS were essential in the activities of an organisation, specifically in performance appraisal where information was disseminated to every stakeholder, and inputs and feedback were received in order to build mutual trust and respect to ensure that all stakeholders became actively involved in the appraisal. There is a 2-way communication in the EPMDS between management and staff which influences communication, resulting in the following H₁ hypothesis:

- **H₁:** A 2-way communication between management and staff leads to improved communication ($V_4 + V_5 + V_6 = G_4$).

- **Hypothesis 14**

14 There is a perception among employees that the EPMDS contributes towards improving communication, resulting in the following H₁ hypothesis:

- **H₁:** A perception among employees is that the EPMDS contributes towards improving communication effectiveness ($V_1 + V_5 = G_4$).

3.7.5 Hypotheses for the Management Competency Effectiveness

Luthans et al. (1988) identified specific managerial activities relative to organisational effectiveness and the behaviours that reportedly contributed to its success. A number of similarities among managers were argued to be dependent on situation-specific descriptions, and the constructs underpinning managerial effectiveness was more generic than was normally assumed, according to Hosie (2003, in Cammock et al., 1995). It was mentioned earlier that the failure of previous studies to make a distinction between leadership and management on one hand and administrative and management components on the other resulted in some negative influence on the effectiveness of appraisals. It was found necessary to treat those components as distinct, each with different variables, with administration covered in section 3.9.2, whilst management competency is the topic for this section.

Boyatzis (1982) referred to a competency as an underlying characteristic of a person which results in effective and/or superior performance in a job. Boyatzis (1982) and Mitrani, Dalziel & Fitt (1992) define competency as ability. An individual's set of competencies reflected his/her capability or what he/she could do. Job competencies were motives, traits, attitudes, values aspect of one's self-image or social role, content knowledge, or cognitive or behavioural skills that an individual used. The existence and possession of these characteristics might or might not be known to the individual.

Others discussed competency differently; - Quinn et al. (1996) saw competency as an individual characteristic that could be measured or counted reliably and that could be shown to differ significantly between superior and average performers, or between effective and ineffective performers; Bartram et al. (2002) described it as a set of behaviour patterns that an incumbent needed to bring to a position in order to perform its tasks and functions in the delivery of desired results or outcomes. Woodruffe (1992) added that managerial competency was essential for an effective performance appraisal. In the Iceberg model of Spencer and Spencer (1993) competency was viewed as an underlying characteristic of an individual employee or manager that was causally related to criterion-referenced effective and/or superior performance in a job or situation. That is why it was established as one of the key constructs of this study.

The assumption is that the possession of particular competencies distinguishes an above-average individual person (leaders, managers or workers) from average performers. Martinko and Gardner (1985; 1990) aver that complete understanding of performance depended on examining the contribution made by each category towards the attainment of the goals of an organisation, which was not easy, because some inputs were not a direct measure of outputs. That required the effort of strategic leadership and management competence and many other factors critical for the success of employee performance, as alluded to earlier on. Boyatzis (1982) identified personal attributes that correlate with effective managerial performance, which were similar to those required by an effective employee or leader.

Critics of Boyatzis' model (Hosie, 2003; Motowidlo et al., 1997), however, argued that it ignored important aspects and activities of managerial work and did not include the importance of interactions with employees. It failed to perceive leadership and administration as distinct from management. Moreover, the model did not clarify how traits and motives were surrounded by self-image and linked to social roles. This is an indication of the stress and discomfort raters experienced whenever reward was involved, which required special managerial qualities, such as objectivity, honesty and justice, of every leader/manager at all levels of the organisation to improve the authenticity of the results, concurred DeNisi and Williams (1988). In this study, debate about leadership and management meant the same or different things, was not entertained, because leaders, administrators, and managers were treated separately because of the different roles they performed in an organisation (Bennis, 1990).

In the literature, it was established that the planning and execution of the EPMDS was not done effectively, because managers were not adequately trained to manage the appraisal, and lacked diversity and acknowledgement, determinants critical for the effectiveness the EPMDS. Those determinants were integrated into the management construct for realignment with the research question and the eventual development of the hypotheses. McGregor's (1972) Theory X and Theory Y continue to gain recognition in the field of management and have been found relevant in the study.

Recent studies, according to Bernard et al. (2005), have questioned the rigidity of that model, although McGregor's work has remained a guiding principle of positive approaches. That approach was particularly important in examining competent managers in order to enhance organisational development and improve organisational culture. Managers are the executors of the strategies, policies, and plans of an organisation, as influenced by leadership, contended Ulrich et al. (2008). Competent managers, skilled adequately in management, were critical for the success of any task in the organisation, particularly the performance appraisal (Bass, 2000). Scott and Einstein (2001) added that managers were usually recruited mainly to manage organisational activities to achieve intended purpose.

Managers, however, usually complain that many organisational improvements are being made outside the suggestion system, where employees initiate changes in order to reap the bonuses generated by the subsequent cost savings (Hulme, 2006). Management had little say about, or effect on, the attainment of organisational goals, except for benefitting employees. Regular feedback and dialogues with leadership enhances management competency and organisational effectiveness. Performance appraisal must be fair to minorities, women, and physically challenged groups,” emphasised McEvoy (1990: 212).

Managers should be adequately equipped to execute the issues in this area fairly and equitably. Posthuma and Campion (2008) questioned the appropriateness of the use of performance appraisal, – the assignment and justification of rewards and penalties, which is a very uncertain and contentious matter that was critically examined in this study. The literature review further explained that the training and development of managers, like that of lower employees, has also been lagging behind the transformation wave that had swept the entire nation since the 1994 democratic dispensation (FSPG, report, 2005/6).

That had left these managers ill equipped to manage and execute new organisational programmes like the EPMDS, which required effective management of appraisals, employees, activities, resources and rewards. Most focus has been directed towards attainment of organisational goals and objectives, with little attention given to re-training and re-skilling managers for new dynamic tasks facing them. That has been exacerbated by the leadership inability to include the training of managers and administrators for the long-term strategic plan and limited budgetary allocation. Figure 3.15 illustrates how the variables of the effective management competency model achieved the goals intended.

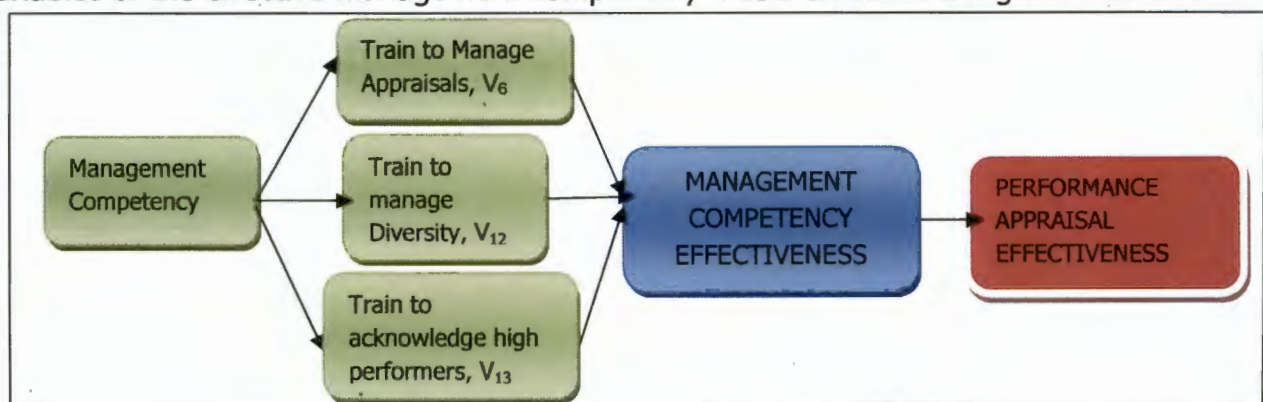


Figure 3.15: Effective Management Competency Model

Variables incorporated in this construct included variables such as training managers to manage performance appraisals and to ensure that diversity in the workplace is managed effectively/ efficiently. The acknowledgement of employee performance was also part of this construct. Sub-investigation questions to address this construct/theme included:

- To what extent does the perception among employees that the current EPMDS influences the satisfaction of expectations and motivation, predict enhanced employee commitment?
- To what extent does the perception among employees that an effective management competency influences a diverse workforce predict an enhanced teamwork?
- What is the association between the perception that changing the nature of the workforce requires a new performance assessment tool and degree of commitment?

Consequently, in an attempt to address the management competency construct/theme (**T₅**), **H₁** hypotheses were developed to answer those sub-investigative questions:

- **Hypothesis 15**

15 There was a perception among employees that the current EPMDS influenced employee motivation and expectation, which, in turn, influenced productivity and job satisfaction, resulting in the following **H₁** hypothesis:

- **H₁**: Employees hold the perception that the current EPMDS influences expectations and motivation, which can lead to enhanced employee commitment and job satisfaction ($V_3 + V_4 + V_7 = G_5 + G_8$).

- **Hypothesis 16**

16 There was a perception among employees that management competency impacted on diversity in the workplace which, in turn, reinforced the level of employee commitment. That resulted in the following **H₁** hypothesis:

- **H₁**: Employees hold the perception that management competency influences a diverse workforce, which, in turn, promotes teamwork ($V_4 + V_6 + V_{12} = G_2$).

- **Hypothesis 17**

- 17 Employees held the perception that the changing nature of the workforce required a new performance assessment approach, which, in turn, influenced their levels of commitment, resulting in the following H₁ hypothesis;
- **H₁:** Employees hold the perception that the changing nature of the workforce requires a new performance assessment tool, which is associated with enhanced commitment ($V_4 + V_{12} \neq G_5$).

3.7.6 Hypotheses for the Moderation Effectiveness

Moderation, identified as a key construct, was perceived to play a critical role in performance appraisals; the literature supporting that claim was international or in relation to the private sector. Demographic variables, particularly age, gender, race, education, and experience, were perceived to have a direct influence on some major determinants of performance appraisals, specifically employee motivation and expectations, in enhancing the effectiveness of the EPMDS. Previous studies in the literature have established that some variables have a moderating effect on the major determinants of performance in the IT sector (Venkatesh & Bala, 2008; Hashim, 2007) and Universities (Macharia, 2010).

To address the relevant sub-investigative questions, moderation variables were specified and examined. These were the demographics (gender, race, education level, and experience) and individual factors (attitudes and volunteerism), and were found to have an influence on employee motivation and expectations as determinants of the effectiveness of performance appraisals (Hashin, 2008; Ndubisi, 2007; Morris & Venkatesh, 2000; Rogers 1995). Venkatesh and Bala (2008) listed gender, age, education/years of study, experience, and voluntariness as moderating factors while attitudes have varying degrees of influence on the motivation and expectations of employees. Efforts to integrate the various approaches to motivational theory have a long way to go in proving new ways of approaching organisational issues, such as performance appraisal. Scholars tended to agree that emotions in the workplace were inevitable and central to obtaining a richer understanding of work motivation (Ashkanasy et al., 1998) and how it influenced performance appraisal effectiveness.

The literature review established a number of gaps in the association of the moderation variable and the effectiveness of the performance appraisal, which this study addressed. Studies have established that age influences information processing and IT usage (Macharia, 2010; Yang & Jolly, 2008). Rogers (1995) postulates that almost half of the research on the subject reveals no associations. Notably, Macharia (2010), Sindi (1992 in Yang & Jolly, 2008) suggest that there is no direct relationship between influence between age, attitudes, or behavioural intentions and the use of expert IT services.

There were no similar studies found associating those factors with the effectiveness of performance appraisal in the public sector. Several studies have shown that gender differences exist in information, communication and technology (Hashim, 2008; Ndubisi & Kahraman, 2005). No similar studies were, however, found about gender differences in performance appraisal effectiveness, which was a gap that this study investigated and attempted to address. Furthermore, the influence of the education of students has often been investigated in public education institutions, and it has been established to be significant and positive with regard to technology adoption and diffusion (Rogers, 1995), but not that of public employees.

Macharia (2010) proposed that an investigation be done on the moderation effect of the education/ years in the institution variable. This investigation should be conducted on computer anxiety and the perceived ease of use, which can be replicated in terms of performance appraisal. Experience on the computer user's behavioural intentions and other IT associations have been identified (Venkatesh & Bala, 2008; Venkatesh & Bala Amosoro & Guo, 2006 in Ajzen & Fishbein, 1980; Davis, 1989). The current investigator, however, was obliged to extend the investigation of moderation to the EPMDS. Venkatesh and Davis (2000) defined the level of voluntariness as the degree to which potential adopters perceived the adoption and diffusion decision to be involuntary.

Research has established that some people disagreed about following such institutional policies (Macharia, 2010). On performance disparities between races, the study findings of Dewberry (2001) could not establish real differences, which were echoed in this study.

Other scholars have established voluntariness association with different components of IT (Sun & Zhang, 2006; Amoroso, 2004; Vanketash & Bala, 2000). Its association with determinants of appraisal, however, was left to future research. The moderation effect may be understood better in the light of Herzberg's (Cited in Rudman, 2004: 166) two factor theory, which reported a number of key findings found relevant for the effectiveness of performance appraisals. His findings have had a considerable theoretical, as well as a practical, influence on employee motivation, reward, and attitudes, which were perceived to have moderating influence on employee motivation and expectations on the effectiveness of appraisals.

No study, however, was found on moderation in the public sector, which was another gap which was identified and which this study addressed by answering the following sub-research questions:

- What is the association between employee motivation and extrinsic factors (money) versus intrinsic factors (responsibility/accountability) in predicting levels of commitment?
- To what extent do positive demographics (gender, age, education, race, and experience) of the sample predict high levels of the motivation and expectations of employees in an effective EPMDS?

No similar studies have been found about the association of demographic variables (employee's age, gender, race, education, and experience) with the effectiveness of performance appraisals, particularly in the South African government Department of Health. There was no study on education and performance appraisal in the public health sector, the moderation variables (T_6) which this research was prompted to address. In view of this, the following H_0 and H_1 hypotheses were developed and tested.

- **Hypothesis 18**

- 18 There was a perception that during the EPMDS process employees were motivated by extrinsic factors (material gains, money) rather than intrinsic factors (job satisfaction and work enjoyment), which affected employee commitment, resulting in the following H_0 and H_1 hypotheses:

- **H₁:** Employees are motivated by extrinsic factors (money) more than intrinsic factors (responsibility/accountability) ($V_3 + V_{10} + V_9 = G_5$);
 - **H₀:** Employees having lower levels of commitment are not motivated by intrinsic factors ($V_3 + V_{10} - V_9 = G_5$).
 - **Hypothesis 19**
- 19 There was a perception that demographic factors (gender, age, race, education, and experience) of the sample predicted levels of motivation and expectations of employees in an effective EPMDS, resulting in the following H₁ hypothesis:
- **H₁:** Employees hold the perception that demographic factors (such as gender, age, race, education, and experience) could have a moderating influence on employee motivation and expectations in the EPMDS, which in turn may enhance commitment and satisfaction ($\text{Demographics} + V_3 + V_7 = G_5 + G_8$).

3.7.7 Integrating Key Constructs into an Appraisal Process

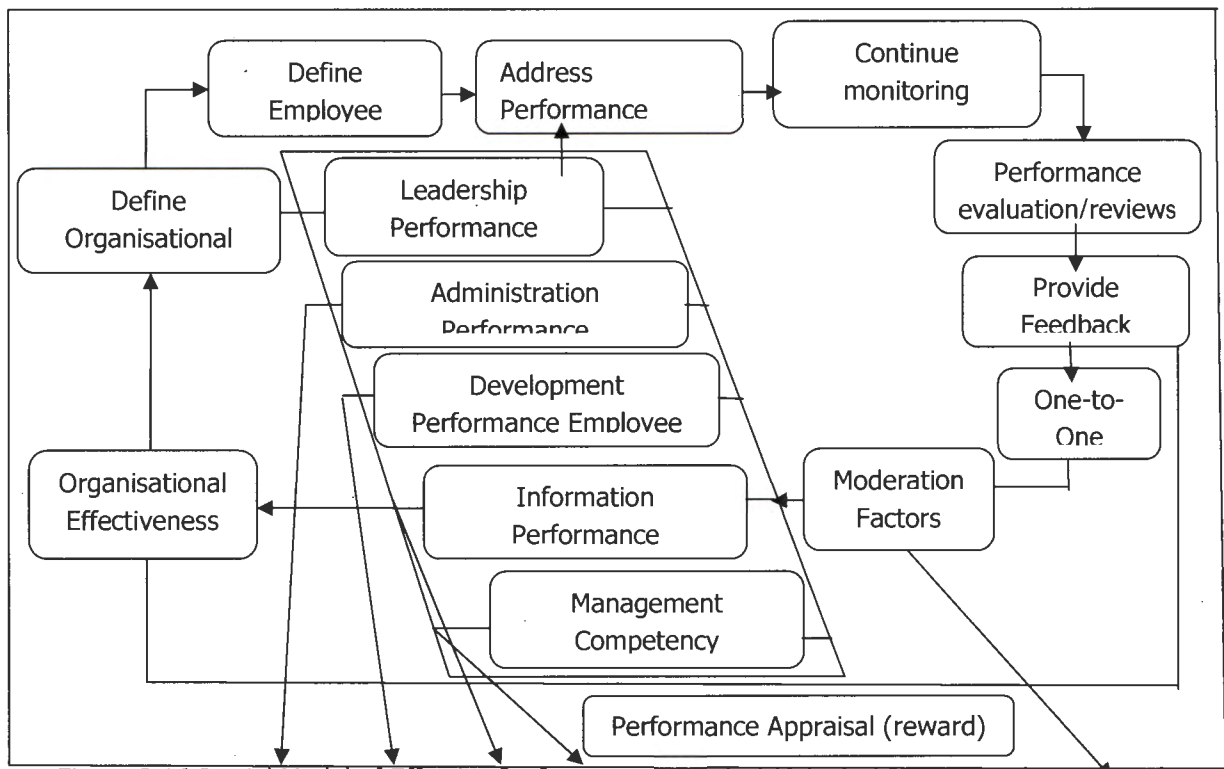


Figure 3.16 Partial Model of Effective Performance Appraisal (Adapted from Forsyth, 2004: 79)

The six constructs/themes were realigned and integrated into a performance appraisal process to enhance its effectiveness, as illustrated in Figure 3.16. These were aligned with sub-investigative questions and successfully aligned with the corresponding sub-hypotheses facilitate testing, illustrated in Appendix Table 3.5 and 3.6. Next, the key constructs are integrated into a theoretical/normative model.

3.8 The Theoretical/Normative Performance Appraisal Model

Finally, the key constructs and resulting determinants are integrated into the complete performance appraisal process model. In this section, the various construct frameworks developed earlier are aligned with organisational goals and objectives, and then integrated into a theoretical/normative model to test. These are based on the review of determinants, concepts, constructs, dimensions, and measures discussed earlier. Many theories and models have contributed to the development of this model (Ulrich et al., 2008; Tucker et al., 2002; Kaplan & Norton, 2004; Quinn et al., 1996, 1997; Deming, 1986; Boyatzis, 1982; Deal & Kennedy, 1982). None, however, could be found faultless to and capable of being used on its own. Each had disadvantages which had to be addressed by incorporating advantages from other models and theories to arrive at the resultant integration, illustrated in Figure 3.17.

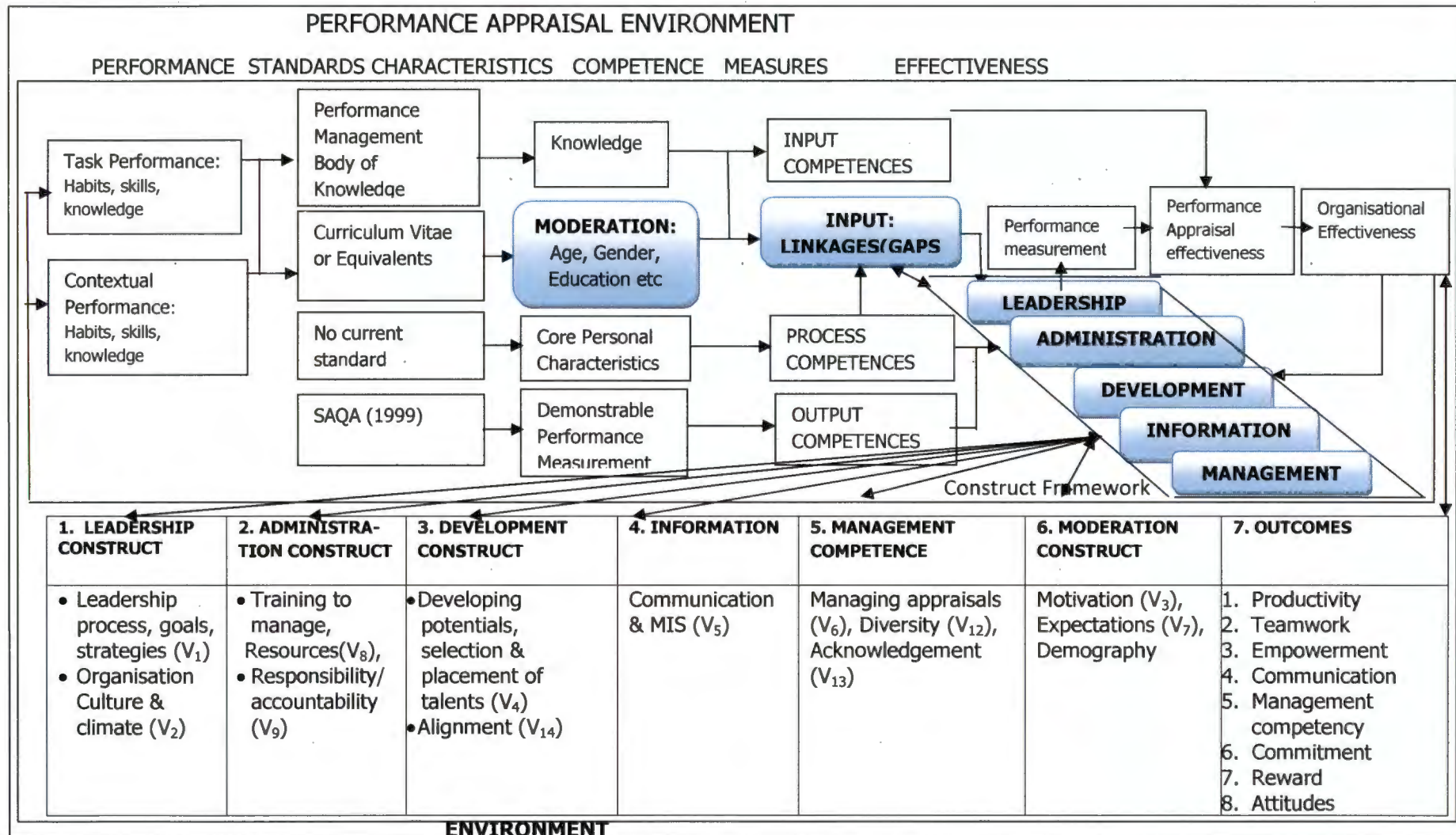


Figure 3.17: Theoretical (Normative) Performance Appraisal Model (Modified from Motowidlo et al., 1997: 79)

3.9 Summary of the Chapter

In summary, this chapter covered the literature about key constructs and determinants. A number of concepts, dimensions, and measures of performance appraisal were extensively examined and summary conclusions were drawn after discussion in each section. Hypotheses were developed, rearranged, aligned, and integrated into a partial performance appraisal model for superimposition over the empirical model, which will be derived from data analysis, in order to ensure that the research problem statement and investigative questions are addressed and answered.

Specific conclusions have been drawn in each major section covered within this chapter. The systems are widely criticised for focusing on the monetary aspect and not on employee development, and appraisers are often subjective and not objective enough when required to focus on performance criteria. Appraisers are insufficiently trained in the application of an organisation's appraisal system, there is insufficient leadership support for the appraisal system, and employees have been insufficiently informed about the intent and purpose of the appraisal system.

Chapter 4 will cover the research design and methodology to be used in data collection and analysis for this research. This, in turn, will be followed by Chapter 5 covering the analysis and interpretation of data. The statistical analysis to be employed in the study will form part of the research design. The research findings will yield a second template (empirical model) which can be superimposed over the normative model (Figure 3.17) in order to determine the degree of fit between what is actually happening and what should be happening according to the body of knowledge presented.

CHAPTER FOUR

4 RESEARCH DESIGN

4.1 Introduction

The research design and data collection design followed the following sequence, namely, research design; scope of the study; target population; sampling design; data collection; research procedures and data analysis. In Chapter 3, hypotheses for testing were developed and aligned with research questions to establish appropriate linkages essential for the development of a theoretical/normative model to be superimposed over the empirical one in order to establish the goodness of fit. Chapter 4 presented the research design that was adopted. The entire process is illustrated in Figure 4.1 on the next page, which outlines the steps to be taken in each chapter of this study.

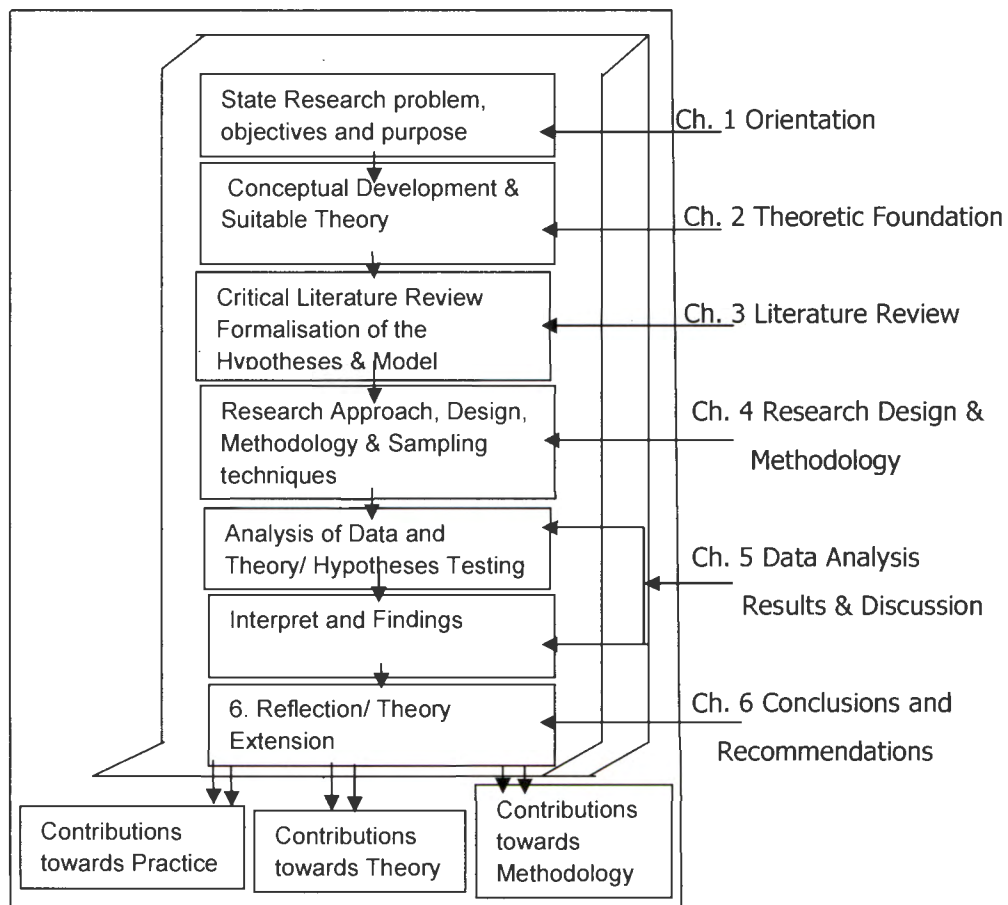


Figure 4.1: Research Approach (Modified from Macharia, 2010: 103)

Section 4.2 covered the research design, 4.3 the scope of the study, 4.4 presented the target population, and sampling design in 4.5. Data collection was covered in section 4.6, research procedures in 4.7, data analysis in 4.8, and the chapter was summarised in 4.9.

4.2 Research Design

This research was designed as a formal case study aimed to answer the research questions posited by testing the hypotheses (Collis & Hussey, 2003; Cooper & Schindler, 2008), which meant to attempt to address the gaps identified and to make a contribution to the Body of Knowledge (Hussey & Hussey, 1997; Kerlinger & Lee, 2000). Bless, Higson-Smith and Kagee (2007: 71-2) describe research design as "specifications of the most sufficient operations to be carried out to test a specific hypothesis under specified conditions." It was seen as a strategic foundation for action that serves as a bridge between research questions and the execution of the research, added Blanche, Durrheim and Painter (2006).

The method was primarily quantitative in nature by means of a survey questionnaire, which was supplemented with qualitative techniques, used to enhance the quality of data collection and validate data. That option was necessary because there was limited secondary data on the identity and effects of the determinants of the effectiveness performance appraisals, specifically the EPMDS, in order to gain insights about the appraisal dilemma. The questionnaire was used, and was complimented by a qualitative personal interview on a selected number of employees, as advocated by Winberg (1997).

Structural Equation Modelling (SEM) was used, as recommended by Holmes-Smith (1998) and Kaplan (2000), for theory testing and theory development in line with Wright theory (1921 cited in Westland, 2010). As a statistical technique, SEM is for testing and estimating causal relations using a combination of statistical data and qualitative causal assumptions, according to Kaplan (2000), which allows both confirmatory and exploratory modelling.

That is, it is suited to both theory testing and theory development. Confirmatory modeling usually starts out with an hypothesis that is represented in a causal model (Pearl, 2000).

4.3 Scope of the Study

This research project was topical and relevant since its objective was to examine the EPMDS within the Department of Health in South Africa. This study has targeted only employees within a representative sample of the government departments of South Africa, specifically those employees within the Free State Provincial Department of Health. The population was comprised of only employees of the Free State Provincial Government (FSPG) Department of Health to whom the EPMDS was applicable. This study was prompted by apparent reasons for ineffectiveness of the current employee performance appraisal system (EPMDS), and focused on the identification of the key determinants of the effectiveness of the EPMDS to be addressed in order to enhance the success rate of the appraisal system.

The study was confined to the government hospitals within the Eastern Free State scattered around the province, mainly rural region, and contained seven district hospitals (of level 1), – the community hospitals confined to a limited level of service, and 3 regional hospitals (of level 2) hospitals that provided an advanced service level and receive patients with serious health conditions transferred from district hospitals. These were chosen because they constituted a critical component of the Department of Health, employing about 45 percent of public staff and scattered around the province, in rural, sub-urban, and urban locations.

Employees were asked to assess and determine, in their opinion, the main blockages to the use of the EPMDS relating to this research, together with a future prediction of what they would wish to happen to its current form. The reason why this research scope was confined to employees within government hospitals using the EPMDS only was to remove from the study the type of subjects that would not be relevant to the EPMDS studies.

The primary purpose of this research was to identify and determine the nature and extent of the influence of these determinants of the effectiveness of the EPMDS. Exploratory, descriptive, and predictive approaches were employed at various stages of the research. An exploratory approach, for instance, was appropriate when the problem was difficult to demarcate and there was no existing, or limited, knowledge on the subject area or model to use, according to Sekeran (2003), as well as Hussey and Hussey (1998).

4.4 Target population

Cohen and Manion (2001: 87) referred to a population as a group that interested the researcher, a group from which results of a study were to be generalised. Leedy and Ormrod (2001) concurred that precision in describing the target population was critical to ensure that the properties to be analysed were clarified. In this study, employees of the South African government Department of Health in the Eastern Free State form the population, the details of which were summarised as follows:

- Employees of the Eastern Free State Government hospitals stationed at 10 hospitals: 7 District (or level 1) and 3 Regional (or level 2) hospitals;
- Unit of analysis in the population (N= 2400) of employees of aged between 20-65 years, within salary levels 1-12, using the EPMDS;
- Sample size (n = 300) of participants received and answered the questionnaires;
- Ten respondents including top manager, middle managers and lower ranks, participated in interview to give their opinion about the EPMDS;
- The questionnaire was to be conducted between April 2009 and March 2010;
- Parameters of interest included the level of responsibility, the level of hospital/service, age, gender, race, education, and experience; and
- Sampling method included both probability (simple random) and non-probability (purposive, judgemental). Next, the sampling design was presented.

4.5 Sampling Design

West, Arnold, Corbett and Fletcher (1992), argued that to advance understanding in Organisational Behaviour, research design should involve single samples and self-report studies based on existing theories and incorporating new types of measures. Alternatively, existing ones should be validated, which were what were explored in the research design of this study. Cooper and Schindler (2008) referred to the ultimate test of a sample design as being how well it represented the characteristics of the population it purported to represent. That is, the sample ought to be valid, which depended on two considerations, namely accuracy (or the degree to which bias was reduced in the sample) and precision (exactness or absence of systematic variances). Nkatini (2005) referred to sampling as a technical counting or measuring instrument, employed to unravel how specific information was selected and gathered, from which data was drawn. Figure 4.2 reflects the sampling types and methods used in the study.

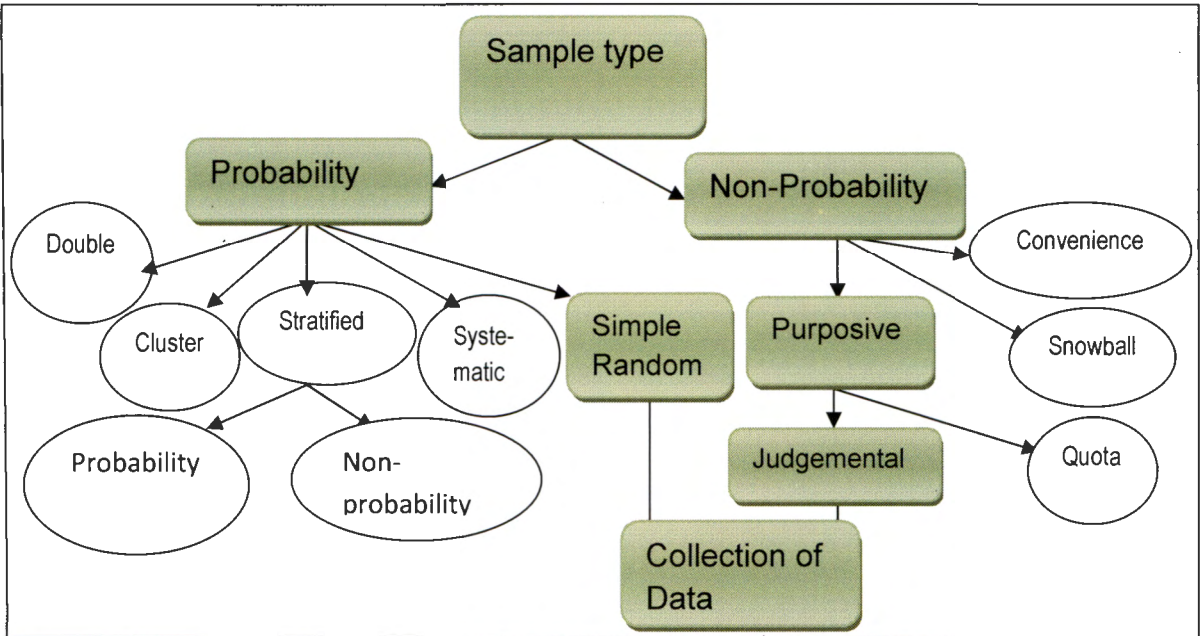


Figure 4.2: Research Design (Adapted from Hosie, 2003: 109; Zikmund, 1994)

A combination of descriptive, predictive, and non-experimental research designs was employed in this research to enhance dimensionality, validity, and reliability.

Triangulation was employed to overcome the potential bias, sterility of a single-method approach and ensure unbiased interpretation and reporting (Denzin, 1970), in order to increase the validity and reliability of the items (questions). Data triangulation included collecting data at different times, triangulation of theories afforded employing theories across disciplines, whilst methodological triangulation ensured that both quantitative and qualitative methods of data collection (questionnaire and personal interview) were employed appropriately.

Consequently, triangulation ensured that the quantitative approach compensated for the weakness found in the qualitative methods, and vice versa (Amaratunga, Baldry, Srachar & Newton, 2002). That meant that only a representative sample was taken for use in the study. Bless, Higson-Smith and Kagee (2007) defined a sample as a subset of the population that incorporated properties which made it representative of the population, design of which is displayed in Figure 4.2. There are two sampling designs according to Leady and Ormrod (2010), namely probability and non-probability sampling.

This study employed both probability (random) and non-probability (purposive-judgemental) sampling procedures to enhance data collection and interpretation (Blanche, Durkheim & Painter, 2006; Cooper & Schindler, 2008; West, Arnold, Corbett & Fletcher, 1992). The figure summarised the research methodology that guided this study, with slight modifications where appropriate to suit the circumstance encountered, because some of questionnaires and interviews were conducted concurrently.

Random sampling meant that each element had an equal and independent opportunity of being selected for the sample. Random sampling was employed to select the participating employees (Cooper & Schindler, 2008). In non-probability sampling the likelihood of choosing a particular individual is not known because the investigator is not informed in advance of the actual size or the members of the population, and the researcher would ascertain the representativeness of the sample (Gravetter & Forzano, 2003). That sampling procedure, however, was reliant on the expertise and/or judgement of the investigator, warned Leady and Ormrod (2010).

Purposive sampling was used to improve data collection because it was based on the judgement and skills of the researcher, in line with the argument of Bless et al. (2007). Purposive sampling was also used to select leaders, managers, and employees who participated in the personal interview.

What is the paradigm? In order to define and clarify the uncertainties surrounding paradigm, a number of scholars were consulted. Fisher et al. (2003) referred to a paradigm as frame of reference used quite loosely in academic study to mean different things to different people. Allen (1990) proposed a three level suggestion: first, at the philosophical level (to reflect basic beliefs about the world); second, at the social level (used to provide guidelines to the researcher endeavours); and, third, at the technical level (to specify the methods and techniques adopted when conducting a research).

Creswell (2003), drawing on a number of other authors (Allen, 1990; Silverman, 1994), clarified and coined the positivistic paradigm as quantitative and the phenomenological paradigm as qualitative. This definition concurred with the recommendation of Hussey and Hussey (1998), and Kerlinger and Lee’s (2000) and was the context adapted in this study, – the positivistic paradigm combined with the phenomenological touch.

4.5.1 Distributions of the Sample

Table 4.1: Technical details of the Empirical Research

Research Population	2400 government healthcare employees	
Distribution I	District = 924	Regional =1476
Sample size	300	
Distribution II	District =90	Regional =210
Sample Error	%	
Confidence Level	95%	
Sample Selection	Probability stratified proportionate and disproportionate	
Data Collection Method	Questionnaire personally delivered to identified potential participants in different public hospitals and personal interviews	
Data Collection Period	April 2009 to March 2010	

Table 4.1 presents the technical details of the empirical research. The reason for gathering data from employees of the Department of Health to whom the EPMDS was applicable, rather than those to whom it was not applicable, was that this group was best suited to provide information about the way in which the EPMDS effectiveness was influenced. The demographic distributions are presented in Table 4.2

Table 4.2: Distribution according to number of Employees

A. Level of Hospital	Number	Percentage
District or level 1	1148	48
Regional or level 2	1252	52
TOTAL	2400	100
B. Level of Hospital	Number	Percentage
District or level 1	7	70
Regional or level 2	3	30
TOTAL	10	100
C. Level of Management	Number	Percentage
Top Executive	13	4
Middle/operational managers (Cost centre managers)	33	11
Employees	254	85
TOTAL	300	100
D. Level of Hospital	Number	Percentage
District or level 1	90	30
Regional or level 2	210	70
TOTAL	300	100

4.5.2 Demographics

The questionnaire consisted of two parts, a demographic section dealing with moderation construct variables, and a thematic section dealing with other constructs. The moderation variables, which included age, gender, race, education, and experience were perceived to determine significant individual differences among participants that influenced the effectiveness of performance appraisals, as they impacted IT usage, according Macharia (2010 in Crump et al., 2007).

Table 4.3 describes the subsamples used for interpretation and analysis, the characteristics of which will be given in the next chapter.

Table 4.3: Sample used for Interpretation and Analysis

RESPONDENTS			
N	SAMPLE	DESCRIPTION	ANALYSIS
300	1	Demographics	EFA, Descriptive statistics
300	1	Six Functional themes (Dependent)	EFA, Descriptive statistics Variable and factor reduction
300	1	Self-rated determinants of employees' performance appraisal (Independent)	CFA, Establish measurement model Validation sample Cross validation sample
300	1	IVs (Determinants) of performance appraisal DVs (Themes) of performance appraisal	MTMM Purification of measures Canonical correlation Standard multiple regression

Six constructs and fourteen determinants were initially identified; however, only twelve were used in this study for developing hypotheses to address the problem statement, failure of which might have compromised its accomplishment (Rogers & Wright, 1998).

Appendix 1 presented the questionnaire used for this study, with the first section as the demographic part, in which, technical factors and instruments important for data collection were covered. Issues such as, type of hospital (regional or district), manager or employee, gender, race, age, education, and level of experience were examined. Certain distributions were tabulated, and showed that the majority of employees of the target population work in regional hospitals (1476) and the rest in district hospitals (924). A sample of 300 employees consisting of 15 percent managers and the rest (85 percent) lower employees, participated in this study.

Three hundred questionnaires were administered in proportion to the level of service/employment as follows, 30 percent to the district and 70 percent to the regional hospitals. There were 3 regional hospitals and 7 district ones, - a total of 10 participating hospitals. Ten interviews were conducted for each of regional hospital and 5 for each district, lasting 15 minutes each. The questionnaire and interviews were conducted on the same day for each hospital to facilitate data collected and limit disruption to service.

4.6 Data Collection

According to the Australian Bureau of Statistics (ABS Website, 2009) the concept data collection was used to describe the process of preparing and collecting data. Primarily, the purpose of data collection in this study was to obtain information to analyse empirically to ensure that informed findings and reports of academic quality are presented to relevant bodies. Internally, it was partly to ensure that decisions about an appropriate appraisal system are made and information thereof disseminated to the relevant authority for remedial action. From the findings it is hoped that an attempt is made to address the problems identified initially, and to establish the goodness of fit and a rationale for the development of a new performance appraisal model, which emerged from the superimposition of the normative model over the empirical one. Such innovations made a significant contribution to the Body of Knowledge.

4.6.1 Methods and Instruments of Data Collection

Sarantakos (1997: 223) referred to survey as an instrument or method of data collection in which information was gathered through oral or written means. Oral means were the interviews, whilst the written ones, the questionnaires, which were supposed to be unbiased to enhance result acceptability, contended Legotlo and Teu (1998). In this study, primary, secondary sources, and the internet about performance appraisal were searched. Research survey errors are not uncommon in research situations, according to Kerlinger and Lee (2000) and contamination or errors were usually unavoidable (Leady & Ormrod, 2010). That meant that, - there were no ideal studies that contain absolutely no contamination.

Cooper and Schindler (2008) agreed and identify four types of error sources that often contaminated the results, which this study had to take care of. Collis and Hussey (2009) concurred that those errors usually arose from, respondent, situational, the measure, and the data collection instrument.

Questionnaires (Appendix 3) and interviews (Appendix 4), as research instruments, were chosen because they were the traditional and most common ways of gathering information in research (David & Sutton, 2004).

- Questionnaire

A four-point Likert scaling questionnaire, - so-called forced method was used to force respondents from the comfort 'don't know' zone, to address the tendency to avoid using extreme response categories (central tendency bias) (Trochim, 2006). Other distortions such as, tendency to agree with statements presented (acquiescence bias) and tendency to portray themselves or their organisations in a more favourable light (social desirability bias), were address through the design. Questionnaire is depicted in Appendix 3.

That modification was made to suit the requirements of this study distributed by the trained assistants, with the assistance of the leadership and management (CEOs, Nursing/clinical managers, and the HR managers) of the participating hospitals. The permission to conduct the survey was sought from the Head of Health (HOD) in the Free State Provincial Government and the Research Ethical Committee of the North-West University. On approval, a questionnaire, the approval letter from the HOD, a pre-addressed envelope, and an application from the researcher were sent to the top management of the ten participating hospitals.

This was followed by e-mail and telephonic contacts to plan and schedule the eminent survey (questionnaire and interview) appropriately and conveniently. The letter gave background to the study and explained the purpose of the study, – to establish causal blockages to the EPMDS. Voluntary participation and a strict observation of ethical guidelines (such as, anonymity, privacy, and confidentiality) were ensured. A request was made to administer questionnaires in single sittings to reduce the survey time and the disruption of services. In each participating hospital, it was required that one hour was set aside for the questionnaires in one sitting. Fifteen minutes were needed for each of the sixty-five nominees from the ten participating hospitals.

Participants were requested to hand back the questionnaire to the assistants on completion, while the remaining questionnaires were collected at a later date, specified in the appointment, or returned in sealed envelopes by hand, or mailed to maintain privacy and confidentiality. All items for the quantitative primary data collected by the questionnaire were post-coded and cross-tabulated on Excel to facilitate analysis and statistical treatment for interpretation of the scales as reflected in Table 4.4.

Table 4.4: Modified Likert Scaling Technique

Score	Response
1	Definitely Disagree
2	Disagree
3	Agree
4	Definitely Agree

In the Likert Scale Questionnaire (Likert, 1932 cited in Cooper & Schindler, 2008), participants were asked to mark the statement which best agrees with their point of view on each question (Meyers, Guarino & Gamst, 2005). The midpoint of undecided was omitted to commit respondents to confirm to one of the four posed statements (to each research question or item). This was in agreement with Trochim (2006), who proposed that Likert scales data may often be reduced to the nominal level by combining all 'agree' to 'accept' and all 'disagree' to 'reject'.

Hussey and Hussey (1997) contended that, generally, scales were subjected to distortion from several causes, such as respondents avoiding the use of extreme response categories (central tendency bias), or agreeing with statements as presented (acquiescence bias), or trying to portray themselves or their organisation in a more favourable light (social desirability bias). Dawson (2005) suggested designing a balanced scale, with equal number of positive and negative statements, to obviate the problem of acquiescence bias, so that acquiescence on positively keyed items might balance acquiescence on negatively keyed ones, which was employed. Central tendency and social desirability, however, appeared more problematic. On completion of the questionnaire, each individual participant was thanked for their participation and informed that he/she was no longer required to get in touch with the research team.

Data was analysed using a number of statistical treatments such as the Cronbach Alpha Coefficient analysis to test the dimensionality, validity, and reliability of the variables. SEM techniques were employed using the exploratory factor analysis (EFA), followed by the confirmatory factor analysis (CFA) (Kline, 2010; Gerbing & Hamilton, 1996). That was done after model operationalisation to allow testing of the relationships among the constructs, determinants, and other concepts in the normative model (Bartholomew & Knott, 1999). Internal consistency for the measure, which referred to the extent to which tests or procedures assess the same characteristic, skill, or quality, according to Hussey and Hussey (1997), was calculated using the research data. Three items were posed as dichotomous *Yes* or *No* questions, as depicted in Table 4.5.

Table 4.5: Dichotomous section of Questionnaire

Now you may tick " <u>Yes</u> " or " <u>No</u> " to describe your agreement or disagreement with the statement.		
V. 66. Are you happy with EPMDS to be used for the next 5 years?	Yes	No
V. 67. Are you currently satisfied with your participation in EPMDS?	Yes	No
V. 68. Would you want current EPMDS replaced by another performance appraisal tool?	Yes	No
V.69. Open-ended question: What is the one thing on the EPMDS you would want done different?		

- Personal Interview

Bless and Higson-Smith (2000) reaffirmed that interviews involved face-to-face interaction with the respondent who is asked questions about the research question, presented in Appendix 4. This was a useful source of information that might easily be missed during the questionnaire, added Leady an Ormrod (2010). Interviews have the absolute purpose of obtaining detailed information from the respondent from a structured conversation organised along pre-determined questions (Patton, 1990; Babbie & Mouton, 2003), and get his/her perception or opinion on the subject.

Participants were required to answer probing questions to determine their propensity for involvement in, and attitudes towards, the EPMDS.

Interviews were scheduled on the same day with the questionnaires at the same institution, to allow privacy and confidentiality for the interviewees and to ensure that data from both exercises was collected on the same day. Tape-recording was not allowed, because it would have simulated criminal investigation, compromising openness and integrity (Patton, 2000).

A number of investigative questions were posed, namely 'Do you specifically know the purpose of the EPMDS? Will you share your experience and opinion on the EPMDS, ever since you came to use it? Share your experience about the leadership and management competence in influencing the EPMDS process? Share your perception about involvement of employees in the EPMDS process? Do you receive feedback from the EPMDS, how is done, and what is done with it? Share your experience about when the EPMDS is completed whether it lives up to your expectations? Do you think there are factors or determinants influencing the effectiveness of the EPMDS? Name and rank them in order of importance? How do you think they impact the EPMDS effectiveness, and what is your suggestion for improving the situation?'

Other questions included were 'share your experience about reward versus personal training and development in the EPMDS process? Share your opinion about what should be done to the EPMDS to meet your needs and the objectives of your institution? Should it be retained as it is, or abandoned without replacement, or modified, or totally replaced? Should annual performance reports include both performance measurement results and evaluation findings or others? What is your overall experience of the EPMDS? How would you rate it on a scale of 1 (Extremely poor) to 10 (excellent)?'

Data collection methods and instruments were discussed in detail, viz. - a questionnaire and interviews scheduled on the same day in each hospital. Data was captured in Microsoft Excel software format in preparation for data analysis. For clarity purposes, the analysis of the captured data from 284 respondents was the primal focus of this study for statistical analysis.

The recorded data from the selected respondents, 10 from each regional hospital, and 5 from each district (65 in all), was tabulated and used in support to strengthen the statistical interpretation from the survey questionnaire. The tabulated data from the interview is presented in Appendix 4.

4.7 Research Procedure (Ethics of the research)

The research procedures are well defined in research ethics. Ethics is defined in the manual for post graduate studies of the University of the North West (2007: 26) as, "the practice of aligning human life, individually or collectively, or organisational establishments, policies, procedures, protocols and practices in accordance with basic standards of conduct." It is based on the values of the University as enshrined in its vision, values, and mission statement. Ethical considerations are critically important in research. This is specifically so in the Social Sciences Disciplines, which deal with people as human beings, though they may be less conspicuous, according to McIntyre (2005).

In this study, data was collected by questionnaires and interviews in the most ethical manner that circumstances would allow (Cooper & Schindler, 2008; Collis & Hussey, 2009).

4.7.1 Ethical Definition and Guidelines

Ethics is very important in natural sciences, such as medicine and nursing, to safeguard participants. Conducting research in social sciences, however, without running into ethical arguments is very difficult (Coolican, 1992). Research ethics consists of two important terms (research and ethics) which are, according to Kerlinger and Lee (2000), not easy to define. They, however, defined research as the activity done to test theories, make inferences, and add to or update information on the basis of knowledge. All survey research, regardless of which field of science the investigation was taking place, has to respect individual privacy and confidentiality of information supplied.

Additionally, all gathering of information based on survey questionnaires or interviews conducted with individuals were voluntary. Research ethics is focused on the researcher and the conduct of the research process. Shrader-Frechette (1994) added that research ethics specified the conduct and behaviour the researcher showed while conducting the investigation in the practice of social and behavioural sciences. Failure to abide by the ethical considerations of the investigation exposed the researcher to charges of being fraudulent and deceptive, according to Kerlinger and Lee (2000). Laws and regulations such as those proposed by Tuskegee, Milgram and Burt (cited by Kerlinger & Lee, 2000: 438) were created in order to prevent research fraud and the deception of participants.

In addition, they ensured restrictions on or totally stop unethical research behaviour in the medical, behavioural, and social sciences. Professional organisations and research review boards do investigate, review, and recommend action on reported cases of unethical research behaviour to ensure that researchers comply with the research ethics. Kerlinger and Lee (2000: 439) described five general rules or procedures to follow when determining whether the research should not be done. "Scientists may not do research that puts people at risk, that violates the norms of free informed consent, that converts public resources to private gains, that damaged the environment and that was gender or racially biased,"(2000: 439). Major criteria in deciding about the execution of a research study were its consequences, such as studies that put humans and animals at risk (Lindlof, 1995).

In this study, caution and some degree of common sense were exercised so as not to undermine the rights to privacy, confidentiality, and anonymity of participants. Participation in the study by employees—managers and workers – was purely voluntary. Participating institutions and employees were required to agree, without coercion, to take part in the study, some on the condition that they remained anonymous in published materials from the study. They were made aware of the sensitive nature of the study. The current researcher's desire for additional data was balanced by the interests of participating leadership, management, employees, and organisations.

The researcher's accountability ensured that the data was accurately coded and anomalies (such as missing data) addressed. Nobody else had access to the completed questionnaires, except the researcher and his supervisor. Questions and concerns were treated confidentially, and results reported only to organisations at the aggregate level to ensure privacy and integrity. None of the institutions involved in the study were to request information about individuals at any time during or after the research. The questionnaire was structured from the items aligned with constructs, determinants, sub-research questions, and hypotheses developed earlier to investigate the relationships amongst them. The responses to the subresearch questions were summed up and the Cronbach Alpha Coefficient analysis (Cronbach & Shavelson, 2004) used for testing the reliability of the summated variables, as discussed in the next chapter.

The questionnaire consists of two parts, a demographic and thematic questionnaire. A total of 69 items were designed to probe the key determinants along the six established themes/constructs. Each determinant was interrogated by a number of items derived from problem areas (gaps) identified in the literature and the pilot studies. In addition, informal discussions with employees were used to augment the opinion from 65 respondents who were interviewed. A cross-cultural interpretation of language constituted an intervening variable, which could impact on the research validity.

Some field assistants, who are bilingual, were orientated and trained to translate the questions into the local dialect – Sesotho – for those respondents who were not fluent or confident with English. Kerlinger and Lee (2000) recommended dividing the measurement of quantitative data into two overlapping classes, differences or relationships, namely, 1) to provide answers to research questions as validly, objectively, and economically as possible, – the development of a new model, and 2) to control variance by controlling the experiment, the extraneous and error variances of the problems in performance assessment management that were under investigation. A survey questionnaire and personal interview were field studies over which there was little control in this study.

Howell (1996) concurred with Kerlinger and Lee about actions or processes that guaranteed a good research design, and he viewed the purpose of research as a road map to sketch the research process (by providing a complete research proposal). Cooper and Schindler (2008) added that the design should include thorough planning and presenting the findings accurately and unambiguously to justify conclusions. Each organisation required a tailored approach to performance appraisal since different businesses required different strategies, contended Greenberg (2003), to ensure the fulfilment of four objectives. Those were named as: firstly, understanding what the current performance and reward systems need to measure; secondly, designing a simple and flexible performance and reward strategy that fits with the overarching strategy of the organisation; thirdly, executing it well, by measuring and actually differentiating individual performance and rewards; and fourthly, getting what is being paid for from the workforce.

All the captured data was tabulated on an Excel spreadsheet (questionnaires) and fed into a computer for statistical analysis. The information captured from the interviews was recorded and organised into a usable form in alignment with the sub-investigative questions, which had to be answered by this study. A frequency count was made on repetitive statements which served as additional information in support of the interpretations made to the questionnaire results.

4.7.2 Ethical Approval

In this study, data was collected from individual human beings, employees of the South African government department. Prior approval was obtained from relevant committees and officials in accordance to the University of the North West Ethics Committee guidelines. This was critical in determining compliance with academic and ethical considerations in terms of the structural equation modelling, validity, reliability, and dimensionality. Participants were informed about their right to withdraw their participation at any time without providing reasons and that such a decision would be honoured. Furthermore, it was explained to participants that no benefits of any sort were expected, besides sharing in the findings and recommendations.

4.8 Data Analysis

Table 4.6 displays the concepts, constructs, dimensions, and measures employed in this study, which were statistically analysed.

Table 4.6: Concepts, constructs, dimensions, and measures

Constructs (Themes)	Concepts/ Determinants	Dimensions	Measures
1. Leadership	Leadership process effectiveness/Ineffectiveness, Intelligence, Flexibility, Situational components, Selection, Placement, Training	Vision, Mission, Goals, Objectives, Strategy, Problem solving, Proficiency, policy, procedures, Leading, Influencing, Representing, Strategising, Accountability, Expectations, Reflective thinking,	Leader Behaviour Analysis II (LBAIL) by Zigarmi, Edeburn and Blanchard (1995) to measure leadership styles, effectiveness and flexibility, the Emotional Intelligence Index (EII) by Palmer, Walls Burgess and Stough (2001) and the 11- Item and 5-scale Leadership Index by McManus (2007) to measure and improve leadership process in organisations, Ulrich et al. (2008) Leadership Code: Five Rules to Lead by.
2. Administration & Management Competency (Task & Contextual Performance)	Manager's task & contextual competency: Knowledge, Skills, Abilities, Traits, personal attributes, Behaviours, Goal – directed, Purposeful, Rational, Reflective, Analytical Informed Decisions,	Planning, Communicating, Representing, Guiding, Technical, Adminstrating, Delegating, Rewarding Training, Punishing, Evaluating Volunteering, Helping, Following, Accepting, Endorsing, Listening, Complying, Committing, Participating, Learning, Performing, Accepting responsibility, Interpreting, , Ownership	Self-devised 22-item scale of managers' contextual performance developed from Borman & Motowidlo's (1997) 5-dimensional taxonomy. Items from Konovsky & Organ (1996), Organ & Lingi (1996), Brush (1993) Podsakoff et al. (1990). Self-devised 75-item scale of managers' task performance developed from Borman & Brush (1993) 18-dimensional taxonomy. Subscale items developed to measure 'Judgement' and 'Organisational Effectiveness' (Quinn, 1996), Skillscope (Sacket & Larson, 1996).
3. Development (employee)	Motivation, Growth, Training, Attitudes, Expectations, Performance, Development, Commitment, Satisfaction, Reward, Addressing workplace imbalances	Respect, Trust, Royalty, Collegiality, Shared Responsibilities, Ownership Accountability, Correcting, Transforming, -Redressing, Adjusting, benchmarking, standardising	Quality, Quantity, Timeliness, Cost-Effectiveness, Absenteeism/Tardiness, Creativity, Adherence to policy, Gossiping and other personal habits, Personal Appearance/Grooming, Manager Appraisal, Self-Appraisal, Peer Appraisal, Team Appraisal, Assessment centre, 360-Degree or Full-Circle Appraisal, MBO, PMD's (2001) Performance Pyramid, Kaplan and Norton's (1996) Four Perspective Balances Scorecard Approach.
4. Effective Communication	Managing Information Systems.	Informing, Empowering, Disempowering, Committing, disseminating, Getting feedback	Zoghail's (1988) Communicative Effectiveness Index (CETI) to measure the effectiveness of communication.)
6. Moderation	Employee motivation, Employee expectations Job satisfaction, Gender	Utilising of skills, amount of job complexity and opportunities for control, amount of responsibility and challenges	7-item subscale (Seavastros, 1996; Cook et al., 1980a). Hofstede's (1980) analysis of 116000 questionnaires, suggested e dimensions and indices of cultural differences.

This section briefly covered the data analysis techniques and measuring models, details of which were examined in Chapter 5. Sackett and Larson (1991) argued that to test hypotheses without ambiguity essentially required establishing the structural congruence between the performance ratings of the employees and the influence of the key determinants of performance appraisal effectiveness. Measures used in this study are consistent with the established theory base in this stream of research and are closely aligned to the determinants, constructs, dimensions, and measures established earlier, which were investigated.

During the literature review, it became evident that there were a considerable number of well-validated instruments for measuring employee performance, but few, if any, were suitable for collecting data on variables identified as the determinants of performance appraisal effectiveness. The determinant variables were drawn from published and validated scales. The employee performance management and development system (EPMDS) determinant items, developed for the measurement instrument used, were closely linked to the literature. Linkages between the relevant constructs/dimensions and measures identified were integrated, summarised in Table 4.7 to support the choice of measures. Techniques of data analysis of the key concepts of the performance appraisal used include:

- EFA was used to determine the items that form the factors of effective performance appraisal;
- CFA was employed to test the invariance analysis of the items and factors;
- MTMM analysis was used to cross-validate the structure and robustness of the items and factors identified in the CFA;
- The major analysis of the main determinants were be undertaken using canonical correlation and standard multiple regression; and
- The Structural Equation Modelling (SEM) Technique was employed.

Hosie (2003) contended that a reliable and valid measure of effective performance appraisal of employees was critical for research, specifically for this study.

Performance measures are stubbornly value-laden, especially when a questionnaire is employed (Hosie, 2003). Sackett and Larson (1991) recommended triangulation of methods for new lines of research, which necessitated the use of different ways of viewing the phenomena under investigation to obtain a solid assessment of the construct and determinants of an effective performance appraisal (Bandura & Wood, 1989). Miller (1999) documented the difficulties associated with achieving scale construct validity when measuring the performance of managers, which were similar to those of employees' performance.

It has been decided to identify the appropriate groups of variables on the basis of a correlation matrix, using factor analysis with eigenvalues for determining the factors. In addition, a scree test may be employed to help interpret the eventual factor solution, an approach recommended for detecting structures with manifest inter-correlations between variables and suggested by Schwizer (1992, in Hosie, 2003).

4.8.1 Exploratory Factor Analysis (EFA)

Factor analysis is used to redefine and compose items of the final questionnaire and performance scales of employees, whilst, Cattell (1966) argue that the value of factor analysis for theory development depends on the manner in which it is implemented; hence, the following issues require to be addressed:

- The size and nature of the indicator variables that are to be included in the study and the nature of the sample to be used;
- EFA will be the appropriate form of analysis for the specific goals of the study –the specific procedure to fit the model to be tested; and
- EFA will deal with the number of factors to be included in the model and the method for rotating the initial factors.
- Factor Analysis

Each scale and item will be separately analysed for communality, eigenvalues, percentage of variance, and cumulative variance. The Maximum Likelihood Estimation (MLE) is examined after the distributions for each of the determinants are examined for general normality, for the presence of outliers and errors in coding, and for missing data. The process was repeated for composite determinants in each construct (theme). Overall, the data was suitable for calculating Pearson product-moment-correlations for the EFA, whilst factor analysis was appropriate for deriving dimensions for theoretical purposes that were not contaminated by unique or error variance, argue Tabachnick and Fidell (1998). Factor analysis, therefore, was employed to identify latent variables or major determinants, which accounted for correlations among measured variables.

- Maximum Likelihood Estimation (MLE)

MLE was used to compare the performance of individual employees. Hair, Anderson, Tatham and Black (1998) emphasised the effectiveness of MLE as factor analysis when using only eigenvalues > 1 and sample sizes above 100, which necessitated using 300 for the sample of this study. Maximum Likelihood (ML) assumed that the data being used was multivariate normal, and represented, and separately estimated the unique/error portion of each variable, according to Hosie (2003), though it had more restricted assumptions and only analyses share variance (latent dimensions or major determinants). ML began with the input of Pearson product-moment correlation using squared multiple correlations to make initial estimates of communality. Hair et al. (1998) maintained that ML produced theoretically-based solutions, uncontaminated by unique and error variability.

- Factor Rotation

In factor rotation, argued Cordery and Sevastos (1993), decisions were made on whether to use oblique/oblimin rotation or an orthogonal rotation. It was decided to employ the oblique rotation because of its hypothesised interrelations among constructs and because it more accurately represented the grouping of major determinants into constructs/themes (leadership, administration, development, information, management, and moderation).

Coates (1994) argued that oblique factors may correlate with one another when oblique rotations are employed and they tend to produce items with lower loadings owing to the communalities of the variable. Thus, item loadings for oblique solutions were interpreted at other levels than for those using orthogonal rotations. Oblique/oblimin provided more meaningful results of data for this research because differences between high and low loadings were more readily interpretable in the pattern matrix in terms of these constructs (Corderly & Sevastos, 1993). Factors were rotated until each item was loaded into a construct. Tabachnick and Fidell (1998) contended that a factor was deemed to reflect a particular construct when three or more items have loadings of $\geq .30$ on any other factor. Pure variables should load $\geq .30$ on only one factor, whilst complex variables have loadings $\geq .30$ on more than one factor. Factors with eigenvalues greater than one were retained, except when the scree plot indicated more factors were present. Thus, items that did not meet this criterion may be deleted.

- Scree Test

Scree tests were employed because they provided a better indication of underlying factors than other methods (Catell, 1964). They also assisted in identifying the optimum number of factors to extract before the amount of unique variance began to dominate the common variance structure. A Scree test was seen as an appropriate adjunct to eigenvalue analysis for selecting the number of factors (Hosie, 2003). Eigenvalues were compared with Catell's Scree plot to determine the number of factors to retain (Holmes-Smith, 1998). Extracting components with eigenvalues > 1.0 overestimates or underestimates the appropriate number of factors to retain, reiterated Hakstian, Rodgers and Cattell (1982), and Tucker, Koopman and Linn (1969).

- Internal Reliability

According to Price and Mueller (1986) and Cronbach (1984), Cronbach's alpha coefficient is the most common way of calculating internal scale reliability.

Alpha coefficients are calculated for each scale of the questionnaire to decide which items to delete or modify and check for congruence with the underlying dimensions of determinants. An internal reliability of $\geq .70$ will be acceptable, which is appropriate for most psychological scales, according to Hair et al. (1998) and may be reduced to .60 in factor analysis, though Cronbach (1984) insists that a value of $< .50$ may usually be considered unacceptable.

- Statistical Power and Factor Loadings

Hair et al. (1998: 12) listed criteria for judging the significance of factor loadings as, "first, the larger the sample size, the smaller the loading to be considered significant, second, the larger the number of variables being analysed, the smaller the loading to be considered significant, and third, the larger the number of factors, the larger the size of loading on later factors to be considered significant for interpretation." These were taken into account when statistical power and factor loading were being interpreted in this research. Sample size, alpha and effect size were analysed concurrently to attempt to achieve a threshold of 80 percent statistical power, which Hinkin (1995) contended to be particularly susceptible to sample size effect. 300 respondents were used in this study to maximise statistical reliability and power. There was a need to split the subsample for the EFA into those variables predicted to load separately onto the contextual and task performance dimensions in accordance with Hosie's (2003) contention.

Factor loadings usually have considerably larger standard errors and typical correlations, which should, therefore, be assessed at stricter levels, advises Bentler (1995). Guadagnoli and Velicer (1988) seemed to agree that a sample size of 150 is sufficient for an accurate solution in factor analysis, provided the items were strongly correlated, whilst Comrey and Lee (1995) argued that solutions with loading markers or pure variables > 0.80 require samples of above 150 to be suitable for factor analysis. Variable loadings of 0.50 were recommended by Hair et al. (1998).

For a sample of 120 (0.40 for 200) to maintain a statistical power of 80 percent based on a 0.50 significant level (α), and factor loadings of 50 percent were practically significant, 40 percent were important, and 30 percent to meet minimum requirements for samples over 100. These recommendations were consistent with Comrey and Lee (1995), who calculated more precise cut-off values and suggested that loadings exceeding 0.71 (representing 50 percent of overlapping variance) were excellent, 0.63 (40 percent of overlapping variance) were very good, 0.55 (30 percent of overlapping variance) good, 0.45 (20 percent of overlapping variance) fair and 0.32 (10 percent of overlapping variance) poor. For newly devised performance scales, it was considered acceptable to retain items that loaded ≥ 0.30 and do not cross-load ≥ 0.30 on other factors, supported by Hair et al. (1998).

- **Confirmatory Factor Analysis Power**

Hair et al. (1998) advise that, to determine whether a hypothesis about a model was acceptable, adequate power needed to be demonstrated by doing power analysis. This was done because tests of model fit required the specification of null and alternative hypotheses that translated into an effect size (that is, the extent to which the null hypothesis was incorrect. Hosie (2003, in MacCallum, Browne and Sugawara, 1996) developed calculations for power and determination for sample size. Power of 0.08 was achieved when the null hypothesis was ≤ 0.05 and the alternative hypothesis was ≥ 0.08 with an alpha of .05. All model fit evaluations were based on those recommendations to demonstrate adequate power and sample size influencing the RMSEA) as an index of model fit.

4.8.2 Confirmatory Factor Analysis (CFA)

Bentler and Chow (1987) asserted that large sample sizes (> 400) were required for accurate CFA parameter estimates, whilst Boomsma, Molenaar and Hietler (1983) recommended a minimum of 200 subjects as a satisfactory sample size.

In this study, a sample size of 300 participants was used with Structural Equation Modelling (SEM) Techniques. SEM is growing in importance in the social sciences because confirmatory methods "provide researchers with a comprehensive means for assessing and modifying theoretical models," reaffirm Anderson and Gerbing (1988: 411). It focuses mainly on establishing the extent that the hypothesised model fits or adequately describes the sample data. A number of criteria were necessary to assess the adequacy of the fit of the model overall and on an individual basis; hence, CFA allowed the modelling of covariation among constructs, added Anderson and Gerbing (1988). Widaman's (1985) earlier proposed guidelines used to test for evidence of construct validity of employee performance appraisal using a CFA framework, details of which were provided in the next section including a general coverage of the fit indices used in this research. EFA was used for model specification prior to cross-validation with CFA, particularly with varimax rotation of principal axes factors, in line with the proposal of Gerbing and Hamilton (1996).

ML with oblique rotation, however, as already alluded to, was used in preference to varimax rotation because it was more rigorous for this type of research. SEM was used for theory testing and development of application and prediction models, in pursuance of the earlier argument of Joreskog and World (1982) that theory testing enhanced theory information. It also afforded development emphasizing the transition from exploratory to confirmatory analysis, whilst application and prediction were primarily intended for causal-predictive analysis in situations of high complexity but low theoretical information.

The distinction between EFA and CFA is a critical methodological consideration. EFA was appropriate in the early stages of scale development because CFA did not indicate how well items load on non-hypothesised factors (Kelloway and Barling, 1991). Gerbing and Hamilton (1996: 1) argued that those distinctions were somewhat arbitrary, since "most uses of 'confirmatory' factor analysis are, in actuality, partly exploratory and partly confirmatory in that the resultant model is derived in part from theory and in part from a specification based on the analysis of model fit."

An EFA results when the number of factors was not specified beforehand, in which case the analysis was essentially exploratory because individual items were not forced into an appropriate factor. EFA was, therefore, appropriately used for developing the contextual and task performance subsamples prior to CFA for testing. In contrast, CFA occurred when a number of factors was specified and known beforehand, and individual items were attached to each factor. Usually, CFA was preferred when there was a well-developed underlying theory for hypotheses or loadings, reckoned Hurley, Scandura Schriesheim, Brannick, Seers and Williams (1997). A substantial theory base of a measurement model, however, was attained through the literature review, before analysing data for the performance appraisal theoretical/normative model using CFA, as they recommended.

In this study, CFA was used to confirm the adequate fit of the determinants constructed. The independence of the dimensions of the construct/themes/ subscales were tested through CFA using the SPSS (2008) computer packages, such as EQS 6.1 for Microsoft Windows, which used an estimation method that assumed the data was multivariate normal but bases evaluation of model fit on a test statistic that was corrected to take nonnormality into account, according to Byrne, (1994). Anderson and Gerbing (1988) and Bollen and Long (1993) recommended using multiple measures of fit to evaluate models. The Psychological Association's Standards (PAS, 1985: 9) required that "constructs inherent in any measure are to be embedded within a conceptual framework, no matter how imperfect that framework might be."

4.8.3 Statistical Analysis using SEM

This study adopted Structural Equation Modelling (SEM) techniques using Microsoft Windows 6.1 as they provide powerful ways of addressing the problems of appraisals. SEM, articulated by Sewall Wright (1921), and Hair et al. (1998, in Trygve Haavelmo, 1943) and Simon, 1953), was formally defined by Pearl (2000) using a calculus of counterfactuals. SEM allows both confirmatory and exploratory modelling, being suited to both theory testing and theory development.

The concepts used in the model were operationalised to allow testing of the relationships between the constructs and determinants in the normative model, to be tested against the obtained measurement data to determine how well the model fits data. This concurred with the guidelines of Pearl, (2000), Byrne (1994; 2001), and Anderson and Gerbing (1988). Bollen and Long (1993) argued that causal assumptions embedded in the model often had falsifiable implications, which required testing against the data. With the initial theory from the literature review, SEM was employed inductively by specifying a corresponding model, – the normative, and using data to estimate the values of free parameters in the empirical model. This necessitated adjusting the initial hypotheses in the light of model evidence from the analysis.

SEM was also used to test the factorial validity of the constructs or determinants of the effectiveness of appraisals, which was done by using the analysis of covariance structures within a CFA framework, as proposed by Byrne (1994; 2001). SEM is generally perceived more as a confirmatory, and not exploratory, procedure, which made it more appropriate for theory testing than theory development (Macharia, 2010). It was, however, found preferred for this study, because of its ability to construct latent variables, called the independent variables (V) or determinants, which were not measured directly.

These measures were estimated from several measured variables, (questionnaire items), each of which was predicted to tap into the latent variables, – the determinants. That enabled the current researcher to capture the unreliability of measurement in the theoretical/normative model, which in theory permitted the structural relations between latent variables to be accurately estimated, as Bollen and Long (1993) concluded. The SEM framework has two basic components. First was the measurement model that defined hypothetical latent variables in the context of observed measured variables, according to Gefen, Straub and Boudreau (2000).

Second was the structural model, which defines relations among the latent variables (Gefen et al., 2000). Factor analysis and regression all represented special cases of SEM that were employed at various stages of this study.

Velicer and Jackson (1990) added that in factor analysis all the rating data on different attributes can be reduced to a few important dimensions. Apparently, its advantages outweighed its disadvantages, which made it appropriated for this research. It was, however, employed with special consideration to issues, such as its usefulness depending on the researchers' ability to develop a complete and accurate set of product attributes. That means that missing important attributes, which compromised the value of the procedure, naming of the factors is difficult, and its inability to produce a meaningful pattern (Velicer & Jackson, 1990).

In SEM, the qualitative causal assumptions were represented by the missing variables in each equation, as well as vanishing covariances among some error terms, which were testable in experimental studies and are hoped to be confirmed purposive-judgmentally in questionnaire data analysis, as argued by Velicer and Jackson (1990). In CFA, the SEM technique was specified to be correctly based on the type of analysis requiring confirmation. Attempts to build a correct model considered two different kinds of variables, namely, exogenous (the determinants) and endogenous (or the constructs/themes) variables. "The distinction between these two types of variables is whether the variable regresses on another variable or not.

As in regression the dependent variable (DV) regresses on the independent variable (IV), meaning that the DV is being predicted by the IV," (Velicer & Jackson, 1990: 37). In SEM terminology in this study, constructs were hoped to regress on the determinants, – exogenous variables. Exogenous variables were recognised in a graphical version of the model, sending out arrowheads (to predict). A variable that regressed on a variable was always an endogenous variable, even if this same variable was also used as a variable to be regressed on. Endogenous variables were recognised as the receivers of an arrowhead in the theoretical/normative model (Velicer & Jackson, 1990).

It is important to note that SEM was more general than regression, according to Bollen and Long (1993).

A variable can, however, act as both an independent and a dependent variable, for example, communication and reward. Exploratory and confirmatory factor analysis models containing only the measurement part were predominantly used in this research, in combination with regression, which was viewed as an SEM that had only the structural part. Parameter estimation was done by comparing the actual covariance matrices obtained from the relationships between the determinants and the estimated covariance matrices of the best fitting model. This was obtained through numerical maximisation of a fit criterion as provided by maximum likelihood estimation, weighted least squares, or asymptotically distribution-free methods, which required using some specialised SEM analysis programmes as recommended by Bollen and Long (1993).

Bartholomew and Knott (1999) proposed that the assessment of fit as a task of SEM modelling should form the basis for accepting or rejecting models, and, more usually, include accepting one competing model over another. Its output should include matrices of the estimated relationships between constructs in the theoretical/normative model. This calculated how similar predicted data were to matrices containing the relationships in the actual data, from which formal statistical tests and fit indices were developed for the purposes intended. Individual parameters of the model also examined within the estimated model in order to see how well the proposed model fitted the situational factors theory. Most estimation methods made such tests of the model possible, added Byrne (2001).

Similarly, SEM model tests should be based on the assumption that the correct, complete and relevant data have been modelled. In the SEM literature, discussion of fit has led to a variety of different recommendations on the precise application of the various fit indices and hypothesis tests (Byrne, 2001; Bartholomew & Knott, 1999; Velicer & Jackson, 1990). Measures of fit may differ in a number of aspects. Traditionally, approaches to SEM modelling start from a null hypothesis rewarding more parsimonious models (such as those with fewer free parameters). They extend to others such as Akaike information criterion (AIC) that focus on how little the fitted values deviate from a saturated model.

That was how well they reproduced the measured values in this study, taking into account the number of free parameters used. Different measures of fit capture different elements of the fit of the model because it is appropriate to report a selection of different fit measures, Bollen and Long (1993) added. Contemporary restricted models, which use confirmatory analysis, offer a useful way of approaching the latent (determinant) structure of the employee performance appraisal domain. CFA procedures were used to test the validity of the hypotheses and factorial structure across key constructs (or themes), using rigorous statistical procedures, and to provide evidence of convergent and discriminant validity within the framework of the MTMM model (Byrne, 2001).

When instruments comprised several subscales, construct validity was evident when the scales demonstrated a well-defined factor structure consistent with underlying theory. To establish the independence of responses, all observations were also independent, advised Hair et al. (1998), which necessitated establishing congruence between focal employees and overall ratings. The structure of the CFA indicated which of the factors were measuring the same construct. A CFA was conducted to test whether the measurement model for an effective performance model of employees represented independent factors. Those analyses were applied to different themes/ subsamples, to evaluate the generalisability of the measurement model. That is to evaluate whether the measurement model can have generalised application. The invariance of the measurement model was examined across determinants of the effectiveness of appraisal, which was to establish whether the meaning of the performance appraisal constructs is consistent.

Commonly used measures of fit that were employed in this research, clarified by Hair et al. (1998), included:

- Chi-Squared: it is a fundamental measure of fit used in the calculation of many other fit measures, which conceptually happen to be a function of the sample size and the difference between the observed covariance matrix and the model covariance matrix;
- Akaike information criterion (AIC): it is a test of relative model fit, in which models with the lowest AIC values are preferred, that is:

- $AIC = 2k - 2 \ln(L)$, where k is the number of parameters in the statistical model, and L is the maximised value of the likelihood of the model;
- Root Mean Square Error of Approximation (RMSEA): it is another test of model fit. Good models are usually considered to have a RMSEA of 0.05 or less and those with RMSEA of 0.1 or more have a poor fit;
- Standardised Root Mean Residual (SRMR): it is a popular absolute fit indicator, such that a good model should have an SRMR smaller than 0.05; and
- Comparative Fit Index (CFI): CFI depends mainly on the average size of the correlations in the data in examining baseline comparisons. Thus, if the average correlation between variables is not high, then the CFI will not be very high.

In this study, for each measure of fit, it was decided at the outset, what represented a good-enough fit between the theoretical/normative model and the data. This took cognisance of other task and contextual factors, including sample size (very large samples make the Chi-squared test overly sensitive, for instance), the ratio of indicators to factors, and the overall complexity of the model, in line with the guidelines of Bartholomew and Knott (1999). An instrument was envisaged to measure twelve determinants of the effectiveness of the performance appraisal of employees, with a focus on factorial validity aimed at testing hypotheses related to the factorial structure being investigated. Specifically, CFA sought to determine the extent to which items actually measured the predicted determinants and construct. The viability of the CFA procedure depends on the accuracy of the determinants and constructs specified beforehand, as factor structure grounded in theory or empirical research (Cooper & Schindler, 2008).

4.8.4 Multitrait-Multimethod (MTMM) Analysis

A CFA framework also used to model multiple traits that were assessed by multiple methods. MTMM tested hypotheses arising from complex model structures provided by testing the construct validity of hypotheses, contended Byrne (2001). Schmitt and Stults (1986), however, argued that approaches to MTMM that evolved out of those based on covariance structures had gained considerable support.

The general CFA approach to MTMM based on work of Byrne (2001), and Goffin and Jackson (1992), was designed to assess the concordance of multiple prominent covariance structures. Goffin and Jackson (1992) proposed that a CFA approach that assumed trait and rater variance combined additively should be adopted in preference to the Composite Direct Model (CDM), which assumes a multiplicative approach.

4.8.5 Correlation

According to Hair et al. (1998), correlation was a multivariate statistical model that facilitated the study of interrelationships among sets of multiple dependent variables and multiple independent variables. In view of their recommendation, the current researcher used those models, – the most appropriate and powerful techniques for studies with multiple determinants and constructs (dependent/independent), to assess relationships between metric independent variables (key determinants) and multiple dependent measures to ascertain the strength and the nature of defined relationships (Hair et al., 1998).

Cronbach alpha correlation was also employed to address two related issues of the research questions: 1) the degree of the relationship between the sets of variables (such as predictors and criteria), and 2) the nature of the relationship between those variables. The latter attempted to establish the number of dimensions and the underlying dimensions that explained those relationships. In this study, those techniques were used for predicting multivariate criterion measures of the six key constructs. Sets of determinants (V_s) were regressed to minimise the correlation between linear composites in an attempt to generate a number of pairs of correlation variates or constructs (T_s) derived to maximise the correlation.

4.8.6 Standard Multiple Regression

Hair et al. (1998) argue that multiple regression analysis was a statistical tool for analysing the relationship between a single dependent variable (criterion variable) and several predictor variables (determinants), to ensure the maximum prediction from the set of IVs (determinants) by weighting each IV. Standard multiple regressions was employed on the predictor variables to test the specified hypotheses to answer the investigative questions. That is to predict DVs from the knowledge of one or more IVs. The twelve determinants were identified as the IVs that impact the effectiveness of appraisals, whilst the five functional factors or themes were the DVs.

As explained earlier, predicting the employee performance appraisal effectiveness, was a multidimensional venture, - so the question of how to combine factor scores for assessing their performance was addressed. This necessitated combining composite variables linearly to calculate a comparative assessment of employee performance appraisal effectiveness, as proposed by Tabachnick and Fidell (1998). In that technique, all the determinants were entered into the regression equation at once, through squared semi-partial correlations, to assess regression with each determinant, which was then evaluated separately to ascertain how it added to predicting constructs/themes.

The linear combination of the determinants that best predicted the constructs/themes was formed into the regression variate by the set of weighted determinants, as suggested by Hair et al. (1995; 2001). Thus, both the full correlation and the unique contribution of the determinants were interpreted for standard multiple regression, add Tabachnick and Fidell (1998). The two researchers averred that, normally, the research strategy for exploring the predictive power of sets of determinants was conducted within a construct/theme, which in this case could be in any of the key constructs (leadership, administration, development, information, management competence, and moderation), the strategy adapted for this study.

In summary, the SEM statistical methods used the fit indices appropriate when reporting the results of CFA with SEM, and examined factors in relation to exploration and confirmation analysis of the theoretical (normative) model. In the next section, data analysis is discussed in terms of determinants, constructs, dimensions, and measures.

4.9 Summary

This chapter has presented the research design and methodology used. Data was collected using questionnaires and interviews. The uniqueness of this research was assured by using a newly-devised measure of the performance of employees in the South African government departments. SEM techniques – EFA and CFA tools – were used to analyse the data, giving details of the techniques employed to analyse the data to test the hypotheses and the partial and the complete performance appraisal models. Specific conclusions were drawn in each major section covered in this chapter. The next chapter covered the data analysis and interpretation using descriptive and inferential statistics. Evidence was provided in support of the dimensionality, validity, and reliability of the data collection instruments to measure the constructs were embedded in the model. The various measures used in this study were examined.

CHAPTER FIVE

5 RESEARCH FINDINGS

5.1 Introduction

This chapter presented the data analysis of key constructs and determinants established in chapter two, and discussed and aligned in three, as well as the interpretation of results, with descriptive statistics for the sample. The importance of these factors on the effectiveness of the EPMDS was discussed focusing on the Free State provincial Department of Health. The analysis and results of the study is given in 5.2 for convergent validity, 5.3 for construct reliability, in 5.4 for discriminant validity, 5.5 for nomological validity, and 5.6 for moderation variables. Section 5.7 covered the analysis and results of measurement scales. Section 5.8 presented the discussion of the research findings, whilst 5.9, covered the comparison of the normative and empirical models. In section 5.10, a summary and conclusions is given. Appendices 8 and 9 presented some empirical results.

The demographic data of the survey provided descriptive statistics about the sample and verified the reliability pertaining to the existing measurements of the determinants of employee performance appraisal effectiveness. The reliability and validity of the data collecting instruments were also evaluated. The importance and influence of key constructs were discussed in terms of their respective determinants. Results of the superimposition of the theoretical (normative) over the empirical models were used to clarify the explanatory power of the determinants (independent variables) and examined the size and the significance of the estimated path coefficients (Padgett, 1998). The resulting theoretical model was superimposed over the empirical model (emerging from statistical analysis) to establish areas of poor fit, which, together with the gaps (from the literature review), were addressed to give solution to the research problem statement. In this study, analysis of data was undertaken using the Statistical Package for the Social Sciences (SPSS) (2008) program, version 10.1 and the EQS program, version 6.1.

The Structural Equation Modelling (SEM) using Microsoft Windows EQS 6.1, recommended by Bentler (1995), was employed to compare and contrast the hypothesised relationships in the structural model and to verify the construct validity of the scales employed. This was done in order to measure the six established constructs (leadership, administration, development, information, management competency, and moderation). Robust estimators were employed owing to the non-normality of the constructs and their determinants.

There were no formal prerequisites for participation except that of being an employee of the Free State Provincial government hospitals. EQS as a Structural Equation Modelling (SEM) software package that handled non-normally distributed data, recommended by Hosie (2003) and Ullman (1996), was used extensively in this study. Using SEM methodology enhanced the attainment of several key objectives, namely verifying the validity of the measurement scales that corresponded to the six established constructs (themes) of this study and to compare and contrast the research hypotheses offered in Chapter 3. Next, the demographic data was analysed.

5.1.1 Demographic Data

In the response rate for the survey, presented in Table 5.1, a total of 300 questionnaires, distributed to 10 sampled government hospitals in South Africa, had a high response rate of 96 percent. A total of 287 questionnaires were returned completed.

Table 5.1: Response Rate for the Survey

Response	Total
Distributed questionnaires	300
Returned Questionnaires	287
Response Rate	96%
Unusable Questionnaires	3
Usable Questionnaires	284

Hospitals participating in this study were those who had been using the EPMDS since its inception in 2003, as recommended by Carroll and Hannah (2000).

They were, therefore, conversant with the problems associated with the system. The high response rate may be attributed to the level of enthusiasm participants had, the desire to have something to say about the ineffective process, and the data collection methods that afforded every respondent optimal privacy and anonymity – as a result of immediate dispatch on completion and 'drop and pick up' field collection methods. Similarly, responses from the fifteen-minute interviews were immediately dispatched together with the designed questionnaire.

Appendix 8 depicted the representativeness of various subsamples of the population; – employees of the FSPG health sector and displayed additional descriptive statistics from demographic variables, labelled moderation variables in this study. The table summarised the response rate according to the distribution by organisational service level, level of responsibility, gender, race, education, age, and experience. Of 287 questionnaires returned (96 percent), district hospitals had a 93 percent response rate, whilst regional ones had a 96 percent rate. The returned questionnaires consisted of a total 284 useable (matched) pairs and pair congruence, representing an 81.7 percent useable response rate.

At each participating hospital, the entire exercise was completed within two hours, and the team left with all data collected and safely sealed ready for dispatch to the main centre. Those who were unable to complete in the scheduled period were afforded another opportunity for a second, later hand collection a month later. Out of 287 questionnaires returned, 284 (96%) were usable, only three were incomplete and unusable. There was no difference in response between gender (95%), level of service (95%), and race (96%), despite the difference in the number of participants in each category.

Experienced employees (5 years and over), however, had a greater return rate (94%) than the newer staff (under 5 years of experience), probably owing to their prolonged use of EPMDS from its inception – April 2003, and clear knowledge of challenges from its use. As alluded to earlier, the high return rate was partly attributed to the perception the employees have had of the EPMDS and their need and desire to have something done to make it acceptable in meeting their goals and needs.

This was supported by the findings of the interview data analysis, that both managers and employees, who had used EPMDS since its introduction, were more uncomfortable about its effectiveness than their new comer counterparts. Among the participants shown in the table, in terms of gender distribution, there were more females 205 (or 68%) than males 95 (or 32%), possibly owing to the higher number of women than men in public health sector, and that the bulky of respondents were nurses who did find much in use of the EPMDS, as expressed in the findings of the interviews.

With regard to age distribution, the majority of respondents fell into the age groups 40-50, - 153 (or 51%), and 30-40, - 83 (or 28%), with implication that the productive core group of employees were concerned and affected by the ineffective EPMDS, which was compromising their future career path. The younger group (below 30 years) appeared to have been focusing on other issues (probation, accommodation and relationships) rather than the EPMDS, whilst the older group (over 50 years), were probably more concerned with job and pension stability. That was supported by the level of experience in the service of the participants, when the majority of respondents fell into groups of 10-15 years, 85 (or 28.3%), 5-9 years 82 (or 27.3%), and 16-20years, 63 (or 21%).

- Additional Descriptive Statistics

Table 5.2 reflects the additional descriptive statistics of the moderation construct (demographic variables), specifically the frequency and percentages. These entailed analysing statistics of the level of responsibility, the service level, gender, age, race, education, and experience, in terms of the mean, standard deviation, variance and skewness, as displayed in the table. They, however, exhibited no statistical significance, besides the high response rate, to augment the results of Table 5.2. Some subsamples had lowest mean values, gender (1.69) and responsibility level (1.35) supporting the fact that challenges of the EPMDS equally affected sexes, leadership, management and employees.

Table 5.2: Descriptive Statistics of Demographics of the EPMDS Effectiveness

	N	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Department	292	1.00	.000	.000		
Hospital levels	292	1.77	.419	.176	-1.317	.143
Gender	292	1.69	.463	.214	-.835	.143
Responsibility level	292	1.35	.519	.269	1.224	.143
Race	292	3.35	1.009	1.017	-1.181	.143
Age interval	292	2.77	.760	.578	-.243	.143
Education level	292	2.72	1.077	1.159	.303	.143
Experience level	292	3.04	1.135	1.287	.125	.143
Valid N (listwise)	292					

Other statistics, such as standard deviation, variance, and skewness, appeared to support, as presented in the table. The empirical findings of this study in terms of moderation impact on the appraisal effectiveness were found indifferent; however findings from qualitative data (interview) appeared to suggest indirect impact through leadership, management and communication.

- Multisample

A multisample (all responses for the questionnaire) was developed by merging the responses from the 10 participating hospitals, 3 regional (level 2) and 7 district (level 1) institutions. Responses from individual employees were combined to overcome the statistical problems inherent when analysing small samples, a process recommended - by Hair et al. (1998) that using small segmented organisational samples improved the success rate, when dealing with methodological challenges in cross-validating samples. Large and independent samples required when testing for invariance, became a limiting factor in this study owing to the large number of variables used as determinants (12).

The fear that combining similar constructs pairs with too many variables could increase failure rate to find a good-fitting model, as cautioned Bentler and Chou (1987) was addressed through systematic alignment and integration of those factors. Moreover, confidence was based on the fact that empirical studies about performance and performance appraisal to date have tended to use samples drawn from a similar population, Hair et al. (1998). The following three tables provide empirical results of concepts (constructs and determinants) of the effectiveness of performance appraisals. Table 5.3 captured the correlations of twelve determinants in terms of leaders, managers’ and employees’ range, means, minimum, maximum and variance for the leadership, administration, development, information, and management competency subsamples of the sample (n = 291). The table covered minima, maxima, means variance and standard deviations for the key variables or determinants in the study with no statistical significance.

5.1.2 Statistical Results of Concepts and Correlations

Table 5.3: Descriptive Statistics of Determinants of the EPMDS Effectiveness

Variable	N	Minima	Maxima	Mean	Variance	Std.Dev.
V ₁ . Leadership process	187	8.000	32.000	16.43	22.683	4.763
V ₂ . Performance culture and climate	187	6.000	24.000	10.41	12.587	3.538
V ₄ . Selection and placement of talents	187	4.000	16.000	7.331		
V ₅ . Communication and MIS	187	5.000	20.000	8.505	10.899	3.301
V ₆ . Training to Manage appraisals	187	3.000	12.000	6.254	6.794	2.607
V ₇ . Expectations	187	5.000	20.000	15.75	6.794	2.607
V ₈ . Resources	187	6.000	24.000	10.91	6.794	2.607
V ₁₀ . Reward	187	4.000	16.000	7.902	11.055	3.325
V ₁₁ . Attitudes	187	7.000	28.000	14.05		

The discrepancy between the subsamples in the five themes may be attributed to the perception the employees had about these factors in relation to the EPMDS process.

Generally, the respondents in the sample strongly agreed that leadership (V_1 – mean = 16.45), organisational/performance culture and climate (V_2 – mean = 12.91), communication (V_5 – mean = 8.51), rewards (V_{10} – mean = 10.20), had as much impact on the effectiveness of appraisals as training managers to manage appraisals were (V_6 – mean = 8.59), expectations (V_7 – mean = 8.59), and resources (V_8 – mean = 8.59). The research findings supported leadership, communication, and management as key determinants of the effectiveness of appraisals, whilst there was less support for moderation, beside the employee perception emanating from the interview results.

Table 5.4 displays the means, standard deviations, variances, and skewness of the determinants, the lack of major differences of which was suggestive that those variables were appropriately placed and addressed the purpose as intended. Similar sampling has been maintained, though employees involved in this study were demographically diverse in a number of variables, namely level of management, location, age, gender, race, education, and experience.

Table 5.4: Descriptive Statistics of Key Determinants of the EPMDS

Theme 1: Leadership Construct	N	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
V ₁ . Leadership process	292	2.06	.927	.764	.535	.143
V ₂ . Culture/climate	292	1.84	.810	.663	.767	.143
Theme 2: Administration Construct						
V ₈ . Managing resources	292	1.82	.777	.607	.790	.143
V ₉ . Accountability/responsibility	292	1.81	.870	.763	.811	.143
Theme 3: Development Construct						
V ₄ .Development /placement of potentials/talents	292	1.92	.862	.751	.688	.143

Theme 4: Information Construct						
V ₅ . Communication	292	1.70	.831	.693	1.043	.143
Theme 5: Management Competency Construct						
V ₆ . Training/Appraisals	292	2.15	.913	.835	.404	.143
V ₁₂ . Diversity	292	3.1	.852	.740	.410	.143
Theme 6: Moderation Construct						
V ₃ . Motivation	292	2.68	1.063	1.130	-0.259	.143
V ₇ . Expectations	292	3.1	.780	.770	.684	.143
Appraisal Outcomes						
V ₁₀ . Managing reward	292	2.04	.992	.993	.564	.143
V ₁₁ . Attitudes	292	2.00	.800	.820	.630	.143

This analysis assisted in establishing the generalisability of the measurement instrument and contributed to the existing empirical base of what constituted an effective employee performance appraisal system, as presented in Appendix 9, Tables A, B and C.

The relatively high mean > 1.700, low range < 0.400, and low variance < 0.050 suggest that the constructs influence the same object (effectiveness) from similar distributions. The opinion of respondents was consistent with regard to most of the questionnaire items (research questions), which is supported by the research findings. Eastern Free State District employees in the public health sector served as the target population (N= 2400). Consistent with the sample, the respondents resembled a purposive sample (Zikmund, 1994; Hosie, 2003: 164).

The demographics of the entire sample ($n = 300$) is depicted in Table 5.7. Demographics for the categorical variables of age reveal that the 40-50 group, (54 percent) was substantially larger than the 30-40 (27 percent), 50-60 (14 percent), 20-30 (5 percent) and over 60 years (0.001 percent) age groups for the Eastern Free State public health sector. This implied that the middle aged employees who had been in employment long enough and had used the EPMDS from the inception were comfortable enough to express their opinion about the system, which was supported by both the sexes and interview results.

5.1.3 Structural Equation Models

SEM, as a comprehensive statistical technique for testing hypotheses about relations between observed and latent variables, according to Hair et al. (1998), was used in a multivariate regression statistical technique. This was to address attributes of factor analysis and multiple-regression for studying both the measurement and structural properties of the theoretical (normative) model emerging from literature, as recommended by Macharia (2010). At this stage, the quantitative analysis was undertaken using the SEM techniques to ensure the achievement of specific objectives, – to contrast the hypotheses formulated to verify the construct validity of the measurement scales.

These tools were employed to measure the twelve key determinants of this study, named as leadership process; performance culture/climate; alignment; development, selection and placement of potentials and talents; communication; training of management to manage appraisals; resources; diversity; and acknowledgement, as well as responsibility and accountability. Factor analysis as a subset of SEM techniques uses causal relationships to hypothesise between observed variables only, – ignoring the concept of latent variables, according to Hair et al. (1998). In this study, factor analysis statistical techniques were used in testing the hypotheses on dimensionality, reliability, and validity, according to Tau (2011). This was augmented with the qualitative analysis of data from the interview to form comprehensive support and a solid argument.

Using path analysis, Venkatesh and Bala (2008) recommended employing average measurements of its items for variables with more than one item of measurement, which was adopted for this study. Results of the estimation of structural represented the relationships relating to specific hypotheses. Consequently, research evidence is indifferent about hypotheses corresponding to the leadership construct, – (H_1 , H_1 and H_0), which suggested ambiguity of leadership in performance appraisal effectiveness. This was strongly supported by the general opinion of interviewees, as well as employees who had over M+3, in the 40-50 age group of both sexes.

The hypotheses relating to the administrative construct – H_1 , H_1 , H_1 , to the developmental construct – (H_1 , H_1 , H_0 , H_1 , H_1 , H_1), and those relating to the informative construct – (H_1 , H_1), were not supported by the research findings, suggesting that variables contained in these constructs were not addressed appropriately in the EPMDS, which in turn, compromises its success. There was, however, support from the findings that those hypotheses, which correspond to the management competency construct – (H_1 , H_1 , H_1), were insufficiently addressed, which was supported by the qualitative results. Finally, there was divided support from the findings for those relating to the moderation construct – (H_1 , H_0 , H_1) suggesting that there is uncertainty around the moderation influence in the appraisal effectiveness. Future research in this direction is needed to unpack moderation.

5.1.4 Measurement Model Assessment

A confirmatory factor analysis using the SPSS (2008) version EQS 6.1 Microsoft Windows, with the maximum likelihood estimation MLE method, according to Byrne (2001), was employed to test the main measurement model, as well as the sub models focusing on the six constructs. For these models, a number of common model-fit measures were tried to assess the model's goodness-of-fit, such as, goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), normalised fit index (NFI), non-normalised fit index (NNFI) and the parsimony index, which is also called chi-square NC (X^2/df) and accounted for the degree of freedom necessary to achieve the fit values of NC up to 1 or 2, and it was found to be acceptable (Jöreskog & Yang, 1969; Jöreskog & World, 1982).

Consequently, only a few measurement tools were actually used to measure, such as the ratio of X^2 to degrees-of-freedom (df), comparative fit index (CFI), root mean square residual (RMSR), root mean square error of appreciation (RMSEA). With these measurement techniques, it was possible to evaluate the psychometric properties of the measurement model in terms of reliability, convergent validity, and discriminant validity, as explained in the following sections.

- Construct Reliability

Reliability is a measurement, specifically employed to examine the internal consistency of the measurement instrument constructs by determining the extent to which a measurement item is independent of random error, according to Nunnally (1978). In this study, the internal reliability and composite reliabilities techniques used, which included Cronbach’s alpha, Factor loadings – item means and variance, Inter-item Correlations and Squared Multiple Correlations (SMC), as illustrated in Table 5.5. The first measurement, item reliability, examined the amount of variance in a measure caused by a construct (leadership, administration, development, information, management competency, and moderation), rather than the measurement error (Macharia, 2010). Hair et al. (1995) concurred that item reliability was achieved when items had a significant factor loading of ≥ 0.50 . Cronbach’s alpha, as one of the most widely used coefficients in assessing reliability, was employed in the study. Ranges varied directly with reliability.

Table 5.5: Construct Reliability Measurement (Adapted from Macharia, 2010: 137)

Factor Loadings		SMC		Cronbach’s Alpha	
Value	Comment	Value	Comment	Value	Comment
≥ 0.70	Very Good	≥ 0.70	Very Good	≥ 0.70	Very Good
$0.50 < 0.70$	Good	$0.50 < 0.70$	Good	$0.50 < 0.70$	Good
0.50	Acceptable	$0.30 < 0.50$	Acceptable	0.50	Acceptable
$0.0 < 0.50$	Omitted from analysis	$0.0 < 0.30$	Omitted from analysis	$0.0 < 0.50$	Omitted from analysis

Thus, a high alpha value of 1 for the respective construct implied a high reliability, which was usually judged by the rule of thumb, added Macharia (2010). A value of $\alpha \geq 0.70$ was recommended by scholars (Nunnally, 1978; Hair et al., 1998) as an acceptable level, whilst, a value of ≥ 0.60 was considered sufficient for exploratory research.

Table 5.6: Density graph of Reliability Analysis of Key Determinants of the Appraisal Constructs

Construct	Raw Alpha	Std. Alpha	G6(SMC)	Average_r	Mean	Std. Dev.
V ₁ . Leadership	0.80	0.80	0.80	0.33	2.10	0.60
V ₂ . Culture/climate	0.79	0.80	0.79	0.39	1.70	0.55
V ₃ . Motivation	0.63	0.64	0.62	0.26	2.70	0.68
V ₄ . Talents Placement	0.70	0.70	0.67	0.37	1.80	0.61
V ₅ . Communication	0.86	0.86	0.85	0.54	1.70	0.66
V ₆ . Manage Appraisals	0.69	0.69	0.61	0.43	2.10	0.71
V ₇ . Manage Expectations	0.77	0.78	0.77	0.42	3.10	0.68
V ₈ . Manage Resources	0.76	0.77	0.82	0.36	1.80	0.53
V ₉ . Accountability	0.83	0.83	0.83	0.50	1.80	0.67
V ₁₀ . Reward	0.75	0.75	0.74	0.43	2.00	0.72
V ₁₁ . Attitudes	0.80	0.80	0.82	0.38	2.00	0.63
V ₁₂ . Manage Diversity	0.73	0.74	0.72	0.41	3.10	0.71

The exploratory research was done by having the criteria for the estimated pattern coefficient of a construct evaluated, and was significant on its underlying factor, according to Nunnally (1978), with a threshold value of ≥ 0.70 for acceptable construct reliability, as reflected in Table 5.6. High alpha values of leadership (0.80), culture/climate (0.80), communication (0.86), management (0.77) and development/placement of potentials/talents (0.70), established that these factors were reliable determinants of the effectiveness of performance appraisals.

The interpretation of the resultant coefficients of the reliability analysis in this study depicted in the table is similar to that of Cronbach's alpha, except that it also considered the actual factor loadings. That is, it took into account loadings from principle component factor analysis, PCA, and loadings, instead of merely assuming that each item was equally weighted in the composite load determination.

As was the case with alpha values, no determinant was omitted. PCA yielded 20 components which were integrated into twelve determinants by factor analysis. In the density graph of the reliability analysis it was established that the major determinants of performance appraisal systems were all relevant and necessary for its success. Next, measurement of validity was undertaken, which included content validity, convergent validity, discriminant validity, and nomological validity.

- Content Validity

Content validity is the extent to which items in an instrument reflected the content universe to which it should be generalised, verified by whether the indicators associated with the six constructs were representative of the effectiveness of measures of appraisals. This validity, as recommended by Straub, Boudreau and Gefen (2004), was established through the literature reviews, pilot studies, and expert assessment undertaken before the survey. Grady (1991) argued that one should avoid the subjectivity on content validity, usually attributed to the researcher's subjective judgment, rather than to empirical error.

In this research, however, content validity was achieved and justified by examining and using construct measurement items and scales that were validated in prior studies. These included the leadership code of Ulrich et al. (2008), the balanced scorecard of Kaplan and Norton's (2004), Quinn's (1988) management effectiveness model, which were found robust in subsequent studies (Hosie, 2003; Quinn et al., 1996). Furthermore, those scales, for each of the six construct were supported by a number of previous studies (Kelley, 2002; Tucker et al., 2002; Hosie, 2003; Venkatesh & Bala, 2008).

- Convergent Validity

Convergent validity is said to be achieved when items that were supposed to measure a construct move closer or converge, according to Cooper and Schindler (2008). Straub et al. (2004: 244) reiterated that "the convergence manifests itself when the items show significant, high correlations with one another."

This is particularly true, when it is compared to the convergence of the items relevant to other constructs irrespective of method. This comparison with other constructs distinguished item convergent validity from item reliability, according to Macharia (2010). In practice, according to Gefen et al. (2000), the measurement for convergent validity was evaluated by average variance extracted (AVE) with a recommended threshold of 0.50, which meant that more than one-half of the variances observed in the items were accounted for by the hypothesised factors. In this research, as in Macharia's (2010), the average variance extracted (EVA) value was employed, which measured the amount of variance shared by in-group items, – inter-item variance, captured by each of the underlying key constructs in relation to the amount of variance due to measurement error. Earlier, Bagozzi (1981) had proposed calculating AVE, using the following formula: (Summation of squared factor loadings)/ [(summation of squared factor loadings) + (summation of error variances)] or

$$\frac{\sum (\text{factor loadings})^2}{\sum (\text{factor loadings})^2 + \sum (\text{error variances})}$$

He recommended AVE > 0.50 to conclude convergent validity. The AVE results, presented in tables in this study, ascertained that the measurement construct values were well above the acceptable or threshold value of 0.50, in line with the recommendation of Hair et al. (2001) for the measures of convergent validity.

- Discriminant Validity

Discriminant validity, as another method of testing construct validity, was also used to measure the appropriateness of the six key constructs. According to Gefen and Straub (2005), a measure complied with the discriminant validity criterion when it presented a low correlation with measures of dissimilar concepts. In this research, AVE values were equally employed in examining discriminant validity of the measuring constructs, which was done by comparing its (AVE) square root with the inter-factor correlations of each construct.

As long as none of the inter-factor correlations exceeded the corresponding AVE values, then the existence of a high level of discriminant validity of the construct was established. In terms of discriminant validity, the key constructs were found appropriate for this research.

- **Nomological Validity**

Adapting Macharia's (2010) reference to nomological validity as the degree to which a statistical measure (empirical) fitted lawfully into a framework of expected relationships (normative), in this study nomological validity was demonstrated by predicting the statistical significance of theoretical relationships containing key constructs that were being examined. Consequently, all theorised key constructs were statistically significant, - their alignment and relationships fitted correctly into the integrated theoretical normative model.

5.1.5 Measurement of Fit Indices

In selecting the measurement of fit index, optima trade-offs had to be made between the model fit and parsimony (simplicity). This was done by using a large number of determinants, - 12, which was in alignment with Arbuckle's (2006 in Bagozzi, 1981) proposal of using models which have 15 parameters to ensure they provided optima trade-offs of model fit and parsimony. Macharia (2010) concurred that research models which had relatively few parameters and many degrees of freedom were sometimes considered to be high in parsimony, or simplicity, and vice versa.

The use of the terms parsimony (simplicity) and complexity, according to Machria (2010: 139), did not conform to their daily usage in research; "for example, a model with a detailed pattern of linear dependencies but with highly constrained parameter values may be considered simple, whilst a saturated one may be referred to as complex." In view of this, the following measures which were discussed in detail in Chapter 3.

They were employed in this research with optima trade-offs of model fit and parsimony. The measure indicators and results are summarised in Table 5.11 and 5.12:

- Chi-Squared (X^2) was used to determine the value of difference between the observed (empirical) model covariance matrix and the theoretical (normative) model covariance matrix (X^2): 9503 versus 8462 was statistically significant.
- Df evaluation (2080 versus 2020) did not reveal any statistical significance.
- Probability level = 0.000 was statistically insignificant.
- Akaike information criterion (AIC) statistic intended for model comparisons and not for evaluation of an isolated model was employed with maximum likelihood estimation to enhance the model fit.
- GFI, as the goodness-of-fit index was used, with a maximum likelihood estimation of ≤ 1.0 and $GFI = 1.0$ indicating a perfect fit statistic of the model. GFI was used to determine the value of the goodness-of-fit index in the output factor analysis diagrams (Arbuckle, 2006). All major determinants had a good fit of $GFI = 0.65-0.84$.
- Root Mean Square Error of Approximation (RMSEA) was also used to test the goodness of fit of model, with good fit models having a RMSEA of 0.05 or less and those with RMSEA of 0.1 or more have a poor fit.
- Standardised Root Mean Residual (SRMR) is a popular absolute fit indicator, such that a good model should have an SRMR smaller than 0.05.
- Comparative Fit Index (CFI): CFI depends mainly on the average size of the correlations in the data in examining baseline comparisons.

Thus, if the average correlation between variables was not high, then the CFI would not be very high. SEM techniques were applied to the data to obtain various factor analyses, and third generation models and fit indices as examined already. Table 5.7 displays the model fit measure indicators and Table 5.8 the results. Table 5.9 depicts the measures that were found appropriate for this study, according to the recommendations of Byrne (2001) and Hair et al. (1998) of using indices, which presented a more realistic view based on the large sample size, in order to achieve acceptable cut-off values.

Table 5.7: Model Fit Measures' Indicators (Adapted from Macharia, 2010: 142)

Fit Measures	Fit Measures' Indicators	Interpretation
Chi-square (χ^2)	< 0.50 >0.50	Acceptable fit.
RMSEA – root mean square residual	0.0 ≤ 0.05 ≤ 0.08 > 0.10	Exact fit. Close fit Reasonable Over fit
SRMR – Standard root mean residual	< 0.5 >0.5	Exact fit Over fit
CFI – Comparative fit index	0-1 Close to 1 >1	Fit Perfect fit Over fit
NFI – Normalised fit index	0-1 Close to 1 >1	Fit Perfect fit Over fit
GFI – Goodness-of-fit index	0-1 Close to 1 >1	Fit Perfect fit Over fit
AGFI – Adjusted goodness-of-fit index	0-1 Close to 1 >1	Fit Perfect fit Over fit

Table 5.8: Test Statistics for the Confirmatory Factor Analysis (CFA) Report
Model converged normally after 197 iterations using ML

Model converged normally after 197 iterations using ML	
Minimum Function Chi-square	3102.887
Degrees of freedom	1259
P-value	0.0000
Chi-square test baseline model:	
Minimum Function Chi-square	7451.859
Degrees of freedom	1378
P-value	0.0000
Full model versus baseline model:	
Comparative Fit Index (CFI)	0.696 statistically significant
Tucker-Lewis Index (TLI)	0.668 statistically significant
Log-likelihood and Information Criteria:	
Log-likelihood user model (H0)	-17690.299
Log-likelihood unrestricted model (H1)	-16138.855
Akaike (AIC)	35724.598

Bayesian (BIC)	36354.029	
Root Mean Square Error of Approximation (RMSEA):		
RMSEA		0.071
90 Percent Confidence Interval	0.068	0.075
P-value RMSEA <= 0.05		0.000
Standardized Root Mean Square Residual (SRMR):		
SRMR		0.080

5.2 Analysis and Results of Convergent Validity of Key Constructs

Macharia (2010: 144) contended that confirmatory factor analysis (CFA) were driven by theory or hypothesis, in which “the investigator may put substantively meaningful constraints on the factors in the measurement model, and specify the number of factors or set the effect of one latent variable on observed variables to particular values.” With CFA, it was possible to test hypotheses about a particular factor structure, such as factor loadings between the observed variables, some of which could be zero. CFA, according to Macharia (2010) and Hair et al. (1998), produced many goodness-of-fit measures to analyse the model but did not calculate factor scores.

Convergent validity signified whether different indicators measuring the same concept were inter-correlated. From the Comparative Fit Index (CFI) (0.696) and Tucker-Lewis Index (TLI) (0.668) and were found statistically significant, suggesting that the measures employed in this study were inter-correlated.

In this study, CFA was employed to test the hypotheses – leadership (H₁, H₁, H₀), administration (H₁, H₁, H₁), development (H₁, H₁, H₀, H₁, H₁, H₁), information (H₁, H₁), management competency (H₁, H₁, H₁), and moderation (H₁, H₀, H₁), which were formulated in chapter three, using the SPSS program, version 10.1 and the EQS, 6.1. Principal Component Analysis is a factor extraction method employed to generate uncorrelated linear combinations of observed values (SPSS, 2008).

In examining the results, the first component had maximum variance, whilst the successive components had progressively smaller portions of the variance, which appeared to be uncorrelated with one another. In this study, principal component analysis (PCA) was used to obtain the initial factor solution when a correlation matrix was singular. First PCA of each scale, subscale and component was separately analysed for communality, full results, it is hoped, will be covered in future publications.

The extraction method of the Principal Component Analysis was used, and 20 determinants (components) were extracted. This was followed by the Varimax rotation method with Kaiser Normalisation converged in 25 iterations (See Appendices). This was in accordance with the contention of Hair et al. (1998) that factor loadings of a particular factor were supposed to load into one component, acceptable at the threshold value of 0.50 and above. PCA was conducted using the 65 variables of the six functional constructs/ themes of the study, which was done to test whether the data collected in this study possessed satisfactorily construct reliability and validity, based on the measurement items determined in the pilot study.

On the PCA, the key constructs scored as follows: leadership ≥ 0.750 , management competency ≥ 0.780 , administration ≥ 0.760 , development ≥ 0.740 , information ≥ 0.760 , and moderation ≥ 0.740 , which established their reliability and validity for this research. This was in support of the qualitative results from the interviews and demographic analysis, as alluded to earlier. Most of factors had loadings ≥ 0.70 , and could not be removed from the final analysis.

Some items, however, with loadings between < 0.70 and loadings > 0.50 were retained in the analysis. The initial 168 items converged into 20 factors or 20 hypotheses in 25 iterations. The 20 factors were factorised into 12 final factors, - the determinants, which were subsequently converged into six key intercorrelated key constructs with loadings in ranges > 0.740 supporting their inter-correlation. The convergence of all these factors into six constructs indicated an acceptable convergent validity of statistical significance.

5.3 Analysis and Results of Construct Reliability of Key Constructs

In Chapter four, a number of scales used to measure and analyse the key constructs were explained. For the leadership construct and determinants, the Leader Behaviour Analysis II (LBAII) of Zigarmi et al. (1995) was used to measure leadership as a complex interaction between the leader and the social and organisational environment (styles, effectiveness and flexibility). The Emotional Intelligence (EI) Index of Palmer et al. (2001), McManus' (2007 in Ozgo, 2007) 11 - Item and 5-scale Leadership Index, and the Leadership Code of Ulrich et al. (2008) were also employed to measure and improve leadership construct and corresponding determinants for the enhancement of the appraisal process in organisations.

For the administration construct and related determinants, the Self-devised 75-item scale of managers' task performance of Borman and Brush (1993), and the 18-dimensional taxonomy were used to measure 'Judgement' and 'Organisational Effectiveness' (Quinn, 1996). For the development construct and determinants, the Balanced Scorecard Approach of Kaplan and Norton (1996) was found appropriate. For the information construct and determinants, Zoghaib's (1988, in Hosie, 2003) Communicative Effectiveness Index (CETI) was used to measure the effective communication. For the management competency construct and determinants, the Self-devised 22-item scale of managers' contextual performance with 5-dimensional taxonomy of Borman and Motowidlo (1997) was found suitable. Finally, for the moderation construct and variables, the 7-item subscale (Sevastos, 1996; Cook et al., 1980a) was used. Table 5.9 summarises measurements of reliability and validity of key constructs including Cronbach alpha coefficients.

All Cronbach's alpha coefficients for leadership, administrative, developmental and informative constructs were found well above the reliability threshold value of 0.70 (Nunnally, 1978), ranging from 0.702- 0.852, which suggested that the construct selected and their corresponding determinants were both reliable and valid for the purpose intended.

This meant that the four constructs had internal reliability of 0.702, 0.705, 0.736 and 0.796), all $\geq .70$, acceptable in Social Science studies (Price & Mueller, 1986). However, Cronbach alphas of the other two constructs – management competency and moderation – were slightly lower, but were retained with a reliability of 0.640 and 0.667 respectively.

Table 5.9: Reliability Statistics: Alpha coefficients and items for constructs of the study

Construct	Subscales	Non-fit Items	Fit Items	Alpha (α)	Fit Comment
1. Leadership	V ₁ .Leadership process	2 = V _{1.3} , V _{1.6}	2= V _{1.1} , V _{8.1}	.796	Good
	V ₂ .Culture/ climate	2 = V _{2.2} , V _{2.5} ,	1 = V _{2.1}	.736	Good
2. Administration	V ₈ .Managing resources	1 = V ₂	5= V _{7.2} , V _{8.3} , V _{8.5} , V _{10.2} , V _{12.4}	.705	Good
3. Development	V ₄ .Potentials/ Talents	2 =V _{4.3} , V _{4.4}	6 = V _{4.1} , V _{6.2} , V _{8.4} , V _{9.2} , V _{11.2} , V _{11.3}	.702	Good
4. Information	V ₅ . Communication	1 = V _{5.4}	2 = V _{5.1} , V _{5.2}	.852	Good
5. Management competency	V ₆ .Training/ Appraisals	2 = V _{6.3} , V _{6.5}	4 = V _{6.1} , V _{10.3} , V _{10.4} , V _{11.5}	.677	Acceptable
6. Moderation	V ₃ . Motivation	2 = V _{3.2} , V _{3.4}	1 = V _{3.1} ,	.640	Acceptable
	V ₇ . Expectations	2 = V _{7.1} , V _{7.5}	1 = V _{7.3}	.770	Good

- Extraction Method: Principal Component Analysis.
- Rotation Method: Varimax with Kaiser Normalisation.
- Rotation converged in 25 iterations.

The reliability threshold was reduced to ≤ 0.60 to accept the developmental theme internal reliability of 0.677 (Hair et al., 1995). Internal reliability below 0.60, however, was not accepted (Cronbach, 1984). Using the SPSS 10.0, (2008) packages such as, EQS 6.1 for Microsoft Windows, CFA was tested, resulting in a series of factor loadings. The Cronbach’s Alpha was generated for selecting the items that load into one specific construct and performing a data reduction procedure using the same package (SPSS 10.0, 2008). A large number of the items used in the analysis of the six key constructs displayed acceptable levels of reliability and convergent validity of statistical significance to this research.

The results of construct reliability of determinants of key constructs of the EPMDS effectiveness were indicated by comparing the Squared Multiple Correlations (SMC) and Cronbach’s alpha coefficient, and were found statistically significant for this study, as displayed in Table 5.10.

Table 5.10: Reliability Statistics: SMC and Cronbach’s Alpha for Determinants (Modified from Macharia, 2010: 153)

Construct	Determinant	Items	Factor Loading	SMC	Comment	Alpha (α)	Comment
1. leadership	V ₁ . Leadership process	V _{1.1-8}	0.39	0.80	Very Good	.800	Very Good
	V ₂ . Culture & climate	V _{2.1-7}	0.26	0.62	Good	.736	Good
2.Administration	V ₁₀ . Managing rewards	V _{10.1-5}	0.38	0.82	Very Good	.705	Good
	V ₈ . Managing resources	V _{8.1-6}	0.50	0.83	Very Good	.770	Good
3.Development	V ₄ . Development: talents/ potentials	V _{4.1-5}	0.54	0.85	Very Good	.698	Good
4.Information	V ₅ . Communication	V _{5.1-5}	0.43	0.61	Good	.852	Very Good
5.Management competency	V ₆ .Training (Appraisals)	V _{6.1-4}	0.42	0.77	Good	.677	Good
6.Moderation	V ₃ . Motivation	V _{3.1-4}	0.37	0.67	Good	.640	Good
	V ₁₁ . Attitudes	V _{11.1-7}	0.41	0.72	Good	.800	Very Good

It was, therefore, evident from the determinants loadings of the six theorised constructs/themes of the EPMDS that the majority had a high loading of SMC and alpha and were retained. Even those with lower loadings (accountability, diversity and expectations) were retained, however, because their values were within acceptable range of ≥0.60. They were all rearranged and realigned into the six key constructs. More explanation of total variance and other results is seen in the Appendix.

5.4 Analysis and Results of Discriminant Validity of Key Constructs

In this study, discriminant validity has been established in this section by displaying that, correlations among items and determinants of the same construct were greater than those of different constructs in the instrument (Macharia, 2010).

This was done using squared correlations between two constructs with their respective average variance extracted (AVE), as illustrated in Table 5.11.

Table 5.11: Comparison of Cronbach’s Alpha and AVE across Leadership Construct

Factor	V _{1.1}	V _{1.2}	V _{1.3}	V _{1.4}	V _{1.5}	V _{1.6}	V _{1.7}	V _{1.8}
Alpha	.766	.776	.781	.772	.771	.778	.779	.766
AVE	.758	.705	.687	.601	.717	.706	.713	.657
V _{1.1}	1							
V _{1.2}	.602	1						
V _{1.3}	.388	.315	1					
V _{1.4}	.419	.292	.428	1				
V _{1.5}	.267	.239	.244	.455	1			
V _{1.6}	.196	.229	.226	.201	.441	1		
V _{1.7}	.260	.195	.239	.224	.325	.518	1	
V _{1.8}	.391	.359	.279	.292	.410	.359	.414	1

In this study, AVE and Cronbach’s alpha values for leadership construct were compared across the construct variables, and alpha values for each item of leadership was found to be higher than the AVE, Table 5.11. This result established the achievement of discriminant validity criterion for the leadership construct as statistically significant. The comparisons of the other constructs (administration, development, information, and management competency) achieved similar results, which verified the attainment of discriminant validity for all constructs.

5.5 Analysis and Results of Nomological Validity of Key Constructs

Straub et al. (2004) referred to the nomological validity as the degree to which a new measure fitted lawfully into a group of expected relationships. In this study, it was established that the nomological validity for the six constructs, indicated by predicted theoretical relationships around the constructs, was found to be statistically significant (Macharia, 2010).

Table 5.12 presented Chi-square differences between the constrained (empirical) and non-constrained (normative) models, achieved by examining the SEM results using Microsoft Windows version EQS 6.1, (2008) was found to be statistically significant.

Table 5.12: Chi-Square difference Between Constrained and Unconstrained Models (Modified from Macharia, 2010: 149)

Constrained (empirical) model	Unconstrained (Normative) model	Differences
Minimum was achieved	Maximum was achieved	
Chi-Square = 9503.408	8462.562	Statistically Significant
Degrees of freedom = 2080	2020	
Probability level = 0.000	0.000	

5.6 Analysis and Results of the Moderation Construct

Moderation variables influenced the EPMDS effectiveness indirectly through their impact on some determinants, specifically employee motivation and expectations. Demographic results of some of moderation variables, specifically age, experience and education were perceived to impact on the motivation and expectations of employees, as well as leadership process, management and communication, as was alluded to earlier. Qualitative findings from the interviews appeared to support this impact; however, there was not much support for the moderation hypotheses from the findings of this study.

5.7 Analysis and Results of Measurement Scales

Tests were performed for validity, dimensionality, and reliability for each scale to determine the appropriateness of the scales. The results of the analysis were examined to verify the appropriateness/precision of the selected scale meant to measure the identified six constructs (construct validity), as depicted in Table 5.12. This analysis provided the scale statistics, – the means, variance and standard deviations for the various determinants in the six constructs (themes).

The analysis of a scale dimensionality was an attempt to verify whether the data in question confirmed the existence of the theoretical dimensions identified for the constructs, reiterated Hair et al. (1998), by estimating several measurement models of CFA. This supported the existence of five construct (leadership, administration, development, information and management competence) and their respective determinants. The sixth construct (moderation) could not be ascertained, Table 5.13.

Table 5.13: Statistics of the Key Constructs and Determinants of Performance Appraisals

	Mean	Variance	Std. Deviation	N of Items
1. Leadership Construct:				
Leadership process (V ₁)	16.45	22.683	4.763	8
Culture/climate (V ₂)	12.91	12.587	3.548	7
2. Administration Construct:				
Reward (V ₁₀)	10.20	11.055	3.325	5
3. Development Construct:				
Talents (V ₄)	8.15	11.876	3.483	6
4. Information Construct:				
Communication (V ₅)	8.51	10.899	3.301	5
5. Management Competency Construct:				
Training managers – appraisals (V ₆)	8.59	6.794	2.607	4

In an attempt to evaluate construct validity, the researcher considered both the theory and the measuring instrument being used. Validity, according to Cooper and Schindler (2008), referred to the extent to which a test measures what the researcher actually wished to measure; whilst construct validity referred to a measure or inference of the presence of abstract characteristics, such as attitude scales or personality, aptitude tests, for which apparently no empirical validation was possible, concurred Collis and Hussey (2009).

This measure addressed what accounted for the variance in the measure by identifying the underlying constructs that were being measured in order to determine how well the tests represented them. Methods popularly employed in research were used in this study including purposive-judgemental correlation of the proposed test with the established one, convergent-discriminant techniques, factor analysis, and MTMM analysis (Collis & Hussey, 2009). Tau (2011 cited in Rogers & Wright, 1998) proposed that the construct validation process should consist of three phases, namely, the analysis of the referent construct; second, the demonstration of the internal consistency of the measure; and the analysis of both the convergence of the measure with other measures of the construct and divergences. This was attained from measures of other constructs.

Validity tests, on the other hand, included content (representativeness) validity, convergent (interrelationships) validity, and discriminant (distinctiveness) validity. CFA results established the fit of the model, factor loadings and their statistical significance, thereby allowing conclusions to be drawn on the appropriateness of the indicators to measure the associated key constructs and their determinants. Appendix 12 (Table A, B and C) provides the Pearson Intercorrelations for these key variables and their respective subsamples critical for the success of the EPMDS.

5.7.1 Construct Validity of the Measurement Scales

Previous researchers (Ulrich et al., 2008; Kelley, 2005) had established that the leadership construct consisted of major determinants like organisational leadership, culture and climate, and goals/objectives, critical for the success of appraisal systems. They were conceptualised and operationalised along models, namely Leadership code, four perspective balanced scorecard, and Leadership model or grid, into a multidimensional construct to provide foundation for the development of the normative model. In the leadership construct, as in the other key constructs, for instance, dimensionality was analysed in two steps, 1) verification of each dimension, and 2) a three factor model consisting of the established determinants of the leadership construct.

They were then tested by conducting four CFAs, one for each determinant. None of the indicators were found misplaced, and deserve elimination in the initial estimation of the unidimensional models according to the value of the fit indicators and the parameter reliability. The overall χ^2 models were statistically significant ($p \leq 0.05$) and the values of the fit indices did not fall within the commonly accepted limits, as illustrated in Table 5.18. Furthermore, a three-factor CFA was conducted in an attempt to integrate the proposed dimensionality of the six themes. CFA results were presented earlier in section 5.2, Table 5.6. This model comprised of three determinant variables with each indicator loading onto each factor. The path was found constrained from one item to 1.00 for purposes of statistical identification.

The results indicated that the model has not provided a good fit for the data. The newly-devised leadership and other key constructs' scales were deemed to be significant if the items loaded >0.50 did not cross load >0.30 , and had a communality of 0.45 (Hosie, 2003). These criteria were used as guidelines for eliminating items that did not contribute to the solution unless they were theoretically congruent with the study, whilst indicators that met all criteria were retained. The table depicting item loadings and factor correlations which were found statistically significant is found in Appendix 9.

From the CFA analysis, twelve latent variables identified as determinants of the effectiveness of the EPMDs were aligned into six key functional constructs for analysis, and results were presented in accordance with their dimensions. It is the dimensionality, reliability, and validity of the measurement scales of constructs are presented in this section. Scale dimensionality tests were complemented by a set of comparisons with nested models, which included parameter restrictions as compared to a full model; Chi-square difference tests measure the significance of the difference between nested and full models. When the p -values associated with the Chi-square difference tests were less than or equal to 0.05, the compared SEM models were statistically different (p -values = 0.0). Next, the empirical model resulting from the statistical analysis of data is displayed.

Further, the Root Mean Square Errors of Approximation (RMSEA) of 0.05 or less have good fit models, whilst 0.1 or more have a poor fit. RMSEA is 0.071, which also confirmed the appraisal's ineffectiveness. The Standardised Root Mean Square Residual (SRMR) was also another popular absolute fit indicator used, such that a good model should have an SRMR smaller than 0.05. In Table 5.16, the SRMR = 0.080 exceeded the minimum requirement thereby confirming the poor fit of the empirical model, - the ineffective appraisal system.

In summary, in this section, the dimensionality, reliability, and validity of the leadership, administration, development, information, and management competency construct scales were examined through the assessment of a number of indicators of good fit parameter validity and statistical significance of CFAs as presented in Table 5B. Generally, a good number of indicators presented areas of poor fit, which were confirmative of the ineffectiveness of the appraisal system. The six-factor model of the functional variables was compared to the alternative (nested) models to estimate the effectiveness of determinants in three phases.

In phase one, dimensionality of scales, in which all the determinants are the indicators are integrated into fewer larger functional factors (themes), conceptualised to interpret the functional actions in terms of the six constructs (or the so-called first order latent factors) that underpin the effectiveness of performance appraisal systems. In phase two, the functional dimensions of the moderation construct of the normative model were not correlated, though they were also measured. The poor fit of these models indicated that some codes practices/policies pertaining to these constructs were not complied with in the organisations. This did not imply that the organisations followed certain practices in other areas (there was no horizontal fit or internal congruence in the definition of an effective performance management system), which might not have been covered by this study. Phase three entailed correlating the themes into a dimensional model where indicators of single functional factors with the third factors in an attempt to establish the six variables, - constructs (leadership, administration, development, information, management, and moderation) measured different models, despite their correlations (Tau, 2011).

The Chi-square difference tests indicated that the multi-factor, with correlated factors, is the solution that has shown the best fit. The Chi-square test baseline model is a good model though sometimes it is inconsistent. Consequently, the data conforms to the functional variables of models developed for each construct (Ulrich et al., 2008; Quinn et al., 1996; Kaplan & Norton, 2004; 1996; Boyatzis, 1982). The presence, therefore, of multiple interrelated dimensions in the performance appraisal structure is to ensure that it may work effectively. First, it is critically important that organisations, specifically public sector institutions, identify and address major determinants of performance appraisals. These should include the leadership process, employee training and development, training management to manage activities, like reward, resources, appraisals, and effective communication.

Secondly, organisational focus on the leadership process should create appropriate mission, vision, goals, and strategy, which would shape the performance culture and climate appropriate for the flourishing of all other appraisal variables. Management should be competent to execute and manage all activities of appraisal appropriately. This would ensure that employees are empowered through training and development, and that communication and information systems are managed effectively with objective feedback. Objectivity is enhanced by the proper appointment of credible leaders and competent managers and effective MIS to make the entire appraisal process work effectively.

The third dimension involved the measurement of those major determinants, which was done in this study by a number of indicators, such as leadership focus on tasks and people, learning organisational culture, task and contextual performance competencies of managers, levels of development and involvement of employees, and effective communication and objective feedback to make the appraisal system work effectively. The fourth dimension was concerned with the integration of determinants that reflected the correlations between functional factors and performance appraisal effectiveness into a structural or proposed model.

5.7.2 Reliability of Measurement Scales

In this section, reliability was confirmed to ensure that the proposed measurement scales complied with the study requirements. That is, reliability was defined in terms of stability, equivalence or internal consistency, – the degree to which a measurement was stable and consistent – and had to be free from random and unstable error, according to Cooper and Schindler (2008). Stability referred to the reliability of a test or instrument inferred from scores of an appraisee, for which correlation was the preferred method, whilst equivalence examined the degree to which alternative forms of the same measure produce same or similar results, – correlation also being the method of choice (Collis & Hussey, 2009). Internal consistency described a degree to which instrument items were homogeneous and reflected the same underlying construct(s), which depended on correlational formulae used, specifically Cronbach's Alpha and SEM techniques. All those aspects were examined in this section. A number of scales, corresponding to key constructs examined, included the leadership, administration, development, information, the management competency, and moderation themes.

Cronbach's alpha and composite reliability of the scales were analysed and took into account the relative importance of each indicator in the construct to which they belonged. The composite reliability of the scales and the values of the Cronbach's alpha were 0.796 for the leadership process scale, 0.688 for the management of reward scale. The Alpha value for organisational culture/climate was 0.736, for the training of managers to manage was 0.677, and for effective communication it was 0.852. These results were similar to those obtained by previous studies measuring organisational performance or performance appraisal systems, reporting alphas ranging from 0.65 to 0.88 (Price & Mueller, 1986; Cronbach, 1984; Nunnally, 1978). In order not to compromise the content validity, the scales showing a lower reliability were retained (Hair et al., 1995).

5.7.3 Validity of Measurement Scales

Organisational activities and functions that influence performance appraisal effectiveness were included in dimensions identified from the literature review presented in Chapter 3.

- Content Validity

Items identified in previous scales, published and empirically validated in subsequent studies, were adopted. These included measurement scales of the leadership process, management competency, organisational culture and climate, levels of employee development and empowerment, and effective communication and feedback. The literature review assisted in ensuring that scales developed measured those specific determinants established as the key drivers of the EPMDS.

5.8 Discussion of Research Findings

5.8.1 Data Collection Review

The population of the study comprised employees of the Department of Health of the Free State Provincial Government (FSPG), on salary levels 1 to 12, to which the EPMDS was applicable. This was to provide a standardised framework for performance (FSPG HRM, 2007: 9). Key role-players in the EPMDS were identified, and major requirements for the successful implementation of the institutional framework were established, as depicted in Table 5.14. Next, the empirical model was examined

Table 5.14: Sources of Authority in the EPMDS (Adapted from FSPG HRM, 2007: 10)

Performance Management for	By means of	Statutory provisions, circulars and guidelines	Monitor
Departments/institutions/ Public entities	Performance auditing and standards for organisational effectiveness and efficiency	PFMA [1999: s 27(4), 38 (1) (b) & 40 (3) (a) Treasury Regulations, 2001]	Treasuries and Auditor General
Heads of Departments	Performance agreements and PSC guidelines on evaluation of HODs	PSA [1994 (s. 12 (4)) PS Regulations (2001), Chapter 4 Part III; PS regulations (2001) Part I of Annex 2, paragraph 7, PSC guidelines on HOD evaluation	PSC plays a monitoring and administrative/facilitating role
Senior managers (SMS)	Performance agreements and PSC;	PSCBC Resolution 13 of 1998 and Resolution 9 of 2000, PS	MPSA plays a monitoring



	and from 1/4/2002 the SMS PMDS	Regulations, 2001, Part III of Chapter 4, DPSA circular 2/2/1/P 'SMS PMDS' issued on 28/03/2002	and administrative/ facilitating role
All other staff (levels 1-12, appointed in Public Service Act)	Departmental systems (from 1/4/2000)	PM (from PS Regulations, 2001, Part VIII of Chapter 1, DPSA circular 1/71/4/1, 'Incentive Policy Framework for levels 1 to 12.'	Executive Authority

5.8.2 Empirical Research Model Analysis of Results

In the empirical model, Figure 5.1, attitudes and rewards are established as outcomes. Previously, however, some scholars perceived theme as determinants (Deming, 1986, 1996; Dale, 1985; Baldwin & Blackburn, 1981). Apparently, leadership, communication, and management were central to the effectiveness of appraisals, to which other determinants are linked. According to the empirical model, however, these were missing links or gaps, as established earlier in this study that were addressed and answered the research problem. The next section presents the discussion of the research findings in terms of the six established key constructs, – leadership, administration, development, information, management competency, and moderation.

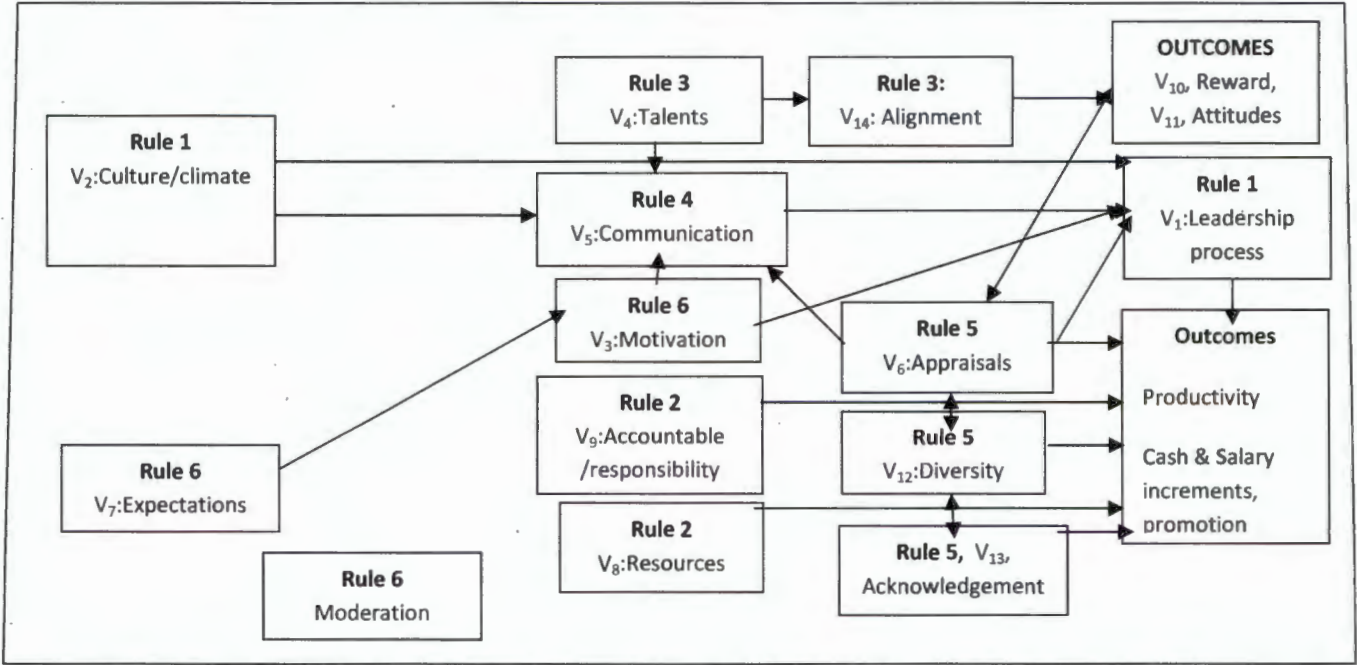


Figure 1: Empirical Model of the Performance Appraisal (Adapted from Ulrich et al., 2008: 18)

5.8.3 Fit Indices Results of the Research Model

Using the fit measure indices discussed earlier in Table 5.7, the fit measure indices of this research summarised in Table 5.15, showed nine fit measure indices commonly employed for key constructs of performance appraisals, as identified in the literature. They were listed as, χ^2 , df, p-value, RMSEA, SRMR, CFI, TLI, AIC and BIC, used in this study to test the good fit of the model.

Table 5.15: Fit Indices Result of the Research Model (Adapted from Macharia, 2010: 181)

Model Measures	Fit	Results from Original Research Model	Results from model obtained from analysis	Fit Measures' Indications	Interpretations
Absolute Fit Measures					
Chi-square (χ^2)		7451.859	3102.887	Between 0 (saturated model) and independent model	Acceptable Fit
d.f.		1378	1259	Between 0 (saturated model) and independent model	Acceptable Fit
p-value		0.0000	0.0000	< 0.001	
RMSEA			0.071	0.0	Reasonable Fit
SRMR			0.080	0.0	Reasonable Fit
Incremental Fit Measures					
CFI			0.696	0-1	Fit
TLI			0.668	0-1	Fit
Information Fit Measures					
AIC			35724.598	For comparison purposes	Lower value model to be selected
BIC			36354.029	For comparison purposes	Lower value model to be selected

5.8.4 Discussion of Research Findings

In this section, the six constructs that enhanced the EPMDS effectiveness were discussed in terms of results from data analysis that were scored for key constructs, described as leadership, administration, development, information, management competency, and moderation. The focus was on those principal parameters critical for the models designed to test hypotheses, – determinants of the effectiveness of the appraisal and how the normative model derived from literature review would superimpose over the empirical model.

The superimposition was done to establish and verify causal relationships of good and poor fit, - firstly, the leadership, secondly, the administration, thirdly, the development, fourthly, the information, fifthly, management competency, and, lastly, the moderation, hypotheses. The black arrows indicated the relationships established in the literature review, whilst the green thick arrows depicted relationships established in the empirical findings, – missing in literature, – to make the EPMDS effective.

Relationships of Determinants of the Leadership Construct

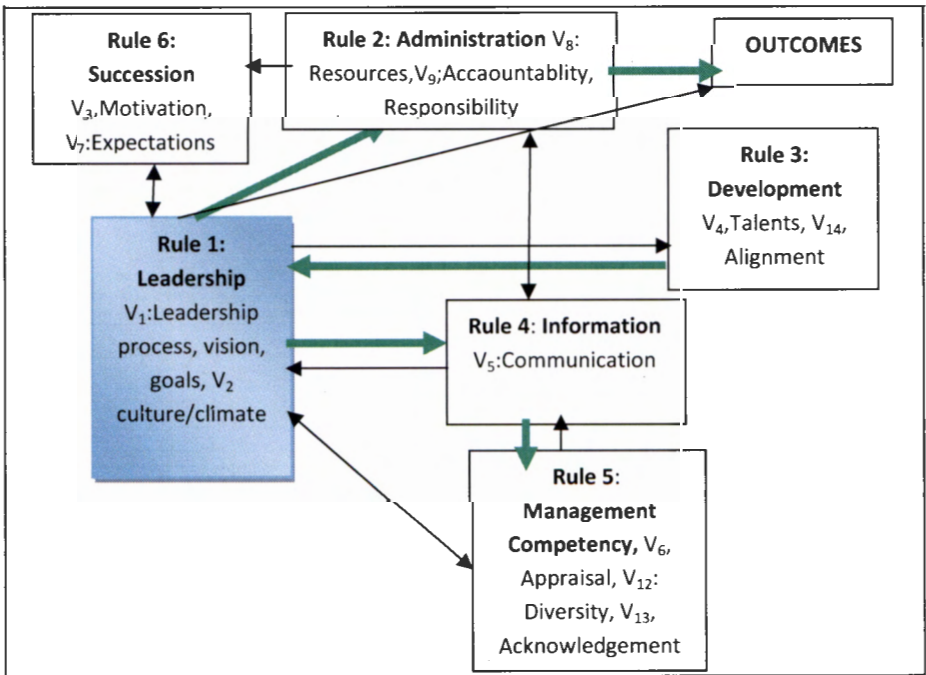


Figure 5.2: Modified Model of Leadership Effectiveness (Modified from Ulrich et al., 2008: 18)

Figure 5.2 depicts relationships of the determinants of a successful EPMDS based on effective leadership as proposed by the leadership code of Ulrich et al. (2008). Effective leadership, as a key construct, should create, initiate, and influence the whole appraisal process. It should have clear, unambiguous strategy, goals, and objectives, create a performance learning culture and suitable climate, which in turn would influence other role players (management and employees) to accept ownership of, and get fully involved in, all activities of the EPMDS process from the start to the end, whilst making resources (human and financial) and information technology/ MIS available for its success.

In the literature, leadership was found ineffective with an ambiguous strategy and goals, and constructs/units appeared to operate in isolated silos, apparently owing to leadership, not being fully equipped to lead the EPMDS process. Empirical findings, however, supported the opinion that the current scenario was not conducive – and that the leadership, as a key construct of the EPMDS, had not been addressed efficiently. In the modified model, a two-way communication/dialogue was made available among leadership and other constructs to ensure that hands-on, participative leadership was maintained throughout. In the modified model, leadership training and development was given top priority.

Furthermore, the EPMDS was mandated by the South African government and agreed upon by the unions of employees for the benefit of all, assured that its implementation was effective, no matter the cost. Being a new approach to performance appraisal, replacing the previous event-based one, the EPMDS required the equipping and training of role players to run it successfully. Leadership, therefore, as the creator of the implementation process required an opportunity for re-developing and re-training, specifically on the EPMDS issues.

Consequently, leadership was not strategically influential and proficient enough to lead the EPMDS process effectively. The conclusion arrived at for the final score for the leadership construct, which influenced the other remaining constructs, was a zero (0).

This meant that leadership was not as vividly strong as expected, which explained the reason why determinants in the leadership construct (leadership process, style, goals, strategy, performance culture, and climate) were ineffective, and ended up blocking the effective functioning of other key constructs. This resulted in the ineffectiveness of the EPMDS to deliver its intended goals and objectives of the Free State Provincial Government (FSPG).

- Relationships of Determinants of the Administration Construct

Administration was the one part of a vehicle that distributes resources required for appraisal’s success, whilst management was the other part which executed and monitored the process. When the system failed, other role players, specifically management and employees, became despondent and resistant, because they feared that their individual needs would not be addressed appropriately. Figure 5.3 displays how the administration construct interacts with others to ensure effectiveness of the performance appraisal.

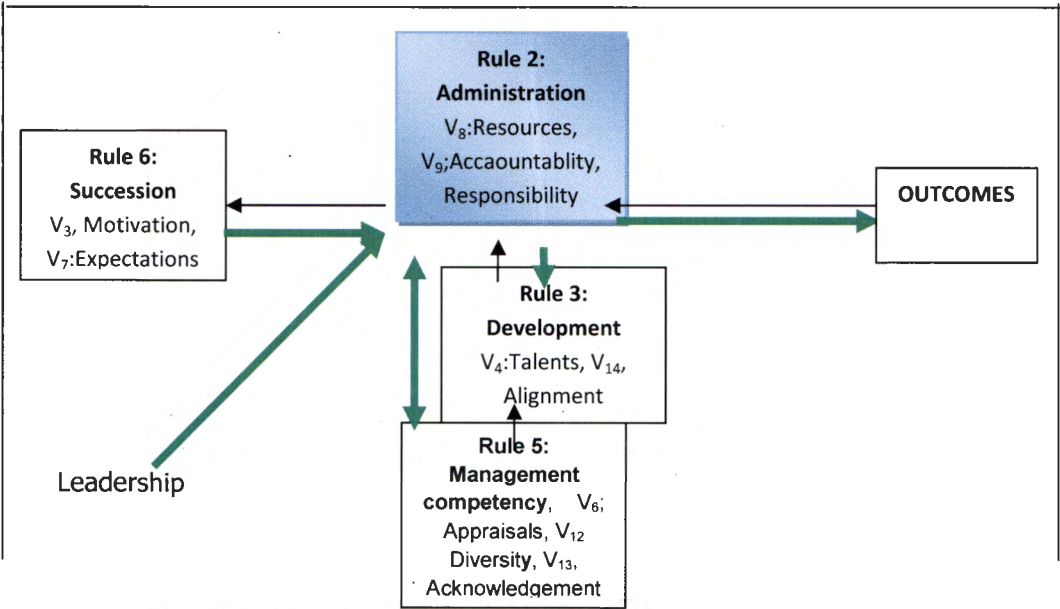


Figure 5.3: Modified Model of Administration Effectiveness (Modified from Ulrich et al., 2008: 18)

Leadership created and directed resources and responsibility/accountability towards meeting its mandate, whilst administration and management ensured that these resources were distributed and utilised efficiently.

Failure to recognise the administration construct, focused on productivity, at the expense of other outcomes (teamwork, empowerment, effective communication, commitment, reward, and attitudes). That would lead to an ineffective appraisal, which was supported by the research findings, and established that administration and management in participating institutions, like leadership, were not adequately prepared to run the EPMDS process successfully. Reasons advanced for that blockage included 1) a failure to identify KRAs of employees for the EPMDS process, 2) a failure to assume overall accountability and responsibility of the process, and 3) a failure to align the EMPDS with organisational objectives.

Alignment of goals and needs was established as a new determinant that was neglected in the current EPMDS process if it was to have worked effectively. The role-ambiguity between administration and management appeared to be the cause for failure to align the administration construct appropriately for successful appraisals. Administrators, like managers and employees, were not fully involved in primary crucial decisions, such as managing resources, alignment of goals, responsibility, and accountability, which were critical for the success of any project, according to Tucker et al. (2002), and Borman and Motowidlo (1997). This led to a perception that the EPMDS was a leadership issue, and others (administrators, managers and employees) had little to say or contribute towards the planning.

Instead, they were there to be instructed, simply to obey and execute, which, in turn, led to deterioration in the leadership-administration, administration-management, and administration-employee relations, respect, and trust, as each individual perceived others with suspicion. Administrators used reward as a key driver of performance, which reduced the EPMDS process to a reward-punitive exercise that favoured the in-groups and unfairly treated outsiders. The conclusion was that the final score of the effectiveness of the administration construct in the Free State Province was a negative or a minus (-), which explained the fact that determinants in that construct were not addressed and managed effectively.

- Relationships of Determinants of the Development Construct

According to Figure 5.4, the development construct is critical for the success of appraisals. Employee potential and talent development, placement, and alignment were integrated into the partial model influenced by the leadership construct (Ulrich et al., 2008). The weakness and ineffectual nature of leadership has had a direct impact on employee empowerment through training and development. This was a general perception among employees, supported by the findings of the study.

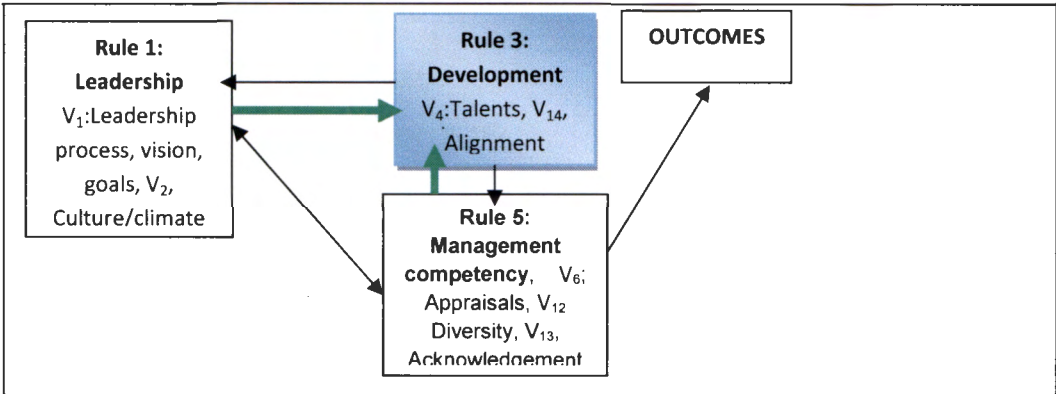


Figure 5.4: Modified Model of Development Effectiveness (Modified from Ulrich et al., 2008: 18)

As illustrated in the Figure 5.4, apparently, recruitment of talents and the development of potential were operated separately from the other key drivers, listed as the leadership and management competency. This assisted in explaining the reason for its ineffectual to address the EPMDS needs in terms of human capital (Ulrich et al., 2008). The modified model established an effective communication and alignment between leadership and management to ensure order and alignment of activities of the developmental construct with organisational goals. That was done by establishing direct links from leadership to management competency, and to developmental constructs.

In addition, it was perceived among employees that the EPMDS was more directed toward organisational goals and not to employee ownership and empowerment through training and development, as proposed by four perspective balanced scorecard approach of Kaplan and Norton (2004). This was not substantiated by the empirical findings of this study, though; there was support from the qualitative results from the interviews.

Furthermore, the general opinion among employees that high performers should be acknowledged and rewarded equitably could not be proven in the study. It was, however, established that as much as rewarding of employees was done visibly, acknowledgement was not vividly apparent, which enhanced despondency. Acknowledgement was a new determinant gap identified and addressed by the modified structural model.

Another perception among employees was that the EPMDS was more suited to and successful in lower skilled jobs than in the skilled was supported in the study. Its failure in this regard, however, may be ascribed to the lack of alignment and integration of the individual components of the workforce into a functional team. Teamwork climate appears to be non-existent.

Alignment was another determinant that appeared to undermine the effectiveness of the EPMDS process. Another perception among employees that the EPMDS developed them to make more productive decisions leading, to enhanced productivity was supported by the literature, though it was not proved in the findings of the study. There was negative or very little attention directed towards employee development rather than reward, which was primarily owing to the limited financial resources allocated for the EPMDS, and also owing to the introduction of more measures to curb overspending.

A second reason was that managers perceived the performance appraisal in the traditional way of rewarding the outcomes in terms of money or a stigmatising non-learning environmental culture of punishment. The idea of training and development of employees appeared not to be popular with the management of institutions surveyed because it did not participate in decision-making with regard to roles within the EPMDS. This was also owing to the limited financial resources allocated for the EPMDS, which could cover only a few rewards and not development. Besides, managers could not see training and development of employees as critically relevant to the success of the EPMDS, which was supported by the qualitative findings from the interviews.

Furthermore, in establishing the Key Performance Areas (KPAs), the employee potential that was available to be developed and aligned with organisational goals was discovered. Similarly, the talents selected were not employed appropriately to enhance the effectiveness of the EPMDS. In addition, from the previous appraisal systems examined, employees were conditioned by and accustomed to equating performance appraisals with rewards or reprimand. They perceived money (cash bonuses, or salary increments) or punishment as the main determinant of the appraisals' success. The training and development of employees entailed investing considerable financial resources for medium to long term. Managers and employees could not see any training and development undertaken for their growth and empowerment in the EPMDS annual exercise. The conclusion was that the final score for the development construct in the Free State Province was negative or a minus (-), which indicated that the functional determinants for development, as a key construct/theme were inadequately addressed.

- Relationships of Determinants of the Information Construct

Information and IT management is the road work of the organisation through which the information is communicated, according to Kahler (2007) and Kelley (2005). That was clearly illustrated in Figure 5.5, in which communication appeared to play a central role in integrating the leadership, and the development and tactical variables to attain the outcomes intended.

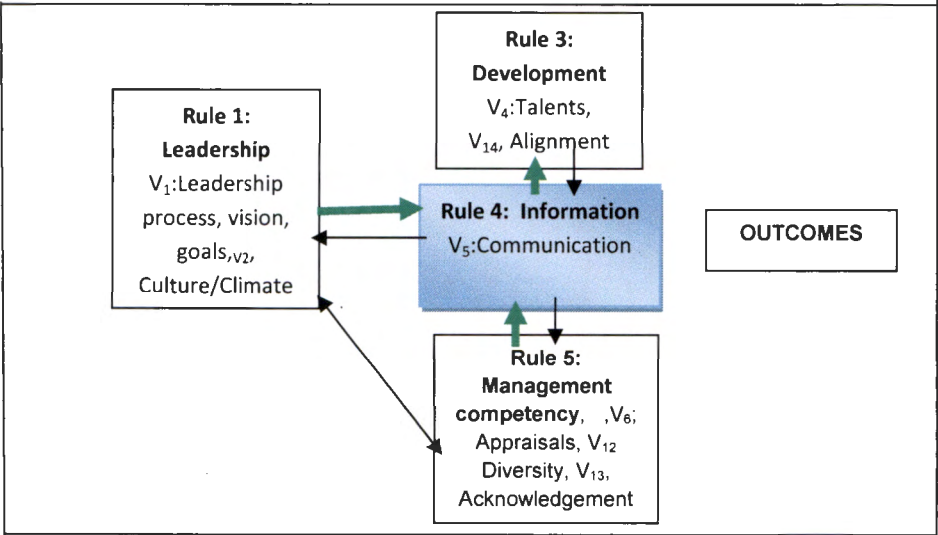


Figure 5.5: Modified Model of Information Effectiveness (Modified from Ulrich et al., 2008: 18)

The hypotheses of the information construct, that a two-way communication with objective, confidential feedback existed between management and employees were not proved in the research findings. This, however, was confirmed by the general perception among employees established from the interviews that ineffective one way top-down communication existed in most of the provincial government health department hospitals, which greatly compromised the implementation process. That was one of the reasons for the ineffectiveness of the EPMDS in achieving intended goals.

Another mainly reason was because management was not competent enough to become actively involved in the decisions taken by leadership about the EPMDS activities, which left them (managers) with scanty knowledge and information to disseminate, contrary to what Fogg (2002) referred to as effective communication. The modified model provided a two-way communication with all key constructs, particularly leadership and management efficiently aligned. Furthermore, an effective communication required the availability of IT and MIS (hardware/software). Only two IT technicians, however, could be found employed to manage the whole system for the subregion of ten hospitals and over forty clinics.

Most hospitals had no internet, some had intranet with outdated software and antivirus programs, which rendered most systems slow and ineffective. There was little effort made by leadership to upgrade information systems or to make follow ups on the information directives given, except reactive reprisal/disciplinary actions instigated against employees, when they failed to perform as leadership and management expected them to.

The conclusion was that the final score for the information construct/ theme in the subregion was again negative or minus (-), which helped to explain the reason why the determinants in this theme (such as effective communication, responsibility, and accountability) were impediments to the success of the EPMDS. There was support from the qualitative findings.

- Management Competency and Succession Determinants

A distinction was made earlier in this study between leadership and management, which are two distinct functions of the same entity. Leadership, on one hand, referred to the tactical core involving, setting out, and influencing the mission, vision, strategy, and goals of the EPMDS and the medium and long term objectives. Management competency, on the other hand, related to the capacity (skills, habits and motives) of managers to execute the appraisal process successfully to meet its intended purpose (FSPG HRM, 2007).

Zigarmi, Edeburn and Blanchard (1995) argued more than a decade ago that leadership should be measured as a complex entity, as an interaction between the leader and the social and organisational environment (styles, effectiveness and flexibility). Hosie (2003) substantiated the argument that management competency in terms of performance consisted of task and contextual components, each of which was composed of habits, skills, and motives.

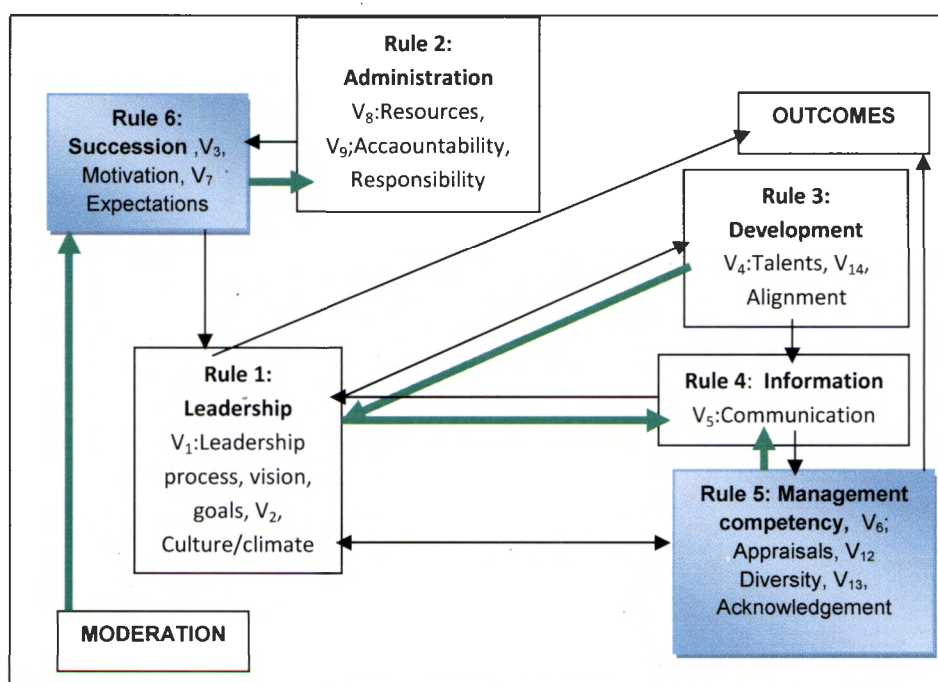


Figure 5.6: Modified Model of Competency Effectiveness (Modified from Ulrich et al., 2008: 18)

In the EPMDS, leadership failed to create and influence a culture and climate of cooperation and collaboration among units to achieve performance appraisal effectiveness. Variables which were critical for management competency were scattered in different units and not aligned with the goals. In the modified structural model, these variables were rearranged and aligned with the goals of the EPMDS to enhance its effectiveness. That entailed relocating managing motivation and expectations to the succession construct, where they would be moderated by the demographics, while determinants like managing appraisals, diversity, and acknowledgement were retained in the management construct, as illustrated in Figure 5.6. Both quantitative and qualitative findings supported the general perception among respondents that in the EPMDS process management did not acknowledge high performers transparently. The reward appeared to have been the only acknowledgement used in the process. The conclusion was that the final score for the management competency construct in the Free State Province was positive or a plus (+), which indicated that the functional determinants for this theme were correctly addressed.

- Relationships of Determinants of Moderation

Demographic factors, specifically of gender, age, race, education, and experience of respondents were perceived to have had an indirect influence on the effectiveness of the EPMDS by moderating some determinants, as depicted in Figure 5.7.

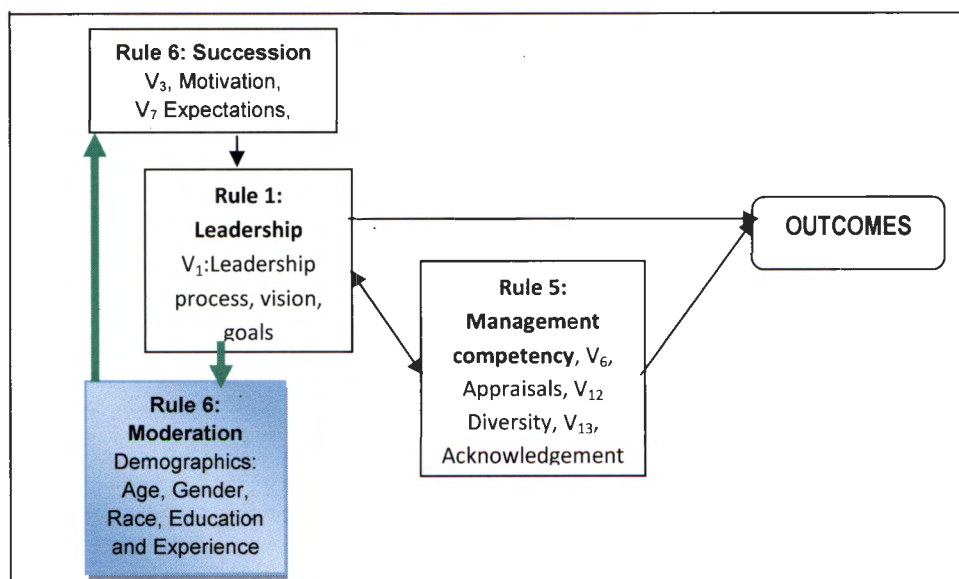


Figure 5.7: Modified model of the Moderation Effectiveness (Modified from Ulrich et al., 2008: 18)

They were linked to the leadership and management competency through their perceived influence on the two determinants, namely motivation and expectations. The perception that the EPMDS had a moderating effect on expectations and motivation of employees was not proved by the study findings. Perception among employees was that management competency had a moderation effect on diversity in the workplace, which was proved by the findings. The conclusion was that the final score for the moderation construct in the subregion was indifferent or a zero (0), which explained the reason why those variables were still not being taken seriously and addressed appropriately. There was still divided opinion about their relevance in the effectiveness of performance appraisals, which will require further research.

5.9. Comparison of Normative and Empirical Models

5.9.1 Superimposition of Normative over Empirical Models

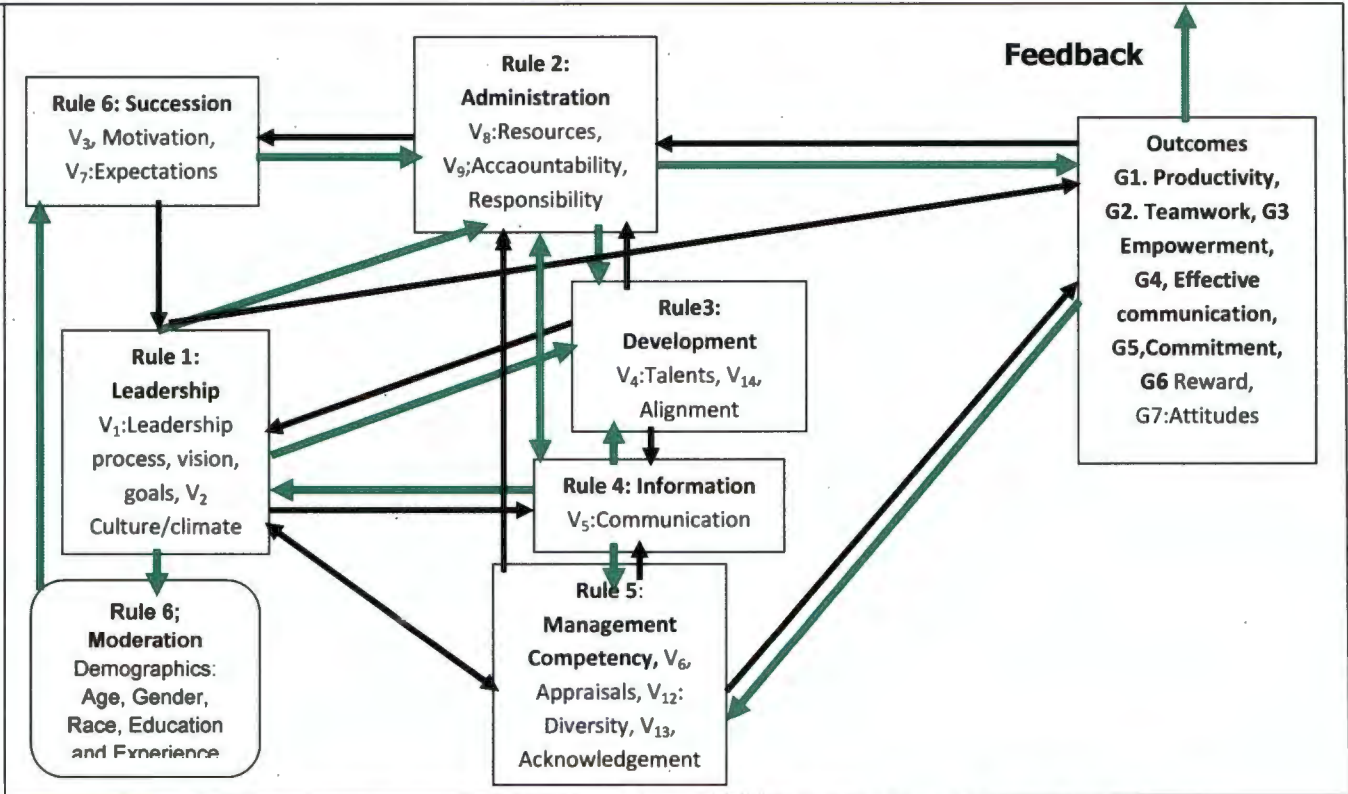


Figure 5.8: Structural Performance Appraisal Framework (Modified from Ulrich et al., 2008: 18)

The empirical model Figure 5.2, derived from the statistical analysis of data, was superimposed over the theoretical normative model, Figure 3.21, derived from the literature review earlier. This generated Figure 5.8, which determined the degree of fitness, and established poor fits that were addressed in the structural model proposed. This was the structural performance appraisal framework resulting from the superimposition, as illustrated in Figure 5.9. It was derived from combining models of six constructs of the EPMDS to confirm the gaps identified in the literature, which were substantiated by the superimposition of the empirical model over the normative one. Black arrows depict the situation as it was; whilst green indicates additional linking channels required to enhance appraisals effectiveness.

5.9.2 Analysis of the Level of Fit

In this study, it was established that the performance appraisal and the performance management process should be one and the same thing to ensure that the needs of all stake holders were satisfied. Major characteristics of the structural framework and significant implications were listed as follows:

- The centrality of the leadership was not accidental; – it confirmed the direct influence of leadership on the rest of constructs, whilst driving activities in the administration, development, information, and management competency constructs.
- The information construct established a two-way direct communication with the prime mover construct (leadership), and with administration, development, and management competency constructs, which enhanced an effective communication for the success of appraisals.
- Apparently, leadership had an indirect influence on the moderation construct in terms of employee motivation and expectations.
- Apparently, small construct silos, in which the EPMDS had been executed before, were eliminated through the development of the structural model, in which two-way communication channels among constructs were introduced.

- Effective and objective feedback was established, emphasising the importance of effective communication in evaluating the success of the appraisal.
- Alignment and acknowledgement were identified as key determinants incorporated into the developmental and management competency construct respectively, in replacement to attitudes and rewards which were confirmed as outcomes of appraisals.
- Outcomes of effective appraisals were explicitly established as being achieved through an administrative leg and/or the management competency one.

5.10 Summary of the Chapter

In summary, this chapter has presented research findings from the quantitative and qualitative analysis of the data. The Findings of this study addressed reasons for the failure of the EPMDS to work effectively. These findings were interpreted in the next chapter, which also elaborated on the normative and empirical fit-comparisons for the hypotheses tested. The structural model that emerged from the superimposition was used to address the research problem, as defined in Chapter 1. Conclusions and recommendations for improving the EPMDS effectiveness were provided in Chapter 6.

Twelve determinants discovered were incorporated into six constructs in terms of their functions, which, in turn, were integrated into the final structural model, or the modified structural performance appraisal model – MSPAM, to solve the research problem. Major determinants and their constructs were discovered to be the main pillars on which the success of the appraisal rested. It emerged that reward and attitudes were not drivers but outcomes of appraisal, together with productivity, teamwork, employee empowerment, effective communication, and commitment. Instead, alignment and acknowledgement were key determinants. This was another contribution to the body of knowledge.

In this study it was also found that, whilst they also had a direct, positive and significant impact on the determinants, specifically productivity, teamwork, empowerment, and commitment as outcomes of performance appraisals.

Importantly, it was noted that employee attitudes and rewards were not determinants, as earlier postulated, but rather part of the outcome domain of appraisal systems. It was arguable that, through addressing those factors and possibly developing a new performance evaluation model built with the incorporation and recognition of those factors in mind, greater organisational success would be achieved through effective performance appraisal.

The primary purpose of this research was to remind the leadership and management within organisations that performance appraisal system, as a tool, were originally designed to focus more on employee development, but has become skewed in the sense that this aspect became increasingly neglected in favour of using the process for financial benefits relating to performance bonuses and salary increases. The intent was to correct this imbalance.

Thus, the expected outcome of the study might confirm, compliment some of the findings of previous studies, though diverted to a different direction – the new model, the MSPAM was developed. The main findings, together with the Modified Structural Performance Appraisal Model (MSPAM) were argued to enrich the understanding about the importance and usefulness of appraisal systems – the EPMDS – in the South African government Health Department, HR practitioners, and other governments departments nationally and internationally, particularly in developing countries.

The results were discussed in terms of the purpose of the study, summary of the findings, and interpretation. The concluding chapter to this study will provide an integration of the research, revealing the causal factors of why the EPMDS is not as effective as intended by the leadership of the Department of Health. Furthermore, conclusions derived from the data analysis will be summarised and recommendations made. In addition, the findings added new knowledge to the existing body of knowledge in the field of management practice. The chapter will end by visiting the limitations of this study and furnishing suggestions for future research.

CHAPTER: SIX

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The final chapter summarised the key findings of this study, especially of the establishing determinants which led to possible ineffectiveness of the EPMDS in its application within the Department of Health. Section 6.2 presented an overview of the study, followed by the theoretical/normative and statistical/empirical model super-impositions together with conclusions of the key research findings. Conclusions about the investigative questions were provided in Section 6.3, whilst Section 6.4 presented conclusions on key constructs. Section 6.5 covered conclusions on the 20 hypotheses which were tested. Section 6.6 presented the contributions to theory, practice and methodology. Finally, Section 6.7 covered recommendations, 6.8 presented the limitations and constraints of this study, followed by the implication for future research in Section 6.9, and final conclusion provided in 6.10.

6.2 Overview of the Study

In Chapter 1, an orientation of the study was presented. The research problem was stated as 'the ineffectiveness of the EPMDS to deliver its intended purpose.' The main objective of this study was established as the reasons why leadership and management were unable to make the EPDMS to function effectively in the attainment of organisational goals. The primary investigative question, 'Why was the EPMDS unable to deliver the organisational goals/objectives?' and sub-investigative questions emerged to address the research problem. Chapter 2 covered a theoretical foundation of the existing body of knowledge of performance appraisal, in which major factors critical for the effectiveness of appraisals were established. These factor included concepts, constructs, determinants, dimensions, and measures.

Six constructs or themes were discovered, described as, 1) leadership, 2) administration, 3) development, 4) information, 5) management competency, and 6) moderation. Each of those constructs contained one or several determinants, - a total of 12 major determinants, responsible for the ineffectiveness of appraisals were identified. They were established as the leadership process, performance culture and climate, alignment of goals and needs, development and placement of potentials and talents, communication, training to manage appraisals, expectations, resources, responsibility, accountability, diversity in the workplace, and acknowledgement of high performers. Reward and attitudes were identified as outcomes. It was discovered that there was a lack of research (gap) in the body of research within the South African government organisation which ideally presented the opportunity for the focus of this study.

In Chapter 3, relevant literature about those factors was reviewed in an attempt to devise ways and means of answering the investigative questions posited in Chapter 1. A normative performance appraisal model for testing was constructed from the theory whilst exploring the literature review. From integrating and linking key constructs and their determinants into a functional framework of the model, hypotheses were developed for testing reliability and validity of key constructs, determinants, and measures.

In Chapter 4, the appropriate design and methodology used for data collection and the testing of hypotheses was described, which necessitated employing the triangulation of data collection methods, methodology (qualitative and quantitative) and theories. A three-part questionnaire was designed for data collection, whilst SEM techniques using Microsoft Windows EQS 6.1 were used in testing hypotheses for reliability, validity and dimensionality to ensure that the investigative questions and sub-questions were answered and addressed appropriately. The research findings from the quantitative (empirical) and qualitative (interview data) analysis, and reporting were undertaken in Chapter 5, together with the measurement model, which was specified, tested, and calibrated. Results from the empirical treatment of determinants were presented.

The structure of the employee performance key constructs was extracted initially from the exploratory factor analysis (EFA), followed by confirmatory factor analysis (CFA). The hypotheses were tested, and the partial structural model that emerged presented insights into inter-relationships among determinants (as independent variables) and outcomes (as dependent variables) through correlational methodology and standard multiple regressions. The theoretical/normative model was, in turn, superimposed over the empirical/statistical model generated from the statistical analysis of hypotheses posited to establish the goodness of fit.

In the process, areas of poor fit were established, which were addressed resulting in a modified structural performance appraisal model (MSPAM). This model incorporated the key constructs and determinants, refined and aligned to answer the investigative questions in order to enhance the effectiveness of the appraisal system. Key theoretical developments and perceptions were explored and integrated into the relevant conceptual foundation of the study to find the solution to the employee performance management and development system, so as to enhance its effectiveness to achieve intended objectives. A number of gaps or blockages which emerged as reasons for the EPMDS ineffectiveness to attain its intended purpose and objectives were addressed appropriately in order to solve the problem statement through answering the investigative questions.

6.3 Conclusions of Investigative Questions

This section covered each sub-investigative question in turn in order to ensure that the research problem was answered appropriately through addressing corresponding hypotheses. Collectively all sub-investigative questions, as a whole, were intended to answer the primary investigative question and fulfil the objective of this study.

6.3.1 Question 1: Determinants of an effective performance appraisal?

Employee performance appraisal, according to the reviewed literature, was conceived as a unidimensional (one-dimensional) construct.

Findings of this study have established that an effective appraisal system should consist of six inter-related constructs or themes, each with one or more determinants to drive the appraisal system to success. Multivariate and multi cross-validation techniques established and confirmed that employee performance appraisal was multidimensional, consisting of twelve key distinct determinants organised in six themes/constructs.

These determinants were found critical for its effectiveness, namely the leadership process, style, goals, strategy, and performance culture/climate) (in leadership construct), the management of resources, and accountability/responsibility (in administration construct), the development of potentials and selection/placement of talents, the alignment with goals (in development construct), communication and MIS (in information construct), training to manage appraisals, diversity in the workplace, the acknowledgement of performing employees (in management competency construct), and employee motivation and expectations (in moderation construct).

Indicators contributing to those dimensions were mostly consequences of major role players of the performance appraisal process (leaders, management, and employees), which established encouraging findings that the appraisal systems would be functional effectively as long as management and employees abilities, needs, and expectations were appropriately addressed and aligned with those of leadership and the organisation. This sub-investigative question has been answered. All the relevant hypotheses related to this construct have been proved, as answered in, namely, all H_0 and H_1 hypotheses, and supported by qualitative findings from the interviews.

6.3.2 Question 2: To what extent did those determinants predict different dimensions of the effectiveness of the employee performance appraisal?

Effective leadership, as perceived by an employee of the FSPG, was associated with enhanced performance appraisal effectiveness in terms of productivity, empowerment, and teamwork, whilst ineffective leadership was associated with a decrease of those outcomes.

Effective leadership, in a learning performance culture with clear knowledge of strategies and objectives, was associated with enhanced appraisal effectiveness in the context of similar outcomes. Those included productivity, teamwork, and employee empowerment. It was established that three constructs – leadership, information, and management competency – were the key driving force behind the other constructs for the appraisal system effectiveness. Those three constructs exerted a greater impact on performance appraisal effectiveness than the others, – administration, development, and moderation, which supported the existence of the two-tier order configuration, as depicted in Figure 6.2. Qualitative data findings, however, were indifferent in this regard.

A large amount of performance appraisal variance could be explained by the six constructs of the system (leadership, administration, development, information, management competency/succession, and moderation), which enhanced the effectiveness of the MSPAM model. The first twenty components whose percentage variance was ≥ 1.00 , (that is, 71.74 percent) were explained by the Extraction Method, whilst Principal Component Analysis was employed to derive the Component Matrix, as presented in Appendix 12. Thus, each of those critical variates separately accounted for substantial amounts of employee performance appraisal effectiveness in relation to the mother construct in which they were contained. This sub-investigative question was answered. All the relevant hypotheses related to this construct were proved, and answered, - all H_1 hypotheses.

6.3.3 Question 3: Did positive determinants automatically result in enhanced effectiveness of the EPMDS without proper leadership?

Ulrich et al. (2008) associated strong and proficient leadership with organisational success, whilst Kelley (2005) argued that effective leadership created a learning culture, and an appropriate climate and effective communication, which were vital ingredients for a successful appraisal, specifically the EPMDS. Furthermore, strong, effective leadership was linked to enhanced levels of the effectiveness of performance appraisal through its direct influence on other constructs, which was supported by the findings of this study.

For instance, management required appropriate competencies, which were associated with the ability of management to clarify the key performance areas (KPAs), of employees, manage appraisals, and show accountability and responsibility, which ensured an enhanced productivity, commitment, and empowerment. Similarly, the strength of the latter second-tier constructs (administration, development and moderation), was linked to the appraisal success, though to a lesser extent. This was supported by the qualitative findings from the interviews. Consequently, the effectiveness of the other key constructs of the appraisal' success required proper and effective leadership, as the key driver, which answered this sub-investigative question. All the relevant hypotheses related to this construct were proved, as answered all H₀ hypotheses.

6.3.4 Question 4: What were reasons for an ineffectual EPMDS?

In this study, it was established that there were key determinants that inhibited the effectiveness of performance appraisal, if they were not addressed from the onset. The impact of some constructs, like leadership (Ulrich et al., 2008; Kelley, 2005; Fletcher, 2004), communication (Kahler, 2007,) and management competency (Borman & Motowidlo, 1997) on the EPMDS, was easy to identify and assess, because of the strength and extent of the influence those constructs had. Other constructs were less conspicuous drivers, such as performance culture and climate (Quinn, 1996), and developmental variables (Kaplan & Norton, 1999), which were often missed or misinterpreted.

Overall, all determinants influenced the appraisal's effectiveness, in one way or the other, at varying levels to achieve the purpose intended. Thus, if their involvement in the process was not handled appropriately and effectively, the success of the appraisals would not be guaranteed, which answered the current sub-investigative question. All the relevant hypotheses relating to this construct were proved, as answered in all H₀ hypotheses.

6.3.5 Question 5: Was there association between moderation variables and motivation and expectations of employees as determinants of appraisals?

There was a prediction in the literature (George & Jones, 1996, Sevastos, 1996; Cook et al., 1980a), partially supported by research findings that biographic variables such as employee age, gender, race, education, and experience had an influence or moderation on some key determinants of the success of the EPMDS, - motivation and expectations. There was mild support for moderation from the qualitative findings from interviews. It was concluded, therefore, that there was not enough evidence to establish that demographics impacted on employee motivation and expectations during performance appraisals. Further research was recommended in that direction. For instance, the general perception among participants that employees were motivated by extrinsic factors, like money, more than intrinsic factors, – like accountability, was supported by both quantitative and qualitative results of the study.

Furthermore, the perception that demographics had a moderating effect on employee motivation and expectations has been partially supported by research findings, but will require future research. This sub-investigative question was answered. All the relevant hypotheses related to that construct were proved, as answered in all Ho hypotheses.

6.3.6 Question 6: How were the findings integrated with workplace initiatives to enhance the effectiveness of the current EPMDS?

This was an additional investigative question, which was included in an attempt to accommodate and address findings in theoretical, practical, and methodological terms. A number of theories reviewed in section 3.3 concurred with the argument advanced by West, Arnold, Corbett and Fletcher (1992), that informative and good studies were always drawn from previous methodologies underlying philosophical frameworks. In the development of a performance appraisal system, the systems application must be adapted to the organisation's specific contextual situation when knowledge transfer takes place.

It was thus, hoped that this study added value to, and contributed new knowledge on local, provincial, national, and international levels, and also assisted in addressing the factors influencing the ineffectiveness of the EPMDS, and what corrective actions would be appropriate to make its application effective. The findings will be presented to the relevant authorities and forums of HRM in order to address the EPMDS impasse, by introducing the emergent MSPAM model to stake holders. These included leaders, managers, and practitioners. This sub-investigative question was answered. All the relevant hypotheses related to this construct were proved, as answered in all H_0 and H_1 hypotheses. Next, the conclusion of the findings of the key constructs was presented.

6.4 Conclusions of the Key Research Constructs

The six constructs established in the literature review, as the key factors impeding the EPMDS effectiveness, gave rise to a theoretical/normative model. The results of construct linkages are summarised in the next section.

6.4.1 Conclusion on Influence of Leadership Determinants

In this study, the impact of leadership determinants was summarised by presenting significant progress toward the impact of leadership process, style, or vision, leadership goals and strategy, and performance culture and climate on the effectiveness of the EPMDS. The findings were very encouraging and placed leadership at the centre of the whole performance appraisal process, whilst establishing practical and theoretical insights into the performance appraisal of individual government hospitals in South Africa. In general, effective leadership variables tended to establish goals and objectives, create an appropriate performance culture and climate, and make resources available for appraisals.

Leadership influenced other determinants to drive the performance appraisal to attain intended goals, and shape the future of the organisation (Ulrich, et al., 2008).

In Table 5.4, the leadership process (V_1) had the highest mean score of 16.45, whilst communication (V_5) had the lowest mean score of 8.51, suggesting that there was insufficient communication and support from management. The low level of variance, however, affirmed the opinion of employees was unanimously in agreement, and that all those factors were critical for the effectiveness of the appraisal process. Only a small minority were holding an opposite perception. These emerged as strong drivers of the effectiveness of performance appraisals, though not adequately employed in the EPMDS.

From the research findings, it was established that leadership was the number one key determinant and the prime mover of the entire performance appraisal wheel, the failure of which compromised the success of the whole process. Some determinants, such communication and MIS, and management competency variables, came second in the level of influence, whilst the rest fell in the third level, waiting for leadership to create, influence, and give direction for them to impact effectively, and for communication and management to execute.

This was a critically important finding since, in the EPMDS process, the importance leadership appeared to have been underplayed by failing to demarcate distinctly the roles of leaders and managers and administrators, and by opting to work in silos, which compromised the appraisal process' success. It was established that leadership was the most important determinant of the effectiveness of performance appraisal, which answered the first sub-investigative question. All the relevant hypotheses related to this construct were proved. Next, the conclusion of the findings of the administration construct was presented.

6.4.2 Conclusion on Influence of Administration Determinants

Administration determinants were identified as the management of resources, responsibility, and accountability. It was established by research findings that those determinants were also critical to the success of the EPMDS.

The overall perception among participants was that current administration lacked the plan and ability/ competencies required to clarify Key Performance Areas (KPA's) for jobholders and to take responsibility and accountability for their actions. This was critical for inculcating teamwork – a welcome change from the previous practice of working in small groups (silos). From study findings, it was established that administrators, like managers, needed to have appropriate training to acquire the skills specifically needed for appraisal activities, which was not happening in the current EPMDS. All the relevant hypotheses related to this construct were proved. Next, the conclusion of the findings of the development construct was presented.

6.4.3 Conclusion on Influence of Development Determinants

In the context of the impact of developmental determinants on the EPMDS, factors investigated included developing the potentials of employees, and the selection and placement of their talents. The general perception among participants, supported by research findings, was that management neither acknowledged nor rewarded high performing employees as equitably as they should. Furthermore, the fact that management did not afford employees opportunities for training and development to enhance empowerment and ownership could explain the state of despondency and lack of committed of employees relating to partaking in appraisal activities. All the relevant hypotheses related to that construct were proved. Next, the conclusion of the findings of the information construct was presented.

6.4.4 Conclusion on the Influence of Information Determinants

This study made significant progress toward conceptualising the importance of effective communication in the success of the EPMDS. It explained how critical information determinants, such as communication and MIS, were influencing effective, objective two-way communication. It was generally perceived by the respondents that there was no two-way communication between management and staff.

This was because most instructions were disseminated from leadership and management to employees without any feedback. This compromised information dissemination, whilst feedback was seldom given. This was supported by both quantitative and qualitative research findings and provided practical and theoretical insights into the influence of effective communication on the effectiveness of the EPMDS. All the relevant hypotheses related to that construct were proved. Next, the conclusion of the findings of the management competency construct is presented.

6.4.5 Conclusion on the Influence of Management Competency Determinants

The general perception among respondents was that management competency was critically significant for the effectiveness of the appraisal in terms of management factors such as managing performance appraisals, acknowledgement of high performance, and diversity in the workplace. Specifically, managers, as implementers of EPMDS activities, should have the necessary competencies to achieve the required outcomes, namely productivity, teamwork, and employee commitment. From the research findings it was established that task/contextual management competency was one of the three constructs regarded as the prime drivers of the performance appraisal effectiveness, in addition to leadership and communication. All the relevant hypotheses related to this construct have been proved. Next, the conclusion of the findings of the moderation is presented.

6.4.6 Conclusion on the Influence of Moderation Factors

In terms of moderation factors, some variable investigated were supported by the research findings, whilst others were not. There was the perception that, in the EPMDS, employees were motivated by extrinsic factors like money or material gains rather than intrinsic factors such as job satisfaction or work enjoyment resulting in lower levels of commitment. This was supported by the findings of the study. It was established, however, that motivation and expectations were directly moderated, to varying degrees, by demographic factors, specifically, age, education, and experience, which was not supported by research findings.

No support was found in terms of gender, level of service. The results on the demographics were derived from the two service levels (District or Regional level), and were reflected for each of the subsamples in Table 5.3, with a comparison of means and frequencies of the biographical data for age, gender, race, responsibility levels, education, and experience.

The values of the mean suggest that those variables belonged to an identical distribution. In this study, all determinants had the alpha levels within the acceptable range (0.63-0.86), with only two variables (motivation = 0.63 and managing appraisal 0.69) having levels below the normal 0.70, which meant that no determinant was omitted on account of its alpha value. The second measurement, construct composite reliability (also used for convergent validity) was also measured. All the relevant hypotheses related to that construct were proved. Next, the conclusion of the findings of the hypothesis was presented.

6.5 Conclusions on the Hypotheses Findings

Twenty hypotheses were employed for testing the reliability and validity of measures and constructs. Some of the hypotheses of the six key constructs discussed were supported, whilst a large number were not supported, establishing the fact that those constructs were the reasons why the EPMDS had failed to attain effectiveness. This supported the gaps that were identified in the literature review, and the perceptions which employees had as established from the qualitative analysis.

A summary of those hypotheses findings is provided in the next section. All employees who participated, did so on an equal footing, regardless of some being managers whilst others were non-managerial employees. Tau (2011) suggested the time limit of seven years as target sample for the following reasons:

- The development and implementation of the performance management system was firmly entrenched in the minds of the respondents so as to answer the research questions; and
- Institutions were expected to have sufficient practical experience of ten or so years, which ensures that questions of implementations are addressed with confidence.

6.5.1 Results of the Research Hypotheses

The information gathered during the data collection exercise was integrated into a case study description (Collis & Hussey, 2009; Cooper & Schindler, 2008). This was translated into a table of hypotheses, determinants and responses, for which scores were awarded using the following schedule:

- + = the hypothesis proved.
- - = the hypothesis not proved.
- 0 = insufficient information to draw a conclusion on the outcome.

A score of a plus (+) was awarded for results of the determinant from the interviews, primary research, and the questionnaire which were positive, while a score of minus (-) was given for the results of the determinants that were negative. A score of zero (0) was awarded if the results were not adequate enough to draw a conclusion about the status of the determinant. Table 6.1 presents the scores for the six constructs: leadership, administration, development, information, management competency, and moderation.

The management competency construct was associated with training management to manage the appraisals, diversity in the workplace and acknowledging employees. Perception among employees that current EPMDS enhanced their motivation and expectations was not supported by the study results, whereas the perceptions that management competency enhanced a diverse workforce to commit to the goals of the organisation, and that the changing nature of the workforce required new performance assessment tools were supported by both the empirical and qualitative research findings. This caused – the overall result to be a plus (+).

The moderation hypothesis that employees were motivated by extrinsic factors (money or reward) rather than intrinsic ones (satisfaction or enjoyment) was supported by the research findings. In addition, the perception that demographics moderate employee motivation or/and expectations was not supported by the study results.

The effects of attitudes, gender, age, race, educational level, and experience on employee motivation, and expectations of the EPMDS were evaluated. In terms of these moderation factors, the structural model posits two relationships for each as illustrated in the hypotheses, which had to be evaluated in this study. In Appendix 12, a summary of results for the hypotheses posited in Chapter 3, was presented.

6.5.2 Summary of Research Hypotheses Findings

Table 6.1: Structural Equations for Hypotheses relating to Determinants and the EPMDS effectiveness

Hypothesis	Explanation	Verified
T₁. Leadership		
H ₀ (V ₁ + V ₈ = G ₁)	Leadership + Resources = Productivity	No
H ₀ (V ₁ + V ₂ = G ₁ + G ₃)	Leadership + learning culture = Productivity + Empowerment	Undecided
H ₁ (V ₁ - V ₁₂ ≠ G ₂)	Leadership + Diversity ≠ Teamwork	Yes
T₂. Administration		
H ₀ (V ₄ + V ₆ = G ₁)	Competency + Talents/development = Productivity	No
H ₀ (V ₉ = G ₁ + G ₃)	Responsibility + Accountability = Productivity + Empowerment	No
H ₀ (V ₆ + Align= G ₁)	Competency + Alignment + Strategies = Productivity	No
T₃. Development		
H ₀ (V ₄ + V ₆ = G ₃)	Competency + Talents/Development = Empowerment	No
H ₀ (V ₆ + V ₁₀ + V ₁₄ = G ₃)	Competency + Reward + Acknowledgement = Empowerment	No
H ₁ (V ₄ + V ₆ ≠ G ₂)	Talents + Competency ≠ Teamwork	Yes
H ₀ (V ₄ + V ₆ = G ₁)	Talents + Competency = Productivity	No

$H_0 (V_4 + V_6 = G_2)$	Talents + Competence = Teamwork	No
$H_0 (V_1 + V_4 = G_1)$	Leadership + Talents = Productivity	Yes
T₄. Information		
$H_0 (V_4 + V_5 + V_6 = G_4)$	Communication + Talents + Competency = Effective communication	No
$H_0 (V_5 + V_6 = G_5)$	Communication + Competency = Commitment	No
T₅. Management competency		
$H_0 (V_3 + V_4 + V_7 = G_5)$	Motivation + Talents + Expectations = Commitment	No
$H_0 (V_4 + V_6 + V_{12} = G_2)$	Talents + Competency + Diversity = Teamwork	Yes
$H_0 (V_4 + V_{12} \neq G_5)$	Talents + Diversity $\neq$ Commitment	Yes
T₆. Moderation		
$H_0 (V_3 + V_{10} + V_9 = G_5)$ $H_1 (V_3 + V_{10} - V_9 = G_5)$	Motivation + Reward -/+ Responsibility/accountability = Commitment	Yes
$H_0 (V_3 + V_7 + \text{Demographics} = G_5)$	Motivation + Expectations + Demographics = Commitment	No

Research findings are summarised in Table 6.1, with estimated models showing a good fit, illustrated by indices and the significance of the Z-values in the table. All parameters of corresponding measurement models were statistically significant. A new model has emerged, Figure 6.1, from addressing the areas of poor fit in the superimposition, which represent the gaps identified in Chapter 3 as determinants the of effectiveness of the EPMDS. In summary, research hypotheses and test results under their respective constructs/themes corresponding to the research propositions posited earlier is provided. Out of 20 original hypotheses and 10 new postings, a total of seven original research hypotheses (H_0 , H_0 , H_1 , H_1 , H_1 , H_0 , H_1), as illustrated in the table, were supported by the empirical tests of this study. On the other hand, the majority of hypotheses, -12 research hypotheses (H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1 , H_1) were not supported, whilst there was only one hypothesis in which no decision was taken, because respondents were undecided (H_0). In addition, the new postings were not supported by the findings of this research.

6.6 Contributions to the Body of Knowledge

6.6.1 Contribution to the Practice and Methodology

- Superimposed Structural Performance Appraisal Model

The normative model was refined, aligning and integrated with key constructs including leadership, administration, development, information, management competency, and moderation, and were aligned with the performance measures and outcomes of appraisals into an effective performance appraisal normative model. This was superimposed over the empirical model that was generated from the statistical analysis of data to establish the level of good fit. This was illustrated in Figure 5.8 (Chapter 5) – where the superimposed structural performance appraisal model in which the areas of good and poor fit are displayed.

It was established in the resulting partial model that arrow heads would represent the direction of the relationships. Black arrows represent relationships that exist in the current situation, whilst green ones represent gaps or missing links which were addressed to improve the effectiveness of the appraisal system, in order to depict the situation as it should be. This should not be taken to infer causality between different dimensions and constructs of employee performance.

The normative model established that three constructs were critically important for the success of the appraisal, namely 1) the leadership construct, as the prime mover of the whole appraisal process, with 2) information and 3) the management constructs. These are identified as the first liners in the appraisal process. Two-way relationships were established to be the effective way for most of the link, which was supported in the literature and the research findings by showing that most blockages or causal failures emerged where relationships were one-sided.

In the model, reward and attitudes were realigned into the outcomes component supported by the study findings, although they were initially erroneously perceived as part of the key determinant variables of the appraisal system. From these findings it can be inferred that prerequisites for an effective employee performance appraisal are the provision of effective and proficient leadership, communication, and competent management. This has implications for the appointment of leaders and the recruitment, selection, and placement of managerial talents, as well as developing their potentials. The empirical model indicated that the analysed data was unable to confirm the theoretical model, which resulted in a poor fit.

- Modified Model of the Purpose of Performance Appraisal

Appendix 10 displays a modified model of Tucker et al. (2002), in Figure 2.1. This accommodated the first and second levels of constructs as established from the literature and supported by the findings, which enhanced its effectiveness.

- Modified Structural Performance Appraisal Model

In this section, the MSPAM resulting from the adjustment made to address the poor fit is illustrated in Figure 6.1. The Modified Structural Performance Appraisal Model – MSPAM – is proposed as the theoretical and practical contribution made to the body of knowledge. MSPAM has emerged as a result of research findings from this study. It was an integration of the performance (task/contextual), the standards (SAQA, 1999), the employee characteristics (not covered by demographics), and competence, on one hand, with the partial structural performance appraisal (normative) framework (Figure 5.8) into a effective closed input-output system, with objective feedback, in Figure 5.9. Some special characteristics of MSPAM require clarification. It is comprehensive in that has incorporated performance management, development, evaluation, and objective feedback, with remedial channels to enhance effectiveness.

In incorporating Figure 6.1, the MSPAM organised the three major movers of the process (leadership, information, and management competency) strategically. This is supported by the research findings that these factors were critically important for the success of the EPMDs.

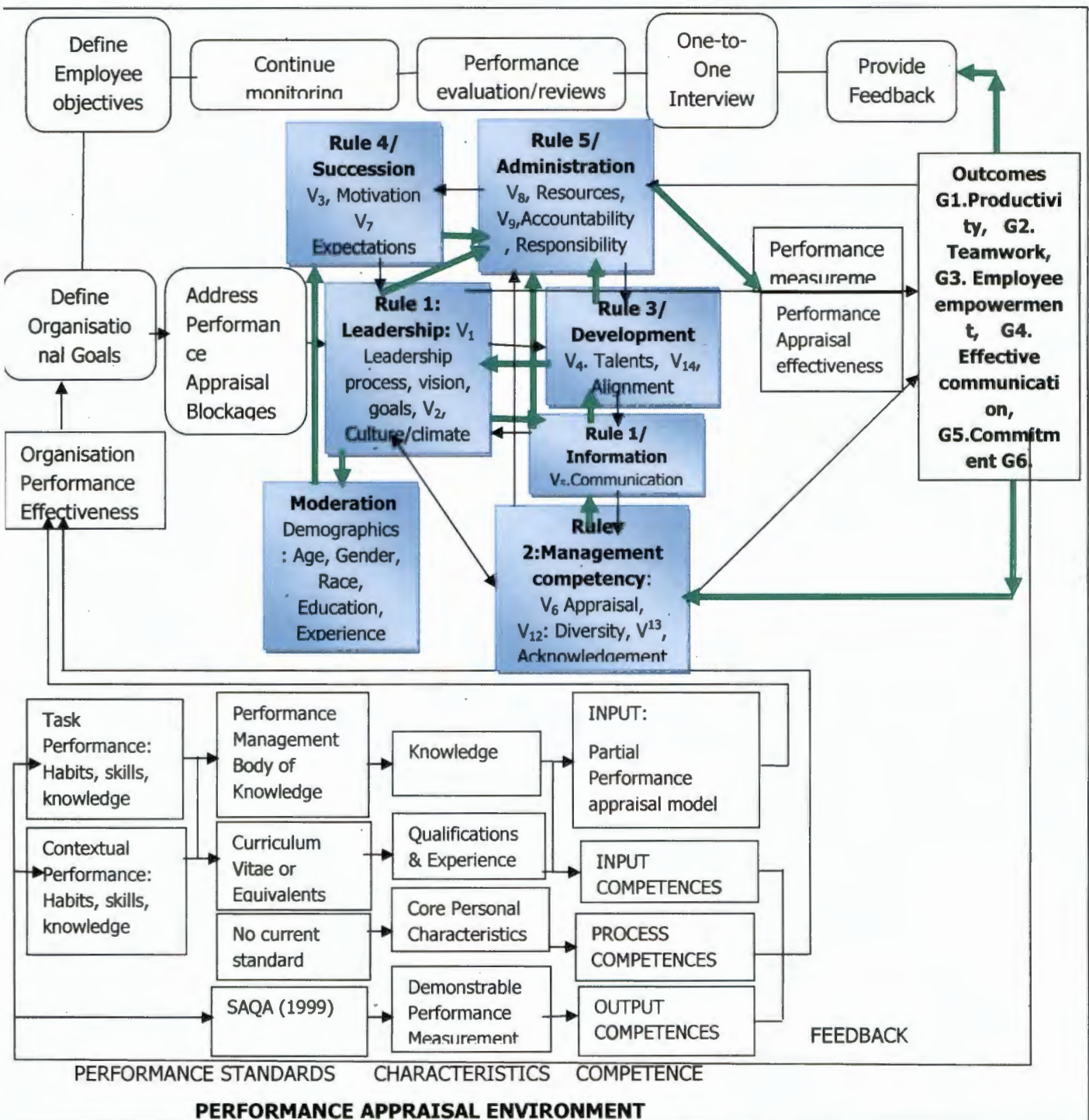


Figure 6.1: MSPAM (Modified from Ulrich et al., 2008; Forsyth, 2004; Motowidlo et al., 1997)

Furthermore, it was established, by research findings, that the EPMDS was blocked by the silos or groups which worked in isolation from each other. This was how employees routinely performed, in silos very hard to break by a once-off or periodic exercise, like the EPMDS, which compromised its effectiveness.

MSPAM was proposed to bridge this gap to ensure that daily management of the employee performance and objective feedback was done effectively and efficiently through periodic, – monthly, quarterly, and bi-annual, – assessments and corrective actions. In addition, there was empirical support that reward and attitudes were outcomes of the effective performance appraisal rather than drivers, despite the general perception of most employees – including the initial stance of this study – that they were part of key determinants of the EPMDS success. All the relevant hypotheses related to this construct were proved. Next, the study contribution to the theory is presented.

6.6.2 Contributions to Theory

Drawing from a related theoretical foundation provided a comprehensive explanation of how key determinants of performance appraisal were linked to its effectiveness. This was illustrated in Figure 6.1. A contribution of this study was to provide informed, qualified support for some of these theories, by linking their conceptual foundation to the effectiveness of performance appraisals. Theories underpinning this study included the unitarist and the functionalist or social constructivist, according to Hosie (2003). The contribution of this research was also examined in terms of these theories.

- **Needs Hierarchy Theory**

The findings supported the argument that managers, like employees, rated their satisfaction with needs similar to those identified in the findings of this study, – security (acknowledgement), social (teamwork), esteem (training and development), autonomy (ownership), and self actualisation (empowerment).

This was in line with Maslow's (1959) Needs Hierarchy theory, whilst much of Maslow's concept of self actualisation was relevant to aspirations of management and specifically required in an employee performance appraisal to enhance effectiveness. Every activity of the organisation, specifically performance appraisals, was meant to move employees to their full potential as fulfilled (actualised) persons, which was an important aspect of a psychologically healthy human being.

Hosie (2003) argued that unrealistic expectations created tension and anxiety, thereby compromising the effectiveness of the system. This is partly so, because high motivation in problematic environments was indicative of positive affective well-being and intrinsic job satisfaction more than extreme goals, added Hosie (2003). The findings of this research were supportive of that argument, with some reservations. This was suggestive of a proficient leadership with competent management in an effective communication environment, working transparently and objectively to minimise unrealistic expectations. This finding made a theoretical and practical contribution to the body of knowledge.

- Goal Setting Theory

The goal setting theory of Locke and Latham (1990) established a way of increasing self-confidence and reducing performance anxiety. Like Robbins (2000; 1993), they argued that complicated goals led to higher employee performance, whilst specific goals tended to drive and motivate employees to excel towards a particular set of goals. Apparently, other studies by Forster (2002), Campbell (1970) and Vroom (1964 cited in Rudman, 2004), concurred that equitable performance appraisals were useful tools to motivate employees.

This was critical, specifically if management anticipated appropriate efforts to correspond to positive outcomes. Hosie (2003) found job complexity to have a moderation effect on the satisfaction-performance relationship for intrinsic work fulfilment, which was supported by the findings of this study.

Furthermore, it was established in the findings that demographic factors – employee age, gender, race, education, and experience – had a moderation effect on employee motivation and expectations, which enhanced the effectiveness of the appraisal, supporting the previous work by Forster (2002), Locke and Latham (1990), Campbell (1970) and Vroom (1964).

In Locke's (1970) value theory, the argument was that rewards satisfied employee individual values, which could not be supported by the findings of this study. The findings, however, supported the fact that rewards and empowerment were two sides of the same coin – both outcomes of appraisals, - and that empowerment of employees through training and development offered higher motivation to employees than especially monetary rewards (cash bonuses and salary increments). This would lead to the greater success of the performance appraisal system and contributed to the theory of HRM and performance management, in particular.

- The Systems Theory

Kreitner and Kinicki (1998) contended that a systems theory defined the framework for explaining interrelations among variables of, particularly, employee performance appraisal. It was founded on the premise that good performance resulted from a sequential process of transforming inputs into outputs in order to attain goals and intended objectives, viz. – outcomes. House (2004) concurred that a systems theory was fundamental to organisational effectiveness aimed at modelling and designing human activities in organisations, including performance appraisal systems. Behaviours were goal directed, with natural intervals between actions and consequences, which allowed the theory to progress in a normal way with minimum variations.

- Equity Theory

Alongside Adam's (1964 cited in Fisher et al., 2003) equity theory, the findings established that certain factors were important in a system.

The key constructs of appraisals, like leadership (effectiveness and proficiency), communication (two-way with objective feedback), and management (competent and collaborative-consultative) were essentially necessary to align the goals of role players with organisational goals and strategy to ensure the attainment of organisational success.

Preferably, the appropriate performance culture was the learning and performing one, focusing on leadership to create a suitable climate and influence, and to enable competent management to organise and coordinate resources and employees, using effective communication channels, reinforcing other researchers' arguments (House, 2004; Spangeber & Theron, 2001). Kreitner and Kinicki (1998) contended that an effective appraisal could greatly be enhanced by appropriate selection of inputs.

- Situational Leadership

Hersey et al. (2001) extended the situational leadership theory in section 3.3 to include identifying styles of leadership in accordance with the development style of an employee (in terms of growth and maturity) based on how ready and willing employees were to perform the required tasks. In this regard, it was found that employee motivation, satisfaction, and development were critical for the effectiveness of appraisals, and were enhanced by proficient leadership and effective management, which supported the earlier proposition of Armstrong and Appelbaum (2003).

Furthermore, the emergent model of Hersey et al. (2001), in which leadership had four styles or processes (labelled S1 to S4), which matched development levels (D1 to D4) of followers, laid a firm foundation of the final MSPAM. Apparently, situational leadership theory reduced leadership to a mere two-faced robot – task-focused or people-focused. This was, however, partially supported by the findings of this study. The argument of Hersey et al. (2001) was an unfortunate oversimplification of the key drivers of organisational effectiveness, which were unambiguously unpacked and presented in this study.

Leadership has a much broader scope than that presented in the model of Hersey et al. (2001), which included creating appropriate vision, goals, strategy, performance culture and climate, developing the competency of managers, the empowerment of employees, and effective communication. Consequently, the model of Hersey et al. (2001) was partially supported by study findings, with an encouraging contribution to the body of knowledge.

- Leadership Code

Ulrich et al. (2008) proposed the five rules by which leaders were led and also that all managers (leadership, administration, and management) aspired to be better, more proficient leaders. Leadership was identified as the prime key determinant of organisational effectiveness, specifically in terms of employee performance appraisals. Studies by Kelley (2005) and Tucker et al. (2002) identified leadership, organisational climate, and communication as major drivers of performance appraisals, which were supported by both the qualitative and quantitative findings of this study. Employing those factors appropriately enhanced the effectiveness of performance appraisals and, ultimately, improved the attainment of organisational goals and objectives, – another valuable contribution to theory.

- Motivation theory and theory of Human Needs

A number of theories of motivation, expectancy, goal setting, and attribution reviewed indicated that some employees were more likely to be motivated than others (Hosie, 2003; Wright & Staw, 1999). For instance, George and Brief (1996) argued, supported by Judge et al. (2001) that positive relationships existed between affects of management and distal and proximal measures of motivation, as long as there was effective leadership, effective communication, and competent management that would run the process. That premise was upheld by the findings of this study that those factors were useful ingredients of the work environment fostering harmonious relations.

These are required to motivate all role players (leadership, management and employees) to perform better in order to achieve desired outcomes. In the findings of this study it was argued that motivation based on reward only in performance appraisals was a futile exercise in any organisation, particularly in the public health department, because it led to unnecessary discontent and conflicts. Performance appraisal ought to focus instead on empowerment and the acknowledgement of high performers to enhance the motivation and satisfaction of employees. Reward should be left as an end-product (outcome) rather than a means (Robbins, 1993; 2004).

Furthermore, the findings concurred with previous studies (Hosie, 2003; Maslow, 1966) that moderate levels of anxiety were necessary to motivate employees at all levels to perform better, but that excessive amounts were considered counterproductive and demotivating.

- Performance and Job Performance Theory

Notwithstanding the contribution made by Quinn and colleagues (1996), the twelve factors model of Klemp and McClelland (1986), was found contributing to the establishment of some of key determinants of employee performance, the failure of which rendered the performance appraisal ineffective. Those were addressed appropriately to enhance their impact on the effectiveness of performance appraisals, leading to the development of the MSPAM, which incorporated all the key determinants established to enhance the outcome, – another contribution to the body of knowledge.

- Competence Theory

Goleman (1998) defined competency as a concept, which was supported by Hosie's (2003), who provided a more sophisticated identification of the competencies of managers, which the findings of this study have reaffirmed. The competencies of employees were identified in terms of contextual and/or task performance, as proposed in the MSPAM.

- Competing Values Framework

Quinn's (1988) competing values framework posited that managers should be judged by the same conflicting criteria experienced by organisations in support of Jones' (1995) argument that those conflicting characteristics were also experienced by employees, whose needs usually tended to conflict with those of organisations. Quinn (1988) referred to this as organisational effectiveness. That is the alignment of the contributions of managers to purpose and goals of organisations, which was equally applicable to the contributions employees made to their respective organisations. With regard to Quinn's (1988) competing values framework, evidence in findings of the study supported the alignment of the needs of employees with the goals and objectives of the organisation to ensure the effectiveness of the performance appraisal to deliver the intended purpose.

Alignment was recognised, in this study, as a major determinant of appraisals and addressed appropriately to enhance the effectiveness, which supported the proposition of Quinn (1988) that different perspectives of the roles of managers were closely interrelated and related to those of their employees. The competing values framework facilitated the integration of leadership, management, and cognitive complexities of employees into the MSPAM model – with theoretical and practical contributions to the body of knowledge.

6.7 Recommendations

6.7.1 Implications for Practice

A number of practical implications are derived from the MSPAM framework, which are of importance to practitioners. Firstly, the model is dynamic; as such a researcher may select most determinants which are appropriate for a specific situation and insert them into the six constructs of the model for analysis. That is, out of a number of possible variables that could be incorporated into the employee performance appraisal process to ensure success, the choice was in the investigator's hands. This makes the MSPAM appropriately suitable for low skilled and high skilled jobs.

Secondly, the MSPAM framework has a number of implications for practice and research. In the research findings, three key determinants, namely leadership, management competency, and effective communication were found to exert the strongest influence on the effectiveness of performance appraisals. This suggested that the functionality and effectiveness of appraisals ought to be acknowledged, embraced, and understood by leadership and management, to ensure the effective dissemination of information and to sell the project to other role players, especially the employees. Effective communication ought to ensure objectivity and sincerity in the way the feedback was handled by researchers and/or practitioners.

The MSPAM, however, was designed to focus more on internal training of, primarily, leadership and management, specifically on performance appraisal issues. Emphasis was also on communication skills and MIS to ensure information was managed appropriately for the benefit of all role players. Training and development programmes for employees addressed issues such as, the awareness of potential benefits, blockages, and applications. Furthermore, those programmes evaluated the readiness and commitment to partake and own the whole appraisal process of end-users.

It was established in the literature that reward, like productivity, was an outcome of an effective performance appraisal system. That was supported by the findings of this study, contrary to what Davis (2001) proposed earlier, as a driver of appraisals. Reward (cash bonuses and salary increments), as such, ought not to be exaggerated at the expense of other outcomes, which was one of the reasons for the ineffectiveness of many appraisals. The findings established that performance ought to be linked to personal empowerment rather than reward to ensure that organisational goals and objectives were achieved, as well as the employee needs.

Education and training programmes ought to be developed and aimed at addressing deficiencies around key determinants, specifically those of leadership, management, and communication.

In addition, unrealistic expectations, motivation, and the satisfaction of role players, particularly employees, required special address as well, which was bound to garner organisational support that, in turn, enhanced organisational effectiveness. Proper development and placement of potential and talents was another area that study addressed.

People in employment may be perceived as assets or liabilities to the organisation, depending on the level of effectiveness of their leaders and managers. It ought to be the aspiration of leadership of every organisation to facilitate its own employees to become assets rather than liabilities. Judging from the perception of respondents in this study, supported by both the qualitative and quantitative findings, leadership, communication, and management were the deciding factors of the success or ineffectiveness of any appraisal, specifically the EPMDS. Organisational success in the context of performance appraisal was dependent on how those factors were addressed. The EPMDS has been operating for the last eight years, although, it had, apparently, converted many thriving employees into despondent liabilities, – with grave financial consequences (absenteeism and loafing) – unplanned and unauthorised expenditure.

The MSPAM is proposed to reverse this trend by transforming employees and their organisations from mediocrity to excellence through the address of those key determinants. Furthermore, the employment of appropriate selection and a placement system, involving strict screening and choosing the right people for the right job, ought to be included in the training programmes. The MSPAM has incorporated a mechanism for identifying and developing potentials and the placement of talents, with appropriate alignment to maximise the attainment of organisational goals.

In addition, there was a perception among respondents that the EPMDS was more suitable for unskilled and semi-skilled labour than skilled health workers many of whom had tertiary education. That was supported by the qualitative and quantitative findings. That was an interesting finding, which was being neglected by leadership, as initiators, and management/administrators, as the implementers of the system.

It was further established in the literature that demographics, specifically, gender, education, and experience had a moderation influence on employee motivation and expectations, though their influence on other determinants was not determined. This, however, was only partially supported by the research evidence. MSPAM has incorporated demographic variations linkage to accommodate the attributes of employees. It was supported by findings that leadership and management tended to use job descriptions and work programs as part of the performance appraisal.

The EPMDS, as a performance appraisal system, was not meant to be merely an evaluation mechanism, but also to manage the entire process and ensure goals of all role players were achieved. Thus, it was intended to manage and develop people to perform better, hence the E = employee, P = performance, M = management, D = development S = system. In view of that, developers and vendors of the appraisal systems needed to incorporate the six established key constructs in order to improve the usefulness, user-friendliness, and objectivity of the systems. That would entail extensive and costly promotional programmes to all potential end users. Furthermore, internal training and development programmes ought to be availed for all employees, which should include demonstrations, feedback interviews and trial exercises to assess their effectiveness.

Teamwork was another outcome that was found to be critical but undermined by the majority of leaders and managers of the participating institutions. Researchers should seek ways of strengthening organisational teamwork, specifically in performance appraisals, through workshops and in-service training. Internally, leadership and management should hold team building exercises (staff indabas, sports, recreational outings, and family get-togethers) to enhance teamwork collaboration and cooperation.

Macharia, (2010) averred that vendor support had a strong influence on the usefulness and that the vendor support usually exceeded that of government, which was supported by findings in this study.

6.7.2 Implications for Theory

This study presented specific theoretical implications for leadership, managers, and practitioners. The Modified Structural Performance Appraisal Model – MSPAM – framework was developed to enhance the success of organisations through an effective performance appraisal tool, by addressing the major stumbling blocks which were identified in the literature about performance appraisals. The findings of this study confirmed the 12 key determinants and the MSPAM framework that emerged to enhance the appraisal effectiveness. The MSPAM framework offers leadership and management a new opportunity to identify and locate the determinant(s) that may be responsible for the appraisal's ineffectiveness and to implement remedial actions.

The general perception among participants was that the EPMDS, in its current form was not supporting the attainment of organisational goals and objectives. Something had to be done to prevent the situation from deteriorating further. The qualitative and quantitative findings of this study supported the idea of replacing the EPMDS with a totally new tool that would not focus primarily on reward. A small number of respondents, however, wanted it retained or modified. This is further presented in the three last items (66, 67 & 68) of the questionnaire, which required respondents to give a dichotomous answer, a 'Yes' or 'No,' to the posed statements:

- **'Are you happy for the EPMDS to be used for the next 5 years (Q.66)?'** The majority of respondents, 254 or 89 percent, answered in the negative, – 'No,' expressing their unhappiness with the EPMDS, which is supported by the findings.
- **'Are you satisfied with your participation in EPMDS (Q.67)?'** A majority of respondents, 258 or 90 percent, answered in the negative, – 'No,' expressing the fact that participants were neither happy nor satisfied with the EPMDS, which is supported by the findings of the study.
- **'Would you want the EPMDS in its current form to be replaced by another performance appraisal tool (Q.68)?'** The majority of respondents, 252 or 88 percent, replied in the affirmative, – 'Yes,' which established the need of respondents to replace the current EPMDS with something different.

That was also supported by the study findings. Those responses confirmed the general perception that the EPMDS was no longer a desired system, and it is hoped that the emergence of the MSPAM brings relief in the workplace, particularly during the appraisal process.

In addition, respondents were interviewed further; with an open-ended item which afforded respondents an opportunity to share their own opinions on what they thought was the best solution to the EPMDS problem.

- **'What would you want to be done with the current EPMDS (Q.69)?'** The majority of respondents, 225 or 78 percent, opted for the development of a new appraisal tool, supported by the findings of the study. However, 35 or 12 percent wanted the EPMDS retained, and 17 or 6 percent, wanted it modified. In the remaining minority, a few, 8 or 3 percent, chose the total abandonment appraisals or linking them with employee development and eliminating reward, 2 or 1 percent.

The reasons extended, after further probing in the personal interview, were mainly about the leadership, management and communication problems. The inability of leaders to address key determinants, which was in agreement with Oliver's (1992) proposition of abandoning a system, supported by the study findings. The general perception that the EPMDS was mainly for monetary rewards (cash bonuses and salary increments) was not supported by the findings of the study. Instead reward was clarified as an outcome along – with productivity, teamwork, empowerment, effective communication, and commitment. Despite all the uncertainty and obscurity surrounding theory and model concepts, the MSPAM framework has emerged, developed to address the investigative questions posited in Chapter 1 and to enhance the effectiveness of employee performance.

MSPAM framework is hoped to benchmark other appraisal systems in determining their effectiveness in the attainment of organisational goals and objectives. This study, ultimately, established that the empirical model produced a lot of areas of bad fit or mismatch, which was supported by the research findings about gaps which compromised the effectiveness of the EPMDS. The MSPAM framework is proposed to address all gaps and improve the performance appraisal effectiveness to deliver its intended purpose.

An important, non-refutable, implication of performance appraisals was the relationship and interaction between politicians and civil servants (as the executors), each with mandates to be met in the process. All investigative and sub-investigative questions were answered. All the relevant hypotheses related to this study have been proved in their corresponding constructs, as answered in all H_0 and H_1 hypotheses.

6.8 Research Constraints

This study of the employee performance management and development system (EPMDS) of the Free State Provincial Government was limited by a number of factors. It was conducted in ten public hospitals only thus, the size of the sample in a population was neither representative of all public hospital employees in the province nor of the country. Participants in this study could have rated their own institutions more favourably than an outsider might have done. Apart from the primary focus of this investigation there might have been other factors, constructs, or dimensions that impacted on effectiveness and/or outcomes of the EPMDS, which would not have been included in the design of the questionnaire or the personal interviews conducted.

6.9 Implications for Future Research

This research project raised a number of questions and concerns about current approaches to employee performance appraisals. This was critical, specifically with the EPMDS being used in the South African government Department of Health. This requires more expanded investigation. Whilst the literature study findings revealed that performance appraisals conducted in organisations tended to link performance to bonuses, salary increases, and promotion, there was a greater need to focus on employee development, empowerment, and leadership succession. Remunerative rewards were seen as part of an holistic appraisal approach and not becoming simply a one-sided approach.

Future research should be conducted in how to foster short, medium, and long term leadership succession development through the means of the effective application of enhanced performance appraisal systems for career planning, mentoring, and coaching. Prior education and training on factors influencing the effectiveness of appraisals should be provided for all role players to ensure the effective management of the employee performance appraisal system itself. Studies on performance appraisal systems have invariably been based on Western theories and models (Rudman, 2004; Dowling, Schuler & Welch, 1998; Cleveland, et al., 1989).

The challenges arise, however, when these models are transposed and applied to different cultures or situations. There is a greater need to conduct more studies within non-private sector organisations as it can be argued that an effective performance appraisal system can enhance service delivery to the community as people develop their job competency. This study proposed a future research (possibly a PhD study) in 'Social Intelligence' that should look at how to bridge upwards to the negotiated strategies for change of politicians so as to get the politicians to respond to the required strategy of implementation. This should lead to an enhanced internal and external service delivery, building the performance management culture. Perhaps the most promising area for future research is the replication of the MSPAM framework and broadening its applicability.

6.10 Final Conclusion

This final chapter summarised the key findings of the study in accordance with the research hypotheses posited in Chapter 3. This study concluded that six constructs and their 12 determinants were essentially important for the appraisal system – the success of the EPMDS. They were identified as, leadership determinants (leadership process, style, vision, mission, and performance culture and climate), administration determinants (management of resources and responsibility and accountability), development determinants (development and placement of potentials/talents and alignment), and information determinants (communication and MIS).

Others were succession determinants (motivation and expectations of employees), management competency determinants (management of appraisals, diversity and acknowledgement), and moderation factors (mainly, population demographics – age, gender, race, education, and experience). These factors played a critical role in determining the effectiveness of the EPMDS.

As the study was primarily focused on the Department of Health hospitals within the Free State, the findings of this study will assist leadership and management to improve the application of the EPMDS in the making the performance appraisal system more effective. This value-adding component will enable the Free State Department of Health to take the lead from the recommendations of this study. It hoped that other departments within the Department of Health through country will follow this initiative. When bringing forward from chapters two and three a major finding regarding the intentionality of performance appraisal systems, it has been found that they were widely criticised that they are not delivering what they have been designed to do.

The systems were widely criticised for focusing on the monetary aspect and not on employee development, and appraisers were often subjective and not objective enough when required to focus on performance criteria. Appraisers were insufficiently trained in the application of an organisation's appraisal system, there was insufficient leadership support for the appraisal system, and employees were insufficiently informed about the intent and purpose of the appraisal system. They were also other reasons for its ineffectiveness to achieve its intended purpose, whilst they also had a direct, positive and significant impact on, specifically, productivity, teamwork, empowerment, and commitment as outcomes of performance appraisals. Importantly, it was noted that employee attitudes and rewards were not determinants, as earlier postulated, but rather part of the outcome domain of appraisal systems. In addition, a number of new findings were posited by this research. The main findings, together with the Modified Structural Performance Appraisal Model (MSPAM) have been argued to enrich the understanding about the importance and usefulness of appraisal systems – the EPMDS – in the South African government Health Department.

PAM is hoped to assist HR practitioners, in particular, when introducing practices familiar to inexperienced employees. MSPAM might also be applied to other governments departments nationally and internationally, particularly in developing countries, which might face similar challenges.

In terms of nomological validity, – the degree to which a new measure fits lawfully into a network of expected relationships, – MSPAM has presented a viable nomological network built on key construct and determinants as established in the text. They were listed and labelled as leadership, administration, development, information, management competency, and moderation, for a much more simplified and user-friendly performance appraisal system to enhance the effectiveness of appraisals, in order to achieve the goals and objectives of the organisation. This is envisaged to encourage future scientific inquiry and replication.

The normative model derived from the literature study did not perfectly fit the empirical results, as explained in Chapter 5. In conclusion, in this study, it was established that the research question posited in Chapter 1, 'Why was the EPMDS ineffective in delivering its organisational goals/objectives?' has been answered, as supported by the both qualitative and quantitative findings. Those findings were reported in accordance with the prescription and guidelines of the North West University. The major conclusions will be presented to, and discussed with, CEOs of the hospitals that participated in the research, and the Free State Province health top executive.

Furthermore, it is hoped that the findings will be extensively published in performance management, appraisal, and HRM journals, as well as making formal presentations on provincial, national and international performance management platforms.

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APPENDICES

Appendix 1: Table of Performance Appraisal Methods in Use Today

Source references and appraisal method	Positive factors (aspects of appraisal)	Negative factors (aspects of appraisal)
Overall Performance Appraisal (ACPA, 1996)	provide valuable performance information to critical HRM activities, such as allocation of rewards –merit pay, promotions; feedback on the development & assessment of training needs, evaluation -selection predictors & performance documentation for legal purposes	Conflicts from reward inequity, limited financial resources, errors, misconception of the appraisal, the subjectivity of the raters and the unrealistic expectations of the ratees
Taylor (1911) Reengineering management	Simple document Argued employees worked harder if paid more management without development people Productivity was the major outcome	Sizeable document Has management & development Reduced workers to mechanical units of the production process left people bitter, crushed, bruised, battered, desolate, despondent, dejected, feeling inferior, depressed, all unfit for work for weeks after receipt of ratings
Deming (1986), Total Quality Management	Critical of Taylor's mechanical view of people nourished short-term performance, annihilated long-term planning, built fear, demolished team-work, and nourished rivalry & politics the performance variability is due to system factors rather than individual effort or ability	System factors rather than individual effort or ability were considered focused more on systems rather than on the motivation of individual employee performance assessment was an idea whose time had passed
Rudman (2004) Traditional appraisal 50's	justifying relative income distributions emphasis on reward outcomes, Job analysis/description	low employee motivation No employee development No formal interaction with subordinates
Carrol & Scheiener (1982) Category Rating methods	incorporates quantity and quality of work, depth of knowledge, working together, loyalty, honesty and initiative Subjectivity	Assume all employees ranked did the same kinds of work Cumbersome with large group Ranked without reason and did not order

		Lack of objectivity
Eichinger (2004) 360° feedback	Usual & most common Most popular of feedback methods Neutralises the supervisor-employee supremacy/power Fair & objective	Intensive training of managers & employees on appraisal Fear of victimisation
Latham & Locke, (1983) Locke & Latham (1990) Goal Setting	stimulus to human motivation specific, difficult and accepted by employees lead to higher levels of performance	easy, vague goals lead to demotivation and low performance
Schneier & Beatty (1979) Behavioural /Objective methods	Structured & standardised Measure employee has certain trait/characteristics, competences, skills Offers high degree of structure or appraisal	Possibility of legal actions on grounds of discrimination Clumping of ratings in mid-areas Does not enjoy management support Employee support not guaranteed
Drucker (1954) MBO	a process of agreeing upon organisational objectives so that management and employees agree to these objectives and understand what they are in the organisation results-oriented and seeks to measure employee performance by examining the extent of meeting predetermined work objectives measurement and comparison of the employee's actual performance with the standards set advantages of MBO are motivation, better communication and coordination and clarity of goals – MBO brought the concept of SMART goals namely: Specific, Measurable, Achievable, Relevant and Time bound aims at increasing organisational performance by aligning goals and subordinate objectives throughout the organisation and as a process requires that managers and employees agree & accept objectives and outcomes to achieve in the period ahead	Should include ongoing tracking and feedback in the process to reach objectives Should have a systematic and organised approach that allows management to focus on achievable goals and to attain the best possible results from available resources The guiding principle of MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which might or not contribute to performance) are guessed at or inferred
Competency- based Methods (BARS, BOS) (Nel, van Dyk, Haasbroek, Schultz, Sono & Wermer, 2004; Saunders, 2000	Is a competency-based approach to performance appraisal concerns less with what the employees achieves on the job than with what they have the capability or competency to do are more useful for employee development than for performance assessment can be used to determine which areas of skill, knowledge or interest need improvement for the	Assess the individual's potential to perform rather than the actual performance require extensive upfront analysis necessary to identify the job behaviours require skill and caution in how managers describe the important

	individual's career development The emphasis may be on the person's behaviour/trait or attribute and not on the person structured and standardised, which allows ratings to be easily compared and contrasted are some popular performance appraisal methods of the descriptive type, which has scales anchored with descriptive alternative behaviours combines the checklist and the rating scales and lists following advantages as: - enhances consistency and comparability of the ratings that different managers give different employees - enables employees to be categorised –for training, promotion, rewards and so on, –according to their performance - help to overcome any potential for competitiveness between managers and employees in the assessment process and - enables reasonably reliable comparisons to be made within and between groups of employees	behaviours Ratings cannot, by definition, be objective, because they involve labelling and generalisations concentrate on an employee's characteristics or traits, rather than the person's actual performance or behaviour destructive criticism –vague, ill-informed, unfair or harshly presented –may lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance
Kreitner & Kinicki (1998) Systems Theory	Views interrelationships as opposed to things Based on converting inputs into outputs Advances a consultative management approach to link org. Goals with employee's Objectives	Measures past not future performance
Boyatzis (1982) Effective Job performance	Identified differences in activities, behaviours, skills and qualities between effective and non-effective employee Job performance depends on the contribution of employees towards organisational effectiveness	Measuring tasks (inputs) is difficult, since tasks are not direct measures of output Ambiguity between concepts: organisational effectiveness, job-related competencies and performance
Schmickl & Schmickl (2002) Leadership scorecard	any institution could be a success story if leadership could use the right mix of inputs in the right organisation climate addressed organisational effectiveness in a more comprehensive approach: budget, employees, leadership, systems, processes, management, initiatives a double-loop learning feedback mechanism which enables leaders & managers to establish effectiveness Whole emphasis is to: build trust and support as team-leader and on	Good appraisal will take more, management competency, employee development & commitment and effective communication failed to address the needs of all stakeholders particularly during implementation phase

	Strengths and coach sub-ordinates to manage around their weaknesses (journey with them) align coaching and leadership focus with the organisation's strategy and mission towards a service culture and constant improvement provide effective leadership support for project management teams, develop a passion for one's work empower and encourage knowledge building and innovation, take responsibility, - get out of the role of playing 'Blame, Victim, and Denial' remove fear and promote constructive open communication, promote entire managerial-leadership competency curve of the organization through active application of a well developed leadership support scorecard dramatically improve customer service, as well as creative inter-change promote single-rater bottom-up computer scoring, thus eliminating lots of paperwork and enabling manager to have recourse to each rater and accelerate knowledge building, and foster better stakeholder relationships, and manage and leverage your knowledge (intangible) assets	
Kaplan & Norton (2005; 1996; 1993) Balanced Scoreboard		
Neely, et al., (2002) Performance Prism	One of latest generation performance measurement and management approaches Addressed problems of MBO, 360 degrees, BARS & BOS and balanced scorecard: needs of employees, managers and leaders Contextualised strategies to satisfy these needs	Did not go far in addressing future performance
Eichinger & Brett (1989) Computer-based SurveyShack	Provides innovative internet based survey & questionnaire for performance appraisal Easy to set up, deploy, track, access & retrieve in remote areas based on generic management standards competency frameworks or the organisation's own defined competencies fast and effective; flexible; standards related free choice of how involved the user wants to	Require computer skills and resources Privacy not guaranteed since it can be accessed by other users Very costly and fit for a small group: cost of performance appraisals is based on number of staff being assessed and can be easily quantified in monetary terms on a per candidate

		basis
Leadership process (		
Ulrich et al. (2008) Leadership Code	Latest appraisal in the market Simple yet complex, conceptual and practical Designed to drive action for all managers and leaders Has with a great deal of practical ideas, insights and activities designed to grow great leaders at all levels in organisations	Focuses on leaders & managers and silent on employee's objectives Still at early stage and previous review available
FSPG HRM (2003; 2006; 2007), the EPMDS	Sizeable document Has management & development Suitable for technical & non-skilled occupations Negotiated key responsible areas (KRAs) Needed daily monitoring & bi-annual assessment	Not suitable for skilled jobs Linked performance to rewards Not understood by most employees No feedback Lack of leadership Management incompetence Increase in complaints Measures past not future performance

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Appendix 2: Table of Performance Measurement Scale for the EPMDS (Source: FSPG HRM, 2007: 27)

Agreement of Key Performance Areas (80% of Assessment)					Performance Review		
Key Responsibility Area (Broad performance areas in accordance with the key responsibilities attached to the job)	Objective	Unit of Measurement (Performance measure/indicators/ specific outputs that will indicate whether you have achieved your objective)	Standard (Quality/quantity /legal requirements)	Weight of objective (Out of a total of 100%. This reflects the importance of objective)	Rating 1-5	Score (Rating X Weight)/ 100	Remarks
Agreement on Conduct (20% of Assessment)					Performance Review		
Key Responsibility Area (Broad performance areas in accordance with the key responsibilities)	Objective	Unit of Measurement (Performance measure/indicators/ specific outputs that will indicate whether you have achieved your	Standard (Quality/quantity /legal requirements)	Weight of objective (Out of a total of 100%. This reflects the importance of	Rating 1-5	Score (Rating X Weight)/ 100	Remarks

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attached to the job)		objective)		objective)			

Appendix 3: Modified Likert Questionnaire

EMPLOYEE PERFORMANCE APPRAISAL QUESTIONNAIRE

WHAT IS THIS QUESTIONNAIRE ABOUT?

Background:

Currently government health department and institutions experience the problem of high levels of conflict from performance appraisal (EPMDS) and this negatively impacts on service delivery and staff retention. The department values its employees and as such would rather opt for an appraisal tool or model that would reduce or eliminate these conflicts and low turnover rates. In order to improve staff productivity it is important for the department to first understand what the drivers of performance are. This will help in developing or modifying appraisal model that will fulfill the departmental objectives.

What is the purpose of this questionnaire?

In an attempt to understand these drivers of low staff productivity and morale we ask you for 10 minutes of your time to please complete this questionnaire anonymously. This exercise will only have value if employees of selected hospitals and health units provide honest answers. The responses will be used primarily for completion of my PhD dissertation and by the HR department to better understand the concerns of staff in this regard, as well as input to the development of a new appraisal system that will be more effective to managers and employees.

Who must complete this questionnaire?

Thabo Mofutsanyana District (or District 19): Eastern Free State is a cluster of public and private health institutions for the provision of services to the community of the region and the surrounding areas. However, even though the survey is focused mainly on managers who perform the appraisals, it is critical that this questionnaire is also completed by staff not involved with performance appraisals but is appraised by the present system as this will ensure meaningful representation. Furthermore, the survey is focused on an attempt to address the needs of all staff from EPMDS, not just managers.

What to do with the completed questionnaire?

- Hand over to research aids
- Or Email to: semakulasm@fshelth.gov.za
- Or fax to: Attention: Mike Katende at 058 718 3334/2 or 3203
- Or mail to: Box 4824 Mmabatho 2735.

Any questions, please contact **Mike** at **082 9218442** or **058 7183301/3200**.

PLEASE COMPLETE BY CIRCLING THE CATEGORIES YOU BELONG TO: (or by placing an X next to the category if you are completing the questionnaire electronically)

1. Department	Free State Provincial Health = 1				
2. Responsibility level	Employee = 1		Management = 2		
3. Hospital level	District hospital =1		Regional hospital = 2		
4. Gender	Male =1		Female = 2		
5. Race	Black/African = 4		Indian= 3	Coloured=2	White=1
6. Age interval	20 – 30 =1	30 – 40 =2	40 – 50 =3	50 – 60 =4	60+ =5
7. Education level	<M=1	M +3=2	M+4=3	M+5=4	>M+5=5
8. Experience	0-4 =1	5-9 =2	10-15 = 3	16-20 =4	21+ =5

PERFORMANCE APPRAISAL DRIVERS:

All statements in the questionnaire relate to one or more of the following Performance Appraisal Drivers:

1. Leadership process

2. Organisational Culture and climate

3. Human motivation

4. Selection & placement of talents

5. Effective Communication

6. Training to manage Performance Appraisals
7. Creating and managing expectations

8. Effective management of resources

9. Responsibility and accountability

10. Reward

11. Attitudes

12. Managing Diversity in Workplace

SCALE:

Please indicate your level of agreement with each statement. You will notice the numbers 1, 2, 3 and 4 appearing next to each statement. The numbers have the following meaning:

1 = Definitely Disagree	2 = Disagree	3 = Agree	4= Definitely Agree

If you are completing the questionnaire in soft copy (electronically) – please place an **“X”** next to the number that best describes your level of choice with each statement.

If you are completing the questionnaire in hard copy (on paper) - please **CIRCLE** the number that best describes your level of choice with each statement.

1. E.g. Supervisor's assessment of my performance is accurate.	1	2	3	4
2. Example: My workplace is a friendly environment.	1	2	3	4

STATEMENTS:	SCALE:			
<u>Theme 1: Leadership process</u>				
1. My manager/supervisor has the required competency to conduct EPMDS.	1	2	3	4
2. My manager/supervisor affords me personal development after EPMDS to enable me to manage challenges.	1	2	3	4
3. Participative management is necessary for EPMDS success.	1	2	3	4
4. There is a performance agreement (work plan) between my manager and myself.	1	2	3	4
5. My manager/supervisor acknowledges my contribution to the organisational objectives.	1	2	3	4
6. In management meetings the goal is to arrive at a decision as quickly as possible.	1	2	3	4
7. In EPMDS meetings the goal is to cut down the cost as much as possible.	1	2	3	4
8. When I am on a difficult assignment I can usually count on getting assistance from my boss.	1	2	3	4
<u>Theme 2: Organisational Culture & Climate</u>				
9. Employees have a clear knowledge of organisation's vision that commits them to working hard.	1	2	3	4
10. EPMDS inculcates team-work spirit	1	2	3	4
11. EPMDS is owned by employees of the organisation (I am part of the organisation).	1	2	3	4
12. EPMDS provides opportunity for openness (transparency, celebration, fun, and excitement).	1	2	3	4
13. EPMDS provides opportunities to learn new skills at work.	1	2	3	4
14. There is better mutual trust between management and workers in this organisation after EPMDS.	1	2	3	4
15. EPMDS improves working relations between employees.	1	2	3	4
<u>Theme 3: Human Motivation</u>				
16. In EPMDS workers are mainly motivated by money.	1	2	3	4
17. During EPMDS I am motivated by extrinsic factors (material gains, money) rather than intrinsic factors (job satisfaction and work enjoyment).	1	2	3	4
18. I feel employee motivation is the main outcome of EPMDS.	1	2	3	4
19. I feel motivated in my work after EPDMS.	1	2	3	4
<u>Theme 4: Selection and Placement of Talents</u>				
20. Selection policies are in place.	1	2	3	4
21. EPMDS facilitates selection and placement procedures.	1	2	3	4

22. Successful candidates are orientated before they start to work.	1	2	3	4
23. Unit managers are involved in the selection process.	1	2	3	4
24. EPMDS provides a realistic review of my job.	1	2	3	4
Theme 5: Effective Communication				
25. There is a 2-way communication between management and staff.	1	2	3	4
26. My manager gives me objective feedback on EPMDS.	1	2	3	4
27. Feedback is given confidentially.	1	2	3	4
28. Management addresses EPMDS issues with consistency.	1	2	3	4
29. In my opinion EPMDS contributes towards improving communication.	1	2	3	4
Theme 6: Training to manage Performance Appraisals				
30. Managers are trained to conduct EPMDS.	1	2	3	4
31. I am aware that my employer is legally bound to educate & train me on all workplace activities (policies, regulations, safety codes & so on) before EPMDS.	1	2	3	4
32. Non-performers of EPMDS are afforded opportunities to improve through training and development.	1	2	3	4
33. There is an induction programme on EPMDS for managers every year.	1	2	3	4
Theme 7: Creating & Managing Expectations				
34. Management attitude during EPMDS creates unrealistic employee expectations.	1	2	3	4
35. Budget allocation for EPMDS is not enough to meet employee expectations.	1	2	3	4
36. Unrealised EPMDS expectations affect relationships between managers & subordinates.	1	2	3	4
37. Unrealised EPMDS expectations increase workplace grievances.	1	2	3	4
38. I think the purpose of EPMDS is to get extra cash and nothing else.	1	2	3	4
Theme 8: Effective Management of Resources				
39. Management makes financial resources available for EPMDS implementation.	1	2	3	4
40. Management makes human resource available for effective EPMDS.				
41. Management allocation of resources is done transparently.	1	2	3	4
42. In EPMDS efforts from HR supervisors/ managers are aligned with the department's strategic objectives.	1	2	3	4
43. The current EPMDS contributes towards increasing productivity.	1	2	3	4
44. The current EPMDS contributes towards increased satisfaction.	1	2	3	4
Theme 9: Responsibility and Accountability				
45. EPMDS inculcates a culture of responsibility to employees.	1	2	3	4
46. Empowers me to make decisions about how work should be done.	1	2	3	4
47. Employees are held accountable of their performance.	1	2	3	4
48. My manager clarifies Key Responsibility Areas every EPMDS cycle.	1	2	3	4
49. Overall, managers are held accountable for the performance of their employees.	1	2	3	4
Theme 10: Reward				

50. My compensation matches my performance.	1	2	3	4
51. I like EPMDS because of its monetary benefits.	1	2	3	4
52. In EPMDS high performers are acknowledged.	1	2	3	4
53. EPMDS high performers are rewarded.	1	2	3	4
54. EPMDS focuses more on reward rather than personal development.	1	2	3	4
Theme 11: Attitudes				
55. I have confidence in the management team.	1	2	3	4
56. I know I am an important member of the organisation.				
57. In this organisation people don't seem to take much pride in their performance.	1	2	3	4
58. In this organisation people pretty much look after their interests.	1	2	3	4
59. Managers value their employees.	1	2	3	4
60. Employees feel a sense of organisational ownership.	1	2	3	4
61. When I am on a difficult assignment I can usually count on getting assistance from my co-workers.	1	2	3	4
Theme 12: Managing Diversity in Workplace				
62. EPMDS does not address the diversity of South African workforce.	1	2	3	4
63. Changing nature of the workforce requires a new performance assessment tool.	1	2	3	4
64. A diverse workforce improves EPMDS effectiveness.	1	2	3	4
65. In my opinion EPMDS is more successful in lower (unskilled, semi-skilled) jobs than in higher (skilled) ones.	1	2	3	4
Now you may tick "Yes" or "No" to describe your agreement or disagreement with the statement.				
66. Are you happy for EPMDS to be as used for the next 5 years?	Yes	No		
67. Are you currently satisfied with your participation in EPMDS?	Yes	No		
68. Would you want current EPMDS replaced by other performance appraisal tool?	Yes	No		
69. Open-ended question: What is the one thing on the EPMDS you would want done different?  				

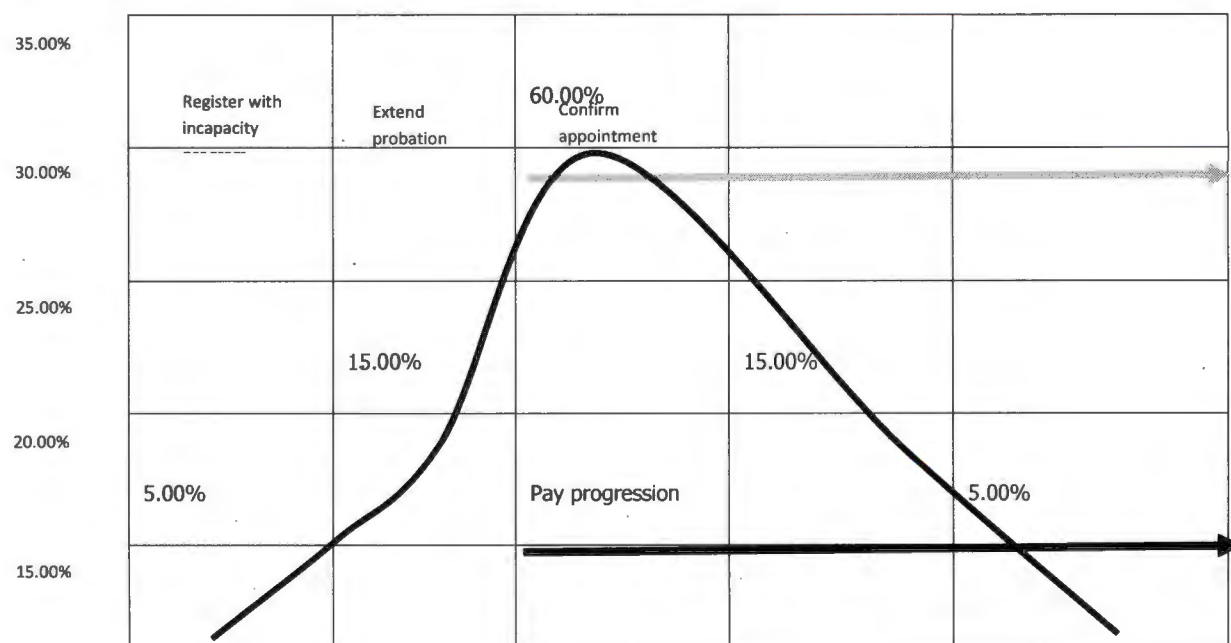
THANK YOU FOR YOUR TIME IN COMPLETING THIS QUESTIONNAIRE MAY GOD BLESS YOU!

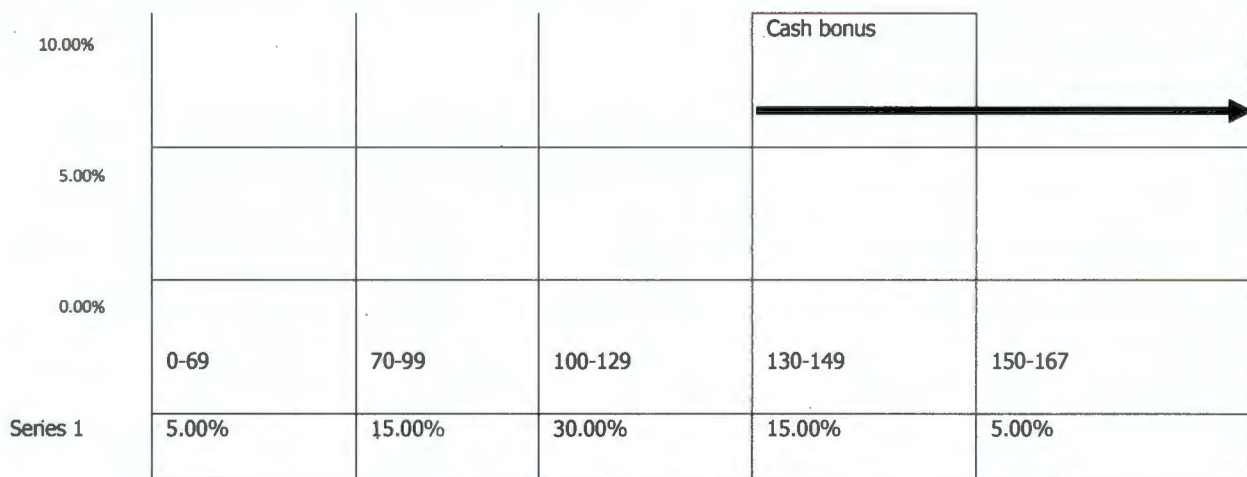
Appendix 4: Table of Summary of the Personal Interview

What is your experience with EPMDS?	What was bad about EPMDS	What was good about EPMDS?	How should performance evaluated in
1. Bad =	1. Poor leadership and unrealistic expectations with no effective communication makes it difficult to trust/ appreciate by workers	1. Gives workers extra cash every end of cycle	1. Developme centered =
2. Good =	2. Very subjective and Objectivity varied with institutions which lend to abuse and misuse	2. Gives manager power to discriminatory reward as he/she pleases	2. Unsuitable and highly sk
3. Need improvement	3. Linkage with rewards equate its purpose to monetary, with little or no	3. Good sizeable booklet of document, which failed at	3. Objectively, transparently

	association with employee development	implementation stage	bias =
4. Need abandonment because it is subjective managers used it as punitive/ bribing tool	4. Very extensive paperwork document which, managers have little time to understand	4. Retain with more training of managers on leadership, communication, monitoring and management of EPMDS, resources, etc.	4. 360 degree evaluation w achieve better
5. Need replacement	5. Managers are less prepared for EPMDS- misinterpret & misuse	5. More appropriate for unskilled/semiskilled jobs	5. Career spe
6. More training for implement	6. Inadequate allocation of resources, funds would rather be reserved for training/ development	6. Would be acceptable if funds were available to reward all high achievers and develop non-achievers	5. Rewards ar rewards
7. Need more funding	7. Subject to misuse discriminatorily, subjectively, punitively, etc, no transparency	7. Use EPMDS in conjunction with other methods	6. EPMDS fu allocated to C centres/servic elements for appropriate re
8. Need participative management rather than authoritarian	8. Exerts pressure on managers to split the limited funds & workers to fake performance	8. Develop career-sensitive tool with performance motivational means	
9. Need realistic expectations (managers & employees)	9. Not career/ professional specific, suitable for unskilled and semiskilled workers	9. Retain, however, use different standards for skilled and unskilled employees	
10. Reward brought the worst in people (those who got and those did not get). Moreover high performance did not mean high reward (rather employee relationship with manager)	10. Undermines and discriminates sincere silent, high performers and unfairly benefits loud, underperformers	10. Pay rewards fairly, consistently, transparently according to employee contribution and on one's birthday. Simplify system for unskilled employees	
11. Capitalises on reward with no employee development and empowerment at all	11. Misrepresent employees efforts, especially in lieu of ever inadequate resources	11. Replace monetary rewards with merits and trophies or other awards to recognise skills, effort and experience	

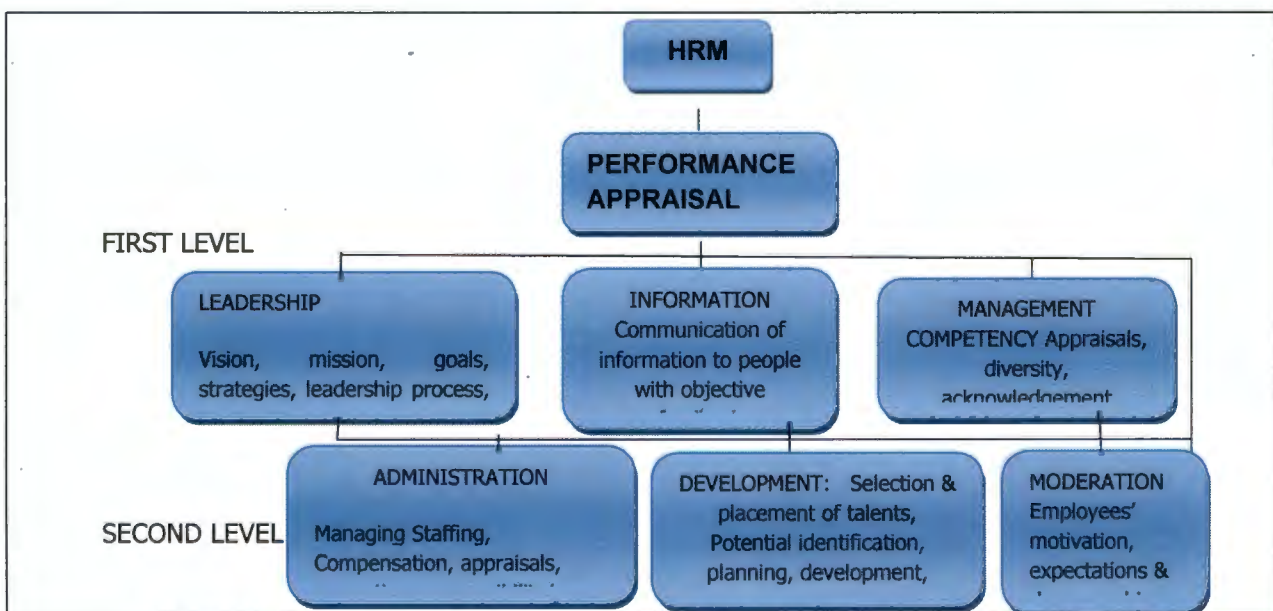
Appendix 5: EPMDS Normal Distribution of Employee Performance (adapted from EPMDS, April 1, 2003)





Appendix 6: Scoring and Ratings of an Effective Performance Appraisal

E = Exceptional performance	80% and above	Performance well exceeds expectation and is consistently outstanding
A = Above Expectations	70-79%	Performance is consistently beyond expectations
S= Good Performance	50-69%	Performance consistently fulfills expectations and at times exceeds them
I = Improvement Needed	30-49%	Performance does not consistently meet Expectations
U = Unsatisfactory & Unacceptable	Below 30%	Performance is consistently below expectations. Deficiencies should be addressed as noted in the performance evaluation



Appendix 7: Purpose of Performance Appraisals (Modified from Tucker et al., 2002: 175)

Appendix 8: Representativeness of Multi-groups of participants in the study

Category	Questionnaire			
	Distributed	Returned	% Returned	Mean
Sample	300	287	96	
District	90	84	94	
Regional	210	203	97	
Male	95	90	95	2.82
Female	205	194	95	
Managers	66	50	76	1.26
Employees	234	193	83	
Race				2.71
African/Black	202	184	91	
Indian	28	26	93	
Coloured	44	40	91	
White/Caucasian	23	22	96	
Age (years)				1.33
20-30	13	13	100	
30-40	83	80	96	
40-50	153	144	94	
50-60	39	36	92	
Over 60	1	1	100	
Education				2.71
<M	39	37	95	
M+3	90	87	96	
M+4	111	105	95	
M+5	38	37	96	
>M+5	22	21	96	
Experience				3.05
0-4 years	22	18	82	
5-9 years	82	77	94	
10-15 years	85	80	94	

16-20 years	63	61	97	
Over 20 years	37	35	96	

Appendix 9: Some Statistical Results

Table A: Summary Descriptive Statistics

1. Leadership process	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	2.056	1.863	2.313	.450	1.242	.020	8
Item Variances	.860	.659	.992	.333	1.506	.015	8
Inter-Item Correlations	.329	.195	.602	.407	3.082	.011	8
1.Leadership/Culture							
Item Means	1.845	1.613	2.503	.890	1.552	.103	7
Item Variances	.663	.485	.918	.432	1.890	.024	7
Inter-Item Correlations	.303	-.052	.565	.617	-10.792	.031	7
2.Administration: (Reward)							
Item Means	2.041	1.831	2.314	.483	1.264	.041	5
Item Variances	.994	.800	1.330	.531	1.663	.045	5
Inter-Item Correlations	.323	-.009	.689	.697	-80.194	.035	5
3.Development: (Training)							
Item Means	2.148	1.835	2.577	.742	1.404	.134	4
Item Variances	.836	.706	.900	.194	1.275	.008	4
Inter-Item Correlations	.346	.138	.532	.394	3.866	.024	4
4. Information: (Communication)							
Item Means	1.701	1.643	1.763	.120	1.073	.003	5

Table A: Summary Descriptive Statistics

1. Leadership process	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	2.056	1.863	2.313	.450	1.242	.020	8
Item Variances	.860	.659	.992	.333	1.506	.015	8
Item Variances	.695	.575	.782	.206	1.359	.008	5
Inter-Item Correlations	.534	.340	.696	.356	2.048	.011	5

Table B: Communalities of Key Constructs of Appraisals

	Initial	Extraction	Construct
V _{1.1} My manager/supervisor has the required competency to conduct EPMDS.	1.000	.758	Leadership
V _{2.1} Employees have a clear knowledge of organisation's vision that commits them to working hard.	1.000	.781	Leadership
V _{8.1} Leadership/Management makes financial resources available for EPMDS implementation.	1.000	.748	Leadership
V _{7.2} Budget allocation for EPMDS is not enough to meet employee expectations.	1.000	.743	Administration
V _{8.3} Management allocation of resources is done transparently.	1.000	.786	Administration
V _{8.5} The current EPMDS contributes towards increasing productivity.	1.000	.765	Administration
V _{10.2} I like EPMDS because of its monetary benefits.	1.000	.760	Administration
V _{12.4} In my opinion EPMDS is more successful in lower (unskilled, semi-skilled) jobs than in higher (skilled) ones.	1.000	.789	Administration
V _{4.1} Selection policies are in place.	1.000	.775	Development
V _{6.2} I am aware that my employer is legally bound to educate and train me on all workplace activities (policies, regulations, safety codes) before EPMDS.	1.000	.779	Development
V _{8.4} In EPMDS efforts from HR supervisors/ managers are aligned with the department's strategic objectives.	1.000	.764	Development
V _{9.2} Empowers me to make decisions about how work should be done.	1.000	.795	Development
V _{11.2} I know I am an important member of the organisation.	1.000	.748	Development

V _{11.3} In this organisation people don't seem to take much pride in their performance.	1.000	.778	Development
V _{5.1} There is a 2-way communication between management and staff.	1.000	.767	Information
V _{5.2} My manager gives me objective feedback on EPMDS.	1.000	.773	Information
V _{6.1} Managers are trained to conduct EPMDS.	1.000	.750	Management competency
V _{10.3} In EPMDS high performers are acknowledged.	1.000	.809	Management competency
V _{10.4} EPMDS high performers are rewarded.	1.000	.744	Management competency
V _{11.5} Managers value their employees.	1.000	.782	Management competency
V _{7.3} Unrealised EPMDS expectations affect relationships between managers and subordinates.	1.000	.770	Moderation
V _{3.1} In EPMDS workers are mainly motivated by money.	1.000	.741	Moderation

Table C: Chi-Square Tests and Results for Key Variables of the EPMDS

1. Leadership Construct		Value	Df	Asymp. Sig. (2-sided)
• ITEM: V _{1.1} My manager/supervisor has the required competency to conduct EPMDS.	Pearson Chi-Square	1.281 ^a	3	.734
	Likelihood Ratio	1.271	3	.736
	Linear-by-Linear Association	.575	1	.448
	N of Valid Cases	292		
• ITEM: V _{1.2} My manager/supervisor affords me personal development after EPMDS to enable me to manage challenges.	Pearson Chi-Square	3.126 ^a	3	.373
	Likelihood Ratio	3.057	3	.383
	Linear-by-Linear Association	1.281	1	.258
	N of Valid Cases	292		
• ITEM: V _{1.3} Participative management is necessary for EPMDS success.	Pearson Chi-Square	3.677 ^a	3	.298
	Likelihood Ratio	3.729	3	.292
	Linear-by-Linear Association	.018	1	.892
	N of Valid Cases	292		
• ITEM: V _{1.4} There is a performance agreement (work plan) between my manager and myself.	Pearson Chi-Square	2.572 ^a	3	.462
	Likelihood Ratio	2.583	3	.461
	Linear-by-Linear Association	.451	1	.502

	N of Valid Cases	292		
ITEM V_{1.5} My manager/supervisor acknowledges my contribution to the organisational objectives.	Pearson Chi-Square	1.589 ^a	3	.662
	Likelihood Ratio	1.602	3	.659
	Linear-by-Linear Association	.000	1	.999
	N of Valid Cases	292		
ITEM: V_{1.6} In management meetings the goal is to arrive at a decision as quickly as possible.	Pearson Chi-Square	1.229 ^a	3	.746
	Likelihood Ratio	1.219	3	.749
	Linear-by-Linear Association	.169	1	.681
	N of Valid Cases	292		
ITEM: V_{1.7} In EPMDS meetings the goal is to cut down the cost as much as possible.	Pearson Chi-Square	.946 ^a	3	.814
	Likelihood Ratio	.942	3	.815
	Linear-by-Linear Association	.022	1	.882
	N of Valid Cases	291		
V_{1.8} When I am on a difficult assignment I can usually count on getting assistance from my boss.	Pearson Chi-Square	2.191 ^a	3	.534
	Likelihood Ratio	2.169	3	.538
	Linear-by-Linear Association	1.066	1	.302
	N of Valid Cases	292		
2. Administration Construct		Value	Df	Asymp. Sig. (2-sided)
V_{10.1} My compensation matches my performance.	Pearson Chi-Square	.730 ^a	3	.866
	Likelihood Ratio	.731	3	.866
	Linear-by-Linear Association	.158	1	.691
	N of Valid Cases	292		

V_{10.2} I like EPMDS because of its monetary benefits.	Pearson Chi-Square	5.160 ^a	3	.160
	Likelihood Ratio	5.001	3	.172
	Linear-by-Linear Association	.230	1	.632
	N of Valid Cases	291		
V_{10.3} In EPMDS high performers are acknowledged.	Pearson Chi-Square	.130 ^a	3	.988
	Likelihood Ratio	.130	3	.988
	Linear-by-Linear Association	.126	1	.723
	N of Valid Cases	292		
V_{10.4} EPMDS high performers are rewarded.	Pearson Chi-Square	1.924 ^a	3	.588
	Likelihood Ratio	1.951	3	.583
	Linear-by-Linear Association	.302	1	.583
	N of Valid Cases	292		
ITEM: V_{10.5} EPDMS focuses more on reward rather than personal development.	Pearson Chi-Square	4.253 ^a	3	.235
	Likelihood Ratio	4.113	3	.250
	Linear-by-Linear Association	.418	1	.518
	N of Valid Cases	291		
3. Development Construct		Value	Df	Asymp. Sig. (2-sided)
ITEM: V_{6.1} Managers are trained to conduct EPMDS.	Pearson Chi-Square	.173 ^a	3	.982
	Likelihood Ratio	.172	3	.982
	Linear-by-Linear Association	.000	1	.990
	N of Valid Cases	292		
ITEM: V_{6.2} I am aware that my employer is legally bound to educate & train me on all workplace activities (policies, regulations, safety codes & so on) before EPMDS.	Pearson Chi-Square	1.045 ^a	3	.790
	Likelihood Ratio	1.035	3	.793
	Linear-by-Linear Association	.291	1	.590
	N of Valid Cases	292		
ITEM: V_{6.3} Non-performers of EPMDS are afforded opportunities to improve through training and development.	Pearson Chi-Square	2.339 ^a	3	.505
	Likelihood Ratio	2.246	3	.523
	Linear-by-Linear Association	1.372	1	.241

	N of Valid Cases	292		
ITEM: V_{6,4} There is an induction programme on EPMDS for managers every year.	Pearson Chi-Square	1.936 ^a	3	.586
	Likelihood Ratio	1.873	3	.599
	Linear-by-Linear Association	.117	1	.732
	N of Valid Cases	291		
4. Information Construct		Value	Df	Asymp. Sig. (2-sided)
ITEM: V_{5,1} There is a 2-way communication between management and staff	Pearson Chi-Square	1.319 ^a	3	.725
	Likelihood Ratio	1.366	3	.713
	Linear-by-Linear Association	.235	1	.628
	N of Valid Cases	292		
ITEM: V_{5,2} My manager gives me objective feedback on EPMDS.	Pearson Chi-Square	2.917 ^a	3	.405
	Likelihood Ratio	2.898	3	.408
	Linear-by-Linear Association	.562	1	.453
	N of Valid Cases	292		
ITEM: V_{5,3} Feedback is given confidentially.	Pearson Chi-Square	2.020 ^a	3	.568
	Likelihood Ratio	2.034	3	.565
	Linear-by-Linear Association	.690	1	.406
	N of Valid Cases	292		
5. Management competency				
ITEM: V_{5,4} Management addresses EPMDS issues with consistency.	Pearson Chi-Square	1.770 ^a	3	.622
	Likelihood Ratio	1.880	3	.598
	Linear-by-Linear Association	1.163	1	.281
	N of Valid Cases	292		
ITEM: V_{5,5} In my opinion EPMDS contributes towards improving communication.	Pearson Chi-Square	5.564 ^a	3	.135
	Likelihood Ratio	6.181	3	.103
	Linear-by-Linear Association	3.125	1	.077
	N of Valid Cases	292		

ANNUAL END-OF-CYCLE PERFORMANCE ASSESSMENT: JOBHOLDERS ON LEVELS 1 TO 12



Period:	1 April ____ to 31 March ____		
Name:	_____		
Job Title:	_____		
Rank:	_____	Remuneration level:	_____
Persal Number:	_____	Component:	_____
Date of appointment to current remuneration level:		_____	Age: _____
Race:	_____	Gender:	_____
Disabled:		_____ (specify)	
Current employment status(Tick the appropriate box)			
Probation		Extended probation	
☐		☐	

This form must be completed and submitted to the Departmental HR unit before the 30th of May. Copies of the two reviewed Bi-annual Performance and Development Plans for the year under reporting must also be attached to this form.

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1.2 Conclusion (mark which applicable):

PERFORMANCE CATEGORY	TOTAL SCORE	INDICATE WITH X THE CATEGORY APPLICABLE ON JOBHOLDER	PAY PROGRESSION	CASH BONUS
Unacceptable Performance	39% and lower		-	-
Performance Not Fully effective	40% - 59%		-	-
Fully effective	60 –69%		1 notch	-
Performance significantly above expectations	70 – 80%		1 notch	A maximum of 8%
Outstanding Performance	81 - 84%		1 notch	A maximum of 12%
	85% and above		1 notch	A maximum of 18%

PART 2: COMMENTS AND RECOMMENDATIONS

1. Supervisor: Comments and recommendation

Signature	Designation	Date

2. Jobholder: Comments *(If you do not agree with the assessment by the supervisor, please provide reasons. Attach a separate page if necessary)*

<table border="1"><tr><td>AGREE WITH ASSESSMENT MADE BY SUPERVISOR</td><td>DO NOT AGREE WITH ASSESSMENT BY SUPERVISOR</td></tr></table>			AGREE WITH ASSESSMENT MADE BY SUPERVISOR	DO NOT AGREE WITH ASSESSMENT BY SUPERVISOR
AGREE WITH ASSESSMENT MADE BY SUPERVISOR	DO NOT AGREE WITH ASSESSMENT BY SUPERVISOR			
Signature	Designation	Date		

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3. Decision of responsible manager *(at least two levels higher than the jobholder but not lower than salary level 8. Please refer to par. 6.7 if not in agreement with supervisor's rating)*

AGREE WITH ASSESSMENT MADE BY SUPERVISOR	DO NOT AGREE WITH ASSESSMENT BY SUPERVISOR	
Remarks (if any): _____ _____		
_____ Signature	_____ Designation	_____ Date

4. Decision of responsible SMS Member: *(if not in agreement with supervisor's rating, please refer to par.6.7 of the Policy Framework)*

AGREE WITH ASSESSMENT MADE BY SUPERVISOR	DO NOT AGREE WITH ASSESSMENT BY SUPERVISOR	
Remarks (if any): _____ _____		
_____ Signature	_____ Designation	_____ Date

Schedule
Week 19 March 2012 to 23 March 2012

Time	Monday 19/03	Tuesday 20/03	Wednesday 21/03	Thursday 22/03	Friday 23/03
08:00 – 09:00	Handing out of Sanitary Towels by MEC of Health to Young Women Manyonyo	ARV Maintenance: Drug interactions (Dr. Steyn)	PUBLIC HOLIDAY HUMAN RIGHT'S DAY	iCam Meeting	ARV Maintenance: Drug interactions (Dr. Steyn) Rebroadcast
09:00 – 10:00	Handing out of Sanitary Towels by MEC of Health to Young Women Manyonyo	EMS CPD ICAT Module 5-8		EMS CPD ICAT Module 5-8	Editing
10:00 – 11:00	Achievement Editing For Budget Speech	EMS CPD ICAT Module 5-8		EMS CPD ICAT Module 5-8	Editing
11:00 – 12:00	Achievement Editing For Budget Speech	Editing		Editing	Editing
12:00 – 13:00	Achievement Editing For Budget Speech	Editing		Editing	Editing
13:00 – 14:00	Achievement Editing For Budget Speech	Editing		Editing	Editing
14:00 – 15:00	Achievement Editing For Budget Speech	Editing		Editing	Editing
15:00 – 16:00	Achievement Editing For Budget Speech	Editing		Editing	Editing

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Interactive-Learning Communication & Manageme

Appendix 10: EPMDS Full Documents