

**AN ASSESSMENT OF THE PERFORMANCE APPRAISAL PROCESS IN
THE PUBLIC SECTOR: A COMPARATIVE STUDY OF LOCAL
GOVERNMENT IN THE CITY OF CAPE TOWN (SOUTH AFRICA) AND
HANGZHOU CITY (CHINA)**

BY

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**A Mini-thesis submitted to the School of Government, University of the Western
Cape, in partial fulfillment of the requirements of the Degree of Masters in
Public Administration**

The logo of the University of the Western Cape, featuring a classical building facade with columns and a pediment, positioned above the text "UNIVERSITY of the WESTERN CAPE".

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ABSTRACT

Performance management related performance appraisal plays an important role in the human resource function in both the public and private sector. In South Africa, local government has undergone much transformation since 2000. Many of the policies and regulations have provided guidance for departments in developing and implementing their departmental performance management and appraisal systems. In China, performance management and its appraisal system have contributed tremendous value to the rapid and continuous economic and social development in terms of the improvement of human capacity-building.

The central problem that has been investigated in this study is the improvement of performance management systems and approaches, the performance appraisal system at local government level, and the improvement of the performance appraisal process in particular. This is much needed to improve the performance appraisal system and to enhance local government performance in South Africa. The primary objective is to assess and provide options for the improvement of the performance management system to achieve service delivery enhancement at local government level in South Africa through conducting a comparative study with Hangzhou City's local government in China.

Following the theoretical assessment, this research was conducted based on the application of McNamara's Model to conduct and assess the implementation of the performance appraisal process in the City of Cape Town through a comparative analysis of the implementation of the performance appraisal process in Hangzhou City in China. The study focused on how the management at the City of Cape Town's local government departments could improve their options in improving the performance appraisal system as well as the entire performance management function though utilizing an adequately designed performance appraisal process mechanism.

The empirical findings of this study provided a perspective on the current performance appraisal and appraisal process implementation status at the City of Cape Town local government through the comparison with Hangzhou City's local government. Research on related legal frameworks shows the shortcomings of policies and regulations that are being implemented in the majority of the departments in the City of Cape Town and Hangzhou. Interviews at the Road and Stormwater Department and Human Resource Department provided insight into how the performance management function impacted upon the performance appraisal system, especially the appraisal process at local government level.

Regarding the research investigation, this mini-thesis found that performance

management is really an essential part of human resource management to achieve effectiveness and efficiency and high quality service delivery at the City of Cape Town's local government level. The research also found that the performance appraisal system can serve as an instrument for management to determine the degree to which programs have met their objectives and expectations. At local government level, management can organize future implementation targets according to organizational objectives for their employees in order to make improvements. Furthermore, this research also found that organizational leadership and management styles impacted on the implementation of the performance appraisal system, and that it is a critical factor that warrants further attention. Training and development programs that relate to capacity-building to improve the appraisal system can be highly effective in order to improve performance.

This study also found that the performance appraisal process, in particular, is an instrument of the performance appraisal system that contributes tremendous value to planning and implementation. The research found that the performance appraisal process in the City of Cape Town can be improved through addressing the process and improving the approaches followed by the managers in daily appraisals, which can be done by following the complete process and including all the steps it involves, and by having a positive attitude towards the performance appraisal process.

This mini-thesis also provides a set of conclusions and recommendations for the performance management and performance appraisal system, particularly regarding appraisal process enhancement. It is hoped that the lessons learned through this study will inform current practices and provide information for future research at local government level.

Keywords: Performance management, Performance appraisal system, Performance appraisal process, local government, Efficiency, Effectiveness, Improvement, Evaluation, City of Cape Town and Hangzhou

DECLARATION

I wish to declare that An Assessment of The Performance Appraisal Process In The Public Sector: A Comparative Study of Local Government in the City of Cape Town (South Africa) and Hangzhou City (China) is my own original work, and that it has not been submitted to any other University, College or Institution for any degree or certificate.



Full Name: _____

Date: _____

Signature: _____

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CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 GENERAL INTRODUCTION TO THE STUDY

Managing employee performance is a critical focus of human resource activity in any organization. Well-designed strategies to recognize and improve performance and focus individual effort can have a dramatic effect on the organization's bottom-line. Performance management is an essential ingredient for service improvement and maintaining high quality services for local people. Many organizations have found that improving their performance management system has helped them to achieve real breakthroughs in both the performance management process as well as incremental improvement in their delivery of core services.

Performance management is action taken in response to actual performance to ensure improved outcomes. Performance management is a strategic organizational performance monitoring management tool. It includes operating performance management and monitoring methods, processes, systems, matrices and the application software. Business Performance Management (BPM), Strategic Performance Management (SPM), Employee Performance Management (EPM), Corporate Performance Management (CPM), and other forms of appraisal are all constituents of the concept of performance management.

Performance appraisal is a crucial aspect of performance management, which usually results in a serial impression of worker efficiency and effectiveness, often operating satisfactorily in small public sector institutions where the management knows and interacts with all employees (Robbins 1995:229). The information generated through an unsystematic informal evaluation has limited value for making valid and justifiable human resource management decisions in the larger institutional context. In such a context, accurate performance management data obtained through a standardized

process is required for activities such as human resource planning, training and development, compensation, career development, and succession planning. Therefore, most public sector institutions have a need for a formal performance appraisal system to play a leading role in the areas of development, implementation, and maintenance (Erasmus 2005: 268).

However, it is difficult to determine what the processes, tools and delivery mechanisms are that will improve performance in an organization. In essence, performance management is not an end in itself; it is one of a set of tools, a way of working that helps organizations to identify what needs doing, a means to deliver improvement and maintain high quality services.

The existence of a good performance appraisal system including the particular appraisal process in local government can be of great value to performance management for both the department and the individual. This mini-thesis provides guidelines for this goal, focusing on a comparative illustration of performance appraisal process, and examines the differences in the management and assessment of employee performance appraisal system in China and South Africa in order to achieve employee effectiveness and efficiency.

1.2 BACKGROUND TO THE STUDY

Individual performance in organizations has traditionally centered on the evaluation of performance and allocation of rewards. As management of an organization begins to take shape, leaders need the help of an advanced performance management information system, in particular a performance appraisal system, for the entire organization. Through timely control of the operation, the system will serve as a warning mechanism, so that managers can have flexibility in an increasingly uncertain environment. Torrington and Hall (1995:327) state that performance management

systems are increasingly seen as the way to manage employee performance rather than simply relying on performance to meet organizational needs.

Performance appraisal, as an important evaluation system, has its roots in the early 20th century, stemming from Taylor's pioneering time and motion studies. Performance appraisal, as a distinct and formal management procedure, which really dates from the time of the Second World War, not more than 60 years ago, is used in the evaluation of work performance appraisal. It is a basic human tendency to make judgments about those one is working with, as well as about oneself (Dulewicz 1989). Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including that of subordinates, naturally, informally and arbitrarily. In a broad sense, in the bigger scheme of things, performance appraisal systems began as a simple method of income justification. This was used to decide whether or not the salary or wage of an individual employee was justified.

Currently in South Africa, the main difference between the public and private sector is that, in the public sector, time is of no consequence and money is unlimited. Without these pressures, there is no incentive or reason for the public sector to perform. The relationship between the public and private sectors is not neutral, with strong feedback effects operating between the two. The rigidity of the centralized system of human resource regulation has resulted in a significant deterioration in morale and capacity within all elements of the public sector.

In China, local government has made great development since the implementation of China's reform policy in recent years. As one of the sharpest and strongest strategic tools to obtain competitive advantage, performance management thoughts and systems have been highlighted in China. However, insufficient instruments of

performance standards and measures still exist within local government. Compared to before, the performance management system of the majority of local governments in China is more integrated and systematic, and operates better. At the same time, municipalities in China have to deal with greater cultural diversity and higher immigration numbers.

1.3 MOTIVATION FOR THE STUDY

The aims of a national local government performance management system are to assess the overall performance of local government in order to monitor the effectiveness of development and delivery strategies adopted by different municipalities and ensure that scarce resources are utilized efficiently. An adequate performance management system, through performance appraisal, can provide an early warning system for municipalities in difficulty. As the study focuses on the appraisal system and the application of the appraisal process, this study may assist in improving options for evaluating and improving the management of employees' performance in local government. Therefore, the study will provide a set of recommendations and suggestions on options to improve appraisal processes in local government departments in South Africa. This study will also be comparing the assessment of performance management functions in local government in China with the South African experience.

Local government department managers utilize the different indicators that ensure the success of managing human resources, which make the assessment and management of employees' performance necessary and important. At the same time, the assessment system makes the performance management system visible. The design of a proper performance management and assessment system can promote the development of organizational strategy, supervision and control. However, as with all other operational measures, once the use becomes unreasonable, it will bring disaster

to the local government.

Employers must fulfill the requirements of the performance appraisal system to avoid bureaucracy and become a tool for digital dogmatism. If this happens, good organizational supervision and control of the strategic impact of organizational development must clearly be the key factors. At the same time, employers must make all staff understand the key factors affecting the performance of the employees. As long as the design of the system is reasonable and well-managed, the system can use these key indicators to assess and identify problems as soon as possible. In essence, this research wishes to add value to the process of performance appraisal to help local government win precious time and determine the causes of problems, and seize the opportunity to take early measures in order to improve the entire performance management system and avoid the loss of opportunity, time and cost.

1.4 PROBLEM STATEMENT

The central problem statement in this study is that the improvement of performance management systems and approaches, the performance management system at local government level and the improvement of the performance appraisal process in particular are much needed, and that a research need exists to improve the options in the appraisal process to improve local government performance in its entirety.

Performance management in local government is crucial for building a good relationship between the organization and its employees. It is also significant for the departments to ensure that they perform their assigned roles efficiently and effectively. South Africa has a different background, history, culture and political system compared to China. The existence of a negative working culture and insufficient line management support for appraising performance management are the major problems that occur in human resource departments at the local government level in South

Africa.

According to research in South Africa, more than 60% of organizations did not have formal performance management and evaluation systems. The value of appraisal processes are often underutilized for assessing performance outcomes in local government. There is a lack of follow-up performance reviews. Most organizations overemphasize the appraisal aspect at the expense of development. At the same time, in China there are inadequate performance appraisal systems. There is an inadequate appraisal process, and subjectivity still exists in the majority of the departments in local government.

The performance appraisal process is a process that evaluates employee performance, which lies at the heart of the performance appraisal system. It normally compares quality, quantity, time and cost. The performance appraisal process can play a remarkably powerful role in building employees, as well as their performance and productivity. A properly designed appraisal process can reflect the established performance standard, the performance measures and actual performance, and communicate the standard and expectations.

Despite decades of trial and error, overall “...the outcome has been disappointing; a small incremental increase in what we know with respect to the performance appraisal process” (Bernardin, Buckley, Tyler, & Wisen, 2000: 57). Concern about the usefulness of performance appraisal systems is shared by internal and external human resource consultants who often find themselves “in the awkward position of fiercely promoting performance management processes while privately fretting about their failure to work” (Stephen & Roithmayr, 1998: 87).

The main problem in most local government departments in South Africa is that, instead of building up adequate performance appraisal systems, they give lots of

advice and suggestions on how to improve performance outcomes rather than considering the possibility of workable alternatives. The managers see the performance appraisal process as an administrative step that only brings along piles of paperwork. It consumes lots of time while producing little more than confrontation and frustration. This negative attitude makes the managers react to the performance appraisal process as an isolated annual step that is separate from all other managerial responsibility. The impression of performance appraisal on the part of most employees in local government is that it was undertaken lightly and haphazardly, and so they consequently take the process less seriously than they should. In fact, performance appraisal nowadays is integrated year - round into the ongoing managerial function.

In South African local government departments, a very obvious issue within their performance appraisal system is that there is no regular, time-specified appraisal; managers initiate appraisals of employees whenever they feel like it. The key role of the departmental manager is to maintain strong contact with the employees and provide them with ongoing coaching, guidance and feedback. A specific time should be allocated to managing the appraisal system, which is normally once a year. Through gathering all the performance data on the employees, analyzing it, documenting it, the managers can then provide specific feedback. All of these form part of the process of performance management.

The standard policies that target the performance appraisal process are also less established among the majority of local government departments. A poorly administered appraisal process results in loss of employee morale and productivity. Possible legal ramifications exist when management is not consistent in its performance appraisal procedures.

1.5 RESEARCH AIMS AND OBJECTIVES

1.5.1 Research aims

The aim of the research is to assess the theoretical framework and to solicit a specific performance appraisal process model to apply to the City of Cape Town. The aim is also to conduct field work and to obtain empirical information. The aim of the research is also to do a comparative study between the City of Cape Town and China, and to make the recommendations on how to improve the performance appraisal system with particular emphasis on the appraisal process.

1.5.2 Primary objective

The primary objective of the research is to assess and study the various aspects of performance appraisal by concentrating on the appraisal process in order to assess and provide options for the improvement of the performance management system to achieve service delivery enhancement at the local government level in South Africa through a comparative study. The study focuses on the advanced sets of performance appraisal standards which are relevant in the context of the performance management system in local government in both South Africa and China to ensure an adequate performance appraisal process adoption and implementation at local government level in South Africa to meet efficiency and effectiveness of development and service delivery strategies. It should be note that the empirical focus is mainly on South Africa and that the China case is only used to compare appraisal process aspects.

1.5.3 Secondary objectives

The objectives of the study are to:

- Present an overview of the current position of performance management and performance appraisal with a specific focus on the process followed within local government in the South African context and to some extent at the local

government level in China.

- Provide a theoretical framework for performance improvement through performance appraisal processes and to identify useful models in this respect.
- Provide options for the improvement of proper performance appraisal processes.
- Conduct empirical research at the City of Cape Town and to use the research findings.
- Provide findings, conclusions and recommendations for improving the performance management performance appraisal system and the process at the City of Cape Town in particular.

Since 1994, the South African government has realigned its economic policies in terms of the Growth, Employment And Redistribution (GEAR) policy (Calitz and Siebrits, 2002). This requires the local government to become more efficient in the delivery and production of its services. The McNamara's performance appraisal process model will be illustrated in detail in Chapter Two in order to apply it to the case study. Other relevant theories will also be displayed in the literature review. The Road and Stormwater Department and Human Resource Department at the City of Cape Town are the chosen departments for the research. These departments will be comparatively assessed against the City of Hangzhou in China through evaluating the status of the employee performance appraisal system, focusing on the appraisal process through interviews. The questionnaire is designed to develop options for the performance appraisal process and performance appraisal standard at local government level in South Africa.

1.6 LITERATURE REVIEW

Performance appraisal in organizational terms normally means measuring how well people perform and then giving them feedback to support and/or correct their performance. Performance management, in a human resource management sense, is

the process of achieving sustained success for organizations by improving the capabilities of individuals and teams (Armstrong & Baron, 1998). It supports the philosophical principle that people, and not capital, provide organizations with a competitive advantage (Reynolds & Ablett, 1998).

However, performance management presents severe challenges in terms of practical implementation (Bourne et al., 2000). Many managers remain skeptical of researchers' advice in this area. Many organizations largely failed to overcome many of the organizational constraints following the successful implementation of performance management (Redman & Wilkinson, 2001). Thus, if the employees feel that a performance management approach breaches or violates the expectations created in their contracts; this can lead to an irrevocable breakdown in the employment relationship (Robinson & Rousseau, 1994). Prudent implementation of performance tools is therefore crucial to their success as contributors to organizational development.

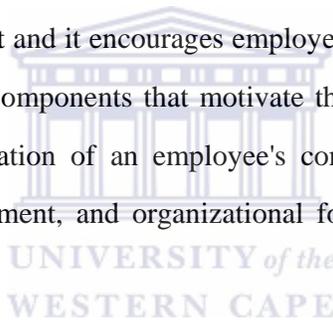
The main advantages of performance management, according to Armstrong and Baron, 1998, are:

- To help achieve maximum sustainable value creation;
- To help enhance transparency;
- To improve internal communication on strategic issues, which will help to achieve consensus;
- To promote the improvement of decision-making;
- To help balance the short, medium and long-term organizational activities and objectives;
- To encourage human capital investment and achieve value creation;
- To improve the allocation of resources so that the strategic plan and financial

budget are more efficient; and

- To help managers cope with increasing complexity, uncertainty and operational risks.

Generally speaking, employee evaluation has been called performance appraisal and this is a vital feature within any organization's performance management system. It is a performance review system that is an all-encompassing assessment of an employee's contribution. Most local organizations face up to the challenge of how to evaluate and develop the skills and ability of their employees to ensure the goals are achieved, and to ensure each individual gains as much as satisfaction as possible from their jobs while making an effective contribution. Performance appraisal is a key element of human resource management and it encourages employee retention as well as growth. There are in essence three components that motivate the facilitation of performance appraisals: individual evaluation of an employee's contribution, the facilitation of training and career development, and organizational forecasting in response to the employee's performance.



While a large literature exists on the subject of performance appraisal, emphasizing the importance of the appraisal process, Burke, Weitzel and Weir (1978) and Maier (1958) have studied the interaction between appraiser and appraisees. The interaction between the rater and ratee prior to the end of the performance evaluation period and the impact of several aspects of the appraisal process, mainly three outcome measures: satisfaction with the appraisal process, fairness of ratings and motivation to improve performance have been given little attention.

The majority of the western countries such as the USA, UK, and other European countries have undergone a series of changes since the early 20th century. The earliest use of performance measurement can be traced back to the activities in 1907 by the New York City Bureau of Municipal Research. Thereafter, from the 1950s to 1980s,

the use of performance management gained a foothold in many federal states and local government organizations. A number of the advanced appraising systems were developed at this time.

Randell, Packard & Slater (1984), have advocated a number of separate performance appraisal reviews to fulfill different appraisal purposes. Their studies on the cultural implications for the appraisal process state that perceptions and approaches to management differ across cultures, in particular regarding the management of human resources. There are a number of implications for the appraisal process and its different functions and characteristics that are applied within a cross-cultural context. Managers should be aware of and sensitive to employees holding different cultural values and belief systems which might lead them to approach the HR function differently. Managers also need to focus on the objectives of the appraisal process and be open to pursuing different routes to get there, depending upon cultural circumstances. The implications of the skills approach to leadership research provide a review and analysis of training in the core skills in a wide variety of managerial situations.

The study identifies the determinants of employee willingness to use feedback for performance improvement, and illustrates the proposed determinants, which include objectives of appraisal, supervisor's knowledge of subordinate's job, and agreed plan for performance improvement, trust in supervisor, and perceived fairness and accuracy of performance evaluation.

Latham & Wexley (1981) discuss problems in developing valid and reliable measures, and also indicate that employee participation, goal setting and feedback can enhance performance measurement accuracy and reduce the potential for rater bias as the employee has a role in the administration of the performance measurement process.

Fletcher & Williams (1985) provide many insights into performance appraisal issues and the link between performance appraisal and career development. A number of discussions in the book clarify the importance of the effective management of the performance appraisal system.

Mohrman, Resnick-West & Lawler (1989), in a major American book on the subject, provide a rigorous treatment of issues relating to the design of performance appraisal systems. The book indicates how to define performance, who should measure it, who should give and receive feedback, and how often appraisals should be done. It is a comprehensive guideline for planning, designing, and implementing appraisal systems that are tailored to meet an organization's real needs. The book also examines and evaluates the common approaches to appraisals that are oriented to the performer, the behavior, the result or the situation, and shows how they can be integrated into an effective system.

In South Africa, local government has undergone much transformation since 2000. The guiding principles for this transformation are contained in the White Paper on the Transformation of the Public Service (1995) and the Batho Pele White Paper (1997). Part of this transformation process has been widely acknowledged throughout local government to ensure municipalities become more responsive to meet citizens' needs. From 1 July 1999, the new Public Service Management Framework was developed by legislation such as the Public Service Act, 1994, the Public Service Regulations, 1999/2001 and by collective agreements concluded in the sector bargaining process. Part VIII of Chapter I of the Public Service Regulations serve as a primary guide to departments in developing and implementing their departmental performance management systems. The Regulations require of each executing authority to determine a system for performance management and development for employees in that department.

Performance management and performance appraisal systems became popular in local government in China from the late 1970s. Until 1979, Chinese reformers had made a great effort to regulate the local government framework for performance management and individual performance appraisal. Few local governments had started to utilize the performance appraisal system to serve its institutions. The system has been extended and implemented at the central government level since 1994 to meet the requirements of the entire Chinese civil service. In 1995, a set of specific and quantifiable indicators were developed for the measurement of work achievement at and below the national level. In November 2004, the Chinese Center for Local Government Performance Evaluation (CCLGPE) was formed. It is a multi-purpose organization that provides comprehensive services in government performance evaluation.

Although the focus of the literature review above has been primarily on performance management, performance appraisal and the performance appraisal process, this focus has been maintained throughout Chapter 2 and Chapter 3. Some other models and theories were also found to be useful in the study, for example, European Foundation for Quality Management Model (EFQM), Satellite Model of Organizational Performance Management, Rensis Likert Systems 1 to 4 and the Goal Setting Theory. These relevant models and theories will be introduced in the following chapter.

1.7 RESEARCH METHOD

As mentioned above, this study aims to improve the options of employees' performance appraisal system with the concentration on its appraisal process at local government level in South Africa by conducting an empirical study at the City of Cape Town. As a secondary result, some conclusions are also made with regards to China. It must be noted that the study of China is only used to highlight some similarities and differences between the two countries; the cases are therefore not on

an equal footing. The City of Cape Town is the main case.

Action research will be used as a qualitative method in this study. The case study approach is adopted as a research strategy. The sampling units will be selected from the City of Cape Town and some examples that apply to the City of Hangzhou in China. The data in the study is collected through interviews and a semi-structured questionnaire survey completed by human resource department officers, line managers and employees from the Road and Stormwater Department. The responses of human resource staff are assisting the researcher to determine the validity and reliability of the research targets with specific reference to the performance appraisal system, particularly in the appraisal process.

1.7.1 Research design

A research design is a logical plan for getting from here to there, where “here” may be defined as the initial set of questions to be answered, and “there” is some set of conclusions or answers about these questions. Between “here” and “there” may be found a number of major steps, including the collection and analysis of relevant data (Yin, 2002).

We have stated the problems existing in local government departments in South Africa and in China. This research design starts by identifying the research questions. The questions comprise of two parts. Part one identifies the implementation of the performance appraisal system at local government level. Part two addresses the appraisal process to meet the requirements of entire performance management strategies through a comparative study of local governments in City of Cape Town and Hangzhou and questions the performance appraisal process, e.g. What steps should employee performance assessments follow? Should the organization use standard instruments and appraisal processes, or should it devise a more flexible set of

performance appraisal enhancement methods that would help the organization to overcome present weaknesses and to accommodate the current status in terms of performance appraisal? It elicited specific questions:

- What is the main purpose in South African local government departments of using an adequate performance appraisal system?
- What are the differences between the performance appraisal systems used by South African and Chinese local governments?
- What specific elements of the performance appraisal system will improve the performance management function?
- Why should the performance appraisal process be regarded as a crucial aspect within the entire appraisal system?
- What lessons can be learned for the improvement of the performance appraisal process?
- How can the findings of this study contribute to the improvement of performance management in both South African and Chinese local government departments?

1.7.2 The case study approach

A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident (Yin, 2002). The case study approach is widely used in studies on public administration. A certain percentage of published doctoral dissertations and academic papers in the *Public Administration Review* have adopted case studies as their main strategy (White & Adams, 1994).

This study looks at local government closely to evaluate the employee performance appraisal system and the appraisal process in South Africa. The method is guided by the assumption that systematic changes can often be observed at local level first (Edin,

2003). The case study method can help evaluators looking directly at the sequence of case events rather than only the outcomes. Although the main case in this study (through conducting interviews) is a South African local government department, a secondary study of the case of Hangzhou City was also undertaken.

1.7.3 Case and site selection

It is necessary to justify the selection of cases in the study because “understanding the critical phenomena depends on choosing the case well (Yin, 1989). Denscombe (2003: 98) states that the standard for good case selection is ‘Suitability’, which means the case selected should be appropriate for the purpose of the research. As mentioned earlier, this study aims to set up a proper performance appraisal process to achieve a well-implemented performance appraisal system in local government departments in South Africa through comparing it with an example from China’s local government. The City of Cape Town and City of Hangzhou represent the same level of local government, and only at local level could the research be transparently observed throughout the entire performance management function. Therefore the research limits the scope to two local government departments: the City of Cape Town and the local government department at Hangzhou City. These two cities are constituted of a similar population and area size.

1.7.4 Data collection

Data collection is an important aspect for any type of research study. Inaccurate data collection can impact the results of the study and ultimately lead to invalid results (www. World Bank). The data is collected from 15 people who are working at the Road and Stormwater Department and the HR Department at the City of Cape Town through personal interviews and small-scale questionnaire survey. They are:

- 6 people from the Road and Stormwater Department:
 - 2 managers,
 - 2 administration officers and
 - 2 engineers

- 9 people from the HR Department:
 - 1 principal HR officer,
 - 1 senior officer,
 - 3 strategic HR officers: 1 performance manager; 1 employee performance consultant; 1 Manager of managing employee's life cycle,
 - 1 staff development officer,
 - 1 HR Policy specialist, and
 - 2 staff lower-ranking staff members

From the above interviews it can be seen that the unit of analysis is a random group of City of Cape Town employees for the Road and Stormwater and Department. A random sample resulted in 6 people being interviewed. To improve validity and reliability, 9 people from the Human Resource Department were also interviewed. The research design is based on the steps in the appraisal process, using McNamara's model. The specific dimensions of the research design include: (1) performance management policies (2) the performance appraisal system, and, (3), the performance appraisal process, and these specific forms are therefore researched. The field work results have been presented in Chapter four and the field work results in table format have been provided in Annexure II.

1.8 SIGNIFICANCE OF THE STUDY

In recent years, much has been mentioned in the literature (Walters, 1995b., White

Paper, 1997., Erasmus 2005:268) about the need and importance of performance appraisal systems, particularly the appraisal process, in managing and evaluating employee performance in organizations and local governments, which are supposed to deliver services to the citizens. Local government departments are the area that is dealing with delivering various services to people and it should be under continuous scrutiny.

However, there is a feeling that the current bureaucratic structures are not able to perform the social functions that they supposed to. Performance appraisal is a fundamental requirement for improving the productivity of an organization's human resources, because it is through an appraisal that each individual's performance is evaluated. It serves as the basis for counseling and developing employees to maintain or increase the performance. If a fair, effective appraisal process is utilized, it can improve morale and employee performance.

The findings and conclusions of this research could be useful for the local government to enhance service delivery through appraising employee performance in South Africa, and by bringing to the attention of the local government the need to improve work performance. Furthermore, this study also provides the literature on the performance appraisal of local government in China which, it is hoped, will add value to the performance management system in South Africa.

1.9 CHAPTER OUTLINE

This research study is constituted of six chapters. Chapter One introduces the study, which consists of the background to the research topic and an extensive literature review on the important concepts related to performance management, performance measurements, and performance appraisal in general. This chapter also states the motivation of the research, the problem statement, research aims and objectives, and

the significance of the research.

Chapter Two will show the overall context of performance management and performance appraisal at local government level in the global context. A number of definitions, theories and views on performance management and performance appraisals will be listed here. It will focus on standard performance, employee performance, skills development, worker attitudes, policies, and the situations of the identified departments in the public sector.

Chapter Three will focus separately on South African and Chinese issues of performance management and performance appraisal. Related roles, policies and legal considerations are presented in this chapter.

Chapter Four is the chapter addressing the case study. The qualitative method is associated with information acquisition techniques, such as analyzing responses to questionnaires. The Road and Stormwater department and Human Resource department at the City of Cape Town and Hangzhou City local government departments are the chosen cases as the research targets. This chapter also engages with research designs and methods, specifically reflecting on the research instrument. This chapter illustrates how South African local governments manage their employees' performance appraisal and the focus of the appraisal process in order to achieve entire performance management system enhancement. The survey method and a questionnaire as a research instrument will be elaborated upon in this Chapter.

Chapter Five will display the research findings in terms of the legal framework, performance management, and performance appraisal and performance appraisal process point of views. And Chapter Six, which will be the last chapter, shall be the summary, conclusion and recommendations for the improvement of organizational policies and regulations, and employees' performance and the appraising system as

well as the process of appraising at local government level in South Africa through a comparison with China.

1.10 CONCLUSIONS

To establish performance management assessment, managers must plan an approach to reform the performance function. To meet the core objectives, the real driving force for this study is illustrated expansively in the follow chapters. The establishment of managing employee performance requires employers to develop specific objectives for the employees' performance assessment. If the organization's objectives for the operation are impossible to measure, just empty words, the establishment of performance management planning with its appraisal instruments makes no sense. This research aims to overcome this divide by drawing, in a balanced way, on the South African example, through comparing it with a local government department in China, and also in terms of theory and practice from elsewhere, since there is evidence of growing value in performance appraisal in many countries across different continents. Performance management must maintain a balance, and managers must take the overall perspective of the organization's management.

The following chapter will be the theoretical overview of performance management, concentrating on the performance appraisal system and appraisal process. Different theories and models and objectives will be introduced, and different methods and instruments will be identified. Focusing on the process, the performance management process and performance appraisal process will be illustrated comparatively in the next chapter.

CHAPTER TWO: THEORETICAL OVERVIEW OF PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL WITH THE FOCUS ON THE PERFORMANCE APPRAISAL PROCESS

2.1 INTRODUCTION

Traditionally, human resource management and personnel administration was conducted according to the functional approach to management, which was and still is practiced on the basis of sound scientific research. A system or efficiency approach to performance management required that the individual employees, groups and departments within an organization be considered as interrelated, and that all involved in the different processes should be empowered to behave proactively in ensuring quality on a continuous basis.

Performance appraisal as a key role player in managing employees' performance affects an employees' status in an organization in terms of retention, termination, promotion, demotion, transfer, salary increase, or admission into a training program that affects any of the preceding factors, regardless of whether the rationale behind these decisions is made known to the employees (Latham & Wexley, 1981). Performance appraisals provide the meaning of measuring the employees' effectiveness and identify areas where the employees need training in order to perform to the requirements of the job description. An adequate appraisal system can be a profoundly useful instrument to maintain high levels of motivation through feedback.

This chapter will introduce the definitions, relevant theories, objectives of the

research target, appraisal methods and instruments, sources and processes regarding the performance management function and performance appraisal system.

2.2 DEFINITION OF PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT

2.2.1 Performance appraisal and performance management

Performance appraisal is the ongoing process of evaluating and managing both the behavior and outcomes in the workplace. Organizations use various terms to describe this process. “Performance review”, “annual appraisal”, “performance evaluation”, “employee evaluation” and “merit evaluation” are some of the terms used (Grobler et al 2002: 260). It is a periodic review (which can be monthly or quarterly but happens annually in most cases) to assess the standard and efficiency of the work accomplished by an employee.

Performance appraisal is one of the important components of the HR function. The information obtained through performance appraisal is providing foundations for recruiting and selecting, training and development of existing staff, and also for motivating employees by properly rewarding the performance in order to maintain good quality of work. Without a reliable performance appraisal system, the HR system falls apart, and resulting in the total waste of the valuable human assets an organization has.

“Performance management” is a broader term than “performance appraisal”. It is a management instrument for creating a work environment or settings in which people are enabled to perform to the best of their abilities. It is a strategic issue of creating longer-term goals. Performance management involves clarifying the duties of the job,

defining work standards, and documenting, evaluating and discussing performance with each employee.

Performance management has become popular as total quality management programs emphasized using all the management tools, including performance appraisal (Grobler et al 2002: 260). It is a whole work system that begins when a job is defined as needed and ends when an employee leaves the organization. It involves strategic use of performance measures and standards, aims to establish performance targets and goals, to prioritize and allocate resources, to inform managers about needed adjustments or changes in policy or program direction to meet goals, to frame reports on the success in meeting performance goals, and to improve the effectiveness and efficiency of the organization (<http://www.turningpointprogram.org>).

2.2.2 The difference between performance appraisal and performance management

According to Stredwick (2000: 237), appraisals are associated with judging and valuing objects, not just people; appraisals have one of two outcomes: success or failure. 'Appraisal is regarded as a once-a-year ritual - a dance like a rain dance, it is said, in which the participants voice the right phrases, make the right movements and money will fall from the heavens' (Stredwick 2000: 237). Performance appraisal is a personal assessment through which the employer determines the extent to which the employee is performing the job effectively.

Performance management is a whole system that is built into all human resource activities. Swanepoel et al. (1998) defines performance management as an ongoing process that involves planning, managing, reviewing, rewarding and developing performance.

The appraisal system looks backwards, with the purpose of evaluating employees' behavior in order to facilitate optimal employee conduct through selection, training,

and an encouraging rewards system. It is a diarized event on the work calendar. Performance appraisal is a continuous evaluation process, totally integrated with the way the manager is managed, and more concerned with the future, with improvements, challenges and opportunities.

According to Gill (1977) and Long (1986), the main purpose of performance appraisal for most organization is:

- To assess training needs;
- To improve current performance;
- To assess future potential;
- To assist in career-planning decisions;
- To set performance objectives; and
- To assess salary increases.

2.3 CONCEPTUAL FRAMEWORKS OF OTHER RELEVANT THEORIES REGARDING THE STUDY

Various models and theories can be found in relation to performance management. McNamara's performance appraisal process model is the major structure of the framework that is used to apply to research. It is a highly practical guideline to recruit, utilize and, step-by-step, evaluate the employee's work performance. The processes will be illustrated in detail later in this chapter.

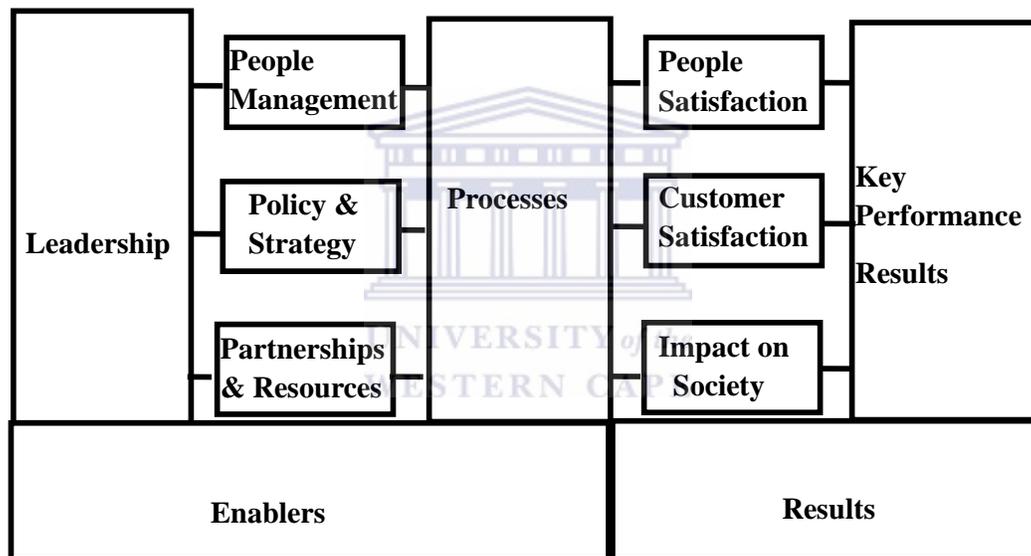
Although not the primary focus of this study, some relevant models and theories were found to be useful, concerning specific themes. These are some of the models and theories:

2.3.1 European Foundation for Quality Management Model (EFQM)

The European Foundation for Quality Management (EFQM) Excellence Model is a management model with a self-assessment framework which can be applied to any

organization to evaluate qualitatively the strengths of work performance and measure the areas for improvement across all of the activities. The model looks at four themes as enablers which examine what the organization is doing. These include: Leadership; People Management; Policy and Strategy. There are four themes - Customer Satisfaction, People Satisfaction, Impact on Society and Key Performance Results - for the results the organization achieves. The processes from enablers to results are shown in figure 1:

FIGURE 2.1: EUROPEAN FOUNDATION FOR QUALITY MANAGEMENT MODEL (EFQM)

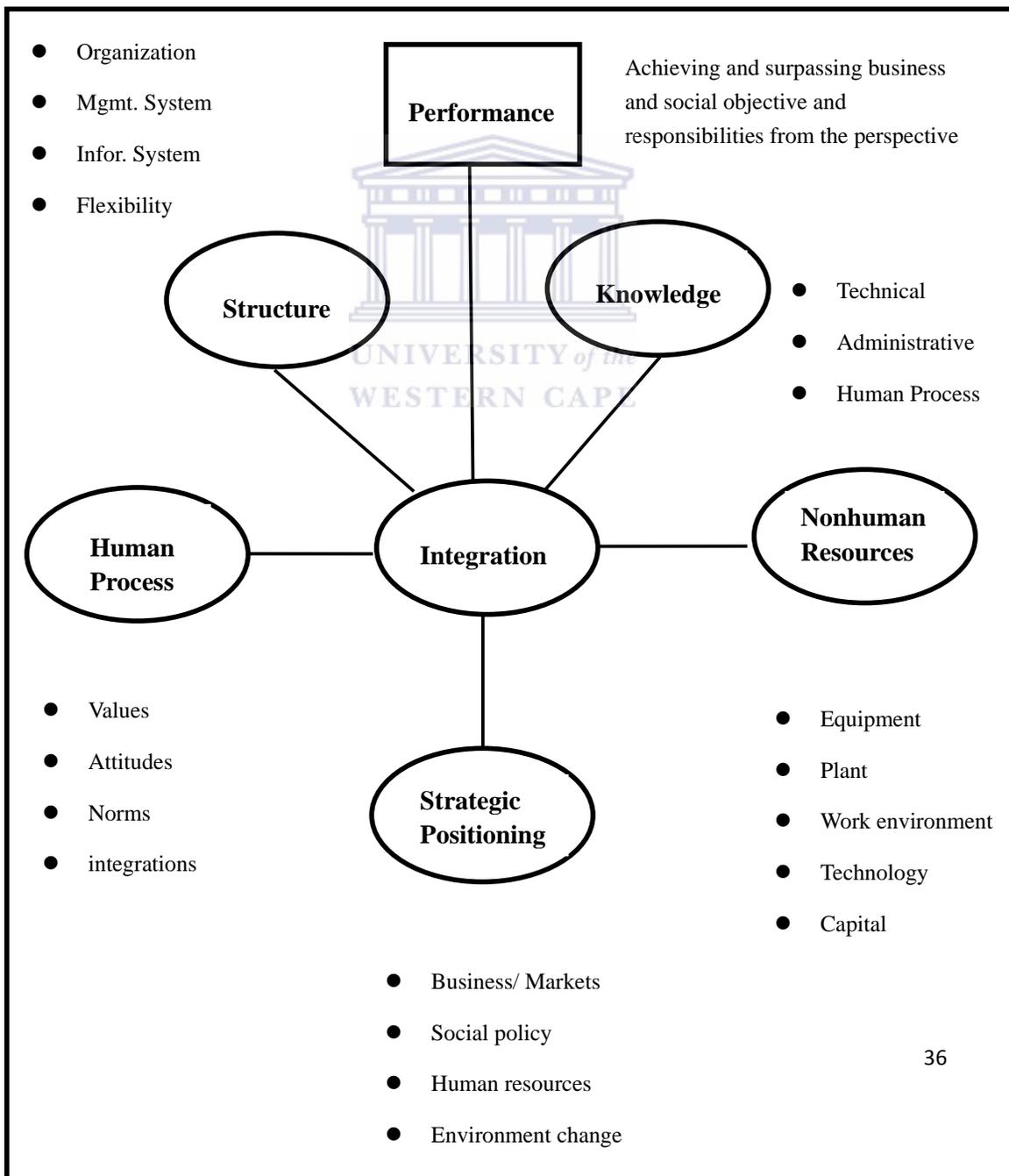


(Source: Armstrong & Baron 2005: 118)

2.3.2 The Satellite Model of Organizational Performance Management

Hersey & Blanchard's Satellite Model illustrates that organizational performance management is affected by a series of factors such as organizational structure, knowledge, human resources, non-human resources and strategic positioning. The relationship can be viewed in Figure 2:

FIGURE 2.2: THE SATELLITE MODEL OF ORGANIZATIONAL PERFORMANCE MANAGEMENT

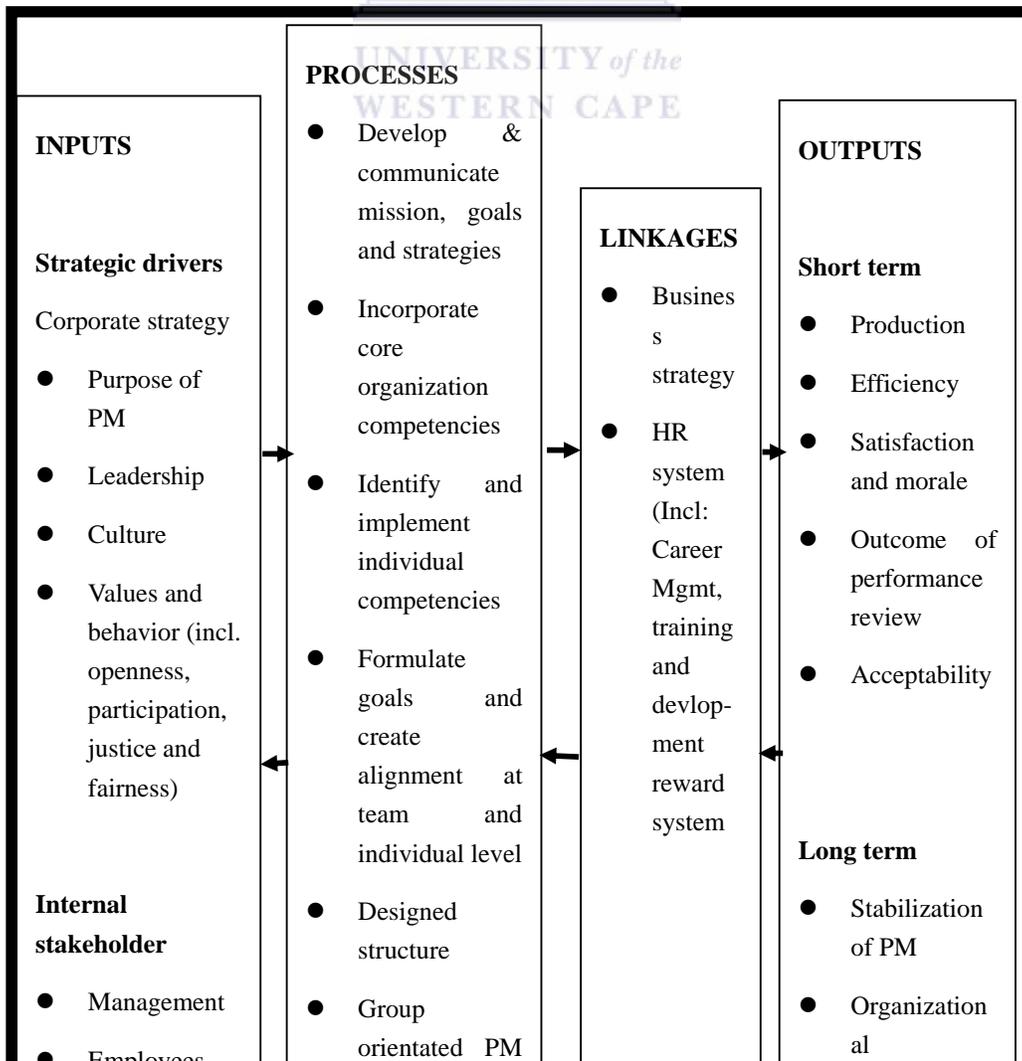


(Source: Hersey & Blanchard 1996: 403)

2.3.3 System Model of Performance Management

According to this System Model, performance management can be viewed as a system that is comprised of inputs, processes, outputs and linkages to other systems. Spangenberg & Theron (2001) states that performance management applies at all levels in the organization. i.e. at the organizational, group and individual level. Performance from an organizational perspective has a direct link with the individual's performance. The details are showed as follows:

FIGURE 2.3: SYSTEM MODEL OF PERFORMANCE MANAGEMENT



(Source: Spangenberg & Theron: 2001)

2.3.4 Motivation theory

Performance management can be described in terms of application of motivation theory and associated tools to motivate employees. Most HR managers are looking for proper theories to motivate employees' performance. Joe Key presents a simple model of motivation process: Needs- drives- behavior- goals- reduction or release of tension (<http://goal-setting-guide.co>). The understanding of what can motivate employees and how they can be motivated was focused on by many researchers. Furthermore, there are five major approaches that represent how to motivate employees' performance. They are:

(1) Maslow's hierarchy theory

According to Maslow, when needs occur, motivational tension develops and is directed towards the satisfactions of the felt needs. The intensity of the effort is a function of how strong the needs are (Grobler et, 2002). Maslow presents a hierarchy of needs which can be divided into five levels of needs: Physiological, safety, social, ego and self-actualization (Maslow, 1943). He argued that higher needs can only motivate employees when the lower needs are satisfied.

Physiological needs are the primary needs for food, drink, shelter and clothing. Those basic needs can be directly satisfied by employees who get paid adequately and can provide for their needs. Once the basic needs have been satisfied, the safety needs become a motivational factor. From a human resource perspective, the needs can be

seen as being job security. Other needs such as salary increases and benefits can also directly relate to the individual performance. Love and belonging represent social needs. Employees desire social relationships whether inside or outside the organization. They need love, caring and affection in the group once the two basic needs are satisfied. When employees have formed their relationship in the organization, the need for self-esteem takes precedence. They try to look for more responsibility, seek opportunities for promotions and other compensations.

The highest needs are self-actualization. At this stage, employees seek more challenging and creative opportunities to feel fulfilled. Self-actualization can only be achieved when the lower needs are satisfied, otherwise an individual will continually strive to fill those needs. The highest needs are self-actualization.

(2) Alderfer's ERG theory

After studying the original formulation of Maslow's hierarchy of needs, Alderfer's ERG theory seems similar to Maslow's theory. His model of ERG (existence, relatedness and growth) theory is more simply focused on human needs. ERG theory recognizes the importance of three categories which may vary for each employee. Existence refers to basic material existence motivators such as hunger and thirst; Relatedness refers to the motivation for maintaining interpersonal relationships. Once we are safe and secure, the social needs are then considered. Growth refers to an intrinsic desire for personal development. At this higher level, the individual seeks to grow and be creative in the environment. Achievement and fulfillment will be accomplished when there is success in growth.

(3) Vroom's expectancy theory

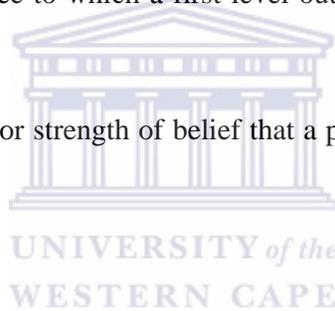
Expectancy theory deals with motivation and management. It's the theory that is based on the belief that an employee's efforts will lead to the employee's performance, and performance will lead to rewards (Vroom, 1964). This theory emphasizes the

need for organizations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients. Vroom argues that employee performance is based on individual factors such as personality, skills, knowledge and ability.

Vroom's model is based on three concepts:

1. Valence-Strength of an individual's preference for a particular outcome. For the valence to be positive, the person must prefer attaining the outcome to not attaining it.
2. Instrumentality-Means of the first level outcome in obtaining the desired second level outcome; the degree to which a first level outcome will lead to the second level outcome.
3. Expectancy-Probability or strength of belief that a particular action will lead to a particular outcome.

(4) Adams' equity theory



Adams' equity theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over input (Adams, 1965). This theory can be considered as the necessary factors to improve employees' job satisfaction, motivation levels, etc, and what can be done to promote higher levels of each. The Equity Theory acknowledges that subtle and variable individual factors affect each person's assessment and perception of their relationship with their relational partners (Guerrero et al, 2007). The theory argues that managers should seek to find a fair balance between the inputs that an employee gives, and the outputs received.

An individual will consider that he is treated fairly if he perceives the ratio of his inputs to his outcomes to be equivalent to those around him. Thus, everything else

being equal, it would be acceptable for a more senior colleague to receive higher compensation, since the value of his experience (an input) is higher. If both employees were perhaps rewarded in the same manner, it would help the workforce realize that the organization is fair, observant, and appreciative (<http://wikipedia.org>).

(5) Skinner's reinforcement theory

Skinner's reinforcement theory simply states that those behaviors of employees that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be repeated (Skinner, 1953). Reinforcement is at the heart of merit increase, and examples of reinforcers include positive reinforcement, by presenting a reward after a desired behavior. It can be observed when a behavior is followed by a consequence that increases the behavior's likelihood of recurring.

Negative reinforcement occurs when an undesirable behavioral consequence is withheld, with the effect of strengthening the probability of the behavior being repeated, an increase in the future frequency of a behavior when the consequence is the removal of an aversive stimulus. Punishment is presenting an aversive stimulus contingent on a response. The aim is to decrease the probability of specific behavior being exhibited. Punishment is the administration of an undesirable behavioral consequence in order to reduce the occurrence of the unwanted behavior (<http://www.bookrags.com>).

2.3.5 Rensis Likert Systems 1 to 4

Rensis Likert's management theory brought a new dimension to organizational development theory. It made it possible to quantify the results of all the work various theorists had been doing with group dynamics. According to Rensis Likert, the best managers in business and government point to a much more effective system of management. The theory is based on a systems approach to management which views organizations as systems, and it proposes a theory which helps to think about

management with knowledge of human behavior and helps to postulate conceptually the interrelationship of apparently separate and even contradictory ideas underlying management theory (www.mightystudents.com). The theory also delineated the characteristics of high- and low-producing organizations and identified the problems with traditional organizational structures.

System 1: Exploitative

In this system management uses fear and threats, communication is top-down, and employees abide by the decision that is made by the managers and those who have higher status.

System 2: Benevolent

In this system the management uses rewards. There is communication flowing upward and information is restricted to what management wants to hear. The responsibility is only at managerial levels but not at lower levels of the organizational hierarchy.

System 3: Consultative

In this style of management, management offers rewards and occasional punishments. However, the involvement is incomplete and major decisions still come from top management, but there is a degree of involvement in the decision-making process by employees.

System 4: Participative group management

In this style, the management encourages group participation and involvement in setting high performance goals with some economic rewards. Management has complete confidence in its employees, who are fully involved in the decision-making process. The result is high productivity and better industrial relations.

2.3.6 Goal Setting Theory

Edwin Locke has shown that job performance can be increased through goal setting-when individuals are given measurable goals rather than vague performance standards. Another conclusion is that when individuals are given specific goals that they perceive to be difficult but reasonable, the result will be higher performance (Grobler et al, 2002).

Goals can affect performance in three ways:

1 . Goals narrow attention and direct efforts to goal-relevant activities, and away from perceived undesirable and goal-irrelevant actions.

2 . Goals can lead to more effort.

3 . Goals influence persistence. One becomes more prone to work through setbacks or to work harder if pursuing a goal (<http://en.wikipedia.org>).

The best exponent of this theory is management by objectives (MBO), a new management tool that emerged the late 1950s, as a variation of the performance appraisal model. MBO was based on the idea of assigning employees numerical targets that matched overriding objectives determined by the organization (Coens & Jenkins, 2000).

In conclusion, there are many more theories that attempt to illustrate how well employee performance and appraisal systems can be managed. For example, the Implicit Person Theory (IPT) regards the malleability of personal attributes (e.g. personality and ability) and how it is affected by managers' acknowledgment of a change in employee behavior. This relates to the recognition of both good and poor performance. Many human resource managers have different theories regarding performance improvement. Undoubtedly, no single theory can address all the problems that occur in departments. However, they can learn from each other, and

choose the most suitable theories to guide employee behavior.

2.4 OBJECTIVES OF PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL

2.4.1 Objectives of Performance Management

Performance management includes performance appraisal as one of its elements. It is an ongoing process of measuring and adjusting performance within a certain predetermined period. The essential components include planning, communicating, data gathering, observing, and coaching.

The objectives of performance management should focus on:

- Improving communication between managers and employees;
- Clarifying mission, goals, responsibilities, priorities and expectations;
- Establishing success criteria for the objectives of performance measurement;
- Linking worker performance directly to rewards in terms of a fair, equitable, defensible framework of allocation; and
- Providing opportunities for performance development

The objectives can also be named as 'goals'. It comes along with performance standards. Objectives need to be defined and agreed upon because they provide guidance for the entire performance management system. It relates to the overall purpose of the job and defines performance areas. All the objectives are changed significantly from one review period to the next to meet new targets.

2.4.2 Objectives of performance appraisal

There are two primary purposes of performance appraisal: evaluation and development. The evaluative purpose is intended to inform people of their performance rating. Performance data collected is frequently used to reward high

performance and to punish poor performance. The developmental purpose is intended to identify problems in terms of employees performing assigned tasks. The collected performance data are used to provide the necessary skills training or professional development (<http://www.answers.com>).

McGregor (1960) groups PA objectives in three ways:

- Administrative: providing an orderly way of determining promotions, transfers and salary increases.
- Informative: supplying data to management on the performance of subordinates and to the individual on his or her strengths and weaknesses.
- Motivational: creating a learning experience that motivates staff to develop themselves and improve their performance.

McGregor's groupings are useful in drawing attention not only to the variety of purposes but also to different organizational philosophies which forward performance appraisal (Anderson, 1993).

Performance Appraisal as a system aims to judge the ability of each employee to perform the tasks. Significant objectives of good performance appraisal systems should focus more on the individual's development to achieve the desired performance. From this perspective, the objectives can also be:

- To review employee performance in a given time period;
- To identify performance gaps that can help determine the gap between actual performance of an employee and that required by the organization;
- To help the management in exercising control and strengthen the relationship between management and employees;
- To identify the workers who perform well and those who underperform to further the objectives of rewarding, training or dismissal;

- To provide feedback to employees according the job performance; and
- To provide guidelines of judgment for other HR functions such as job design, job analysis, recruitment, and employee induction.

Performance appraisal objectives are set differently between management and employees. Management assesses employees' performance to maintain organizational control and disburse rewards and punishments for further goals. As this study is focused on employees' performance, the focus is more on having an assessment of employees' work from the viewpoint of personal development, job satisfaction and involvement in the department.

2.5 APPRAISAL METHODS AND INSTRUMENTS

There are many appraisal methods and instruments that can be used for appraising employee's work performance such as:

2.5.1 Rating scales:

Graphic rating scales focus on employee behavior and outcomes. The scale is developed by selecting various characteristics that relate to the specific job. The appraiser rates the employee in terms of a number of defined work or personal qualities by placing a tick somewhere along a line from the highest to the lowest score.

A non-graphic rating scale is more valid than a graphic scale. The employee is ranked in terms of a brief description relating to each point on the scale.

2.5.2 Comparative methods

Ranking: This is the simplest appraisal method. The appraiser ranks employees according to merit (from best to worst). Ranking is usually embedded with an assessment of overall performance. This instrument is popular when a large number of

employees are involved. The final ranking of each individual employee is determined by the number of times he/she is judged to be better than other employees.

Forced distribution requires supervisors to spread employees' evaluations in a prescribed distribution. The categories are chosen from a certain percentage of workers assigned to a group. The supervisors place employees in classifications ranking from poor to excellent.

Paired comparison refers to a series of pairs of comparison. Each worker is compared with every other worker in a selected group. The number of times each individual is preferred is calculated, and a performance rating index is determined based on the number of times an employee is rated higher than his/ her peers.

2.5.3 Critical incident

This technique focuses on the continuous recording of job behavior to reflect performance of employees in terms of success or failure. It is a time-consuming method, usually describing the strengths and weaknesses of the employees.

2.5.4 Essay method

This method requires a written report to evaluate the strengths or the weaknesses of the workers. It's also a time-consuming method that depends on the rater's writing skills and is reliant on comprehensive reporting. Specific points of discussion have to be addressed in the report which, too, is a time-consuming method.

2.5.5 Management By Objectives (MBO)

This method that has been mentioned before is a motivation driving skills. It provides a goal-setting phase, based on the formation of long-term organizational objectives. The method entails (Erasmus, 2005):

- Public sector managers and employees mutually establishing and discussing

- specific goals and formulating action plans;
- Public sector managers aiding their employees to reach their set goals; and
 - Each public sector manager and employee reviewing, at a preset time, the extent to which these objectives have been attained.

Appraisal methods and instruments provide the framework for the managers in order to assess the quality of employee work performance in terms of the guidelines. Management always chooses the familiar and comfortable instrument for appraisal because of their on-going contact with their employees. Appraisal methods can be changed according to different circumstances, because suitable methods could bring about proper feedback, which can affect satisfaction with the staff members as well as the perception of fairness.

2.6 SOURCES OF PERFORMANCE APPRAISAL

Casio (1995: 38) states that the fundamental requirements for any rater are that an adequate opportunity be made available for performance to be observed over a reasonable period of time. Once the performance appraisal method has been developed, the next step is to determine who will perform the assessment function, and where to get the feedback from. There are five parties who can do the appraising which include (1) Self-appraisal; (2) Supervisor's appraisal; (3) Subordinate's appraisal; (4) Peer appraisal and (5) Persons outside the immediate work environment.

2.6.1 Self-appraisal

Self-appraisal is justified where there are strong reasons to believe that the employee himself is in the best position to observe and evaluate his/her own methods of work and outcomes (Cummings & Schwab, 1973). It gives a chance for the employee to look at his/her strengths and weaknesses, the achievements, and judge his/her own performance. Cascio (1995: 291) believes that the opportunity to participate in the performance management process, particularly if appraisals are combined with goal

setting and the chance to add value to the organization, improves the employee's motivation and reduces defensiveness during the evaluation interview. However, self-appraisals tend to be more lenient and more biased, and are probably more appropriate for counseling and development than for employment decisions.

2.6.2 Supervisor's appraisal

The supervisor's appraisal focuses on the employee's responsibilities and the actual performance is rated by the supervisor, because the supervisor is the person who most familiar with the subordinate's performance and also is in the best position to observe the employee's behavior and his/her performance.

2.6.3 Subordinates' appraisal

Subordinates' appraisal gives a chance to judge the employee on capabilities such as communication and motivational skills. Subordinates know how well a supervisor delegates, organizes and plans. The information for subordinate's appraisal can provide a sense of morale within the unit and is an indicator of the respect the staff has for the supervisor. Subordinates' ratings can assist management in identifying individuals who are promotable because of their skills in managing people (Latham & Wexley, 1943).

2.6.4 Peer appraisal

Peers' feedback can help to assess employees' abilities to work in a team, be co-operative and sensitive towards others. The judgment of peers can provide a perspective on performance that is different to that of the supervisor. According to Latham and Wexley (1943), the high reliability of peer appraisals is a function of at least two factors. First, reliability is affected positively by the daily interaction among peers. Peers have a comprehensive view of an employee's job performance.

Consequently, they have more relevant information than other sources upon which to make an evaluation. Second, the use of peers as raters makes it possible to get a number of independent judgments. The average mark of several ratings is often more reliable than single rating (Bayroff, Haggerty & Rundquist, 1954). Such ratings frequently provide a stable measure relatively free of the bias and idiosyncrasies of a single rater.

2.6.5 Persons outside the immediate work environment

Persons outside the work environment can provide appraisal information when there is a need to call on expertise that is not available within the organization. Outside persons know less about the circumstances and the work environment, which may give them better insight into the situation than the people who are directly involved, although sometime bias can occur due to the history of the relationship.

In conclusion, each resource has its own advantages and disadvantages. The key criterion for qualifying as an appraiser for an employee's performance is being objective about an employee's job. It's very important to decide who will take the responsibility for undertaking the appraisal of staff in the design of any system of performance appraisal. To conduct viability of appraisal is not only to rely on one source. The ideal approach is to collect observations from multiple sources. The acquired feedback can be used by the organization for training and development. The results can help in making administrative decisions regarding pay or promotion.

2.7 PROCESS OF PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL

2.7.1 Process of performance management

Sloman (1997: 167) in Nel (1997: 516-517) states that a performance management system is considered to be operating when the following conditions are met:

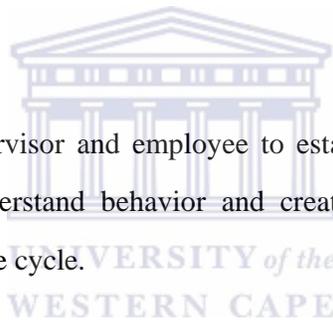
- A vision of objectives is communicated to employees;
- Departmental and individual performance targets are set within wider objectives;
- A formal review of progress toward targets is conducted; and
- The whole process is evaluated to improve effectiveness.

There are different performance management process modules that are being used in different organizations according to the goals and strategies.

The performance management process handbook (1998) introduces the process that was adopted in the office of the personnel management department in the State of Oklahoma as:

- Planning

A dialogue between a supervisor and employee to establish job accountability and performance measures, understand behavior and create development plans at the beginning of the performance cycle.



- Coaching

This is a periodic informal review of progress on an employee's job accountability. Behavior and development plans create a two-way discussion focused on recognizing the employee's excellence and areas of improvement and learning as well as identifying the barriers to development.

- Review

Formal reviews of progress on employees' job accountability, behavior and development plans provide the opportunity to make final comments and modify accountabilities, measures and development plans.

This performance management process module has been developed in the Organization and Human Resource Development Department in Columbus. One more stage which has been added in the cycle between Coaching and Review is the stage of Multiple Sources of Feedback. This is a process which provides employees with performance information to supplement supervisory feedback; it may include feedback sources such as self-assessment, or assessment of peers, constituents or direct reports (*Handbook for the core performance management process*, Office of human resource, Columbus).

Although some other performance management process module also can be found, this study illustrates that Armstrong's performance management process module is better comparable to the focus of the performance appraisal process that is detailed, as introduced below.

According to Armstrong (1994), performance management process can be illustrated as:

1. Corporate strategies and objectives

- Preparation of mission and value statements linked to organizational strategy.
- Definition of corporate and functional or departmental objectives.

2. Performance agreements and plans

Agreement of accountabilities, tasks, objectives, knowledge, skill and competence requirements and performance measures - the performance agreement or contract.

3. Continuous management of performance throughout the year

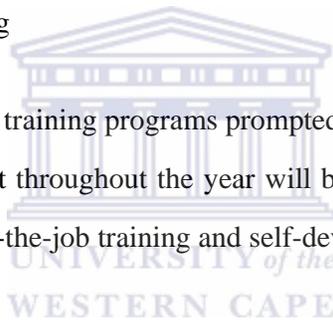
- Regular feedback.
- Interim progress review.

4. Formal performance reviews

- Preparation by the manager and individual for the formal review.
- The annual performance review, which is then followed by a new performance agreement.

5. Development and training

- Formal development and training programs prompted by the performance review.
- Less formal development throughout the year will be taking place in the form of coaching, counseling, on-the-job training and self-development activities.



6. Rating

Rating or ranking performance - although usual, this is not an inevitable performance management activity.

7. Performance-related pay (PRP)

A performance-related process is not always associated with other performance management aspects, but because an increasing number of organizations are introducing it, the link between performance as a measure by the performance management process is becoming more common. However, decisions may be made at a separate time from the performance review so as not to prejudice the essential

developmental nature of the performance management process.

2.7.2 Process of performance appraisal

As mentioned above, the research target focuses on the performance appraisal process and that is the one which is applied to the fieldwork in the later chapters. The performance appraisal process is the process that evaluates employee performance. Various appraisal techniques are available to measure employees' performance. The majority of private companies are using common processes to:

- Appraise an employee's performance;
- Conduct appraisal discussion;
- Document appraisal;
- Communicate about performance problems; and
- Make performance improvements



Latham and Wexley (1981: 9) in the book *Increasing productivity through Performance Appraisal* expand on the performance appraisal process as having the following components:

- Reviewing of legal requirements;
- Conducting of job analysis;
- Development of appraisal instrument;
- Selection of observers;
- Training of observers;
- Measuring performance;
- Giving the employee the results;
- Establishing performance goals; and
- Praising/ rewarding performance

Various appraisal process models are found, depending on the nature of the organizations. McNamara's performance appraisal process model was found to be very useful. McNamara (1997) suggests that the following steps should be conducted in order to establish an effective appraisal system.

1. Design a legally valid performance review process

The first step states that the law requires that performance appraisals be job-related and valid, and should be based on a thorough analysis of the job, standardized for all employees, not biased against any race, color, sex, religion, or nationality, and be performed by people who have an adequate knowledge of the person or job. Be sure to build in the process a route for recourse if an employee feels he or she has been dealt with unfairly in an appraisal process. The process should be clearly described in a personnel policy.

2. Design a standard form for performance appraisals

This form should include the name of the employee; date the performance form was completed; dates specifying the time interval over which the employee is being evaluated; performance dimensions, including responsibilities as reflected on the job description; any assigned goals from the strategic plan, along with skills, such as communication, administration, etc, that still need to be acquired. There should also be a rating system for rating poor, average, good or excellent performance; space for commentary for each dimension; a final section for overall commentary as well as a final section for action plans to address aspects for improvement, and lines for the signatures of the supervisor and employee. Signatures may either specify that the employee accepts the appraisal or has seen it, depending on the wording on the form.

3. Schedule the first performance review for six months after the employee start employment.

Schedule another review six months later, and then every year on the anniversary date

of the employee's contract.

4. Initiate the performance review process and upcoming meeting.

Tell the employees that you are initiating a scheduled performance review. Remind them of what's involved in the process. Schedule a meeting about two weeks ahead.

5. Have the employee suggest any updates to the job description and provide written input to the appraisal

Have the employee record his/her input simultaneously to you recording their input. Have them record their input on their own sheets (their feedback will be combined on the official form later on in the process). Exchange the written feedback in the upcoming review meeting.

6. Document the input with reference to the job description and performance goals

Be familiar with the job requirements and have sufficient contact with the employee in order to make valid judgments. Don't comment on the employee's race, sex, religion, nationality, or a handicap or veteran status. Record major accomplishments, exhibited strengths and weaknesses according to the dimensions on the appraisal form, and suggest actions and training or development to improve performance. Use examples of behaviors wherever you can in the appraisal to help avoid counting on hearsay. Always address behaviors, not characteristics of personalities. The best way to follow this guideline is to consider what has been seen with the eyes. Be sure to address only the behaviors of that employee, rather than behaviors of other employees.

7. Hold the performance appraisal meeting

State the meeting's goals of exchanging feedback and agreeing on action plans, where necessary. In the meeting, let the employee speak first and give their input. Respond

with your own input. Then discuss areas where you disagree. Avoid defensiveness; admitting how you feel at the present time helps a great deal. Discuss behaviors, not personalities. Avoid final terms such as “always,” “never,” etc. Encourage participation and be supportive. Come to terms on actions, where possible. Try to end the meeting on a positive note.

8. Update and finalize the performance appraisal form

Add agreed-to commentary onto the form. Note that if the employee wants to add/attach written input to the final form, he or she should be able to do so. The supervisor signs the form and asks the employee to sign it. The form and its action plans are reviewed every few months, usually during one-on-one meetings with the employee.

9. Nothing should be surprising to the employee during the appraisal meeting

Any performance issues should have been addressed as soon as those issues occurred, so nothing should be a surprise to the employee later on in the actual performance appraisal meeting. Surprises will happen (for the employee) if the supervisor has not been doing his/her job and/or the supervisor is not being fair. It is OK to mention the issues in the meeting, but the employee should have heard about them before.

(**Source:** Adapted from Carter McNamara, 1997. *Field Guide to Leadership and Supervision*. Authenticity Consulting, LLC)

This study therefore found that the model by McNamara is the most useful as it contains good information on the actual steps in the performance appraisal process. Also, McNamara's Model represents the mainstream approaches of other authors (see above) in this field.

2.8 MANAGING PERFORMANCE APPRAISAL PROBLEMS

2.8.1 Problems appearing on managing performance appraisal

Every organization encounters problems when they deal with employees' performance evaluation. Local government in particular has become more serious about how to manage and assess employees' work performance in order to improve human capacity in the departments. The following problems frequently appear during the undertaking of measuring employee performance:

1) Unclear standards

Whether performance is evaluated according to goal achievement, or value added, an ever-present problem is inconsistency of standards between raters. The problem lies in the way that different people define standards. "Good", "average", and "fair" do not mean the same thing to everyone. The solution is to develop and include descriptive phrases that define the language the rater is required to use. This specificity results in performance evaluations that are more consistent and more easily explained (Dessler 1997: 360).

2) Halo effect

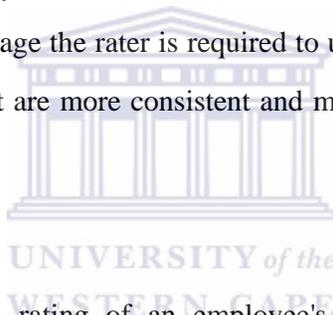
This occurs when a rater's rating of an employee's performance influences the evaluation of other aspects of the performance evaluation. For example, the manager knows a particular employee always helps colleague when there are problems. The other appraisal area that will be affected by this halo effect is quality of work, skills and knowledge of work.

3) Recency

This tendency rates people based on recent incidents instead of over the entire rating period. This tends to influence rater's overall perception of the individual's performance. To avoid the recency error, raters should conduct frequent appraisals.

4) Bias

This occurs when the rater is influenced by characteristics of individuals, such as their



gender, race, age or nationality.

5) Generalizations

This problem happens when a worker is judged according to the behavior of the specific group which he/she belongs to. The worker is unfairly judged based on what is known about the group as a whole.

6) Leniency and strictness error

Raters might evaluate the employee wrongly because they are too lenient or too strict. This evaluation for all workers is either too high or too low.

7) Central tendency

This problem occurs when evaluators assess incorrectly because the judgment is too centralized. There is a tendency to assign all ratings towards the center of the scale. They often rate all workers as being average. This happens because the raters know little or nothing about the employees.

8) Personal prejudice

The assessment can be unfair if the evaluation depends on the rater's own values and norms. This makes him/her prejudiced against the true positive qualities/capabilities of the person. Obviously, the evaluation will be unfairly influenced.

2.8.2 Response to problems in managing appraisal

There are other problems that may occur when evaluating employee performance. There is not a single instrument or format of performance appraisal that can be subjected to the limitations of performance management. Rating problems should be recognized and minimized by trained supervisors and other raters. Appraisers should not only become aware of the most common errors committed by raters, but should also learn how to avoid committing them (Grobler et al 2002: 291).

Reliability in assessment refers to the consistency and stability of the measurement process, Szilagy and Wallace (1990: 535) suggest four approaches for improving reliability in performance measurement:

- Increasing the number of items in the rating instrument that measures the same performance dimension,
- Using more than one evaluator in order to obtain multiple observations,
- Increasing the frequency of observations, and
- Standardizing the administration of the appraisal process.

2.9 CONCLUSIONS

This chapter introduced performance management and performance appraisal in the context of the major theoretical approaches in this respect. Performance appraisal must be viewed as a system as well as a process, because it highlights a set of connecting parts with other human resource functions and also determines further goals for the public sector. The system can influence how well the employees perform and what their contributions are to be toward their job and organizational goals. Performance management and performance appraisal is an essential aspect of the HR function that can provide a set of standards of performance, progress towards achieving results and organizational goals, as well as evaluating how well the employees achieve their goals.

In this chapter, it was found that performance appraisal forms an important part of the total performance management system where many other systems, approaches and measures exist. However, with the focus on performance appraisal, it was found that the performance appraisal process in particular may improve performance systems. This chapter identified the appraisal process, with the McNamara Model being used as a key framework in this study. The following chapter will provide an overview of performance management and performance appraisal in South Africa and China local

government.

CHAPTER THREE: OVERVIEW OF PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL POLICIES AS WELL AS LEGAL FRAMEWORK

3.1 INTRODUCTION AND BACKGROUND

Since human resource management is one of the most important departments within organizations, performance management and performance appraisal are a crucial part of human resource management, something that has been widely acknowledged especially in local government. The public sector primarily designs and implements policies and programs that aim to fulfill the government's broad social and economic development objectives (Schacter 2000: 4.5). In South Africa, the local government has clear policies that local municipalities and councillors should be sensitive to community views and responsive to local problems. Local government in South Africa has undergone much transformation since 2000. Part of this transformation process at local government level in South Africa was to ensure that municipalities became more responsive to the communities' needs.

The guiding principles for this transformation are contained in the Republic of South Africa: White Paper on the Transformation of the Public Service (1995) and the Batho Pele White Paper (1997). The Batho Pele White Paper (1997) states that local government must play a "developmental role". Partnerships should be built between

civil society and local government to address local issues. The Local Government: Municipal Systems Act, Act 32 of 2000, in Chapter 6 determines that municipalities shall have a performance management system to promote a culture of performance management amongst the political structures, political office bearers, councillors and administration (Local Government: Municipal Systems Act, 2000). The Constitution states that government must take reasonable steps, with available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water and social security.

Today South Africa is still in a constant state of change. The legacy of apartheid is still an existing problem that the country is struggling to shake off. Managing performance and appraisal within the public sector must be seen within the broader context of building the credibility and legitimacy of the new South African state. It concerns councillors, officials, unions and citizens alike. According to local government information, despite the political changes ushered in by the 1995/1996, local elections, the legacy of apartheid remains embedded in many municipalities.

- Many municipal administrations are still traditional, rule-driven bureaucracies, which are not used to serving the public in a responsive manner.
- In these cases, the administration is not structured in a manner that allows it to undertake multi-dimensional activities (such as Integrated Development Planning (IDP) or local economic development). Many departments within the same organization do not coordinate their activities with one another.
- Most administrations are inward-looking and cannot respond to changes in their technological, economic or policy environments.
- Many municipal administrators remain locked in old work practices and a managerial culture which is usually top-down and uncreative.

- Municipal service delivery is often neither cost-effective nor efficient.
- Financial management systems are often weak in many municipalities.
- Apartheid employment regulations are often still in place, creating a degree of inflexibility in the system.

Performance management, especially performance appraisal systems, started to play an important role for the local government in China since the late 1970s. It uses underlying local government policies, evaluates specific cadres and assesses the distribution of the performance target in local government. The system has been improved between 1995 to monitor the Chinese civil service at national level. Nowadays the performance management system with its appraisal instrument has been well developed and widely utilized all the way from central government to any of the municipalities for the purpose of measuring employee work performance to achieve better outcomes for the future.

Performance management with its appraisal system in Chinese local government works differently to the South African system because the reform context and history are different. This chapter focuses specifically on these two countries to comparatively highlight the different policies, roles and regulations that influence the setting of the performance management system and performance appraisal instruments in local government.

3.2 PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL FRAMEWORK IN SOUTH AFRICAN LOCAL GOVERNMENT

3.2.1 Definition of performance management and performance appraisal in the South African context

There are various ways of defining performance management and performance appraisal in the South African local government context. Performance management

can be simply clarified as a mechanism of defining gaps, undergoing a process of improvement to achieve efficiency and effectiveness. According to South African local government information, performance management is a process whereby municipalities regularly seek to improve their functioning and accountability on an ongoing basis. Performance is regularly assessed to see whether plans are being implemented, if they are having the desired development impact, and if resources are being used effectively. Performance appraisal is the review and encompasses all rating factors relevant to employees' effectiveness, continuously assessing how employees achieve job objectives. This can help municipalities deliver quality services to local citizens in a cost-effective and efficient manner and ensure the effective participation of citizens in the governance process.

3.2.2 Batho Pelo principles

The unique situation that exists in local government requires the performance management system to be well developed. The need to find more effective ways of coping and serving the public has been acknowledged throughout the public sector and government, and is captured in policy documents such as the Republic of South Africa: Batho Pele White Paper (1997) prepared by the Department of Public Service and Administration (DPSA) in 1997. It contains a vision for managing performance within the broader public sector.

The major issue of the Batho Pele principle is about delivering the best service to the customer - the public. It involves determining the customer's needs, and providing the best services to meet these goals. The framework consist eight service delivery principles:

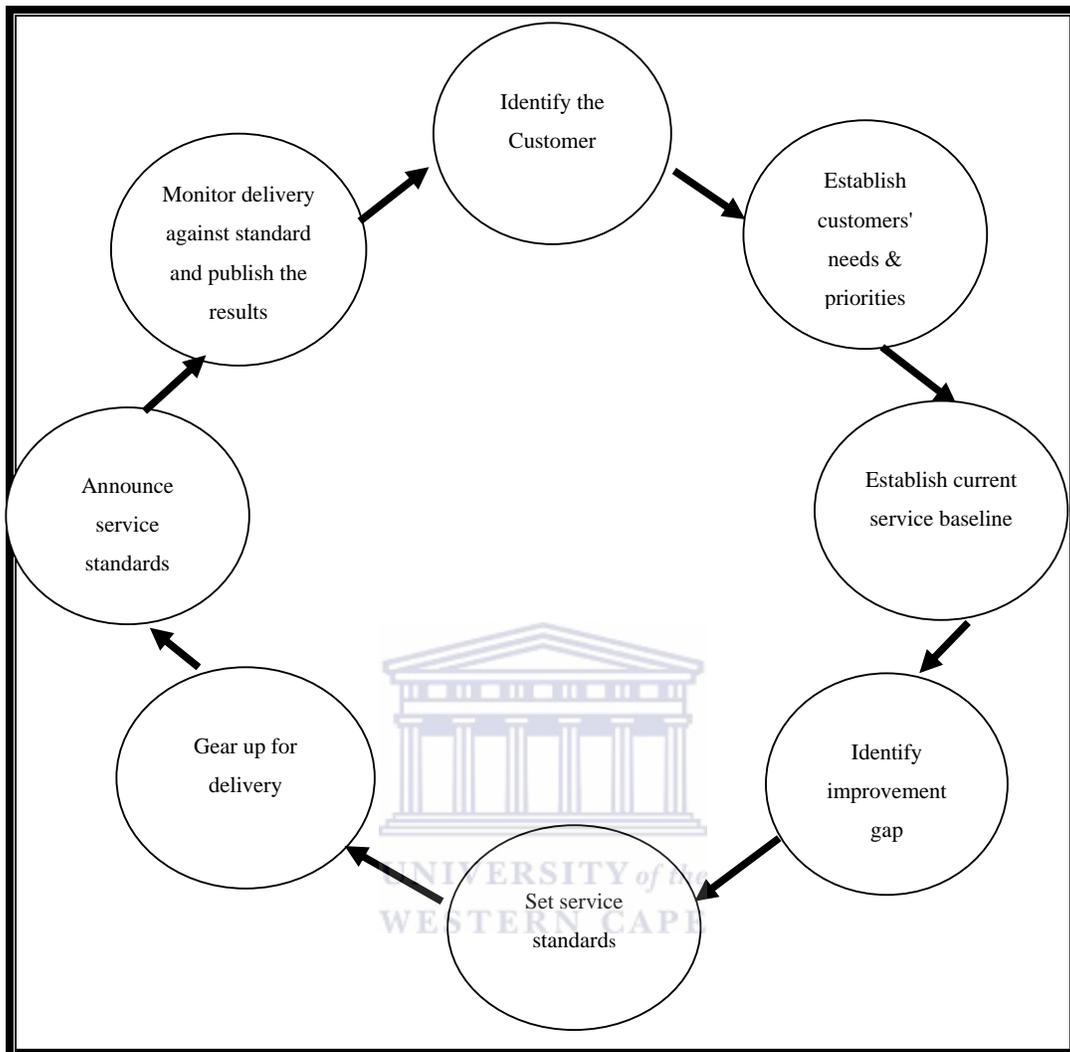
- Consultation: Citizens should be consulted about levels of quality and, as far as possible, given a choice about the services which are provided.
- Service standard: Citizens must be informed about the level and quality of services they can expect.

- Access: All citizens should have equal access to the services to which they are entitled.
- Courtesy: Citizens should be treated with courtesy and consideration.
- Information: Citizens must receive full and accurate information about their services.
- Openness and transparency: Citizens should be informed about the key aspects of services delivery which affect them, e.g. Budget decisions and service plans.
- Redress: Citizens are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.
- Value for money: Public services should be provided economically and efficiently.

The principles form the basis for the new local government performance management system with the aim of making municipalities efficient, customer-orientated and developmentally creative institutions that enable citizens to obtain better service. In the meantime, the Batho Pele Principle also focuses on managing the process in terms of implementing and improving service delivery. The program is illustrated as a diagram in Figure 3.1:

UNIVERSITY of the
WESTERN CAPE

FIGURE 3.1: IMPLEMENTING A SERVICE DELIVERY IMPROVEMENT PROGRAM



(Source: Republic of South Africa: Batho Pele White Paper 1997)

3.2.3 White Paper on Human Resource Management in the Public Service

Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives (White Paper on Local Government 1998).

Regarding performance appraisal, the White Paper provides following principles in public service at local government level (Republic of South Africa: White Paper

1997).

- Result orientation. Result orientation implies that a public service employee's performance should be assessed on the basis of a work plan. This work plan must cover a specific period explaining the employee's responsibilities as well as the objectives to be achieved. In addition, the work plan must be mutually agreed upon by the employee and his or her immediate manager.
- Training and development. One of the key objectives of performance appraisal is to help identify the strengths and weaknesses of employees and the HR interventions that are needed to be managed. In more practical terms, these interventions refer to various training and development options.
- Rewarding good performance. The primary orientation of performance appraisal is developmental and for recognizing outstanding performance. This area of performance entails the awarding of incremental increases in salary.
- Managing poor performance. Part VIII, paragraph D, of the PSR is specific about those employees who do not meet the requirements of the work plan and that they should be informed in writing where the performance is unsatisfactory and the reasons for such an assessment. To avoid conflict, mutual agreement should be reached on the steps that need to be taken to effect improvement. These steps may include such interventions as career counselling, coaching, mentoring, retraining and redeployment. If these interventions have been implemented and the desired improvement has not been effected, dismissals may be considered.

Failure by the manager to apply the principles of openness, fairness, and objectivity can have a negative effect upon the results of performance appraisal, as it can make them seem untrustworthy. Employees may see the manager as acting in a dishonest manner if he or she is not open, fair, and objective. Therefore, it is important that every employee should be given a copy of the written assessment. In addition, the

employee should be given the opportunity to comment on the results of the assessment. If it appears that the assessment seems to be unfair, employees should also be given the right to appeal. Another way of ensuring objective reporting is to task the reporting manager's immediate manager to review the written assessment.

3.2.4 Performance management system in terms of the Local Government: Municipal Systems Bill

The Local Government: Municipal Systems Bill emanated from the objectives of the White Paper on Local Government. The Bill was tabled at Nedlac on 14 June 1999 and published in the *Government Gazette* on 6 August 1999. The Bill gives effect to the country's vision of developmental local government as envisaged in the White Paper. It elaborates on the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities and ensure universal access to quality services that are affordable to all. The Bill, in Chapter 6, contains the core elements of the new performance management system.

General:

- Establishment of performance management system

A municipality must administer its affairs in an economical, effective, efficient and accountable manner, and must, for this purpose:

(a) establish a performance management system commensurate with its resources and best suited to its circumstances that is in line with the objectives, indicators and targets contained in its integrated development plan; and

(b) promote a culture of performance management among its structures and functionaries and in its administration.

- Developing of performance management system

The executive committee or executive mayor of a municipality, or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must:

- (a) manage the development of the municipality's performance management system;
 - (b) assign responsibilities in this regard to the municipal manager; and
 - (c) submit the proposed system to the municipal council for adoption.
- Monitoring and review of performance management system

A municipality may establish mechanisms to monitor and review its performance management system.

Core components:

A municipality must, in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed:

- (a) set appropriate key performance indicators as a yardstick for measuring performance with regard to the municipality's development objectives set out in its integrated development plan;
- (b) set performance targets with regard to each of those development objectives;
- (c) monitor, and measure, at least once a year as part of the municipality's internal auditing processes, performance with regard to each of those development objectives against the key performance indicators and targets set in terms of paragraphs (a) and (b);
- (d) take steps to improve performance with regard to those development objectives where performance targets are not met; and
- (e) establish a process of regular:

- (i) internal reporting to the council and specific structures and functionaries of the municipality; and
- (ii) external reporting to the public and appropriate national and provincial organs of state.

3.2.5 Performance management and performance appraisal: Other related policies and regulations in South Africa

3.2.5.1 Legal considerations in Performance Management

With the enactment of new labor legislation all over the world, and especially in South Africa, the performance management evaluator and HR manager must take each implementation process into consideration. Dismissal, as one of the issues according to Labor Relations Act, Act No 66 of 1995, is justified. The process must be legally sound to avoid litigation. Carrell et al. (1997: 264) suggest several guidelines that will help protect a company from legal problems in performance management:

- Written appraisals must be conducted at all levels in the organizations, and must never be backdated or altered later;
- All raters, whether supervisors, subordinates, peers or customers, must be trained in evaluation procedures;
- Standards must be job-related and must be consistent, explicit, and objective;
- Rater-errors must be guarded against;
- Problem areas must be identified;
- Timetables and specific goals for improvement must be established when substandard performance is identified;
- Employees must be given clear opportunities to respond to negative feedback;
- Written evidence must be provided that the employee received the performance

evaluation;

- Access to performance evaluations must be restricted to those with a need to know; and
- Past performance evaluations must be checked for evidence of poor performance, especially if there are grounds for dismissal.

3.2.5.2 Regular frameworks in performance appraisal

In South Africa, there are quite a few guidelines that have been embodied in statutes to ensure purposeful action for performance appraisal such as the Public Service Act, Act 103 of 1994, the Public Service Regulations of 2001, and the White Paper on Human Resource Management in the Public Service, 1997.

Republic of South Africa: The Public Service Act, Act 103 of 1994

In section 3(5) (c) of this Act, it clearly indicates that performance appraisal should be provided in the public service. Section 7(3) (b) specifically stipulates that a head of a public service institution shall be responsible for the effective management and administration of his or her institution/department/section. 'Management and administration' reflects every public service activity, which clearly illustrates the function of performance appraisal.

Republic of South Africa: The Public Service Regulations of 2001

The Public Service Regulation (PSR) of 2001 (Republic of South Africa, 2001) shows the establishment of three performance appraisal systems in the public service. Different systems for performance appraisal for the categories of staff are indicated in Section 1.5 of Senior Management Service: Public Service Handbook (Republic of South Africa, 2003), namely: (1) head of departments, (2) senior managers, and (3) all other staff. "Head of department" includes those staff members operating as heads of national state departments and provincial administrations. They are respectively

referred to as “directors-general” and “head of provincial departments”. The Senior Management Service (SMS) refers to the senior managers.

Republic of South Africa: Public Service Coordinating Bargaining Council Resolution No 13 of 1998

A fundamental determinant of Resolution No 13 of 1998 is that it provides for a framework for senior managers in the public service to agree to individual performance agreement. This Resolution prescribes the following five items that must be included in performance agreements (Republic of South Africa, 1998):

- Key duties and responsibilities;
- Output targets for the performance agreement period;
- Dates for performance reviews;
- Dispute resolution mechanisms; and
- Date on which salary increments will come into effect and mechanisms for the managing/awarding of salary increases.

3.2.6 Problems appearing in performance appraisal in South Africa

According to Spangenberg's research (1993: 30-34), the major problems are highlighted in the following aspects:

- The lack of a culture of productivity and quality;
- Insufficient line management support;
- Employee mistrust of real goals of performance review;
- Performance management systems becoming mechanistic and control orientated;
- Dwindling enthusiasm due to long implementation periods; and
- Difficulties in linking different systems, such as linking the reward system to the

performance management system.

Problems in performance appraisal typically stem from the following:

- Technical issues in the system itself (choice of format and administrative procedure; purposes for which it is designed);
- Human issues relating to the interaction process between supervisor and subordinate.

A comprehensive survey investigating nine leading South African organizations has been undertaken. The major problems that were identified through the survey are quite similar to Spangenberg's research, which concluded that there was the existence of a rather negative working culture; changes in corporate strategy did not result in corresponding behavior changes; and there was insufficient line management support for performance management. According to research in South Africa, more than 60% of the organizations did not have formal performance management systems. There is a shortage of follow-up performance reviews. Most organizations overemphasize the appraisal aspect at the expense of development. There is inadequate performance information and inadequately maintained objectivity still exists in the majority of the departments.

3.3 PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL IN CHINA'S LOCAL GOVERNMENT

3.3.1 Performance management and performance appraisal policies and regulations in China

3.3.1.1 The 1995 Notice

In the public administration field, performance is described by the 3Es: Economy, Efficiency and Effectiveness. Input, output and outcomes are the three indicators to measure the 3Es (Epstein 1984). In the 1995 Notice, "performance" refers to the work

achievement by the leadership and the members in following the organizational policies and regulations to meet their work targets within their terms.

The Notice discusses various methods and approaches for conducting the performance evaluation of the leadership corps. It attempts to juggle four performance items: economic construction, social development, spiritual civilization and Party building. The notice states that a fair performance evaluation needs to take into consideration subjective and objective factors, natural conditions, the work environment and any unexpected disasters, and it would have to distinguish the long-term and short-term benefits, national and regional interests, and collective and individual responsibilities.

The paper lists different ways of gathering opinions relating to performance management from different sources: individual and small group meetings, opinion polls, surveys based on quantified questionnaires, inspection of evaluation materials, and the like. The Notice also helps the Party in centralizing leaders' personal authority over the bureaucracy, and specifies that the Party committee and departments at the next level be given the authority to carry out the performance evaluation of the lower level leadership.

3.3.1.2 Local government: Municipal Performance Regulations, 2006

The Municipal Performance Regulations 2006, No. 27, regulate evaluating of performance as follows:

- (1) The Performance Plan sets out:
 - (a) the standards and procedures for evaluating the employee's performance and
 - (b) the intervals for the evaluation of the employee's performance.
- (2) Despite the establishment of agreed intervals for evaluation, the employer may, in addition, review the employee's performance at any stage while the employment

contract remains in force.

(3) Personal growth and development needs identified during any performance review discussion must be documented in a personal development plan as well as the actions agreed to, and implementation must take place within set timeframes.

(4) The annual Performance Appraisal must involve:

(a) Assessment of the achievement of results as outlined in the performance plan:

(i) Each KPA should be assessed in terms of the extent to which the specified standards or performance indicators have been met and with due regard to the tasks that had to be performed under that Key Performance Area (KPA).

(ii) An indicative rating on the five-point scale should be provided for each KPA.

(iii) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

(b) Assessment of the Core Competency Requirements (CCRs):

(i) Each CCR should be assessed according to the extent to which the specified standards have been met.

(ii) An indicative rating on the five-point scale should be provided for each CCR.

(iii) This rating should be multiplied by the weighting given to each CCR during the contracting process to provide a score.

(iv) The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.

(c) Overall rating:

- (i) An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.
- (ii) The assessment of the performance of the employee will be based on the assigned rating scale for KPAs and CCRs.

3.3.2 Current problems relate to performance management and performance appraisal in China local government

According to the Journal of US-China Public Administration, although the Chinese local government has made some achievements in the performance management system, currently there are still a series of remarkable problems. It can be summed up as follows (Serial No.40):

- (1) Neglect of leading modern administrative performance management in local governments

Some local governments regard performance management as just a pure management tool, and their value orientation of performance management is still based on previous administrative patterns, lacking exploration and exertion on logos and methods contained in the performance management system such as being result-oriented, customer-oriented, having a responsibility mechanism, power-sharing management, democratic management and so on. The performance management utility is hard to exert effectively.

- (2) Trend to equate performance management and performance appraisal

Some local government sectors will associate performance management habitually with performance appraisal, or they will simply equate performance appraisal and various grade tables, work reports and so on, and very few of them will regard it as a kind of continuous and systematic managed flow. In fact, performance management

includes stages relating to performance plans, performance monitoring, performance assessments, performance feedback, performance stimulation, performance development and so on. Whether for performance appraisal or performance assessment, they are just one stage of performance management.

(3) Attaching more importance to individual evaluation than team appraisal

The purpose of performance appraisal in local government is to evaluate the achievement of government's strategies and goals by means of achieving individual goals to promote government's goals in their entirety. However, the managers in fact place more attention on an individual's outcomes. The year-end assessment content in some local governments is mostly individual assessment, with very little or even no assessment of the sector's and government's performance.

(4) Continuing lack of public participation

Local government appraisal in China occurs in a comparatively isolated context, since it still occurs within the government environment, whether for assessment of subordinates by superiors, assessment between colleagues, or self-assessment. It is obvious that if the public, as the object of this government action, doesn't participate in local government performance management development strategies based on E-government, the performance appraisal is hardly likely to be objective and accurate (Cecily et al, 2009).

3.4 CONCLUSION

This chapter introduced the relationship between the performance management and performance appraisal systems in terms of the different contexts, policies and regulations existing in the South African local government and Chinese local government contexts. Performance appraisal as the outcome of work activities is a measurement of individual performance. It is subject to continuous assessment by managers in the public sector, on an informal basis, on how well subordinates are

doing their work. It helps the individual manager to make necessary decisions regarding the most effective use of staff, motivating those who perform well, and rectifying substandard performance.

It is therefore concluded that the policies and legal framework for the performance management and performance appraisal systems, and even the performance appraisal process, are useful frameworks that provide guidance on how performance appraisal systems should be structured in South African local government departments as well as in China.

The policies and legal frameworks also show that an improvement of the performance appraisal process may improve the overall performance management system as well as the improvement of service delivery at local government level in South Africa and China.



CHAPTER FOUR: COMPARATIVE STUDY: PERFORMANCE APPRAISAL PROCESS IN CITY OF CAPE TOWN AND HANGZHOU CITY

4.1 INTRODUCTION

Performance management has been accorded a high priority and has been accorded a most important place in human resource and strategic management. However, performance appraisal, the core of human resource management, has a central part to play in encouraging performance management, in ensuring that the performance of individuals is accurately and fairly evaluated as the basis for a range of strategies for rewarding employees, and developing their performance through coaching,

counseling and training (Anderson,1993). Managers believe it's their responsibility to give performance feedback and motivate employees in order to improve individual's work performance, and it is also a tool to search for answers to ubiquitous problems in system design and administration. Through review of literatures about both national and international level, we find that they all accord performance management and performance appraisal systems an important place both in the private and public sectors.

The City of Cape Town in South Africa was identified as the major case in this study. However, some comparisons to Hangzhou City in terms of performance management and performance appraisal will also add value. A performance appraisal process model, namely the McNamara Model, has been adopted as a model to guide this study. A brief background of the two cities will be provided, and the performance policy that deals mainly with the performance management and performance appraisal systems will be reviewed in this chapter.

As mentioned in previous chapters, the study aims to improve the management of the performance appraisal system by evaluating the appraisal process. Action research will use the qualitative method and the data is collected through interviews and a semi-structured questionnaire survey conducted in the Human Resource Department and Road and Stormwater Department at Cape Town Municipality, and the human resource department and other different departments of management in Hangzhou City.

The content of the chapter involves the action research at the City of Cape Town and Hangzhou City, covering the following content:

- (1) Policies currently being used with regard to performance management and performance appraisal;
- (2) Shaping of the human resource functions at local government level by the

performance management and appraisal system; and

(3) Attention given to performance appraisal process in the current performance appraisal system;

This chapter will focus more on describing the current performance appraisal system with particular focus on its process implications as used in local government under a theoretical and practical framework within these two cities. Annexure II illustrates some selective questions and field work results to reflect how the system is being implemented at local government departments.

4.2 BACKGROUND OF CITY OF CAPE TOWN AND HANGZHOU CITY

Local government in South Africa has achieved a number of significant social and economic development advances since the new democratic municipal dispensation came into effect in December 2000. Following the end of apartheid in 1994, South Africa was given a rare and historic opportunity to transform local government to meet the challenges of the twenty-first century. The majority of people have increased access to basic services and more opportunities for participating in politics. The City of Cape Town is comprised of a total area of 2461 km² with a population size of 3.27 million people, and an estimated 904,000 household and 21, 297 employees in various occupational categories and has a budget of R20, 921 billion for the 2010/2011 financial year. The new administration has addressed key priorities of performance management in managing organizational human resource. Performance management has emerged in the last ten years as one possible way of strengthening the public sector. The Reconstruction and Development Program is an economic development framework that was formulated by the African National Congress to provide a political context for some of the key performance areas that the performance management system seeks to translate into indicators at national and municipal level. The performance management system must ensure that the municipality administers

its affairs in an economical, effective, efficient and accountable manner.

The performance management system was launched at the City of Cape Town local government after the Organizational Performance Management System (OPMS) was implemented, and cascaded down to an individual level for employees. The Key Performance Areas outlined in the City Manager's Performance Agreement in 2007 are:

- Basic service delivery;
- Municipal institutional development and transformation;
- Local economic development;
- Municipal finance viability and management; and
- Good government and participation

The Balanced Scorecard (BSC) is one of the most popular strategic performance management tools that were adopted by the City of Cape Town local government, and became an approach to performance management in March 2003 when it was adopted by the Council of City of Cape Town in compliance with Section 39 of the Local Government: Municipal Systems Act of 2000. According to Integrated Development Plan (IDP) (2006/ 2007:114), the Balanced Scorecard is still being used in the City. Four aspects are assessed in the scorecard: Community/Customers, Financial, Internal Business Processes and Learning and Growth.

Employee performance management and the performance appraisal system was rolled out in the local government in the City of Cape Town during 2005, and it is been utilized in most departments in both the private and public organizations in the city.

On the other hand, in recent years, there have been growing expectations for public sectors to be more accountable in China. With effective, efficient and better services being delivered, it has also left governments in China under greater pressure to take

greater efforts to improve performance. Over recent decades, China has experienced dramatic economic and social development. One factor behind its success is government's performance management approach, which guaranteed rapid and continuous economic and social development in China.

Hangzhou is the capital city of Zhejiang Province. It has achieved great economic and social development since the drive for reform and the opening up of policy. It has been one of the most renowned and prosperous cities in China over the last 1000 years. The City comprises of a total area of 16,596 km² with a population size of 6,604 million. It has 21,297 employees in various occupations at local government level and has a budget of R55 billion for the 2010/2011 (<http://www.ceauk.org.uk>).

The city has maintained an annual economic growth rate of more than 10% for 14 successive years. In the last eight years, the GDP of Hangzhou City increased from RMB ¥156.8 billion in 2001 to RMB ¥509.9 billion in 2009, and GDP per capita increased from USD 3,025 to USD 10,968. From 2004-2007, it was ranked by Forbes as being No. 1 among the Top 10 Best Commercial Cities in Mainland China (<http://www.ceauk.org.uk>).

The professional management of the city is an important factor that has contributed greatly to its successes and achievements on the economic and societal fronts. The performance management and appraisal system was initiated in 1992 at Hangzhou, and has been in existence for 18 years. The People's Municipal Government of Hangzhou (PMGH) has been experimenting with a new scheme for performance management and evaluation in the midst of furthering economic and social development.

4.3 PERFORMANCE MANAGEMENT AND APPRAISAL POLICIES AT CITY OF CAPE TOWN AND HANGZHOU CITY

4.3.1 Performance Management and Appraisal Policy at the City of Cape Town

Currently, the Republic of South Africa: Performance Management Policy 2005 has been approved as a policy document that deals with both individual and organizational performance management. The policy outlines the objectives that are to be cascaded to individual and department level. The objectives of performance management system of the city (2005: 5) are to:

- Achieve sustainable improvements in service delivery to the community;
- Develop constructive and open relationships between managers/supervisors and employees;
- Encourage and reward good performance;
- Manage and improve on poor performance;
- Expand the integrated development plan to team and individual alike;
- Enable individuals to develop their abilities, increase their job satisfaction and achieve their full potential so that both the employees and City of Cape Town benefit; and
- Fulfill the requirements of the Local Government: Municipal Systems Act, Act 32 of 2000.

When employees achieve the objective, it will contribute towards the attainment of the objectives that are contained in the IDP, which leads to the achievement of organizational performance management. The policy sets the linkage between employees and organizational performance management, the core components of which (2005:2) are:

- Setting of appropriate key performance indicators;
- Setting of measurable performance targets;
- Monitoring performance;

- Measuring and reviewing performance at least once a year;
- Taking steps to improve performance; and
- Establishing a process of regular reporting.

There are other policies that have also been adopted at the City of Cape Town, like the City of Cape Town Remuneration Policy, which deals with employee salaries and performance bonuses/rewards. The policy was approved on 28 March 2007, and it aims to motivate employees to achieve higher performance standards.

The interviews shows that 27% of respondents thought that performance management regarding performance appraisal policies were in place in the City of Cape Town and 33% of responds indicated that there was not a policy in place. 40% of respondents did not know any of the policies (see Annexure II).

4.3.2 Performance Management and Appraisal Policy at Hangzhou City

Performance management and appraisal became an annual event since 1992 in Hangzhou. The objective of and accountability for the performance management policy was introduced. The guidelines and goals are settled as follows:

Guidelines:

- (1) Take the degree of people's satisfaction as the ultimate standard to evaluate the government departments' performance;
 - (2) The solving of hot issues that people care about (such as health care, housing problems, traffic congestion and so on) are government departments' work objective.
- (www. ceauk.ora.uk)

Goals:

- (1) Achieve outstanding performance and meet the needs of people;

- (2) Create a people-oriented, accountability-oriented and democratic government;
- (3) Encourage the government departments to improve their work efficiency and effectiveness and enhance their awareness of costs;
- (4) Create a harmonious society ([www. ceauk.ora.uk](http://www.ceauk.ora.uk)).

In 2000, the PMGH started the identification of satisfactory departments and unsatisfactory departments through public satisfaction surveys in order to improve the work style of each department. In this stage, management policy and objectives and the identification of satisfactory and unsatisfactory departments by public appraisal happened simultaneously but independently.

4.4 PERFORMANCE MANAGEMENT AT CITY OF CAPE TOWN AND HANGZHOU

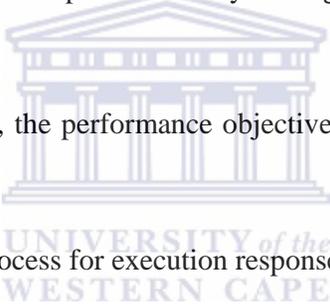
4.4.1 Performance Management at City of Cape Town

Performance management is of critical importance to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. It became an important management approach at the City of Cape Town, with this system being implemented from 1 July 2005. During the process, an organizational performance system was implemented and also then filtered down for the assessment of individual performance. The Balanced Scorecard as a performance management framework was adopted by council on 26 March 2003. According to the Republic of South Africa Local Government: Municipal Systems Act, paragraph 2.1 of the Status Report on Organizational Performance Management in the City of Cape Town, indicates that the Balanced Scorecard methodology, as developed and approved by council, has been implemented at the executive levels of the municipality as part of the earlier national pilot project.

The Performance Agreement is the document that is being used to regulate work

performance at management level, and has been initiated from 1 July 2009 at the City of Cape Town. The purpose of the Agreement is to ensure the local government departments are clear about the goals to be achieved and secure about the commitment of the City Manager reporting to the Executive Mayor, to set certain events in motion that will secure local government policy goals (Republic of South Africa Performance Agreement 2009: 1.3). The Agreement sets out the performance plan and is used for assessing whether the City Manager has met the performance expectations applicable to this job, and also to monitor and measure against set targeted outputs. In the event of outstanding performance, the Agreement is to appropriately reward the City Manager and give effect to the city's commitment to a performance-orientated relationship with its City Manager in attaining equitable and improved service delivery.

According to the Agreement, the performance objectives and key performance areas are:

- 
- To ensure an effective process for execution response;
 - Having a performance management system and good governance mechanism in place;
 - To ensure that key delivery outcomes as defined in the City's strategy and IDP are achieved with a specific focus on service delivery and community satisfaction;
 - The successful achievement of key project milestones and sound financial management;
 - To demonstrate that the right leadership qualities have been developed and demonstrated by all executive directors and that they practice good human capital approaches within their respective directorates; and
 - To ensure effective oversight of the compliance of the City with required

regulations, effective financial controls and the specific focus on the reduction of elimination of any and all corruption within the City's operations.

The key objectives describe the main tasks that need to be done. The key performance indicators provide details of the evidence that must be provided to show that a key objective has been achieved (Performance Agreement 2009: 4.3).

Regarding the performance management system, the City Manager accepts that the purpose of the performance management system is to provide a comprehensive system with specific performance standards to assist the City, the management and staff to perform to the standard required. The City will consult the City Manager about the specific performance standards that will be included in the performance management system as applicable to the City Manager. The City Manager undertakes to achieve focus toward the promotion and implementation of the KPAs within the local government framework. The employee assessment will be based on his performance in terms of the outputs/outcomes (Performance Agreement 2009: 5).

4.4.2 Performance Management at Hangzhou

In recent years, the impact of growing economic and societal development in China has resulted in public sectors, specifically the Hangzhou local government, needing to be more accountable, effective and efficient, and delivering better services. As a consequence of this process of economic and social development, Hangzhou has been accessing new schemes for performance management continuously. In 2000, Hangzhou carried out the social assessment of work, the first assessment of government performance management of its kind in Chinese cities. Since then, most government officers at the City of Hangzhou have been searching for new opportunities for managing actual exchange of experience in performance management, and exploring it effectively to promote the government's new performance management methods. The performance management system then began to be taken into consideration as a basic work of innovation, and an integral

component of the strategic goals of improved efficiency for the local government. Now, the City of Hangzhou has achieved comprehensive development in human resource management in terms of performance management through the establishment of specialized agencies, and the implementation of an evaluation system to meet the target responsibilities through the use of the task-based performance management functions (<http://www.ceauk.org.uk>).

In order to improve the functioning of government departments, from 2000 onwards, the Hangzhou local government started identifying satisfactory departments and unsatisfactory departments by means of a public satisfaction survey. People from all areas appraised and rated all the departments. Satisfactory and unsatisfactory departments are identified according to the results of ranking them based on their scores. At the same time, the objective and accountability management policy as well as the identification of satisfactory and unsatisfactory departments has been regulated by public appraisal. In 2005, the City of Hangzhou integrated the objective and the identification of satisfactory and unsatisfactory departments into one system and established a comprehensive performance management system (<http://www.ceauk.org.uk>).

4.5 PERFORMANCE APPRAISAL SYSTEM AT CITY OF CAPE TOWN AND HANGZHOU

4.5.1 Performance Appraisal System at City of Cape Town

From an organizational point of view, appraisals may be performed for two main purposes: the maintenance of organizational control and the measurement of the efficiency with which the organization's human resources are being utilized, and the improvement of these resources (Cummings & Schwab, 1973).

Due to the fact that some aspects of the human resource management function such as the planning, performance monitoring mechanism, etc. sometimes do not function

well, the measuring of the City according to Organizational Performance Management principles could not take place. Following the development of mainstream social and economic aspects, South African local government started taking seriously the adopting of performance appraisal regulations and policies as instruments to ensure a basis for performance and continuous improvement in local government in order to maximize utilization of human capacity.

Most local departments at the City of Cape Town have set out the performance plan to monitor and measure employee performance against set targeted outputs. The employee's evaluation is based on his/her performance in terms of output, which are described as performance indicators. These performance indicators are identified as per performance plan, which are linked to the key performance areas.

The performance plan has set out the standards and procedures for evaluating the employee's performance and intervals for the assessment of the employee's performance. Despite the establishment of agreed intervals for evaluation, the employer may, in addition, review the employee's performance at any stage while the employment contract remains in force. (Republic of South Africa Local Government: Municipal Systems Act, 2000: 27).

Municipal System Act 2000 regulates the annual performance appraisal for employees at City of Cape Town. It involves:

- (a) Assessment of the achievement of results as outlined in the performance plan:
 - (i) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
 - (ii) An indicative rating on the five-point scale should be provided for each KPA.
 - (iii) The applicable assessment rating calculator must then be used to add the scores

and calculate a final KPA score.

(b) Assessment of the Core Competency Requirement for employees (CCRs):

(i) Each CCR should be assessed according to the extent to which the specified standards have been met.

(ii) An indicative rating on the five-point scale should be provided for each CCR.

(iii) This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.

(iv) The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.

(c) Overall rating:

(i) An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

The assessment of the performance of the employee will be based on certain rating scales for KPAs and CCRs.

(Republic of South Africa Local Government: Municipal Systems Act, 2000: 27)

In the interview, 20% interviewees have done performance appraisal every six months, 33% interviewees have done performance appraisal once a year and 47% of interviewees have never done appraisal before (see Appendix II). As with the questions, for example, question on the existence of a policy, the responses show that performance management and its appraisal system are not well institutionalized among employees at the City of Cape Town local government level (see Annexure II).

4.5.2 Performance Appraisal System at Hangzhou City

Over the past few years, the Performance Appraisal System at Hangzhou (PASH) has been a successful scheme aimed at human resource management at local government

level. From 2007 to the present, in just three years, the PASH has achieved three developments in terms of the performance appraisal system: (1) Implementation of the comprehensive evaluation system across the established specialized evaluation agencies. (2) Use of advanced concepts and methods and a set of scientific developments compatible with the county's appraisal index system to achieve complete coverage of the performance appraisal system. (3) The integration from task, responsibility-based appraisal system to functional, performance management system (<http://www.ceauk.org.uk>).

The action of appraisal research at Hangzhou local government consists of three performance indicators:

- Objective achievement appraisal mainly evaluates the level of accomplishment of objectives against the work objective and accountability agreement.
- Municipal government officer appraisal mainly evaluates the level of achievement of the significant and strategic goals proposed by the Chinese Communist Party (CCP) of Hangzhou and the Hangzhou municipal government.
- Social Appraisal evaluates the service approach and quality, work efficiency, justness, probity, work effectiveness, and social influence.

(<http://www.ceauk.org.uk>).

The objective achievement appraisal is made by four government senior managers from the OCEC.

The officers' evaluation is made by the six municipal government leaders that include the Secretary and vice secretaries of CCP of Hangzhou; vice directors of the People's Congress of Hangzhou; the chairmen of the People's Political Consultant Conference; the chief procurator of the People's Procuratorial House, and the chief judge of the People's Court of Hangzhou.

The social appraisal is made by different representatives for nine aspects of line management. There are 150 assessors of social appraisal from society, who are selected randomly based on fixed ratios. So the evaluation is all-encompassing and really a combination of the ‘top-down’ and ‘bottom-up’ approaches.

4.6 PERFORMANCE APPRAISAL PROCESS AT CITY OF CAPE TOWN AND HANGZHOU

The appendix questionnaire serves as a guide to the research on the performance appraisal process in the City of Cape Town. The annexure I provides an indication of the issues studied and the methodologies employed. The research has been heavily weighted towards what and how the performance appraisal system, and especially the evaluation process, at the City of Cape Town are being utilized. At City of Hangzhou, the research of performance appraisal system and performance appraisal process has conducted through secondary data collection in order to add value for the comparison.

4.6.1 Performance Appraisal Process at City of Cape Town

The data has been collected through interviews at the Human Resource Management and Road and Stormwater Department at the City of Cape Town local government department (also see Appendix II).

The employee performance appraisal system is being implemented in most of the departments. The appraisal process can be concluded as being comprised of the following components:

- (1) Planning and objective setting: This step refers to the aspects of performance target determination. The managers set key performance area targets against which the employee’s performance is assessed. It is aligned to the organizational plan and objectives.
- (2) Tracking: Each employee’s performance is investigated regularly. Employees

have to report work performance quarterly.

- (3) Feedback review: Managers support and coach employees' performance towards the achievement of objectives. This session involves a discussion on identifying problems and issues, and measures progress made in terms of the objectives set.
- (4) Formal evaluation: The completion of structured questionnaires and scoring of performance according to various factors identifying how each employee performs his/her job.
- (5) Competence or punishment: Good performance will be rewarded and bad performance will be punished. Recommendations of performance assessment will lead to salary increase or further training, depending on the outcome of the evaluation.

4.6.2 Performance Appraisal Process at Hangzhou

There is a six-step appraisal process that is being implemented at Hangzhou City.

Step 1: Set annual organizational work objectives and plan

This step establishes the performance objectives and goals to define the level of performance that needs to be achieved by all the departments before 10 December each year. Each department has to submit annual work objectives and plans, which are determined according to its functions and missions for the following year, to the OCEC.

Step 2: Sign objective agreement

After receiving all the objectives and plans from all the departments, the OCEC will check them against all the functions and roles of municipal government. If relevant significant annual goals and tasks of the municipal government are omitted, they will add it into all the departments' objectives and plans. Afterwards all the objectives and plans will be returned to the departments to be confirmed by the employees. Then the

senior managers sign the objectives and accountability agreement.

Step 3: Daily management

All the departments have to report their work performance to the OCEC monthly. The inspectors monitor and check regularly once a quarter, or irregularly, and make a judgment on how the performance targets have been implemented. If there are any difficulties in fulfilling the tasks/objectives, a formal report should be presented three months before the deadline for completion of the task, and the goals can be modified after confirmation by the mayor.

Step 4: Performance report

All the departments submit a report about work performance for the previous year to the OCEC before 31 January every year. Each performance report should review whether the departments have achieved the performance goals set for the previous year and, if relevant, explain why the performance hasn't met the organizational goals. Poor performance is punished by reporting on it in the mass media, and by the OCEC making it known to the public. During the whole year, every department can also publish and report on their work progress and achievements in the mass media.

Step 5: Examination and evaluation

There are three parts that are involved in this step:

- (1) Employee performance is examined and evaluated on whether it has met organizational objectives and goals;
- (2) Managers are evaluated to determine if they have met the goals, especially when it comes to the achievement of significant or strategic objectives; and
- (3) Social appraisal is made through public satisfaction surveys, a process in which appraisal questionnaires are disseminated to social assessors, which asks the assessors to appraise the performance of every government department. The assessors can also

write down their comments, suggestions and advice in the comments column.

Step 6: The publication of evaluation results and feedback

The final mark of the evaluation will be published in the mass media, such as the *Hangzhou Daily*, and on Hangzhou TV in order to make the results known to citizens. All the feedback is then given to every department, and all the comments and suggestions are also collected and sent to different departments for improving their work in the future. (<http://www.ceauk.org.uk>)

4.7 CONCLUSIONS

This chapter illustrates employee performance management at local government level through the focus on the performance appraisal system. A brief background to the City of Cape Town and City of Hangzhou has been provided, which included a brief history and general information on each city. The performance management function at local government level in Cape Town has been investigated by focusing on the performance appraisal system in terms of the appraisal process in the two departments.

Comparative research into the organizational performance management, performance appraisal and performance appraisal processes in the City of Cape Town and City of Hangzhou has been conducted through practical application. The City of Cape Town in South Africa and City of Hangzhou in China have shown that some similarities and differences exist. These include:

Similarities:

- Both the City of Cape Town and Hangzhou local government have taken performance management as being essential to improving their employees' work performance and delivering high quality of service. Management uses performance management as an instrument for human capacity-building and that

plays an important role in the HR function.

- Both the City of Cape Town and Hangzhou local government departments have given recognition to the utilization of the performance appraisal system to assess and identify employees' work accomplishments, and to define the gaps for further plans and improvements. The performance appraisal system is implemented regularly for both management levels.
- Both the City of Cape Town and Hangzhou local government departments have conducted appraisal processes to evaluate employee work performance. The main steps of this process are: planning and objective setting; tracking or daily management; evaluation; and feedback. Compared with McNamara's Model, the processes for both cities are not comprehensive enough for all-encompassing performance appraisal management.

Differences:

- Performance management at the City of Cape Town has been recognized as being a priority within the HR function, but the actual management only takes place in certain departments, such as the human resource management department. At the City of Cape Town, performance management has been implemented in most of the departments but only at senior management level.
- The performance appraisal system at the City of Cape Town is adopted as a positive approach that is used to manage human resources rather than control performance. There is irregular appraising for all the departments' employees.

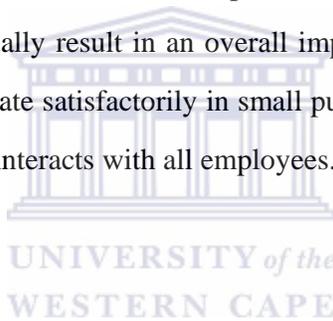
At Hangzhou City, the performance appraisal approach is used to manage and control the human resources. There is irregular performance appraisal for lower level employees.

- Compared to McNamara's Model, the City of Cape Town's local government

department does not provide clear step in terms of the meetings. In other words, communications between managers and employees are not well managed in their departments, and it will strongly affect overall employees' performance management.

The City of Hangzhou does not concentrate as much on the performance review aspect. Performance reviews have always helped managers to define what happened over a certain period and to identify good or poor performance and accomplishments. The shortage of performance reviews will also affect the next appraisal process, with regard to evaluation and feedback management, etc.

Overall, Robbins (1995: 229) concludes that performance management, especially appraisal systems which usually result in an overall impression of worker efficiency and effectiveness, often operate satisfactorily in small public sector institutions where the management knows and interacts with all employees.



CHAPTER FIVE: RESEARCH FINDINGS

5.1 INTRODUCTION

Performance management has been well studied by examining different issues around the performance appraisal system and concentrating on the appraisal process. The literature has produced many perspectives on performance management, performance appraisal and the performance appraisal process. Managing the effectiveness and efficiency of employees' work performance is important, and managers must focus on building employee relationships, enhance employee performance development, and creating sound evaluating processes. The research findings will show the objective of a meaningful performance appraisal process as the main driving force for local government to establish a well functioning performance appraisal system upon which

to base an entire performance management strategy.

The scope of this chapter is comprised of the research findings from the field work conducted in the City of Cape Town and Hangzhou City local governments. The findings deal with performance management and performance appraisal along with its appraising process. These three concepts will be discussed as follows. (1) How was the performance management system planned and implemented at local government level in these two cities? (2) What kind of performance appraisal policies and regulations have been adopted at local government level and how was the system implemented? (3) What appraisal process is being implemented in the current performance appraisal system? This chapter will focus on describing the current performance appraisal system, with particular emphasis on the implications of the process.

The main findings that are presented in this study depended on data collected first-hand through interviews with the employees who are working at the City of Cape Town to identify the current implementation of performance appraisal and its processes through which performance management operates. Hangzhou City local departments are also analyzed and compared to reflect the study. Few recommendations are also provided to Hangzhou City local government.

5.2 FINDINGS ON PERFORMANCE MANAGEMENT

5.2.1 Performance management at City of Cape Town

As mentioned regarding the field work in the last chapter, performance management has been implemented at the City of Cape Town since 1 July 2005. The aspect of performance management that is focused on in this chapter is planning and implementation. The findings will be provided at the end.

5.2.1.1 Planning

From the information gathered at the Cape Town municipality and the documentation that has been collected, this research found that performance management was primarily planned as an instrument for conducting an annual review of the Integrated Development Plan (IDP). The indicators given for the planning include the setting of Key Performance Areas (KPAs) and targets for achieving performance objectives.

Employees from the Roads and Stormwater Department and Human Resource Department were interviewed. The Human Resource Department has the responsibility of formulating organizational objectives and strategies. The Road and Stormwater Department is one of the departments that has to facilitate the process of developing strategic focus areas and objectives. Research was conducted in these two departments to investigate employee's performance achievement. It was found that human capacity can be enhanced through a well-planned performance management system. It is a core component of an improved leadership and management style. Management can utilize well the human resources that the department has through a properly functioning performance management system.

5.2.1.2 Implementation

This research also found that performance management is being used in most local governments in the City of Cape Town. From data gathered through the documentation, it was found that performance implementation was conducted on the basis of a governmental strategic planning approach. Corporate Service Delivery and Budget Implementation Plans are compiled after the Strategic Focus Areas and Key Performance Objectives have been set in the IDP. The Corporate Scorecard contains the high-level objectives and indicators. The Balance Scorecard has methodology that has been developed and approved by the council to serve as the performance management framework, and has been implemented at local government departments. This research found that the main purpose of the methodology is to report on the status of organizational performance management at the City of Cape Town. The

mini-thesis has found that the implementation of performance management is highly affected by employees' work attitude and also affected by the motivation to perform to a higher work standard. It also impacted on further planning relating to training, skills development programs, etc.

5.2.1.3 Conclusion of Findings

Through the research, it was found that central organizational objectives and strategies have been distributed into departments according to organizational structure. Performance management is really an essential part of the human resource function to achieve effectiveness, efficiency and an improvement in high quality service delivery. Performance management plays an important contributing role in human-capacity building and supporting HR functioning at all levels.

From the data gathered from the research and documentation, it was found that the establishment of performance management has to be conducted based on structured organizational strategies. Once organizational strategies have been formed, the key performance areas are targeted and a series of performance investigations have to be followed. For example, a balanced scorecard is used as a framework and strategic tool to cascade the strategy.

According to the research, it was found that performance management has been known and implemented in the majority of the departments. Managers compensate employees according to the employees' performance outcomes. This has helped management to develop performance evaluation of staff and quality assessment, but for certain levels of employees, the research also found that performance management as a legislated system is still viewed as a new concept, and currently there is a lack of an agreed understanding on the purpose of the system. In another words, performance management has not been very well implemented at all levels in departments.

5.2.2 Performance management at Hangzhou City

Through the literature review on performance management, this research study found that performance management is primarily used to deal with management problems in most Western countries. From a government perspective, this research study further found that performance management is primarily used to improve government efficiency or to promote public accountability. By focusing on what has been mentioned above, this part discusses the performance management system at Hangzhou in terms of Planning, Implementation and Research Findings.

5.2.2.1 Planning

This study has found that performance management was not planned only for the study of administrative techniques at local government level in China. It was planned as an instrument to reinvent the local government bureaucracy by using marketing mechanisms in order to provide high-powered incentives for the management to strengthen human capacity in terms of managing employee work performance. It is related to certain remuneration, tenures, and promotions. Work accomplishments were also planned to determine local government departments' opportunities for career development. Employees who achieved the best performance could hold concurrent posts at a higher level, so that the entire performance management system could help to strengthen the durability of the organizational roles.

5.2.2.2 Implementation

According to statistics, this research found that there are more than 200 cities that have introduced the performance management system in China. It was known in most cities as an important reform measure to realize personnel management of employees. The City of Hangzhou as an example of local government in China, adopted the performance management system in 1992. The research also found that performance management is implemented under a unified cadre personnel management system which is monopolized through the authority of management for all important

personnel decisions such as promotions, demotions, removals, appointments, transfers, dismissals, appraisals and the like. Through the research in China, it was also found that a well-implemented performance management system benefits other management fields such as operations management and leadership management, etc.

5.2.2.3 Conclusion of findings

According to the research, it was found that performance management is still a new approach that is being used in local governments in China. Unlike the South African situation, performance management in China has been greatly changed because of the nature of the communist system. The performance management system only can be conducted on the basis of historical events, political foundation, ruling ideology, administrative values and organizational realities. It was also found that performance management is an important management tool for high-quality service delivery. However, the implementation is only done at most management levels and among the cadres. The system focuses mainly on managing government leaders and cadres' merits, seniority, and titles rather than their professional ability, and employee work performance. It affects the whole hierarchy of organizational departments under the unified management of Party committees and organizations, and it also affects the entire government function and human capacity-building.

5.3 FINDINGS ON PERFORMANCE APPRAISAL SYSTEM

The uses of a performance appraisal system have been focused on in this research study. The study used a group of employees who are working at different directorates in local government to examine the effects of the performance appraisal system. The research findings on the performance appraisal system will be reflected comparatively in terms of the Findings on Policies and Regulations Implementation and Findings on Performance Appraisal System Implementation.

5.3.1 Performance Appraisal at the City of Cape Town Municipality

5.3.1.1 Findings on Policies and Regulations Implementation

Various policies and regulations govern the organizational performance management and appraisal system in local government to guide employees on how to evaluate work performance and maintain a high standard of performance.

Through actual research at the City of Cape Town, it was found that there are quite a few policies and regulations that have been documented in most departments at City of Cape Town, but according to the interviews conducted in the two departments, only a few policies have been launched and implemented by the employees in local government departments. These policies are the Republic of South Africa: Performance Management System Act, 2005, and the Republic of South Africa Local Government: Municipal Systems Act 2002. It was also found that some of the policies have only been launched in the human resource department and at management level, such as the Individual Development Policy; the Performance Development system and the Remuneration Policy. Only a few employees at line management level are aware of their job standards and objectives, most of employees are still being poorly guided by the formal regulations from the department.

This mini-thesis has also found that a well-planned departmental legal framework can provide such clear indications for all the employees' work activities. The comprehensive policies can serve as a guidance to regulate employees' achievements, and to protect them in order for them to gain reasonable compensation for good performance.

5.3.1.2 Findings on Performance Appraisal System Implementation

Based on the documentation on the performance appraisal system at the City of Cape Town, the research found that the performance appraisal system serves as a positive approach that is used to manage human resources rather than to just control it. An employee's assessment is based on his/ her performance in terms of output and this

assessment is identified as per performance plan, which is linked to the Key Performance Areas (KPA's). Certain Core Competency Requirements (CCRs) are deemed to be the most critical selection for employees. When it comes to proficiency, this also has to be agreed to between employers and employees.

Through the data gathered from the research, it was found that the performance appraisal system has been introduced to the Human Resource Department and a few other departments at the City of Cape Town to determine the extent to which the program has met its objectives and the degree to which program participants have been able to apply the knowledge gained through skills acquisition to the work they do.

This research also found that the performance appraisal system can serve as an instrument for management to determine the degrees to which programs have met their objectives and expectations. Management can organize future implementation targets according to organizational objectives for their employees based on that term's performance assessment in order to make improvement. Employees also can be clear on their performance gaps through a properly assigned appraisal system. Furthermore, this mini-thesis also found that organizational leadership and management style also impacted upon the implementation of the performance appraisal system. Training and development programs that relate to the appraisal system can greatly affect the improvement of employees' future work productivity.

5.3.2 Performance Appraisal at Hangzhou City

5.3.2.1 Findings on Policies and Regulations Implementation

The City of Hangzhou and other developed cities in China introduced 'An Opinion on Implementing Employee Evaluation System' from 1979. It's the first performance appraisal system that was launched at local government level by the Central Party Organizational Department. The System regulates employee performance in terms of

virtue, competence, diligence, and work accomplishment. In 1989, the System was updated to being the 'Notice on Experimenting with Performance Appraisal' to cover the work of organizations at central level.

Through the research, it was found that the People's Municipal Government of Hangzhou (PMGH) only started to implement the appraisal system in the City of Hangzhou from 1992 with the aim of providing government departments with the management policy on objectives and accountability. In June 2005, the Comprehensive Measurement and Evaluation (CME) regulation was formed as a law that prescribed the goal, content and implementation process of performance evaluation. (<http://www.ceauk.org.uk>)

According to the research, it found that performance appraisal regulations were only launched at senior management level in government departments. Employees only perform their work according to the objectives that are regulated by the management without understanding the department's policies. This is related to the nature of the top-down management structure in central government in China.

The research has also found that the legal framework of the performance appraisal system in Hangzhou City can really serve as an important guiding instrument to set up an incentive mechanism and to improve government departments' legitimacy.

5.3.2.2 Findings on Performance Appraisal System Implementation

It has been established in the research that the performance appraisal system has been very successfully implemented in the local government performance management function, which has the characteristics of being people-centered and customer-orientated. PMGH evaluates employee work performance quarterly, and implements the system through identifying satisfactory departments and unsatisfactory departments through public satisfaction surveys or public appraisal in terms of the management policy and objectives. The research also found that the Office of

Comprehensive Evaluation Commission of Hangzhou (OCEC) was set up and the vice secretary of the Hangzhou Communist Party was appointed as the head of the commission. OCEC is in charge of the overall management of the evaluation. In 2005, PMGH integrated management objectives and the identification of satisfactory departments and unsatisfactory departments into one system and established a comprehensive evaluation system. The Comprehensive Evaluation Commission of Hangzhou and its office are in charge of the overall management of the appraisal system.

Through the research, it has found that the reliability of performance appraisal instruments can improve the performance achievements of the organization. It can help local government to improve service delivery to its citizens. The research further found that the performance appraisal system has been well implemented at senior management level in local departments. The employees at lower levels in the departments have not been involved that much in the system, regardless of work performance or organizational objectives.

This mini-thesis also found that successful performance management achievement is based upon a good performance appraisal system. The performance appraisal system also impacts on the improvement of employee work efficiency and effectiveness, to further quality of service rendered to the public and other internal management, and to reduce bureaucracy and corruption.

5.4 FINDINGS ON PERFORMANCE APPRAISAL PROCESS

The performance appraisal system has provided the way to help identify the areas for performance enhancement and to help promote professional growth. The research has further found that the importance of the appraisal process, in line with its performance appraisal system, has been re-established at local government level. The multiple uses of the performance appraisal process have been introduced in Chapter Two. As has

been mentioned, this study mainly adopts McNamara's Performance Appraisal Process Model (1997) to evaluate and develop the current appraisal process at the City of Cape Town as well as Hangzhou City local government departments. The evaluation has been achieved through comparison of each step as it happens in these two local government departments. Through the research, it was found that the actual performance processes in the two cities have provided the framework for the implementation of the performance appraisal system. The results of the analysis illustrate the commonalities and differences.

5.4.1 Design a legally valid performance review process

McNamara's Model's first step is to identify the legal document in the department to regulate the appraisal process. The research found that legal policies and regulations are the basis for the entire management function. All the work activities have to be accomplished under the determinations of organizational policies and regulations. The City of Cape Town has adopted certain policies such as the Individual Development Policy and the Performance Development System to conduct employee appraising. Hangzhou City municipal official departments also have their own regulations that have to be followed to meet performance appraisal goals, like the Comprehensive Measurement and Evaluation regulation.

Over and above this, this mini-thesis has found that a proper, legally valid performance review is an essential component of, and foundation for, the performance appraisal process. It ensures that the following appraisal activities are implemented under legal frameworks and combines control with the sensible application of policies according to the requirements to reduce the risks.

5.4.2 Design a standard form for performance appraisals

The second step is to design the form for appraisal. It should contain the employee's name, the date on which the performance form was completed, dates specifying the

time interval, performance dimensions, and assigned goals. Because the appraisal process has to be job-related and have validity which is achieved through the analysis of the job and standardized for all employees, the standards which are set and followed should be clear, easy to understand and have measurable terms.

Through the research at the two cities, it found that both cities' local government departments have different evaluating forms because the appraisal instrument is different. The City of Cape Town utilizes the Balanced Scorecard which represents certain appraisal indicators to regulate general work standards and to compare the actual performance of employees. Hangzhou City has adopted a way of assessing work performance in terms of conducting a survey on satisfaction and dissatisfaction with service provided in order to identify the performance accomplishment.

This mini-thesis has also found that the standard form is an improved instrument when compared to the typical appraisal forms because it focuses on employee expectations and emphasizes the importance of defining jobs to make the appraisal task easier. A proper standard appraisal form is important for gathering useful data for later analysis. A valid appraisal form can indicate clear performance criteria, rating procedures and feedback that is focused and meaningful for both managers and employees. The research also found that the content that populated the standard forms provides indications of employee job functions and also aids communication between managers and employees about behaviors, work processes, and opportunities for improvement.

5.4.3 Schedule the first performance review for six months after the employee starts employment.

This study found that a well-functioning employee performance system requires the employee's work performance to be reviewed periodically according to the organization's and its individual departments' structure. The departments at the City

of Cape Town which do have appraisal systems normally do reviews quarterly or annually, time permitting.

The research also found that having a scheduled performance review is a very important step for the whole appraisal process. Before the actual performance review takes place, employees should know the schedule of the review process. It was found, in the course of this research, that schedule performance reviews can provide the preparations for the actual performance review at the later stage, so that performance reviews can be done effectively. This can help employees to understand the organization's rules and know exactly what is expected from them. A carefully developed and clearly articulated performance review schedule will enable managers to effectively utilize the coming performance review to meet organizational goals and boost their vested interests in performance management.

5.4.4 Initiate the performance review process and upcoming meeting.

Performance review sessions require both management and employees to prepare and initiate for the meeting beforehand if a successful outcome is to be delivered. During the review process, the department can recall, evaluate and analyze data related to the employee's performance, and employees can state their expectations of the job description for the next term.

According to interviews conducted, the City of Cape Town's local government department has done performance reviews every six months, and City of Hangzhou which represents the local government department in China, has done performance reviews annually for all the departments.

During the research, this study found that it's very important to start performance reviews before the actual performance assessment take place. The review always helps management to provide early acknowledgement of an employee's work attitude, capability and standard of performance. It is such an important step in

systematically and regularly reviewing systems operations to make sure that processes and practices are being followed and are effective. Performance review sessions also indicate to departments to identify the relationship between the level of performance and rewards, and the level of individual performance and organizational objectives. It also relates to the review of the legal framework process on areas of focus such as the consistency of implementation of policies and practices across the departments, and allows the organization to locate its performance before and after the start of the performance appraisal system.

5.4.5 Have the employee suggest any updates to the job description and provide written input to the appraisal

At this stage of the process, employees should have received the job descriptions and goals in advance of the review, i.e. six months or a year before. They should also be familiar with the performance appraisal procedure and form. This part of the appraisal process requires employees to record their input on their own sheets. The feedback will be combined on the official form later on in the process. The feedback can be changed at the upcoming meeting.

The research found that the City of Cape Town has followed the instructions most closely in the human resource department and among senior management and those employees who are going to participate in the program. At the City of Hangzhou, the participation targets are always those at management level.

Regarding this performance appraisal process step, this mini-thesis has also found that having the employee suggest any updates to the job description can provide upcoming implementation goals, which enable management to choose appraisal criteria that support departmental and organizational goals. During the process, through the information collected and written input to the appraisal, management can utilize this information to make departmental decisions about employee development,

planning, performance improvement, and compensation system.

5.4.6 Document the input -- reference the job description and performance goals

Through the study of the local government departments at the City of Cape Town and Hangzhou, it was found that both cities have created their own sources of documentary evidence for each individual. Employees who are going for appraisal will be aware of the scales of evaluation before the appraisal takes place. Management assesses the employee's performance by comparing it with the data that was recorded from the last review and make the judgments. New employees who haven't done any performance appraisal before would be assessed in terms of their performance objectives and departmental expectations.

The research also found that it's very valuable for management to record employees' major accomplishments, and to identify exhibited strengths and weaknesses according to the dimensions on the appraisal form. It also provides the information and suggestions for future training or development according to the individual's job description and performance goals for the next term.

5.4.7 Hold the performance appraisal meeting

While discussing the importance of the performance review, data recording and documentation, this study found that performance review and document input sessions actually relate to the follow-on meeting that will be held between management and the employee to informally determine the employee's performance since the plan was developed. The formal meeting comes at a mutually suitable time when both management (evaluator) and employees are ready to communicate with one another.

Research at the City of Cape Town found that the content of the meeting is based on the previous term's report and current department and employee status. At Hangzhou

City, the meetings often happened at management level. Lower-ranking employees are hardly involved in any decision-making. Their work requirements are clearly specified when they start to work at the City of Cape Town. Serious attention is only paid if something goes wrong during the process.

This mini-thesis also found that it's very important for management and employees to have face-to-face communication. Managers could draw an outline of how employees performed their work over the past term. This part of the process aims to receive feedback from the employees. This discussion is on a one-to-one basis and the focus is on communication and listening. All events that happened over the last term have to be written into the appraisal. During the meeting, the standards are modified according to the relevant feedback from employees and management. All the problems along with possible solution are discussed with the aim of regulating further tasks.

In other words, it's very necessary for management to work closely with employees to review their job descriptions and duties, set clearly defined goals for the next term and communicate expectations of behaviors and results to the employee, for which the employee will be held accountable and be rewarded.

5.4.8 Update and finalize the performance appraisal form

This stage refers to the conclusion of each employee's appraisal. The decision is finalized at this stage. All the decisions are made either to take corrective action to improve the employee's performance or implement a HR-related decision such as to reward, promote, transfer, punish or dismiss, etc.

Research on local government at the City of Cape Town has found that good performance is often rewarded through promotion or the offer of certain commissions. Underperformance is often dealt with through training and a skills development program. Dismissal only occurs when extremely bad performance is recorded because

of personal problems and non-contribution.

Based on research conducted at the City of Hangzhou, performance appraisal outcomes are published in the media. Suggestions and recommendation related to performance improvement are given to the departments. Training programs which relate to performance development are offered.

Beyond the above perspective, this research also found that a professional performance appraisal form can promote better understanding of an employee's role and clarity on the functions, which are derived from the data gathered and its analysis. It gives a better understanding of personal strengths and weaknesses in relation to expected roles and functions in order to identify the future development needs of an employee. The research also found that a definitive appraisal form can assist employees with a variety of personnel decisions and provide an opportunity for self-reflection and individual goal setting. Furthermore, it also found that a finalized performance appraisal form can help employees develop and identify with the commitments of the organization and internalize the culture, norms and values of the organization in order to prepare them for higher-level positions in the organizational hierarchy.

5.5 CONCLUSION

This chapter has provided a series of research findings from the field work that was done at the City of Cape Town and compared it to the findings at Hangzhou City local government. Empirical research results have shown that corporate planning and the strategy of utilizing a performance appraisal system, especially the appraisal process, must be accurately implemented. If the management of the performance instrument has serious deficiencies and omissions, the impact of the performance management system on the human resource function will surely affect organizational integration and improved efficiency, and thus it will hinder the development at local government

level.

The research findings have also shown that the processes which have been implemented at local government departments in these two cities, and the success of the appraisal process, depends on the manager's willingness to complete the appraisal process and achieve objectives, and the employee's willingness to respond to the constructive suggestions to achieve further goals. That is why the last step in the process, according to McNamara's Model, states that: Any performance issues should have been addressed as soon as those issues occurred. So nothing should be a surprise to the employee later on in the actual performance appraisal meeting. Surprises will appear to the employee as if the supervisor has not been doing his/her job and/or that the supervisor is not being fair. It is OK to mention the issues in the meeting, but the employee should have heard about them before (McNamara, 1997).

It is concluded that the findings of the study showed that:

- A performance management system can greatly improve organizational performance through boosting the morale and productivity of individuals.
- Performance appraisal systems contribute an important element to the performance management system. Through performance appraisal, managers can assess employees' work accomplishments in order to make further plans to increase the entire human capacity at local government level.
- The performance appraisal process at the City of Cape Town can be improved upon through:
 - improving performance appraisal policies regarding the process;
 - improving the approaches followed by the managers in daily appraisal;
 - following the process through to completion in its entirety by not omitting any steps in the appraisal process; and

- having a positive attitude towards the performance appraisal process.



CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Following the discussion in this mini-thesis on how performance management should be conducted in the context of the strategic and integrated process, the performance appraisal system has also been recognized as having tremendous value in developing the capacity of individual contributors and teams at local government level. The planning and implementation of a proper performance appraisal process is an important ingredient to ensure that performance at all levels is properly assessed.

The preceding chapters have already provided the background and legislative context for both South African and Chinese local government regarding performance management, performance appraisal and the appraisal process with reference to the

case study. This chapter seeks to expand on the final conclusions reached flowing from the field work investigation, and provide recommendations to meet the primary objectives of conducting a proper performance appraisal process to assess and provide options for the improvement of the performance management system in order to achieve service delivery enhancement at local government level in South Africa through a comparative case study with the local government at Hangzhou City. Furthermore, the contents of this chapter will also provide the conclusions and recommendations to fulfill the parameters of the research aims.

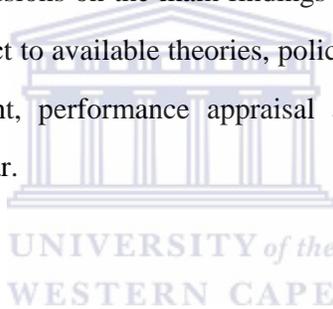
- This chapter starts with the conclusions on the theories that have been introduced in Chapter Two with particularly conclusions on McNamara's Model, which has been selected for the research in Chapter Four, and give recommendations on how to improve the Model for future practice.
- The one set of conclusions will also target the current policies and regulations and provide recommendations for improvements at the City of Cape Town through comparing the conclusions reached on the Hangzhou City local government department.
- Conclusions on performance management will be drawn in the context of the current research at the City of Cape Town local government department as well as through comparison with the local government department at Hangzhou City. Recommendations will be designed for future organizational development in terms of managing employee performance.
- Comparative conclusions on the performance appraisal system will be made regarding both cities in terms of the current implementation status, and recommendations will target improvement of the system to fit into the performance management function at local government level.
- As this study focuses on the performance appraisal process, this chapter will also

revise the appraisal process and provide the conclusions on a few important aspects of the process relating to McNamara's Model, and provide recommendations on how to improve the options on the appraisal process.

Furthermore, this chapter also identifies future research opportunities. Through the study of performance appraisal with the emphasis on the appraisal process within the performance management system, other fields have been found that would be useful for future research; these fields are suggested in this chapter on the acknowledged research basis.

6.2 CONCLUSIONS

This chapter provides conclusions on the main findings for the research. Conclusions will be discussed with respect to available theories, policies and the case study related to performance management, performance appraisal as well as the performance appraisal process in particular.



6.2.1 Conclusions on Available Theories

Chapter Two has provided an overview of some of the major literature regarding theoretical perspectives on performance management, performance appraisal and the performance appraisal process. For example, the research concluded that the European Foundation for Quality Management (EFQM) Excellence Model has specified the stages of the self-assessment process to evaluate the strength of work performance and promote quality management in the organization, see figure 2.1. However, the essential aspect of the assessment task in this Model is only for employees. There are fewer criteria for the management level. The research also concluded that the Goal Setting Theory has introduced the rational process of the Motivation Theory and stated the difficulties, and specifies the goals can lead to high performance. However, goals are often affected because of task complexities and

individual traits such as conscientiousness and motivation to achieve performance targets.

Some other theories such as the Satellite Model of Organizational Performance Management, System Models of Performance Management, etc (see Chapter Two) have also been discussed in detail in Chapter Two. As the research focuses on the performance appraisal process, this study has selected McNamara's Performance Appraisal Process Model as the conceptual framework to lead the research on the performance appraisal process and its specifications. The reason for selecting this model is that it has a complete process which sheds light on the overall organizational performance of departments and on all the employee levels. It also tends to focus on the process to provide products or services in the organization (McNamara 1997).

This research concluded that the McNamara's Model focus on the process that has provided the basic steps on how to appraise employee performance. This model is thus used here to apply these performance appraisal steps. As this model was used to inform the field work approach which was applied in Chapter Four, this study concluded that the model is very good for management to be able to track employees' performance against their competencies, and identify strengths and weaknesses for further improvement. Based on the nine steps, managers can produce bottom-line performance appraisal benefits and make the best use of employee appraisal instruments. Furthermore, this study also concluded that the step of setting up legal documentation and standard forms meet the legal requirements for the assessment on the basis of standard regulations and organizational goals and strategies. Performance reviews have also helped managers to understand employees' achievements in a short period of time and to make further arrangements if necessary. This research study further concluded that the step of meeting during the appraisal process is tremendously important for managers and employees to communicate with each other and conclude all the existing problems and difficulties to make further plans in terms

of job description. The last step of the process is finalizing and documentation. That is concluded during the process of evaluation and the appraisal form is finalized in order to record current appraisal results and provide information for the next term's appraisal.

This study concludes that McNamara's appraisal process model is very useful for conducting a proper employee performance evaluation. It provided the guidelines on how employees' performance should be properly assessed, and highlights the different figures that management should pay to attention when accessing the appraisal instrument. However, it's not comprehensive enough for the comparative assessment. This study focuses on employee performance assessment at the City of Cape Town through comparing it with employee performance assessment at Hangzhou City in terms of the guidelines of McNamara's performance appraisal process model. Chapter Five has provided the research finding through comparative analysis on performance appraisals and its processes. It concluded that McNamara's Model can be strengthened by providing guidelines for comparative evaluation if there is more than one unit to conduct the research design.

6.2.2 Conclusions on Policies and Regulations

Chapter Three has provided the overview of performance management, performance appraisal and the performance appraisal process regarding the policies and regulations being implemented currently. The research concluded that legislative systems have provided a foundation for local government departments to regulate employees' work activities. There are various South African and Chinese local government policies and regulations that were introduced in Chapter Three. Certain policies and regulations have been adopted and implemented at local government level in the City of Cape Town and Hangzhou City.

The Performance Management System Act of 2005 and the Local Government:

Municipal Systems Act of 2002 are primarily implemented in local government departments in the City of Cape Town. This research concluded that these two policies have built the regulations for employee performance standards design and the application of this design, which applies to most local government departments. These two policies have also regulated employees' objectives and performance goals and offered the statutory guidance for them to meet organizational performance targets. At the City of Cape Town, managers oversee these two policies to improve functioning of the authority's control to ensure employee compliance. This research also concluded that some of other policies such as the Individual Development Policy, Performance Development System and the Remuneration Policy are the ones that have been launched in certain departments, for example, the human resource department.

The study further concluded that these policies and regulations have provided the legal framework for the establishment of the performance management system and the adoption of performance appraisal instruments. Through the research at the City of Cape Town and Hangzhou City local government departments, it concluded that the existing regulations and policies at both cities are not comprehensive enough to cover all the aspects/issues of performance management, such as monitoring, reviewing, reporting, indicators and targeting setting, feedback and involvement of employees at all levels, etc.

The City of Hangzhou in China as a comparative case has been adopted to apply the research analysis. As introduced in Chapter Three, the Comprehensive Measurement and Evaluation (CME) regulation was formed and is being implemented in local government departments to evaluate performance achievement in Hangzhou City. The research concluded that the CME has been a well-guided management tool for the effect of evaluation in terms of assessment indicators, composition of assessors, evaluation methods and process. It has also provided evaluation schemes for assessor

to set up an incentive mechanism to evaluate employee work performance /accomplishment according to each indicator. The research further concluded that despite these years of application, the CME has its weaknesses with regard to the implementation at all levels of management and among employees, and there is a lack of a process to reward good performance and a training system to follow-up on underperformance.

Furthermore, this mini-thesis concluded that legal documents are especially important in today's local government sphere because of the "increasing legislation and regulation dealing with victimization and discrimination", making employers liable for all their actions. (<http://www.uplink.com.au>)

6.2.3 Conclusions on Case Study: Performance Management

From the field work at City of Cape Town and Hangzhou City and the research findings through the investigation as discussed in Chapters Four and Five, this study can conclude that performance management is an annual process that conducts a management interaction between managers and their employees in the organization. Managers use the system as a fundamental principle and technique to improve public agency programs. Most of the City of Cape Town and Hangzhou local government departments have introduced the system to investigate employee work behaviors and work outcomes. The City of Cape Town's integrated performance management system is a shared process between managers and employees, based on the agreement on objectives, knowledge, skills and capacity requirements. Managers use the system to create a climate in a continuing dialogue to define the expectations and share information on the organizational mission, values and objectives. This study also concluded that performance management is important for motivating employee work ethic by rewarding good performance and punishing underperformance. Furthermore, this study concluded that the performance appraisal system is vital within the performance management framework. The focus on the performance appraisal

process can make an important contribution to strengthening the performance appraisal system in order to improve the functioning of the entire performance management.

Regarding Hangzhou local departments, it can be concluded that performance management plays an important role in managing employees' work activities. Given this difference with the City of Cape Town, the research concluded that the power and authorities at Hangzhou City are controlled by central government to impose the common targets and their accompanying indicators. The design of performance management indicators are handed down by central departments. Lower level departments accomplish their work based on the common targets that have been filtered down by central departments. The research further concluded that the central management for the Hangzhou local government departments also often uses the system to indicate the proliferation of leaders' evaluations in relation to policy compliance. Also, the management is often evaluated, more often than regular employees, in relation to their assigned targets.

6.2.4 Conclusions on Case Study: Performance Appraisal

Through the field work on the performance appraisal system at the two cities, the study concluded that performance appraisal is a key element of performance management to identify, evaluate and develop employee performance to meet employee and organizational goals at the City of Cape Town local government level. Effective implementation of the performance function is dependent on a sound work evaluation. The research also concluded that the performance appraisal system is not an instrument that intends to focus on problem employees or to be a way to monitor the day-to-day activities of individuals. Effective performance appraisal systems focus on the positive benefits of increasing staff morale, recognizing good work and helping staff members become better professionals (Brown, 1988).

Most local government departments at the City of Cape Town have a performance management system, which are in line with the assigned performance appraisal system. The research concluded that the managers at the City of Cape Town are using performance appraisal as an assessment instrument to define the process of gathering data by systematic observation for making decisions about each individual and to identify and develop human capital in the organization. Managers have been implementing performance appraisal for the purpose of conducting a detailed analysis on the accuracy of the positions of each employee, determining the current content and standards, and designing and implementing organizational policies and standards through scientific assessment methods and the establishment of an appraisal process.

The research also concluded that, at the City of Cape Town, the system operates as a top-down bureaucratic system for the personnel department rather than being implemented by line managers. Managers are looking backward and concentrating on what went wrong rather than looking forward to future development needs. The research further concluded that most of line managers often reject the appraisal scheme as being irrelevant and time consuming.

In terms of Hangzhou City, the research concluded that managers have taken people's satisfaction as the radical focal point, and the extent of people's satisfaction as the main criterion in the appraisal scheme for the assessment. The research also concluded that all Parties and Departments are using the same indicators to evaluate their work accomplishments. It further concluded that only most local officials, especially the leadership cadre, have implemented the performance appraisal system, and sometimes employees resent the degree to which appraisal have been conducted by the managers, who lack the skills, and go through the motions.

Furthermore, this mini-thesis concluded that a well-designed performance appraisal system can help accomplish organizational objectives and enhance employee performance. It also can provide important feedback on job performance, and the

feedback which has been developed should be flexible enough to apply meaningfully to a wide variety of jobs.

Although the performance appraisal system still has some weaknesses, both in the South African and Chinese local government departments, somehow it functions effectively to improve the performance. Through many years of practice and the development of the system, this research concluded that a good performance evaluation scheme can really be a promising way to set up a competitive and incentive mechanism and improve both individuals' and local government departments' performance. Much of these improvements may lie in the field of performance process improvement. These conclusions are discussed as below.

6.2.5 Conclusions on Case Study: Performance Appraisal Process

Through overall study of the performance appraisal process, the research concluded that a fair, effective performance appraisal process can improve employee morale and work performance. It also concluded that a professional implementation of the appraisal process can yield quick and good results, and make a positive contribution to the performance appraisal system. Conclusions on the performance appraisal process will concentrate on the core components of the appraisal process's aspects in terms of setting of key objectives; performance reviews, meetings, feedback and evaluation with reference to McNamara's Model.

- Key objectives setting: McNamara's Model specifically states the importance of setting objectives that must be targeted by the organization and supported by the legal framework. The research concluded that the objectives at both City of Cape Town and Hangzhou local department have been designed to relate to their work achievement. However, because of the limitations of the legal framework, there is lack of policies and regulations conducted at most of departments even unaware for the lime management and employees. The organizational objectives are

always settled on only for the short term, and often change when unexpected issues intervene.

Furthermore, this mini-thesis also concluded that key objectives can provide the direction for observing and identifying employee work behavior, the outcomes and achievements in the organization. Management can compare these outcomes against the original objective standards that were set for them in order to make justification of good or poor performance achievement. The key objectives also relate to the evaluation and action to be taken to counter the above action. If an employee's performance is lacking, the gaps can be defined through targeting the key objectives, and the reasons for this underperformance must be investigated and corrected through, for example, increasing motivation, training or even termination. The research also concluded that the setting of key objectives can provide the foundation for the performance reviews through correction of the initial goals and the development of new ones that are realistic and viable, taking into account the resources available and other such aspects of the work environment.

- Performance review: It is concluded that the ongoing employee review is often one of the most important aspects of the performance appraisal process. A truly good appraisal process is actually an agreed upon summary of what has been happening on an on-going basis with an employee's work activities. Managers at the City of Cape Town local government departments and those at Hangzhou City have used performance reviews to provide the inputs required to create personal plans for the employees' further performance development. The research also concluded that management also uses performance reviews to understand employees' overall performance in last review/assessment period and identify if departments are achieving their goals by utilizing the full skills range of their employees. However, at Hangzhou, government officers' work performance has

been reviewed more often by senior authorities than the work of normal employees.

This mini-thesis further concluded that appraisal systems require ongoing systems review and corrective action to systematically and regularly review management operations to make sure that processes and practices are being followed and effectively implemented. Through regular performance reviews, management can assess employees' work accomplishments from the viewpoint of personal development, work satisfaction and involvement in the organization in order to maintain organizational control and disburse rewards and punishments to further organizational goals.

- Meetings: The meetings refer to communication that is extremely important for both managers and employees. This study concluded that the meetings are much more effective if both parties - the managers and employees - have prepared for them carefully. It further concluded that employees from the City of Cape Town are reporting the status of tasks to their managers in the meeting after periodical tracking employees' work activities. It also concluded that employees often recount their achievements at the last appraisal and set their objectives for the next term. It further concluded that the meeting enables each employee to briefly assess their previous term's goals and comment on their achievements or failure to achieve as assessed by the managers, and to mention any barriers that were encountered during the process. The different conclusion about Hangzhou City is that the reporting has only been implemented between managers and higher authorities. In other words, there is lack of communication between managers and employees in most departments.

Furthermore, this mini-thesis also concluded that frequent reporting and communication can make employees feel they are supported by management, which directly affects their motivation to perform required appraisal activities

diligently. It also protects the process from problems caused by inconsistent or improper execution of appraisal procedures through review.

- Evaluation: The research concluded that, during the appraisal process, the formal evaluation steps take place at the end of an assessment or review period. The evaluation is based on the work performance employees have delivered since the last time. Evaluation indicators are always chosen before the actual assessment starts. This research concluded that at the City of Cape Town, employee performance is evaluated through a Balanced Scorecard and, at Hangzhou City, performance is evaluated through completing the questionnaire on whether people think service is satisfactory or unsatisfactory.

This mini-thesis also concluded that, through a proper evaluation system, management can identify employees' skills and abilities needed to conduct effective appraisal and make judgments on how performance plans are translated into action. Evaluation can also help management clearly distinguish between more specific crucial issues and broad concerns so that management can take into consideration for future planning and objectives setting.

- Feedback: This study concluded that feedback has provided opportunities to clarify expectations, adjust goal difficulty, and gain recognition and provide future opportunities for development. It's important to provide benchmarked opportunities or targets, so that individuals can make fair judgments on their productivity. This study further concluded that managers at the City of Cape Town local government departments are using feedback as basis on which to use the information to identify how successfully results are being achieved and make future training plans for development. The feedback is then provided on the things that the individual did well in the department as well as the areas for improvement. At Hangzhou City, through the feedback from employees, management can get data about who is happy and unhappy with their

performance and the reason for that, and therefore they can make plans accordingly.

This mini-thesis further concluded that formal ongoing feedback management can serve as a mirror to justify the problems that occur in the work process. Regular feedback can lead to employees engaging more in their work, looking for alternatives for improvement, and demonstrating increased productivity. Feedback also makes it easy to conduct the next term's reviews on employee performance, and can promote the bond between managers and their employees since employees may interpret the good feedback as a sign of the department's interest in employees' professional growth.

Finally, this research also concluded that the performance appraisal process can serve as an instrument to obtain, analyze and record information of employees' work achievement in the organization. It is an analysis model to assess employees' recent successes and failures, and identify personal strengths and weaknesses as well as to sustain performance, award a promotion or plan future training needs. It is a very important appraisal component for management in terms of recognizing achievement, evaluating job progress, and then designing training for the further development of skills and strengths. A good assigned performance appraisal process model can stimulate employees' interest and improve job performance as well as encourage effective rating practices on the part of the individual who determines the ultimate effectiveness of most appraisal systems.

6.2.6 Conclusion on the study related to Service Delivery

The government monitoring agenda has set challenging new performance objectives for organizations for the delivery of high quality services to meet the needs of their customers and stakeholders, and to do more within the constraints of available resources through continuous improvement in how the organization itself operates

(<http://www.ogc.gov.uk>). This study has shown that the advancement of democracy in South Africa has resulted in the need to strengthen the ability of the public service to render services to citizens. The quest for efficient and effective service delivery is paramount, regardless of whether services delivered are basic or not. The research concluded that performance management with its appraisal system contributes an important role for high-quality service delivery from the local government to its citizens. From a monetary perspective, the important sections in the Republic of South Africa Municipal Finance Management Act (2003) relate to the impact of performance management, along with components on service delivery and the budget implementation plan, reporting and performance assessment. The Service Delivery Budget Implementation Plan for 2007/2008 has also reviewed the contribution of the performance management system to service delivery. The Batho Pele White Paper (1997) also states that service delivery can be improved through the adoption of a performance management and development system.

From the empirical research gathered in this study, it was concluded that performance management at both individual and organizational level is a necessity for service delivery. Performance management can generate a positive impact on productivity and service delivery by constantly managing and appraising employee work performance. The study also discussed how effective performance management and appraisal systems can operate in conjunction with functional policies, standards, instruments and implementation activities to improve the impact on service delivery. Furthermore, the research also concluded that a good performance appraisal system accelerates the reform and improvement of the administrative system, service accessibility, and attitude to serving clients, and the efficiency and effectiveness of service delivery at local government level.

6.3 RECOMMENDATIONS

6.3.1 Recommendations on Available Theories.

Regarding the strengths and weaknesses of the appraisal process in McNamara's Model that have been discussed, it is recommended that:

- McNamara's Model should be treated as an assessment instrument that conducted by a properly trained team of assessors. It also should pay attention to the assessment in each step in order to justify the procedure from the beginning for benefit of organizational decision-makers.
- McNamara's Model should be understood and agreed upon for effectiveness and commitment between employees and management, and the Model should be implemented as a priority for conducting employee performance appraisal.
- As has been mentioned, the Model lacks the ability to make comparative analysis, and thus this study further recommends that McNamara's Model be strengthened as for use as a comparative Model if there are two or more cases in use. Managers often base decision-making on performance appraisal outcomes where various options are based on a set of multiple criteria. The comparison analysis model can provide a framework on identifying each criterion. If the process is structured comparatively, assessors can derive the benefit of each case at each stage and rate the options in terms of each criterion to address employees' achievements in order to make a final judgment of comparison.

6.3.2 Recommendations on Policies and Regulations

According to the research on policies and regulations at the City of Cape Town and Hangzhou local government departments, this study recommended that both Cities should adopt a legal framework that is implementable at all levels of the organization and provides the guidelines for conducting management of employees' performance through the performance appraisal system where the focus is on the appraisal process. Some other policies are also recommended for designing legal documentation in these two Cities.

City of Cape Town:

- (1) This research study recommended that local government departments in the City of Cape Town should adopt the Batho Pele Principles as a guideline to develop a better performance management system and process in order to deliver better services to the citizens (See Chapter 3).
- (2) This research also recommended that the White Paper on Local Government 1998 should be adopted at local government level to guide the performance management system's accomplishments in terms of result orientation, training and development involvement, the rewarding good performance, and managing poor performance (See Chapter 3).
- (3) This research further recommended that the City of Cape Town Municipality should utilize Municipal Planning and Performance Management Regulations (2001) to provide regulations that pertain to Integrated Development Planning (IDP) and Performance Management. The reason for this recommendation is that the Regulations comprise a framework with the description of the cycle and processes of the performance cycle, which are planning; implementation; monitoring; measurement; review; reporting; improvement; roles of the role-players including the community; individual performance processes; and procedures related to IDPs.
- (4) Furthermore, the study also recommended that the City of Cape Town local government should follow the policy of the Framework for Managing Performance Information (2007) to highlight the key concepts on performance information, which are planning, budgeting, reporting cycle, developing performance indicators and targets, and managing and publishing performance information and roles and responsibilities.

Hangzhou City:

- At Hangzhou City, this study recommended that management should adopt The 1995 Notice to discuss various methods and approaches for conducting the performance evaluation of the leadership corps through judging three performance items: economic construction, social development, spiritual civilization enlightenment to Party-building (See Chapter 3).
- This study also recommended that management should use the Municipal Performance Regulations of 2006 to regulate employee performance through a set-out predetermined performance plan, establishment of agreed intervals, personal growth and development identification, and annual performance appraisal at local government level (Performance Regulations 2006).

There are many other policies and regulations could be allocated to the departments in both the City of Cape Town and Hangzhou, but this study recommended that the legal document design must relate to employees' tasks and give the indications for management to conduct and assess employee work performance. Furthermore, this study also recommended that in order to achieve performance management and appraisal system implementation success, organizational policies and regulations should be implemented at all levels of employees and in all departments.

6.3.3 Recommendations on Case Study: Performance Management

Through the field work study of performance management at the City of Cape Town and Hangzhou City local government departments, this research recommended that:

- Employees at local government level should be clear about their duties, job standards and organizational goals, so that they can work to their full potential to meet the objectives of ensuring that performance management functions effectively.
- Employee performance should be managed in terms of the core components of goal development, goal alignment, self-assessment, manager assessment, 360

degree holistic assessment, competency development and development planning (<http://www.businessballs.com>).

- During the process of implementation, management should pay attention to fostering and improving the behavior of employees in order to increase the probability of achieving better outcomes through the use of the performance management system.
- Management, especially top management, is primarily responsible for positioning the organization in the external environment to determine the mission and strategy. It is recommended that these strategies' focus should be aligned to organizational objectives to achieve interlinked performance management.
- This study also recommended that managers should conduct employee performance management by utilizing these steps in the cycle: (1) Performance planning; (2) Design; (3) Managing performance and making improvements; (4) Performance Review and (5) Performance rewards or punishment (Brown: 1988)
- Furthermore, this study also recommended that the performance management cycle be implemented and functioning in all departments and amongst all levels of employees.

6.3.4 Recommendations on Case Study: Performance Appraisal

Through the field work study of the Performance appraisal systems at both Cities' local government departments, this paper recommended that:

- The policies regarding performance appraisal at local government level should clearly indicate and cover all the factors to ensure a sound performance appraisal system that is comprehensive and reliable. It also recommended that the legal framework chosen should match employees' work environment and individuals' work status, and can guide employees' work assessment to meet assigned targets

and organizational goals.

- Management from the City of Cape Town and Hangzhou local government departments should establish the performance appraisal system, with due consideration for the understanding of the situational and organizational factors that impact on effectiveness and efficiency. The system must emphasize past clashes with managerial preference for current information.
- Both Cities' management should enhance the current performance appraisal system through improving the performance appraisal process to achieve top-down management performance supervision and real-time operation.
- Management, especially in the Hangzhou City local government departments, should strengthen the top-down communication system to ensure the appraisal instruments and methods are clear and understandable for employees, so that the appraisal system can be implemented well in the organization.
- Local government management should set properly developed appraisal instruments that can serve as a contract between the organization and employees to ensure the performance appraisal program is acceptable to all employees.
- It also recommended that the design of the performance appraisal system at the City of Cape Town and Hangzhou local government level should consider further training and skills development programs for management as well as employees in order to contribute to the promotion of learning and to achieve long-term performance targets.

6.3.5 Recommendations on Case Study: Performance Appraisal Process

Based on the research on the implementation of performance appraisal processes at the City of Cape Town and Hangzhou local government level, the recommendations will be suggested with respect to the actual process that is being implemented in these

two Cities.

- Through the study of both the Cities, it recommended that the performance appraisal process should start with proper performance objectives design that should be reliable and achievable to meet departmental and organizational goals and strategies. It also recommended that performance objectives at both Cities should be designed under a comprehensive legal framework and must be goal-orientated, based on the best established policies and regulations for all the departments. Furthermore, it recommended that the assigned objectives should be easily subdivided into different levels. Performance objectives related to performance standards should be attainable, fair and challenging.
- It also recommended that a performance process-related performance review should be done periodically in terms of how individuals fit into the picture as well as the contributions that are expected from employees according to departments' and organizations' objectives. It further recommended that performance reviews be implemented at all levels in local government departments.
- The research also recommended that the process of meetings between management and employees is very important. Management should be committed to developing the meetings regularly with employees according to their accomplishment of tasks. It also recommended that management should prepare the meeting according to the agreed objectives and performance status through reviewing employees' previous performance and making judgments of success or failure and identify all the problems. Employees should raise their performance difficulties and problems and make everything clear during the meeting in order to be well prepared for the next term's appraisal. The study further recommended that the meetings and communication must be implemented in a top-down manner at all levels of departments and employees.

- This study also recommended that the performance appraisal process should concentrate on the evaluation step, which is based on the employee's work achievement at the required time. The study also recommended that evaluation is a consistency process; follow-up should be given to each employee so that they know their work accomplishments in the department. Furthermore, it also suggested that management should determine each individual's strengths and weaknesses and identify further opportunities for development through performance evaluation at local government level.
- This study further recommended that the managers should provide their direct reports with ongoing performance feedback. That's because feedback is a very important step within the performance appraisal process. It further recommended that all employees' supervisors and directors of the departments should continue to share impressions of how well results are being achieved, especially through the ongoing appraisal process. It also suggested that any ideas to improve or support performance should be implemented if appropriate. Furthermore, the research study also suggested that feedback should be provided on the actual results or observed behavior, and should represent a description of what has happened and not include general feelings and impressions, but focus on aspects of performance that the employees can improve.

Based on the research findings, this study also recommended that for both the City of Cape Town and Hangzhou local government, management should find the right way to craft a precise process that reflects best the organizational goals and strategies. The appraisal process should be applied properly so that it can help the management to recognize employees' achievements, to evaluate work progress and to plan future training for improvement at all levels of departments.

6.3.6 Recommendations of the study related to Service Delivery

The important status of performance management and the performance appraisal system in service delivery has been discussed in this study. To achieve efficiency and effective service delivery, this research recommended that:

- Department policies and employee work standards that relate to performance management and the performance appraisal system should identify the key areas of service delivery.
- The performance management system should be implemented by service-orientated and results-orientated leaders who are driven by the desire to deliver good quality, effective and efficient service to the citizens.
- The strategic level of performance management requires managers to focus on management in relation to service delivery and outputs, using conventional service level agreement approaches and related assessment of aspects such as volumes and quality (<http://www.ogc.gov.uk>).
- Employee performance must be managed with specific reference to the developmental strategies and Integrated Development Plans in South Africa.
- Also, very importantly, this study highly recommends that service delivery should be enhanced through employee work performance in terms of responsibility, engagement with the job requirements, day to day leadership and administration for all levels of management and employees.

6.4 AREAS FOR FUTURE RESEARCH

The investigation was conducted on the content and opportunities for improving organizational performance through managing the employee performance appraisal system. Further tracking of the utilization of the appraisal process has brought to the scientific results in the relation to organizational performance appraisal systems.

The research in this study has shown that various topics for further research, which

fall outside the scope of this research investigation, exist that should receive further attention in future. These research topics for future investigation include:

- The use of a results-based monitoring system with specific instruments to conduct research on measuring employee performance through concentrating on relevant strategies, and successful and cost-effective operations.
- Improved public participation at local government level and related participation on issues regarding the performance appraisal process;
- A generic framework for the performance appraisal process at the national, provincial and local government level;
- The development of guidelines for the facilitation of career guidance by senior managers to be used in the performance appraisal process;
- The further development of case studies to compare performance appraisal processes in different cities; and
- The relationship between performance appraisal and integrated performance management.

These further research areas would enhance the performance management and performance appraisal systems at the City of Cape Town as well as create linkages with other aspects on the subject which would benefit other researchers studying performance management and performance appraisal systems at local government level.

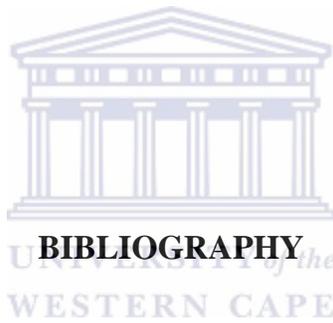
6.5 FINAL CONCLUSION

On the basis of the above discussion, it is concluded that the effective implementation of the performance management system is the key to successfully achieving organizational goals. To make performance management systems valuable and sustainable, performance appraisal systems, especially the appraisal process, play a

critical role in the organization. Effective performance depends on the contributions of activities at all levels, from policy determined by top management through to efficiently run operations.

From a broader perspective, the research concluded that performance appraisal related to self-assessment has contributed to the African Peer Review Mechanism (APRM). The APRM is a mutually agreed instrument voluntarily acceded to by the Member States of the African Union as an African self-monitoring mechanism that is based on a self-assessment report questionnaire and a program that developed by the African Peer Review Secretariat.

Performance management and the appraisal system also relates to the Millennium Development Goals (MDGs) as a performance instrument at global level. MDGs have a number of development goals, targets and indicators for the period 1990 to 2015, with the focus on evaluating the level of human development. To produce and sustain the results demanded by localizing MDGs at the sub-national level, local government departments need to establish effective local level institutional arrangement. This requires improving local governance, and introducing participatory monitoring and evaluation systems to enable dynamic and effective local government growth to meet the MDGs.



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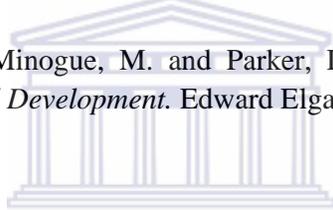
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ANNEXURE I:

QUESTIONNAIRE / INTERVIEW SCHEDULE

TOPIC: AN ASSESSMENT OF THE PERFORMANCE APPRAISAL PROCESS IN THE PUBLIC SECTOR: A COMPARATIVE STUDY OF LOCAL GOVERNMENT IN CAPE TOWN (SOUTH AFRICA) AND HANGZHOU (CHINA)

General

This questionnaire has been developed for the purposes of evaluating the status of the employee performance management system regarding the performance appraisal process in local government in South Africa. The questionnaire further aims to develop options for the performance appraisal process and for performance appraisal standards in the South African public sector. More specifically, this questionnaire seeks to assess the current position of the performance appraisal system, with a specific focus on the process followed within local government in South Africa. The results of this study will be applied to draw conclusions and recommendations on lessons that can be derived from the performance appraisal system in South Africa. Responses will be consolidated and research findings will be presented in an aggregated fashion. The questionnaire covers two dimensions for the purpose of the

practical guide, namely:

- General framework of performance appraisal
- Performance appraisal process in particular

Respondents to this questionnaire are reminded of the UWC ethics policy (to be read to the interviewee separately). Participation in the research and completion of the research schedule is voluntary, and the interviewee understands the purpose and use of the research material. All responses will be treated confidentially.

DEPARTMENT AND FUNCTIONAL AREA:

.....

NAME OF RESPONDENT:

.....



POSITION IN THE DEPARTMENT/ UNIT:

.....

DATE OF COMPLETION OF QUESTIONNAIRE:

Year Month Day

SECTION A: GENERAL FRAMEWORK OF PERFORMANCE APPRAISAL

Question 1: Is there any Performance Appraisal Policy that is being used in evaluating employee performance in your organization?

Yes No

Question 1b: If yes, what policies are in use and are you able to make these

available?

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Question 1c: If not, do you think it is necessary to adopt any policies regarding performance appraisal? Please give reasons for your response.

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Question 2: What is your attitude towards performance appraisal? Do you think it is important for managing employees' performance? Why?

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Question 3: How often does management appraise employees' performance?

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Question 4: How useful is performance appraisal in your organization to help employees aspire to deliver a higher standard of job performance?

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SECTION B: PERFORMANCE PROCESS IN PARTICULAR

Question 5: What is the performance appraisal process that is followed in your organization? Can you identify the steps?

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Question 6: Is there any feedback and discussion between employers and employees in the appraisal meeting? If so, what is the nature of these discussions?

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Question 7: Do employees and managers agree on future objectives during the first meeting?

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Question 8: Do managers use the agreed-upon future objectives as a reference point during the appraisal meeting?

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Question 9: How often is the performance appraisal form updated?

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Question 10: What are the major difficulties that you encounter in the process of conducting performance appraisal? What do you suggest in terms of addressing the problems?

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Question 11: Do you have any other suggestions on the performance appraisal process that you would like to make?

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Thank you for your participation!

END OF INTERVIEW



ANNEXURE II:

**SELECTED FIELD WORK RESULTS OF QUESTIONNAIRE
SURVEY CONDUCTED AT ROAD AND STORMWATER AND HR
DEPARTMENTS**

SELECTED QUESTION	INTERVIEWEE RESULTS (15 INTERVIEWEES)	No. of People	%
Question 1: Is there any Performance Appraisal Policy that is being used in evaluating employee performance in your organization?	Yes:	4	27%
	No:	5	33%
	Unknown:	6	40%
Question 3: How often does management appraise employees' performance?	Quarterly:	0	0
	Six month:	3	20%
	Once a year:	5	33%
	Never:	7	47%
Question 5: What is the performance appraisal process (PAP) that is followed in your organization? Can you identify the steps?	Complete PAP:	3	20%
	Incomplete PAP:	5	33%
	Non PAP:	7	47%

Question 6: Is there any feedback and discussion between employers and employees in the appraisal meeting? If so, what is the nature of these discussions?	Yes:	6	40%
	No:	9	60%
Question 8: Do managers use the agreed-upon future objectives as a reference point during the appraisal meeting?	Yes:	7	47%
	No:	8	53%
Question 9: How often is the performance appraisal form updated?	Once a year:	3	20%
	Once in Two years:	3	20%
	More than Two years:	2	13%
	Never:	7	47%

