

CHAPTER IV

4. CONCLUSION

Creating an effective performance appraisal system that can be perceived as accurate and fair by all employees is very crucial and this can prove to be a difficult task for organisations to undertake. No other organisational system affects as many employees as the performance appraisal does affect them in such important ways.

The performance appraisal system like the NRS itself, combines with the way it is administered, affects how much money people will be paid, their relationship with their supervisors, their opportunities for promotion and growth and ultimately their membership in the organisational family. The organisation has to undertake particular concern and care in developing an effective PAS in fulfilling the needs of the employees and at the same time to meet the organisational wants.

The result of this study, which was carried out by getting feedback from respondents, interviews and other secondary data seems to agree with the literature and past research findings. The literature seems to portray a negative overview of employees' perceptions towards the PAS like the NRS.

The NRS has succeeded to introduce a wide range of benefits to civil servants from its incentive system for performers, yearly bonuses and critical allowance created for certain jobs classified as 'critical services'.

The implementation of the New Remuneration System (NRS) in 1992 brought about changes in the structure and terms of service. The emphasis of NRS is on merit, particularly in the determination of salary progression, promotion and training opportunities for civil servants. In order to achieve the objective of the NRS to create an innovative, productive and quality civil servant, the Government introduced a new and comprehensive system of Performance Appraisal on 11 December 1992.

The New Performance Appraisal System embodies several key principles or elements that have far reaching implications for the Civil Service. These principles are as follows:

- (1) The determination of annual work targets, a mid-year review and the adoption of an 'open' process of performance appraisal;
- (2) The recognition of activities and contributions rendered outside the scope of official duties;
- (3) The introduction of additional evaluative criteria and detailed weighting system;

- (4) The use of different performance appraisal forms according to grades and divisions in the Civil Service;
- (5) The reduction in the levels of reporting officials (from three to two levels) in line with the reduction in grades under the NRS;
and
- (6) The establishment of Co-ordination Panels on Performance Appraisal and Salary Progression to ensure fair and just appraisals.

The New Performance Appraisal System was also formulated with the following objectives:

1. To create a systematic, reliable and comprehensive procedure for work performance measurement;
2. To develop an appropriate and relevant system for measuring work performance for all levels, groups and classifications of public service personnel under the NRS;

3. To extend the use of performance appraisal for personnel functions such as in the determination of salary progression, promotion, placement and training; and
4. To enhance the participation of heads of departments and all levels of supervisors in duties related to the performance appraisal of their officers, especially in areas connected with work planning, supervision, motivation, counselling and career development.

Nevertheless as discussed in earlier chapters, there also remains certain elements that interfere with the system in its pursuit of achieving its targeted objectives. Some factors that were believed to have tainted the performance ratings including the age factor, closeness to the boss and some degree of unfairness exhibited by the assessors are well supported in this study.

These findings are sufficient in proving that employees in general are resentful of the system and would prefer it to be abolished and replaced with another or reviewed for improvement.

4.1 Suggestions and Recommendations

4.1.1 Training

A major aspect of developing an effective performance system is training. This would be particularly effective for those involved in assessing their subordinates. Training should begin for the levels of management that involves administering the NRS process and also for the lower levels of supervision. It is recommended that the University of Malaya needs to train and retrain its managers and employees in various aspects of the appraisal mechanism. This will assist the manager to develop skills and confidence to effectively evaluate others and understand the NRS as a system.

These skills should include goal-setting, communicating performance standards, observing subordinate performance, coaching giving feedback, completing the ratings form and conducting the appraisal interview. Untrained appraisal often leads to ineffectiveness, frustration and resentment amongst employees.

The Human Resource Department in the University must play the role of interventionist whenever necessary rather than acting as mere custodian of the PAS folders or transition points for PAS movement.

This department also needs to incorporate the characteristics of an effective PAS which is espoused by the employees based from the feedback from the employees.

To ensure that PA interviews are carried out by all appraisers and appraisees the formation of an appraisal audit is to be considered. Similarly the result of the second appraisal must be made known and communicated back to the appraisee involved. Transparency in decisions and actions taken by the management will help to eliminate resentment among employees, thus uplifting their morale, foster a sense of belonging to the organisation and finally help improve performance.

The current NRS addresses only the measurement of individual performance. It has failed to consider the contributions of teamwork. Management of the University will need to develop a rewards system that measures teamwork and group contribution.

4.1.1 Compulsory Performance Review

Yearly performance reviews are critical for an effective performance appraisal system. Many organisations are hard pressed to find good reasons why they fail to dedicate an hour long meeting a year to mutual needs of the employee and organisations are being met. Performance reviews help supervisors feel more honest in their

relationship with their subordinates and feel better about themselves in their supervisory roles. Subordinates are assured clear understanding of what expected from them, their own personal strengths and areas of development and a solid sense of their relationship with their supervisors.

For the above reasons it is timely that the University of Malaya consider adopting the compulsory performance review as an important component in the NRS. For a beginning the University can conduct the following activities for the purpose of performance review, as suggested by McNamara (1999) :

(a) Design a performance review process

Performance review processes must be job-related and valid; based on a thorough analysis of the job; standardisation for all employees; not biased against any race, colour, sex, religion and performed by people who have 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, e.g., that the employee can go to his or her supervisor's supervisor. The process should be clearly in a personnel policy.

- (b) Design a standard form for performance appraisals, and 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 (include responsibilities from the job description, any assigned goals from the strategic plan, along with needed skills, such as communications, administration, etc.), a rating system (e.g. poor, average, good, excellent), space for commentary for each dimension, a final section for overall commentary, a final section for action plans to address improvements, and lines for signatures of the supervisors and employee.
- (c) Schedule the first performance review for six months after the employee starts employment. Schedule another six months later, and then every year on the employee's anniversary date
- (d) Initiate the performance review
- Tell the employee that the organisation is initiating a scheduled performance review. Remind them of what is involved in the process. Schedule a meeting two weeks out.
- (e) Have the employee suggest any updates to the job description and provide written input to the appraisal

Have them record their inputs concurrently between the assessor and asseseee. The assesees should record their inputs on their sheets (their feedback will be combined on the official form later on in the process). The management and the employees can exchange written feedbacks in the review meeting.

(f) Hold the performance appraisal meeting

State the meeting's goals of exchanging feedback and coming to action plans, where necessary. In the meeting the employees should be given the opportunity to speak first and the management should encourage participation and be supportive of their staff.

(g) Update and finalize the performance appraisal form

The forms and its action plans should be reviewed every six months.

The performance review as discussed above will benefit the University and help enhance its employees' perception on the fairness and accuracy of the implementation of the NRS as projected by its intended objectives. This can be achieved by embarking on efforts as the below :

- (1) Performance reviews provide means of measuring past performance, setting future agreed objectives, targets and performance improvements**

- (2) Performance review meeting is a key to individual and organisational development
- (3) Performance review encourages teamwork, generates enthusiasm and help potential employees
- (4) Performance review brings benefits to both appraisee and the organisation

4.1.3 Communication

Communication is an important factor that contributes to the effectiveness of the PAS like the NRS in any organisation. Hence the University of Malaya needs to improve communication at every level of its hierarchy. Through better communication all employees in the University will be well informed of the NRS and its intended purpose. Although the NRS has been implemented for more than ten years currently there still exists a fairly high level of ignorance amongst the University employees especially among the lower ranks, junior members of staff and appraisers with regards to the appraisal process involved.

The Human Resource Department plays a vital role in this respect by improving communication particularly in disseminating information

regarding the PAS and NRS. Moreover, a good communication system would help eliminate resentment and prejudice amongst its employees.

4.2 Reviewing The Matrix Salary Schedule

Many employees perceive that the elements incorporated in the Matrix Salary Schedule is the cause of discontent and singled out that the good intentions and objectives of the NRS has been tainted by this salary structure. The implementation of the quota system failed to motivate employees to work harder because only a limited number of employees will be awarded under this system.

Many are of the opinion that this salary schedule be abolished or reviewed in order to make it flexible and attractive enough to enhance work performance. More levels of salary should be created to provide for chances for salary increment and progression. The quota system should also be increased from a mere 5% for high achievers to 15% . This would eventually increase chances for salary increment and thus regarded as an improvement in the incentive system for employees.

Since 1992 the implementation of NRS at the University has seen several changes in its implementation process and structure as an effort in improvising the system. The Government had also modified the NRS to suit the changing environment particularly in the higher education institutions. After some time this move still failed to become

the completely effective PAS for its employees. They still believe that the NRS is not the effective system of performance appraisal that allows employees to feel that their contribution has contributed towards the success of the organisation and a desire to add to that success.