

**Performance Appraisal
with a view to employee
motivation in the Australian
Public Service**

Parimal Mazumder

1997

VICTORIA UNIVERSITY OF TECHNOLOGY



3 0001 00493 9155

FTS

**Performance Appraisal with a view to employee
motivation in the Australian Public Service:**
*A case study of Western Melbourne Institute of TAFE, and Darebin
City Council, Melbourne*



By

PARIMAL MAZUMDER

August, 1997

**A Minor Thesis submitted in partial fulfilment of the requirements for the
degree of Master of Business in Public Sector Management**

**Faculty of Business
Victoria University of Technology
City Campus**

UNIVERSITY OF WOLFELENDEN THESIS

658.312509945 MAZ

30001004939155

Mazumder, Parimal

Performance appraisal with a
view to employee motivation
in the Australian public

Acknowledgments

In preparing this thesis, I have been assisted by many dedicated and talented people. I can not possibly thank all of them here, but I do wish to express my appreciation to those whose help has been most valuable.

First, my sincere thanks to my thesis supervisor Dr. Anona Armstrong who guided me in every respect of preparing this complete work. I do believe that without the help of Dr. Armstrong this task could not have been finished with this quality.

Second, I wish to express my appreciation to the Peoples' Republic of Bangladesh, and the Australian Agency for International Development (AusAID) for providing me this opportunity to study at Victoria University of Technology.

Third, I would like to thank the staff of the Business Faculty, City Campus, Victoria University of Technology who helped me by providing logistic support.

Fourth, my sincere thanks to Mr. Harvey Broadstock and Mr. Peter Tilley of Western Melbourne Institute of TAFE, and Mr. Anthony Camillo of Darebin City Council who assisted me in conducting the survey. I am also grateful to those who took the trouble to complete the questionnaire.

Finally, I would like to express my warm appreciation to my friends and well wishers for their support and encouragement to complete this study.

Contents

	Page
Acknowledgment	i
List of Tables	iv
List of figures	v
List of abbreviations	vi
Declaration	vii
Abstract	viii
1. Introduction	1
2. Literature Review	2
2.1 Introduction	2
2.2 Performance management	3
2.3 Overseas Experiences	8
2.4 Reforms in the Australian Public service	12
2.5 Australian public service and employee motivation	15
2.6 Methods/tools used in performance appraisal	17
2.7 Conclusion	19
3. Background information of the organisations involved in the study	20
3.1 Western Melbourne Institute of TAFE	20
3.2 Darebin City Council	21
4. Theoretical framework	22
5. Problem statement and hypotheses of the study	26
6. The Research Design	27
7. Preliminary Investigation	28
8. Research Methodology	33
8.1 Population and sample	33
8.2 Difficulties encountered during the study	34
8.3 Data-collection methods	35
8.4 Sample characteristics	36
8.5 Variables and measures	36
8.6 Data analysis methods	38

9. Results	39
9.1 Univariate analysis	39
9.2 Bivariate analysis	50
9.3 Hypothesis testing	53
10. Discussion	60
<i>Significance of the study</i>	63
10.1 Validity of the measures	64
10.2 Limitations of the study	65
10.3 Future research	67
11. Conclusion	68
12. Possible courses of action and recommendations	69
13. Implementation	72
14. Costs and benefits of implementation	73
15. Bibliography	74
16. Appendices	79
Appendix 1- Results of the survey (TAFE)	79
Appendix 2- Results of the survey (DCC)	88
Appendix 3- Letters to the managers of the organisations under study	97
Appendix 4- Letter to the respondents	99
Appendix 5- Questions for the interviews	100
Appendix 6- Questionnaire used for the survey	104

List of Tables

Table no.	Title	Page
1	Classification of TAFE sample	34
2	Classification of DCC sample	35
3	Demographics (TAFE)	79
4	Decision making process (TAFE)	81
5	Employee motivation for work (TAFE)	82
6	Employee development programs (TAFE)	83
7	Performance based pay (TAFE)	84
8	Group cohesion and productivity (TAFE)	85
9	Regular measurement and feedback (TAFE)	86
10	Opportunities for advancement (TAFE)	87
11	Agreement/disagreement of TAFE variables	44
12	Demographics (DCC)	88
13	Decision making process (DCC)	90
14	Employee motivation for work (DCC)	91
15	Employee development programs (DCC)	92
16	Performance based pay (DCC)	93
17	Group cohesion (DCC)	94
18	Regular measurement and feedback (DCC)	95
19	Opportunities for advancement (DCC)	96
20	Agreement/disagreement of DCC variables	47
21	Correlation coefficient of TAFE data	51
22	Correlation coefficient of DCC data	52

List of Figures

Figure no	Title	Page
1	Schematic diagram of the theoretical framework	25
2	Bar diagram of measurement and feedback of actual results (TAFE)	45
3	Pie chart of participative decision making processes (TAFE)	46
4	Pie chart of employee involvement in decision making process (DCC)	48
5	Bar diagram of performance based pay systems (DCC)	49

List of abbreviations

CTC Competitive Tendering and Contracting

DCC Darebin City Council

PA Performance Appraisal

SOE State Owned Enterprise

TAFE Western Melbourne Institute of TAFE

Abstract

The purpose of this research was to investigate the motivation of the employees in the Australian public service with special attention to the Western Melbourne Institute Of TAFE (TAFE), and Darebin City Council (DCC), located in Melbourne. The dependent variables considered in this study were: age, education, decision making process, employee development programs, measurement and feedback of actual results, opportunities for advancement, group cohesion, and performance based pay systems. The data collection method comprised structured interviews, and a 46 item questionnaire designed under 9 subheadings, each of which corresponded to one variable. A random sample of 42 employees from the former, and 66 employees from the later organisation were chosen as the fields for the survey.

The data analysis to test the hypotheses included the use of correlation matrices, and t-tests. The result showed that 70 percent of the variance in motivation for work in both the organisations were explained by the eight independent variables. Regular measurement and feedback of actual results was the most significant predictor of employee motivation in both the organisations. Age, and educational qualifications were not found to be significant factors in predicting motivation for work.

On the other hand, availability of employee development programs was the second most significant variable predicting employee motivation in the organisations under study. However, performance based pay systems was also found to be a significant predictor of employee motivation for the former organisation.

As a matter of fact the analysis found that, employee motivation, regular measurement and feedback of actual results, employee development programs, and performance based pay were significantly correlated.

After due consideration to the findings of the study several recommendations have been made to enhance employee motivation in the organisations under study, which included: (1) introduction of performance based pay systems attaching equal

importance to group performance as well as individual performance, (2) performance monitoring, (3) identify training needs of the employees through consulting them and institute development programs with a provision for measuring effectiveness of the programs,(4) encourage interaction among the employees through group cohesion, and (5) ensure the practice of consultative decision making process at all levels of the organisation.

A plan for implementation of the various suggestions mentioned above was provided at the implementation part of this report.

The researcher wishes to thank Mr. Harvey Broadstock, Mr Peter Tilley, Mr. Anthony Camillo, and all the employees of TAFE and DCC who participated and helped in the survey for making this study possible.

1. Introduction

Reform of the Australian public service has not been just some management fad, nor is it even driven by purely management considerations. Fundamentally, public service reform, both in the past and in the future, is being driven by some basic changes in society, the economy, and technology. These changes influence what the public expects from governments. The resultant effects will be to ensure the delivery of public services which respond more effectively to the needs of the community (Keating, 1996).

“Clearly the performance of Australian public service or the lack of it, has major implications for the lives and well being of every Australian. For example, the performance of the energy, transport and communications sectors affects the cost structure and efficiency of Australian industry, and consequently, the costs consumers pay for their goods and services” (Scales,1997).

The managers have been facing the challenge of producing motivated, confident and competent public servants who are capable of taking full advantage of the flexibilities afforded by the reform framework and able to effectively formulate and implement innovative solutions to the problems facing the Australian public service today. This in turn required that managers be given the necessary authority to achieve those results. It involved a process of devolution, and a number of related personnel reforms intended to allow the APS to make much better use of the talents of its staff.

Employee motivation for work has been the focus of many research studies because of its necessary role to attain organisational objectives. It is important because managers, get work done through others. Therefore, they need some understanding of why people behave as they do so and they can influence them to perform in ways the organisation prefers (Stoner and others, 1994). It was hoped that this study would offer some general insights into these concepts specifically, this study investigated the correlates of motivation among employees in the studied public sector organisations with a view to drawing conclusions about the whole population of the Australian public service.

2. Literature review

2.1 Introduction

Central to this thesis is the argument that the challenge of managing people in the public sector depends on understanding the context in which people operate and how they are motivated.

The literature review examines-

- How performance appraisal is defined, its relationship with management of performance, what is its purpose, what are the arguments for and against using performance appraisal, and to what extent PA is used in Australia and overseas.
- How performance appraisal relates to the current public sector reforms recently introduced in Australia.
- What is the relationship between motivation of employees and performance management in the public sector.

It concludes by summarising the relevance of literature for the present study, defines the terms used in this study, and the key questions that the study will address.

2.2 Performance Management

As traditional sources of competitive advantages proved insufficient in the global marketplace there has been a thrust to examine the role of human performance in achieving the success of an organisation (Paul, 1996, p46).

Management of performance integrates the major areas of: (i) the selection and assignment of employees, (ii) information, training and documentation, (iii) employee motivation and incentives, and (iv) the redesign of jobs, work processes, and work environments.

All of these activities are coordinated by appraisal of employee performances in order to create a high performing workforce capable enough to meet the performance expectation of the day.

Performance appraisal (PA) is the process of identifying, observing, measuring, and developing human performance of an organisation to achieve it's goals and objectives. (Carrol and Schnair, in Cardy and Dobbins, 1994: 1). Like other areas of HRM functions such as reward systems, PA is an integral part of modern Western HRM systems (Von Glinow,1988). In its totality, PA tends to serve three major purposes within an organisation: administration, development, and communication (e, g. Butler, Ferris & Napier, 1991; Cleveland, Murphy & Williams, 1989; Williams, 1972).

The administrative purpose comprises the processes of staffing, organising, promotion, reward and punishment systems (Silverman, 1989). The development aspect attempts to identify and develop potential for future performance keeping a link to succession and personal development planning (Goss, 1994: 51); and finally, the communication is aimed at providing feedback to employees about behaviours and results they should continue or achieve (Butler, et al, 1991).

Since its inception PA has been a controversial and much-argued function in HRM. Mainly the controversy is related to validity, reliability and credibility of the system (Hegarty, 1995; Lawler, 1994; Thomas & Bretz, 1994). The early development of appraisal systems

relied heavily on informal judgements of personality traits. These personality traits were difficult to measure objectively and supervisors tended to evaluate subjectively according to their own preconceived biases; rating errors were rampant; feedback was viewed as punishment by employees (Gomez-Mejia, 1989: 27).

The views of the supporters is that PA has worthwhile objectives, such as facilitating the implementation of organisational strategy, linking performance to reward, enhancing communication between managers and their subordinates, and identifying training and development needs of different levels of employees (e.g. Butler, et al, 1991; Greer, 1995; Nankervis, Compton & McCarthy, 1993). By using companies as real examples Schuler and MacMillan (1984) tried to illustrate how a PA system can assist executives in clarifying and articulating objectives and expectations for themselves and their employees and help companies to gain competitive advantages in the ways of cost reduction and improved efficiency.

Apart from the supporters of PA there are also the opponents of the system whose view is that PA might have created more problems than it solves. The most important criticism put forwarded is that it relies too heavily on an individual's past performance, on compensation and other administrative practices rather than on future goals and development aspects (McNerney, 1995; Mohrman & Mohrman, 1995). McCarthy (1986: 10) suggests that there are also problems with performance appraisal programs, one of which is, 'attempting to use the information gained from the appraisal process for a number of different reasons, many of which may be in conflict, e.g. appraisal schemes might be used to assess present performance, potential for promotion, the need for training'. If a system firmly showing one clear objective, such as to help managers assist in employee development, was implemented it might overcome some of the existing resentment to PA systems (Girard, 1988; Daley, 1983).

Despite its controversy, PA remains a major HRM tool (Goss, 1994). Research in the USA revealed that, the overwhelming majority of both public and private sector organisations use some form of PA (Fisher, Schoenfeldt & Shaw, 1993). Again, Shelton

(1995) articulates that PA is the most universally practised human resource management program in Australian organisations.

A study conducted by Nankervis and Penrose (1990) found that 85% of 200 companies investigated in Australia had a formal PA program. Similarly another 1990 Australian study of performance appraisal and management practice identified 83% of organisations surveyed had a performance appraisal system (Collins and Wood, in Shelton, 1995).

The Australian organisations claimed that identification of training needs, employee counselling and performance-based rewards were the major purposes of PA (Shelton, 1995). In more recent times appraisal systems have been developed to overcome employees' negative perceptions of appraisal by providing more equitable and objective means of evaluation. Different types of performance appraisal approaches currently being used are exhibited in the following page.

DIFFERENT TYPES OF PERFORMANCE APPRAISAL

Behaviour rating	Assessing performance by specific descriptions of work behavior.
Work standards	Comparing actual performance against expected levels of performance.
Essay	Writing a commentary discussing an individual's strengths, weaknesses and so forth.
Management by objectives (MBO)	Setting of future objectives and action plans jointly by subordinate and supervisor and then measuring outcome against goals.
Objective-based	Setting of future objectives (without action plans) jointly by subordinate and supervisor and then measuring outcome against goals.

Source: "*Strategic Issues in Performance Appraisal: Theory and Practice*," by Charls J. fomburn and Robert L. Laud, Personnel, November-December 1983, p.25.

With the tools and knowledge accumulated in the area of performance appraisal it should be possible to use performance appraisal in a constructive and positive way for both employees and management. Performance appraisal offers efficiency in the way in which an organisation uses its most important human resources. A performance measurement system is at the heart of this performance management process, and the timely feedback of performance appraisal enables the management of performance to attain the objectives of performance improvement.

The above notion has also been supported by management expert Daley,(1993) who suggests that when employees know that the main purpose of performance appraisal is to rectify their weaknesses and further develop their existing strengths, they are more willing to disclose their weaknesses for the purpose of correcting them.

2.3 Overseas Experiences

The continuous move of the Australian Public Service (APS) towards greater devolution and accountability requires the examination of approaches evolved in the public service of other countries to ascertain the effectiveness and suitability of Australian legislations in a comparative context (Brewer, Glenn, and Llewellyn, 1997, p.92). Before reviewing the Australian experience this study presents some recent initiatives in the public service reforms of other countries.

UK

The public sector in Britain has been subject to great changes throughout the 1980s and into the 1990s. Within the public sector and more specifically within social services, there is a strong tradition of professionalism. This extends professional status to the individual worker who has considerable autonomy in terms of making professional assessments and prescribing appropriate course of action. This has resulted in the creation of organisations which largely enable professionals to practice without strict control and supervision, a further reason for administrative rather than managerial structure. The chance to plan and organise one's own work in the best possible way paved the possibility of attaining a better result and increase efficiency (Lawler & Hearn, 1995).

The impact of this new managerialism is recognised and the management tools for this new approach such as the use of performance indicators, the need for quality management, increasing the role of financial management, is equally well recognised but how the skills needed to use these techniques are to be developed is left largely unexplored (Lawler & Hearn, 1995).

New Zealand

To cater for the needs of public sector managers a Management Development Centre (MDC) has been set up with the main objectives of increasing the quality of the senior management pool across the public service. Each chief executive is fully responsible for his/her own staff.

The importance placed on contracting before a period begins, as distinct from measuring performance after it ends, is one of the most important feature of the reforms in New Zealand public sector (Ball, 1994). The reason behind this is, ex post performance measurement is far less meaningful or effective in extracting accountability if it does not relate to some previously agreed performance requirements. In addition to this the contracting process will result in a clearer specification of what constitutes performance under the agreement, and therefore provides a better guide as to how one subsequently measures performance.

So, in defining performance a number of distinctions have been made. First, a distinction between the perspective of performance from the viewpoint of an owner as distinct from a purchaser or customer, second, the distinction between outcomes and outputs in stating departmental performance expectation, and third, the distinction between the performance one might expect from the government as a whole and of departments.

The reforms in New Zealand placed emphasis on the performance measurement of chief executives only. The underlying reasons may be assumed to be creating a downward effect that, in order to achieve the agreed performance chief executives will also invent devices to measure the performances of their employees and improve productivity.

Bangladesh

Performance measurement and fixation of responsibilities for non performance has been viewed as important for improving efficiency in the Bangladesh public service. Performances are measured and reported both at individual employee and department levels. In the Bangladesh Civil Administrative Service, each employee is required to dispose of a particular task within a predetermined time limit. In this circumstance quantitative performances are mostly taken into considerations and little emphasis is placed on the quality of work done.

Similarly, at organisational levels, each organisation is judged on the basis of its different departments' achievements. The inadequacies are that, performances are measured but rarely responsibilities fixed for poor or non performance, and seldom are rewards or promotions awarded for high performance. As a result, efforts for improving efficiency are not put forwarded with enthusiasm. In the production oriented sector, organisational performances are given a higher priority than individual performances. As a consequence of poor organisational performance each year a number of public sector industries are sold to the private sector. The truth is that, in the face of a strong trade union activities in the public sector, sometimes it becomes difficult to privatise poor performing industries.

However, competition between the public and private sector banking industries has improved the performances of public sector banking business to some extent.

Whether it is in the private or public sector the basic purpose of PA is to improve the efficiency of its manpower. In this context the performance appraisal processes applicable for Australia might be made equally applicable to the public sector of Bangladesh because of its inherent desire to improve performances and productivity.

India

Applying the fundamental notion of the role of market competition, researchers in public administration have polarised into two broad camps (Ramaswamy & Renforth, 1996). One school contends that State Owned Enterprises are virtually insulated from market forces since they normally operate in monopolistic or near monopolistic conditions. Hence, it is believed that there is no incentive for the managers to focus on increasing efficiency. Lack of clear responsibility relationships in the State Owned Enterprises' (SOE) top management structure supposedly obviates any need to achieve superior performance. If superior performance is realised, the benefits are not passed along to the managers and, hence, there is no managerial incentive to compete.

Another school of thought argues that SOE managers have a lower propensity to engage in myopic profit-maximising behaviour in the short run because their shareholders do not focus on commercial profitability to such an extent that long-run performance has to be compromised, a situation that is known to detract from performance in large privately held companies (Ramaswamy & Renforth, 1996).

2.4 Reforms in the Australian public service

Apart from the Public Service Bill 1997 there has been an extensive number of management reforms in the Australian Public Service (APS) since 1983. Notable examples are (Sedgwick: 341):

- changes to budgetary arrangements, including introduction of the forward estimates and running cost systems;
- implementation of program management and budgeting, with its emphasis on objective setting and performance information;
- commercialisation initiatives;
- new arrangements for government business enterprises;
- a government evaluation policy; and
- changes to the people management and industrial relations frameworks.

The important question now is whether or not these reforms have worked and, to the extent that these aims have not yet been achieved, what more needs to be done.

With the support of the government, the Management Advisory Board (MAB) decided that it would undertake in 1992 an evaluation of management improvement in APS. The MAB (Sedgwick, 1994:341-347) sets out three areas where action is required to improve the performance of the Australian public service:

- *"making performance count* by looking closely at client needs and service quality, evaluating achievements, rewarding good performance at all levels and being accountable;
- *improving leadership*- emphasising the key responsibility of agency heads and other senior managers in managing for results and clarifying the roles of central agencies and other mechanisms for sharing knowledge and experience; and
- *promoting a culture* of continuous improvement through better people management and development-embedding attitudes and a culture that continually seeks to find better ways to achieve the desired results".

The foregoing three identified areas are complementary to each other. Because it is not possible to achieve continuous improvement without correctly measuring and timely reporting of performance, this process demands commitment and strong leadership particularly from agency heads and all the personnel involved in the performance appraisal process. In order to receive the long term benefits this system of appraisal should aim at adopting a culture of continuous improvement (Sedgwick: 346).

The use of benchmarking technique is another way of developing a more dynamic culture that is responsive to the ongoing pressures for higher quality service and value for money. The success of such approaches will however, be heavily reliant upon the selection of the appropriate object to be benchmarked and ensuring that staff are allowed to develop the necessary conceptual understanding and practical skills to utilise them effectively (Sedgwick, 1994).

Zifcak (1996) argued that the most important components of the new public management has been the adoption of private sector methods of management practices which includes the introduction of competition among the public services, the development of appropriate performance standards and the correct evaluation of the actual results of performance.

In a recent study Baxter (1996) also viewed that the most important challenge for public servants is to handle these changes. This requires managers not to rely solely on the principles of rigid structures and strong controls. Instead, they should be independent, reasonably free from political influence and impartial in the evaluation of performance. Being impartial will help them to gain the respect of their peers whom they have to motivate to maintain the momentum for positive change.

From the previous discussions it is imperative that there is a lot more to be achieved in respect to increasing the efficiency and performance of the Australian public service. The recent initiative in this process is the introduction of the Public Service Bill 1997.

The most important components of the Bill reveals the following:

Public Service Bill 1997

A key element of the present government's micro-economic reform agenda is reforming the Australian public service. Recently the Public Service Bill 1997 was presented to the parliament for enactment as legislation to guide the public service of Australia. A significant provision of the proposed Bill was to provide the legislative foundation for an employment framework in which Secretaries can recruit, develop and deploy employees in a manner that delivers optimum performance and value for money to the community and at the same time ensures a fair and rewarding workplace (Reith, 1997, p.19).

This Bill is expected to make the public service more efficient in offering policy advising to government and programs to the public. It intends to promote higher performance in the APS by devolving management responsibility to individual agencies and retrospectively ensuring that public interest objectives are maintained through accountability. This Bill claims superiority over any other reform in two aspects:

Firstly, it provides far greater freedom for public servants to manage their own affairs where both the employers and the employees hold authority to make decisions on wages and conditions of pay.

Secondly, it offers far more protection of the public interest by providing far greater power of review and investigation to the Public Service Commissioner, and scrutiny by the parliament.

An analysis of the proposed new provision reveals that empowering the Secretaries to have an absolute control over their jurisdictions demands leadership from the agency heads where employees are encouraged to provide the quality services for which they are accountable. This requires the approach of delegation and participation.

Therefore, the following discussion is concerned with the motivation of employees in the Australian public service.

2.5 Australian public service and employee motivation

Like any other field of study, public sector performance management is in part concerned with motivating people in order to attain the objectives of offering a good standard of service with a minimum delivery cost. Psychology has long concerned itself with human motivation. Although it is not possible to analyse human character with full certainty, it is not incorrect to presume that human behaviour is directed towards following some inner motives. Thus the behaviour of public servants in respect to their intention and ability to discharge official duties can be analysed, predicted and perhaps shaped (Stretton, 1994, p.145).

Psychological theories concerned with motivation offer some guidance about how the public sector workplace can attain the fullest levels of cooperation from its workforce.

Among the motivation theorists, Maslow (1908-1970) specified a hierarchy of human needs that he argued determined motivation. Stretton (1994, p.149) adapted the theory to the workplace of the public service. He suggested that a work environment which would motivate public servants would require:

1. A working life that provides an adequate and secure level of subsistence to sustain comfortable survival.
2. Conditions of employment that provide a safe workplace and the financial means to allow a safe and secure domestic existence.
3. A work environment that enables the public servant to feel that he or she is a real part of that environment, and is valued.
4. A work environment that enables the public servant a basic level of self-esteem through achievement, exhibiting competence, and the provision of a method of formally or informally recognising and approving that achievement and competence.
5. A work environment that provides the means by which the public servant can know, understand and explore the more intangible aspects of public service that are desired.
6. A work environment that provides the discretion and the tools to enable public servants to perform at a level whereby they can take pride in their work.

Therefore, it can be said that according to the theory of Maslow public servants will discharge their official duties with fullest sincerity only when the public sector workplace provides them the opportunity to satisfy their needs and aspirations which in turn would motivate them to work with efforts (Stretton, 1994).

An increased focus on the management aspect of the public service has arisen largely because both the public and the parliament have demanded greater accountability. A result of the evolution will be to place enormous pressures on governments as employers. If governments neglected the fact that the market works for labour as for capital they will lose their best people to the market place.

In order to keep pace with the development of management techniques around the world initiatives are taken from time to time in the Australian public services to modernise the service which meets the demand of the society and satisfies the needs of the public servants to deliver an efficient and quality public service.

A closer look into the recent reforms initiatives including the Public Service Bill 1997 exhibits that all the new provisions were made with the ultimate objectives of inspiring the public sector workforce who voluntarily undertake initiatives to satisfy the development needs of the society. Therefore, sufficient autonomy has been provided to the public sector employees to make it possible for them to plan for the best possible courses of action and create an atmosphere of working as a team. Rewarding good performance and taking measures to rectify poor performance has been the focal point of all such initiatives which require that actual performance should be measured with absolute correctness and the performance appraisal process needs to be administered with due care and attention.

Otherwise, employees might find it not as a source of enriching their capabilities but merely a system of managerial control and toughness. The selection of the appropriate methods and techniques used to measure actual performance is crucial to the success of the performance management process.

2.6 Methods/tools used in Performance appraisal

Performance appraisal is a method of ensuring that employees are aware that management is monitoring their professional progress both in terms of their weaknesses and strengths. "If employees are aware that the objective of a performance appraisal is specifically to identify their strengths and weaknesses and to organise training programs to further develop these strengths or overcome these weaknesses, they may be more willing to cooperate and allow their weaknesses to be disclosed. It is then possible for the organisation to build on these strengths and endeavour to overcome any weaknesses found in an effort to increase overall productivity" (Daley, 1983: 65).

The process of evaluation requires the appraiser to identify both positive and negative aspects of their employees' performance in order to determine if they should be rewarded. Therefore, appraisal benefits good working people directly and encourages and helps poor performers to improve efficiency.

Clayton and Ayres (1996) pointed out that in order to get benefits from the PA process i.e. motivating employees to attaining goals and objectives of the organisation, the following has to be kept in mind:

- An appraisal scheme directed towards employee development should help to create a common link between the goals of the appraisers and the appraisees and therefore encourage open communication.
- Organisations should establish formal criteria for measuring employee performance, rather than using criteria decided by individual appraisers.
- The appraisal process should involve more than one appraiser, as single appraiser are more susceptible to bias.
- An appraisal scheme must include, extensive training of both appraisers and appraisees.
- The appraisal process should culminate in some form of feedback session in which employees are given an opportunity to discuss the results with their supervisors.
- Employees should not only be given an active role in the process, but also they are to be involved in all relevant aspects of decision making.

As discussed earlier different literature relating to this study pointed out that Australian organisations have been practising a formal performance appraisal techniques with a view to improve employee performance. In this process departmental performance is measured against the predetermined targets and individual performances within the department receive the value in terms of the performance of the whole department. In measuring the overall performance of a department measurable and appropriate performance indicators are determined beforehand and communicated to the concerned departments and at the end of the period actual achievements are measured against the predetermined standards. Departments after receiving the report of its performance undertake initiatives to rectify lacking by providing training and development programs for the employees and reorganising the way of doing things appropriately after due consultation with the employees.

2.7 Conclusion

The internationalisation of the Australian economy, pursued especially in the 1980s, and a desire to expose it to competition as a means of improving performance and ultimately improving productivity signalled the end of the protectionist era. The challenge to improve performance is as urgent now as it ever was. The key requirements now are to ensure that attitudes and behaviour are consolidated to enable the service to build upon and more fully realise the values and outcomes expected of a professional public service.

The introduction of corporate planning, the greater concentration on outputs and performance, including the wider use of performance appraisal and the moves to enhance management information systems should all contribute to a substantially improved environment for ensuring accountability.

Australian public service uses performance appraisal as the techniques of developing the quality of services it provides to the society and government reforms are intended to create a congenial atmosphere where employees find the new directives as necessary and effective in discharging their responsibilities in a most efficient manner.

3. Background information of the organisations involved in the study.

Two organisations participated in the study, Western Melbourne Institute of TAFE, and Darebin City Council.

3.1 Western Melbourne Institute of TAFE (TAFE)

Western Melbourne Institute of TAFE is one of the largest TAFE Institutes in the state with approximately 20000 student enrolments. The Institute offered a wide range of programs in Building and Design, Business and Computing, Electrical Technology, Engineering, Human Services and Further Education, Sport, Recreation and Fitness, etc. The Institute conducted its different courses through the campuses located in the Western suburbs and a city campus at 255 King Street. The Institute is committed to providing high quality programs and services designed to meet the needs of students, industry and community clients.

This study surveyed two departments of the Institute, namely: Language Studies Department, and Labour Market Programs.

The Language Studies Department had a total workforce of 47 employees comprising 42 academics, and 5 administrative and technical support staff. The department is run by a Head of the Department with support from its administrative staff. The courses offered by the department were: General English, English for Academic Purposes, English for Occupational Purposes, English for Health Professionals, Migrant Access Education Programs, English for Computing, etc.

On the other hand, the department of Labour Market Programs had a total manpower of 45 employees comprising 41 academics, and 3 administrative staff. The courses offered through the program were mainly: Special Employers Support (SES), and English as a Secondary Language (ESL). There were 4 courses running under SES, and 18 courses under ESL. The program was run by a Head of the Department with the assistance of other administrative support staff.

3.2 Darebin City Council (DCC)

The city of Darebin was formed on June 22, 1994 as part of the local government amalgamations. The new municipality comprised the former cities of Preston and Northcote, and included small parts of the former cities of Coburg and Heidelberg and the Shire of Diamond Valley.

The city has an area of about 55 square kilometres and contained a mixture of residential and industrial areas. The estimated population was 130000 people. The councillors of the city council comprised nine elected representatives including a Mayor, and the management team consisted of six officials, including a Chief Executive Officer. The activities of the council were being performed through its various departments. The departments included mainly: Community Care, Family Services, Youth Services, Health Services, Human Resource Development, Garbage and Recycling, Library Services, Children's Services, Records Department, Corporate Relations, Planning, etc.

The corporate plan of the city council identified the values which drove the total operations and guided the behaviour of the employees when working with the customers, colleagues, systems, and processes. The identified values were: innovation and creativity, teamwork, integrity, respect for others, high performance, quality service, and safety.

The study conducted a survey in 6 departments of the council comprising: Community Care, Records Dept., Corporate Relations, Health, Planning, and Family and Youth Services. All these departments had a total manpower of 210 people. Some of the activities performed by the departments were: home care, transport, food service, family counselling, family support, pest control, immunisation, garbage collection, etc. The head of the department ran the operation of the department with the assistance of supporting administrative staff.

4. Theoretical framework

The variable of primary interest to this research was the dependent variable of employee motivation. Eight independent variables were used in an attempt to explain the variance in employee motivation for work. These eight variables were: age, educational qualifications, decision making process, employee development programs, measurement and feedback of actual results, opportunities for advancement, group cohesion, and performance based pay.

Education provides the basis to increase the knowledge of people. As knowledge increases the possibility of finding new ways to perform better can be increased to a proportionate degree. These increased capabilities enable individuals to attain higher efficiency than others who do not possess the same degree of education.

Participation in decision making is associated with commitment to the decision. The relationship between managerial prerogative and employee compliance is uncertain. For this reason, managers and supervisors need to see the importance of negotiating, and continuously re-negotiating consent. The manager employee-employee relationship is characterised by ongoing agreement. Gaining consent for PA, and ultimately commitment to the organisation is essential for the overall success of the organisation and mutuality of the employee-manager relationship. Stoner and others (1994: 145) stated that, there is strong evidence that commitment to decisions is usually increased when employees are involved in the decision making process. When subordinates are given the responsibility for dealing with a problem, their self-esteem increases and they take pride in their demonstrated value to the organisation.

Training and development is the procedure to foster learning among organisational members. The primary purpose of a training program is to help achieve the overall organisational objectives. At the same time, an effective training program must demonstrably contribute to the satisfaction of the trainees' personal goals (Nankervis and others, 1996: 256). Thus, by providing the opportunities to learn training programs help

employees to achieve excellence in performance. Considering this, it is expected that there will be a positive correlation between training programs offered by the organisations and the level of employee performance.

Human efforts are directed towards the fulfilment of certain goals and objectives. Similarly, employees in the public sector want to be informed how far their efforts meet the anticipated outcome. Performance coaching is an ongoing process that provides constructive feedback and keeps workers focussed on what may be frequently changing objectives. Because of this, it needs to be more than just a casual discussion about performance during the day's routine. It needs to establish a specific dialogue to review and support performance, modify objectives, and correct emerging problems. Timely feedback makes employee aware how they are performing. Poor performance is detected and conveyed at an early stage which enables employees to initiate corrective action for better performance in future. In this way regular measurement and timely feedback of actual results will have a definite bearing on the level of employee motivation.

During the structured interview process the employees expressed that the greater the opportunities for advancement in the organisation was, the higher was likely to be the level of motivation. In the literature review section it was seen that if governments have neglected the fact that the market works for labour as for capital and ignore the market they will lose their best people. A recent report in *The Age* showed, many of the best policy and treasury officials are now in the private sector (Baxter, 1996: 5). Thus, when employees know that their future prospects may lie in opportunities to grow by showing excellence in performance their levels of motivation is expected to be high.

A group may be defined as two or more people who interact with and influence each other for a common purpose. Work is usually done by groups of people in the public service. So, the level of interaction between the group members will largely determine the actual performance by the group. Highly cohesive groups often have less tension and hostility and fewer misunderstandings than non-cohesive groups. For this reason they are

potentially more productive than non-cohesive groups. It can be said that the more group cohesion is, the more will be the motivation among group members to meet group norms.

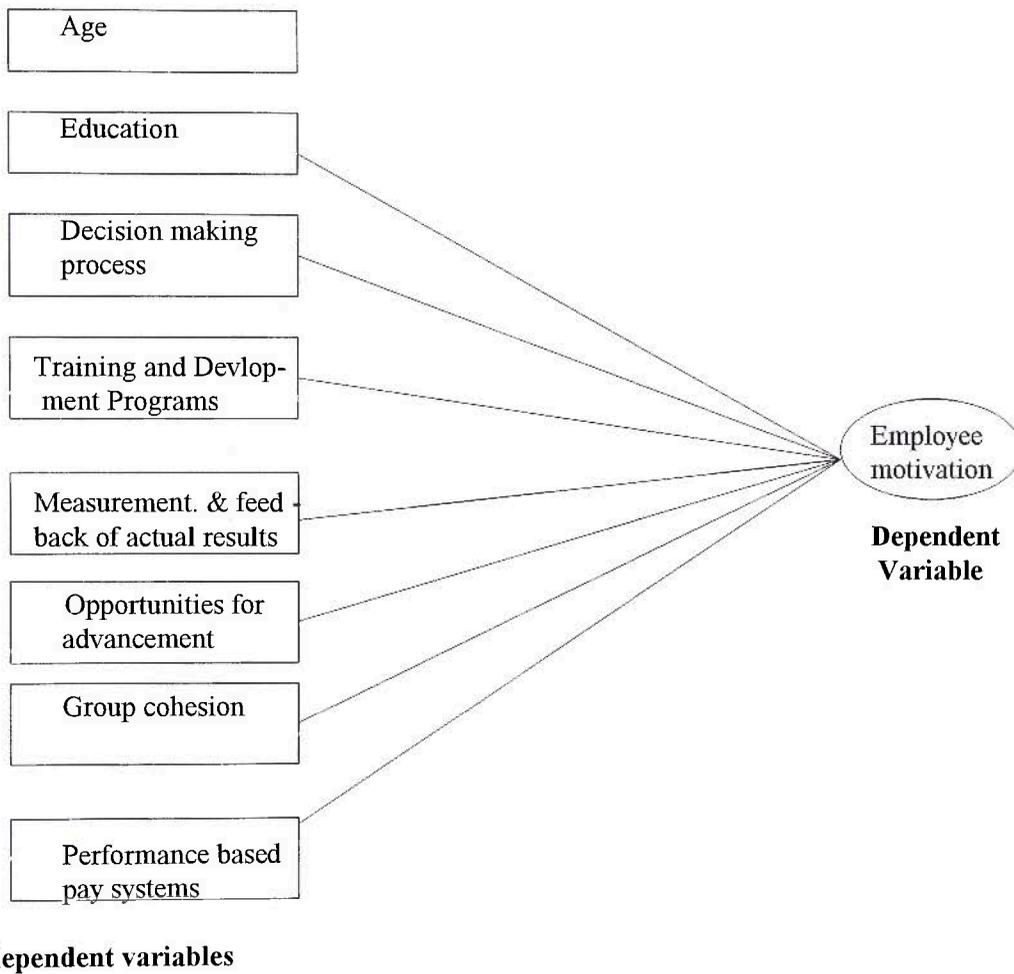
There is a need to strengthen and expand the linkages between an organisation's performance, individual and work group contribution to that performance, and the distribution of rewards. Particular emphasis is placed on pay plans that provide an incentive for future performances, or recognition of past contribution. Either way, these reward systems are based on the intuitive belief that people will perform better if rewards are more closely attached to their performance.

Pay for performance has been a widely used method of compensation in the public service since the early 1980s, but a growing body of research has indicated that numerous problems can be associated with its application (Edward and Coleman, 1997: 5). Although their study seeks to determine whether state governments are becoming disenchanted with pay for performance, results indicate that pay for performance remains as popular as ever in state government, and that nearly all of the systems in the states utilise merit pay despite difficulties often associated with that approach.

On the basis of the above arguments the thesis of this study is that there would be positive correlations between employee motivation and each of the independent variables of : age, education, decision making process, employee development programs, regular feedback of actual results, opportunities for advancement, group cohesion, and performance based pay.

The theoretical framework is depicted in **figure 1** below.

Figure 1
Schematic diagram of the theoretical framework



5. Problem Statement

The problem statement of this study is: To what extent do performance appraisal systems predict employee motivation in the Australian public service.

The hypothesis of the study were:

HA 1. The older an employee was, the greater was the individual's levels of motivation for work.

HA 2. There will be a positive correlation between level of education and motivation for work.

HA 3. If employees were involved in the decision making processes their motivation for work would be greater.

HA 4. Training & development programs in this organisation enabled individual employees to be more productive.

HA 5. Regular measurement and timely feedback of actual results was essential for employee motivation.

HA 6. If an opportunity for advancement was perceived by the employees, then there was a greater degree of motivation for work.

HA 7. Group cohesion and group dynamics played a major role in creating a motivated workforce.

HA 8. There was a positive correlation between payment made on the basis of performance and motivation for work.

6. The Research Design

6.1 Type of study

The eventual purpose of this study/research was to establish the relationships between the independent variables of age, education, employee involvement in decision making, employee development programs, measurement and feedback of actual results, opportunity for advancement, group cohesion, performance based pay systems, and the dependent variable of employee motivation for work. Thus, this research was a correlational study.

6.2 Nature of study

The goal of this research was to ascertain and to be able to describe the characteristics of employee motivation in a workplace situation. As an attempt was made to analyse the relationships between the dependent and independent variables, this study was analytical in nature.

6.3 Study setting

This was a field study because it examined attitudes and behaviours of employees in their natural work environment. Variables were neither controlled nor manipulated and no artificial setting was created during the time of study.

6.4 Time horizon

A period of two months was spent to collect the data for the study. The researcher had not done any previous research work on these organisations, nor was any subsequent extensions of this research contemplated. Essentially, the study is cross sectional in nature.

6.5 Unit of analysis

As the researcher was interested in determining the degree of employee motivation for work, the unit of analysis was each individual employee.

7. Preliminary Investigation

Prior to undertaking the study, the researcher interviewed two members of staff. The purpose of the interviews were:

to determine the relevance of the variables identified in the literature review to the contexts in which the study was to take place, and
to identify any other issues which were relevant.

Structured Interviews

The researcher interviewed two people on May 12 and 13, 1997. The time and place for the interviews were selected through a previous telephone contact and for convenience on the part of the interviewees the selected locations were the office premises of the respondents. The persons selected in the interview processes were: one at the level of a managerial position from the Western Melbourne Institute of (TAFE), and the other at the level of general employee from the Darebin City Council (DCC).

The researcher organised a set of questions beforehand and these were used during the process of the interviews. The responses were recorded by the researcher and the respondents were given the opportunities to comment on the recorded responses. The interviewees were assured by the researcher that their opinion will be confidential and be used only for academic purposes of the researcher.

During the course of the discussion, an attempt was made to surface the respondent's overall impressions on: the goal setting processes of the organisations, measurement of actual results for the purpose of making a congruence between organisational demands and employees' expectations, employee development programs to fill the gap between expected results and actual achievements, remuneration policies, their fellow workers, their managers and superiors, and the career building prospects of the organisations.

The questions asked during this interview processes are enclosed in Appendix 4 of this report. The same set of questions were asked in the interviews of each employee. The results of the interviews are described below.

7.1 Employee responses regarding the decision making processes of the organisations

During the course of the interviews, questions were asked addressing the decision making process of the organisations. Similar responses were received in many respects with a little differences of opinion in some issues.

Both of the respondents expressed the view that staff needed to be consulted throughout the planning process and that their expectations had to be matched with the overall goals and objectives of the organisation. They also agreed that in order to utilise limited resources in a useful manner, application of effective budgetary control systems was an inevitable part of the total planning process.

On the other hand, one was of the opinion that the decision making process of different departments was not the same in the sense that, while most of the departments applied participative decision making processes effectively, there were a few exceptions not applying the principles to the fullest extent. This was due to the subjective judgements of the key decision makers in a few departments.

The other respondent was of the opinion that application of the process was uniform throughout the organisation. This variation in opinions might be due to the different positions of the incumbents. General level employees might have thought to be involved in every sphere of decision making. On the other hand a managerial level employee might include employees in only some specific areas of decision making to avoid costs associated with the process.

7.2 Attitudes toward the performance measurement processes

The respondents passed almost identical comments that the competencies measured needed to correspond with the critical demands of the work position to ensure that the most important attributes were measured.

They also agreed that staff motivations to improve performance required that they understood and accepted the basis of measurement. Consultation with staff in the development and implementation of performance indicators appeared to be a prerequisite for success of the overall performance appraisal process.

The interviewees expressed the opinion that employee attitudes toward the fulfilment of the goals and objectives of the organisation could be enhanced through applying an effective measuring system where individual performance was given due importance.

7.3 Impressions about the reward policy

Similar responses were received from them in respect to the remunerations policies. In their view, if an organisation used a Performance Rating Index to determine Raises Index employees could judge the merit of their raises by seeing where their performance ratings placed them. If an employee was dissatisfied, he or she could discuss with the supervisor how performance could be improved. That way, there was no worry about an insupportable, subjective raise decision.

The respondents pointed out the difficulties of quantifying the qualitative types of output in absolute terms. A dilemma of doubt existed within the organisation that everybody might not be equitably judged for their performances because, some tasks were exclusively carried out by a group of people and group achievement was the only criterion to measure individual performance.

7.4 Impressions about fellow workers and work group

The interviewees expressed positive attitudes toward their work group and fellow workers. One possessed the view that group members were just like family members within the unit. Another felt that some members who do not put equal effort into achieving group targets might have received equal amount of benefits as the overall group achievement was considered for measuring individual performance. In such a situation performance based pay systems, and promotional criteria failed to identify low performing group members appropriately. A suggestion was to measure performance both at group and individual levels, and at the same time an equal weight should have to be imposed to each measure for measuring performance. Otherwise, group cohesion would be distorted and the achievement of objectives and goals will be at a stake. For the purpose of overall productivity, an all round eagerness to employ the full capabilities of employees' was warranted.

7.5 Reactions to management

A mixed opinion was gathered about management in general, and the supervisors. Both of them expressed positive attitudes about their immediate supervisors. On the other hand, one of the interviewees was not quite sure about the overall management philosophy of the organisation. A common belief was identified that decentralisation of responsibilities and authority were essential for effective implementation of tasks and achieving adequate accountability.

The impressions, attitudes, and reactions of the interviewees suggested the investigation of six potential areas of concern, decision making processes of the organisations, measurement and feedback of actual results, remuneration policy, promotional prospect, group dynamics, and the overall processes to attract cooperation to the fullest extent.

Upon completion of the interviews the researcher determined the study problem statement and drew up a list of the important variables that surfaced in the interviews. In the light of the fact that both of the respondents considered that employees' intentions to put forward their abilities and capabilities was the key to achieve organisational performance the conclusion was made that the dependent variable to be studied in this study was employee motivation for work.

8. Research Methodology

The methodology used in the study included

- Literature search using library on line facilities,
- A preliminary investigation discussed in section 4, and
- A survey of the two organisations.

This chapter describes the method used in the survey.

8.1 Population and sample

The population for the study comprised employees in the various departments of the Western Melbourne Institute of TAFE (TAFE), and the Darebin City Council (DCC). The selected departments of the former organisation consisted of a total workforce of 92 employees, and the later had a number of 210 employees.

Structured interviews of a suitable employee from each organisation were conducted to surface potential areas for investigation. A questionnaire consisting of 46 items was administered later to a representative sample of 42 and 66 employees of the organisations respectively.

The researcher attended a course in TAFE previously. Therefore initially an attempt was made to distribute 80 questionnaires in the organisation with the expectation of getting responses to approximately 80 percent which could form a sufficient number to draw a conclusion from the study. Due to some unavoidable circumstances (explained in section 7.2) it was not possible to distribute more than 42 questionnaires. Therefore, to conduct a meaningful study DCC was chosen as an additional field of study. The selection was done following a simple random sampling procedure.

8.2 Difficulties encountered during the study

The first organisation selected for the study was TAFE. Considering the population size of the former organisation an attempt was made to distribute 80 questionnaires comprising 52% women and 48% men. Because of the semester break in the TAFE year it was not possible to distribute more than 42 questionnaires. Consequently 22 completed questionnaires were received from the respondents making a response rate of 51% summarised in **table 1** below.

Table 1

Classification of the sample of TAFE data and their corresponding responses

Group of employees	Sample size	No. of responses received	% of responses to sample size
Senior level management	2	2	100
Middle level management	3	2	67
Supervisors	8	4	50
General employees	29	14	48
Total	42	22	51

Samples were broken into subsamples (males/females, juniors/seniors, etc.), while meeting the minimum sample size of 30 for each category is necessary (Sekaran, 1992).

Recognising the inadequacies of the sample size for drawing conclusions from the results of the survey another public sector organisation was approached as an additional field of study. With the assistance of the supervisor the latter organisation was selected as an additional field for the study. With an expectation of receiving approximately 50% responses which could make the analysis meaningful, a total of 66 questionnaires were distributed in the organisation. Consequently, 35 responses were received making a response rate of 53% summarised in **table 2** the next page.

Table 2

Classification of the sample of DCC data and their corresponding responses

Group of employees	Sample size	No. of responses received	Percentage of responses to sample size
Senior level management	2	2	100
Middle level management	6	4	67
Supervisors	10	6	60
General employees	48	23	48
Total	66	35	53

The difficulties enumerated in the previous page prompted an obvious opportunity to analyse two public sector organisations with a hope of substantiating a more reasonable survey outcome. Thus, instead of rejecting the analysis of the survey in the former organisation the findings of the two organisations were analysed in this study report.

The cooperation of the different levels of management and general employees of the two organisations deserved appreciation without any reservation.

8.3 Data-collection methods

The questionnaires were distributed on the premises of the organisations on a week day. In addition to the covering letter conveying the message of strict confidentiality the employees were assured personally that their responses would be anonymous and used for only academic purpose. They were allowed a period of 10 days to complete and return to the researcher using a self addressed provided envelope.

8.4 Sample characteristics

The sample of 108 employees comprised 50 percent women, and 50 percent men in the former organisation, and 57 percent women and 43 percent men in the latter organisation. The mean age of the respondents for the two organisations were 37 and 30 years respectively. The mean length of service of the employees for the two organisations were 6-10 years, and 1-5 years respectively. All had at least a high school degree, 4 percent had a bachelor's, and 82 percent had a post graduate degree in the former organisation. Overall, all respondents had completed high school, 23 percent had a bachelor degree, and 40 percent held a post graduate degree in the latter organisation.

8.5 Variables and measures

The 46 item questionnaire tapped seven personal information items: nature of the organisation, designation, tenure, age, gender, education, and first language. These were measured by a single item. Decision making process, employee development programs, measurement and feedback of actual results, opportunities for advancement, group cohesion, performance based pay, and employee motivation for work were measured through multiple items on a five-point Likert-type scale. These are described in detail below.

8.5(1) Decision making process

Recognising the fact that decisions made through proper consultation could produce better results an attempt was made to identify the decision making processes of the organisations through 6 items. These measured the degree of decentralisation, employee participation in the decision making process, and availability of updated information.

8.5 (2) Training and development

This variable was tapped through six items that measured the presence of the processes of employee development programs, regular measurement of program outcome and the status of management development.

8.5 (3) Measurement and feedback of actual results.

In an attempt to value this variable four items were tapped that measured employees' perceived awareness of opportunities to develop competencies, availability of realistic measures of performance, management willingness to stimulate them to improve, and a cooperative effort to sustain progress.

8.5 (4) Opportunity for advancement

This variable was tapped through five items that measured employees' perceived scope for advancement, management willingness to promote efficient workers, and general overall norms for promotion in the organisation. A sample item is "Employees prefer organisations where the possibility of being promoted through excellent performance is very high".

8.5 (5) Group cohesion

More and more frequently organisations use teams to deal with the accelerating pace of external change as well as to handle the increasing complexity and interdependency that is needed for completing internal tasks (Cavaleri and Fearon, 1996). Group norms may encourage either high or low performance by group members. If their norms favour high output, cohesive groups will be uniformly high producers. Thus, 6 items were developed to measure the relationship between team-building and productivity.

8.5 (6) Performance based pay systems

The performance criteria are the quantitative and/or qualitative measure of the output for a particular position and situation (Underhill, 1994). In view of this principle four items were selected to measure the reward policy of the organisations which attempted to establish the relationship between pay and performance.

8.5 (7) Employee motivation for work

Kaplan and Norton, (1996) stated that competitive companies around the world place topmost priority to exploit their human resources and in this way by improving the performance of their manpower they beat other competitors in the marketplace.

In view of this an attempt was made to measure this variable by: examining the initiatives adopted by the public sector organisation to exploit their manpower, practicing performance reviews to learn about and improve the effectiveness of operations, and paying for performance.

8.6 Data analysis methods

Necessary statistics were obtained by using the responses received from the respondents to form the basis of analysis. But in each case the items were not selected to form a scale. They addressed different aspects of the construct in order to provide useful information for analysing the dependent variable.

In each case a specific question measured the dependent variables which were the subject of the hypotheses.

9. Results

The results of the study has been divided into two parts: (a) Univariate analysis, and (b) Bivariate analysis. Univariate analysis shows the findings in each organisation separately and at the end of the individual analysis a comparative position will be indicated briefly. On the other hand, bivariate analysis shows and compares the results of the two organisations by testing the hypothesis of this study and at the end a brief summary of results has been provided.

9.1 Univariate analysis

As discussed in the research methodology section the 46 items questionnaire was divided into 9 sections of which section 1 was concerned with demographic questions and section 9 was concerned with overall comments and suggestions of the respondents. Each of the other sections contained a series of related questions concerning a particular variable. The questionnaire was designed in such a way that each section contained a key question which was subsequently used for analysing the results of that section. Questions other than the key question were to assist the respondents to attain at the key question through some sequential steps.

The responses received from 22 respondents of the TAFE, and 35 respondents of the DCC sample regarding each variable are shown separately in **appendix 1 (Tables 3 to 10)**, and **appendix 2 (Tables 12 to 19)** respectively.

The principles under which key question in each section have been chosen are described in the following pages.

Decision making process of the organisations

The six items in this section were designed to measure employee attitudes about goal setting and other decision making process of the organisations, and employee opinions about participative decision making process and the resultant positive effect on performance. **Tables 4 and 13** show that employees responded differently to each item.

The key question for this section was item no. 2 (All staff set goals in consultation with their supervisors) because this item attempted to be obtained decision making processes followed by the organisations.

Employee motivation for work

Motivation is the set of processes that arouse, direct, and maintain human behaviour toward attaining a goal. Items were chosen to measure this variable. The main purpose of this study was to analyse performance appraisal as a means of employee motivation in the Australian public service. In order to identify factors that affect motivation in the workplace this variable was measured through 6 items.

The key question for this section was item no. 1 (Regular measurement of performance creates employees awareness of the need to develop competencies) because the main objectives of performance appraisal is to develop competencies.

Tables 5 and 14 show that the respondents mostly agreed to this item with a few exception of 9% and 6% disagreeing to this point.

Employee development programs

Training and development programs can be viewed as a means to develop employee performance. The performance appraisal process by identifying weak areas of employees that need to be developed creates an opportunity for development.

Therefore, the key question for this section was item no. 2 (Linking of development opportunities to the performance management process is effective) because this question measured employee attitudes about performance appraisal as a means to empowering people in the organisations through appropriate development programs.

Tables no 6 and 15 show that on an average more than 80% respondents agreed to this underlying notion.

Performance based pay systems

Payment made on the basis of performance has a definite bearing upon individual productivity. When one knows that he is going to be paid for the amount of product he has produced then he will try to receive more wages through improving the amount of production. Thus 4 items were designed for this variable with an intention to obtain employee attitude on results based reward system.

Item no. 1 was seeking employee opinions that the organisations' reward philosophy is a strong determining factor in employee performance, therefore this item was considered as the key question for this section.

Tables 7 and 16 show that the respondents responded differently for different items and compared with other items of this section relatively less respondents agreed to the above condition.

Group cohesion and productivity

Cohesiveness is the pressures group members face to remain part of their groups. Highly cohesive work groups are ones in which the members are attracted to each other, accept the group's goals, and help work toward meeting them. Therefore group norms favouring high output of the group members can improve the overall productivity of the organisations.

Item number 1 was surveying employee opinions that formation of work group encourages cooperation among group members, which by satisfying the main theme of this section was considered the key question for this section.

Other questions were designed to assist the respondents to concentrate themselves on the key question. **Tables 8 and 17** explained employee responses on different items of this variable.

Regular measurement and feedback of actual results

Performance is measured to identify the extent of variations from expected results with a view to fill the gap by providing training and other development measures. If regular feedback of performance is provided employees become aware where their efforts need to be improved and by doing so actual performance of the organisation can be enhanced.

The key question for this section was item no. 6 (Timely feedback of performance enables employees to know how effective their present efforts are and where their performance needs more attention) because this item was tapped to measure employee opinions on feedback of actual result and its effect on developing employee productivity.

Tables 9 and 18 show that 86% of employees agreed to the item no. 6. Other items helped employee to arrive at the main question of this section.

Opportunities for advancement

As human beings employees want to prosper in their workplaces by showing a level of performance which places them as efficient and to be promoted. If employees find that in spite of showing a high level of performance the opportunities for advancement are uncertain or blocked, they will not work hard to attain better results.

Item no. 1 was the key question for this section because it was designed to obtain employee attitudes on this core concept i.e. employees prefer organisations where the possibility of being promoted through excellent performance is very high.

Tables 10 and 19 show the responses to different items of this section. The items other than no. 1 were placed to get an idea about how successful was the main question to draw respondents' attention. Analysis of the responses to different items indicates that the key item appropriately communicated the concept of this section because the respondents showed a consistency in replying to interrelated questions.

9.1 (1) Analysis of TAFE data

The responses received from the employees concerning the seven variables of: employee involvement in the decision making processes, employee development programs, regular measurement and feedback of actual results, opportunities for advancement, group cohesion, performance based pay systems, and motivation for work of employees of TAFE are shown in **table 11** below.

Table 11

Variables and their corresponding agreement/disagreement of the TAFE sample

Variable	% of strongly agree and Agree (n)	% of Neither agree nor disagree (n)	% of strongly disagree and disagree (n)
1. Employee involve- ment in decision making processes	55% (12)	14% (3)	31% (7)
2. Employee deve- lopment programs	90% (20)	5% (1)	5% (1)
3. Measurement and feed back of actual results	86% (19)	14% (3)	- -
4. Opportunities for advancement	73% (16)	27% (6)	- -
5. Group cohesion	68% (15)	27% (6)	5% (1)
6. Performance based pay systems	64% (14)	27% (6)	9% (2)
7. Motivation for work	73% (16)	18% (4)	9% (2)

Total number of respondents were 22 employees

9.1(2) Explanation of the TAFE data

Table 11 indicated that most of the employees responded that the organisation believed that employee development programs, measurement and feedback of actual results, and opportunities for advancement were essential to motivate employees for work. On the other hand, there were only 5% of employees who disagreed that employee development programs were essential for motivating them. The employee responses are shown by a graphical representation below.

Figure 2
Measurement and feedback of actual results

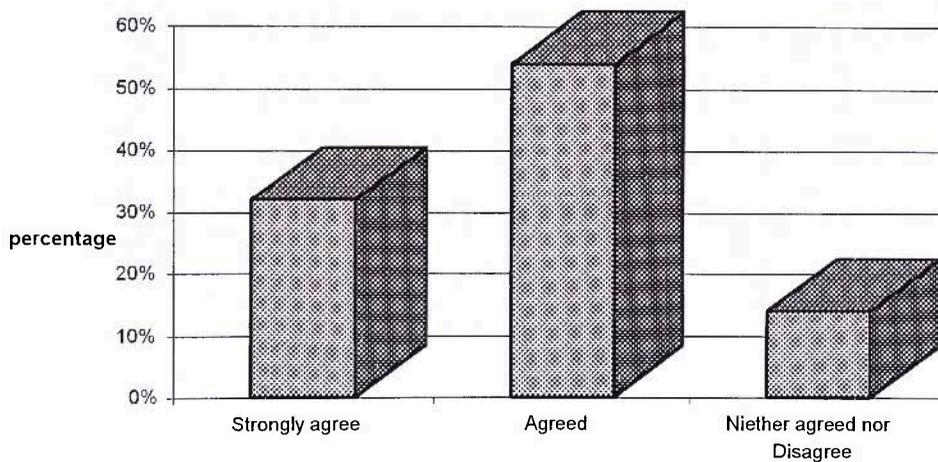


Figure 2 shows that, 32 percent strongly agreed, 54 percent 'agreed', 14 percent 'neither agreed nor disagreed', and none of the employees 'disagreed' that measurement and feedback of actual results was done regularly in the organisation. This indicates a strong employee opinion that the organisation follows a performance measurement system.

Although more than half of the respondents responded that employees were allowed to participate in the decision making processes of the organisation there were also one third of respondents who disagreed that participative decision making process was in practice in

the organisation. The above employee expression is shown by a graphical representation below.

Figure 3: Pie chart of participative decision making processes

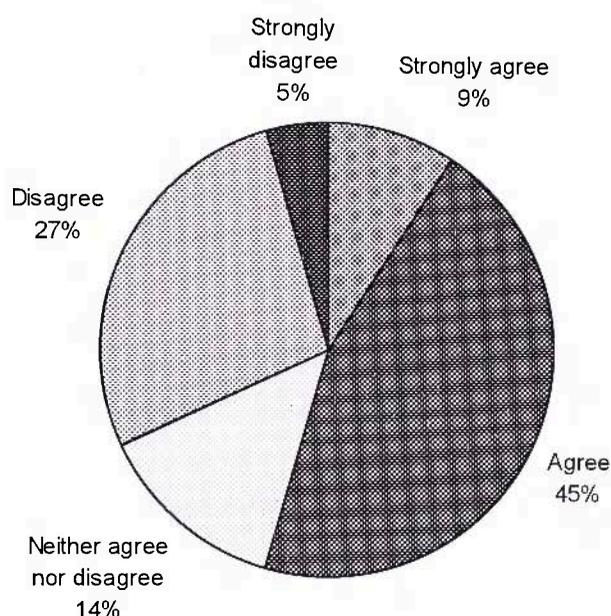


Figure 3 exhibited that, **9 percent** ‘strongly agreed’, **45 percent** ‘agreed’, and on the other hand **27 percent** ‘disagreed’, and **14 percent** ‘neither agreed nor disagreed’ that the organisation was practising employee participation in the decision making processes. This indicated a mixed opinion among the population that participative decision making processes was in practice in the organisation.

Table 11 also showed that excepting a few percentage of **5% and 9%** respectively the majority of the employees were in favour of group dynamism and performance based reward policy.

9.1 (3) Analysis of DCC data

The responses received from the employees of DCC concerning the seven variables of employee involvement in the decision making processes, employee development programs, regular measurement and feedback of actual results, opportunities for advancement, group cohesion, performance based pay systems, and motivation for work is shown in **Table 20** below.

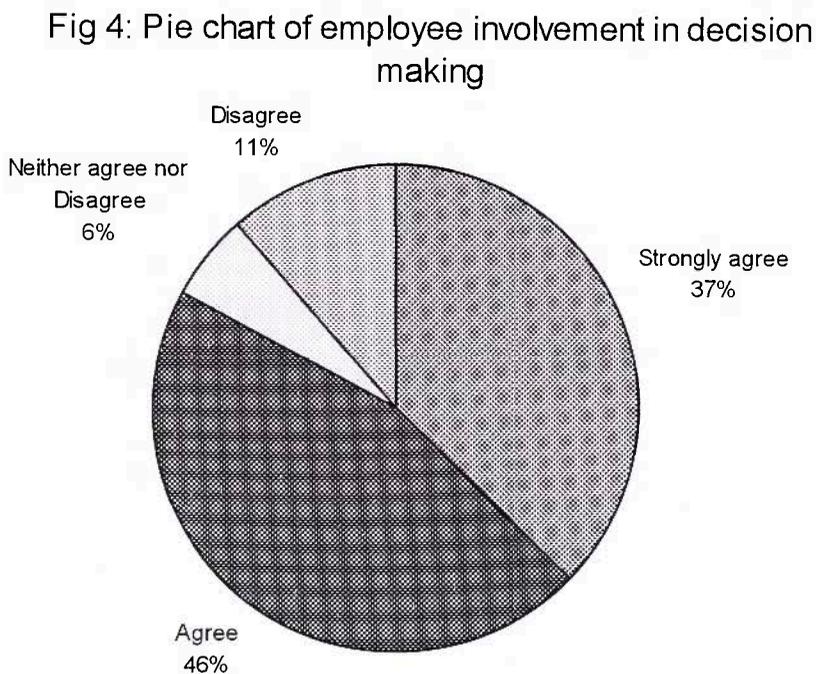
Table 20
Variables and their corresponding agreement/disagreement of DCC sample

Variable	% of strongly agree and Agree (n)	% of Neither agree nor disagree (n)	% of strongly disagree and disagree (n)
1. Employee involvement in decision making processes	83% (29)	6% (2)	11% (4)
2. Employee development programs	80% (28)	20% (7)	- -
3. Measurement and feed back of actual results	86% (30)	8% (3)	6% (2)
4. Opportunities for advancement	83% (29)	11% (4)	6% (2)
5. Group cohesion	74% (26)	23% (8)	3% (1)
6. Performance based pay systems	51% (18)	23% (8)	24% (9)
7. Motivation for work	89% (31)	6% (2)	5% (2)

Total number of respondents were 35 employees.

9.1 (4) Explanation of DCC data

Table 20 indicated that more than **80%** of the respondents were of the opinion that the organisation is in favour of employee involvement in decision making, availability of training programs, opportunities for advancement, regular measurement and feedback of actual results for employee motivation. There were also a respective low of **17%, 20%, 17%, and 14%** of the respondents who either disagreed or neither agreed nor disagreed that the organisation was believing the above conditions as essential for employee motivation. The responses received about employee opinion that the organisation is following a participative decision making process is shown by graphical representation below.

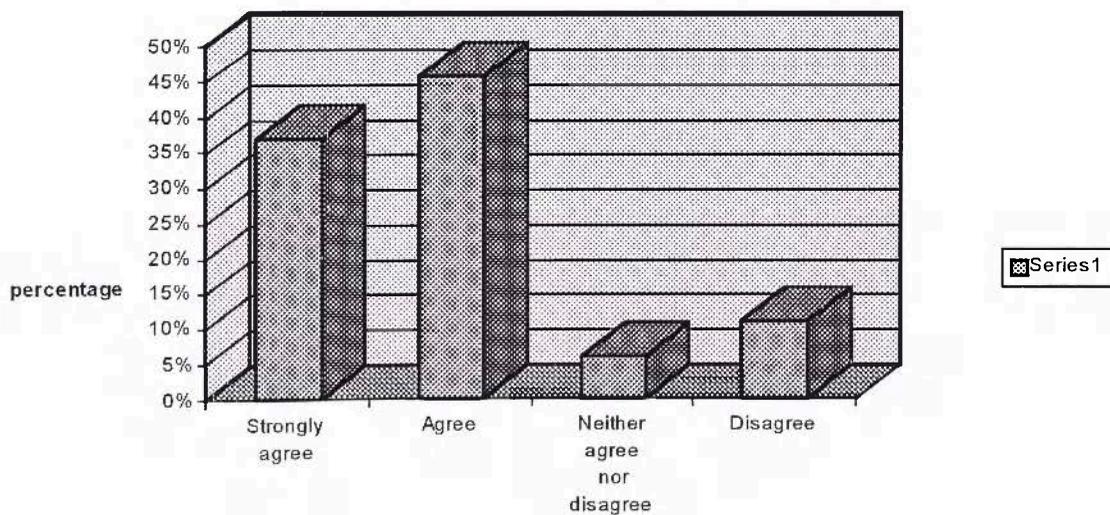


It was seen from *Figure 4* that, **37 percent** ‘strongly agreed’, **46 percent** ‘agreed’, **6 percent** ‘neither agreed nor disagreed’, and only **11 percent** ‘disagreed’ that employees were included in the decision making process of the organisation. The responses thus formed the basis that employees were given the opportunities to participate in the decision making process of the organisation.

Similarly, a majority of the respondents considered that the organisation placed importance on group cohesion as an incentive for employee motivation.

On the other hand, **variable number 6** exhibited that although half of the population was in favour, performance based pay systems were in practice in the organisation for motivating employees there was also a large number of respondents (**47%**) who disagreed, and/or neither agreed nor disagreed that performance based pay system was in practice in the organisation. The employee responses is depicted by a graphical representation below.

Figure 5
Performance based pay systems



Conversely, *Figure 5* exhibited that, **14 percent** ‘strongly agreed’, **37 percent** ‘agreed’, **20 percent** ‘neither agreed nor disagreed’, **17 percent** ‘disagreed’, and **9 percent** ‘strongly disagreed’ that, payments were being made on the basis of performance in the organisation. Thus the respondents were possessing a mixed opinion that the organisation was following a performance based pay system.

9.2 Bivariate analysis

The correlation matrix of the dependent and independent variables of the two organisations investigated in the study were shown in **table 23**, and **table 24** respectively in the following pages.

Table 21

Correlation coefficient between dependent and independent variables of TAFE data

	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀
X ₁	1									
X ₂	.60 (3.39)	1								
X ₃	.07 (.32)	.25 (1.18)	1							
X ₄	-.01 (-.05)	.33 (1.56)	.20 (.91)	1						
X ₅	-.05 (-.26)	.29 (1.37)	.27 (1.27)	.77 (5.41)	1					
X ₆	.14 (.64)	.28 (1.32)	.49 (2.53)	.44 (2.17)	.56 (3.33)	1				
X ₇	.12 (.56)	.13 (.57)	-.01 (-.05)	.45 (2.28)	.36 (1.70)	.40 (1.97)	1			
X ₈	-.12 (-.54)	-.26 (-1.20)	-.47 (-2.40)	.02 (.09)	-.06 (-.28)	-.23 (-1.08)	.40 (1.98)	1		
X ₉	.36 (1.72)	.31 (1.47)	-.10 (-.43)	-.09 (-.42)	.04 (.17)	.04 (.18)	-.15 (-.69)	.29 (1.34)	1	
X ₁₀	-.05 (-.23)	-.04 (-.16)	-.09 (-.40)	.17 (.76)	.09 (.40)	.04 (.16)	-.23 (-1.06)	.02 (.07)	.36 (1.74)	1

Where, X₁, stands for age, X₂: education, X₃: goal setting procedures, X₄: employee motivation for work, X₅: regular measurement and feedback of actual results, X₆: training and development opportunities, X₇: performance based pay systems, X₈: group cohesion, X₉: participative decision making processes, X₁₀: opportunities for advancement.

- The figures in the parenthesis indicated the calculated value of t statistic.
- Those in bold were statistically significant at the .05 level of significance.

n = 2

Table 22

Correlation coefficient between dependent and independent variables of DCC data

	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀
X ₁	1									
X ₂	-.16 (-.96)	1								
X ₃	-.20 (-1.16)	.42 (2.63)	1							
X ₄	-.06 (-.34)	.11 (.66)	.04 (.22)	1						
X ₅	-.06 (-.32)	.24 (1.41)	.42 (2.64)	.44 (2.83)	1					
X ₆	.22 (1.29)	.11 (.62)	.40 (2.53)	.38 (2.36)	.56 (3.65)	1				
X ₇	.10 (.57)	-.02 (-.11)	.10 (.60)	-.02 (-.10)	-.13 (-.75)	-.09 (-.50)	1			
X ₈	-.01 (-.03)	.34 (2.11)	.16 (.95)	.32 (1.94)	.54 (3.67)	.33 (2.00)	.26 (1.58)	1		
X ₉	.48 (3.17)	-.18 (-1.03)	-.32 (-1.94)	.22 (1.28)	.03 (.17)	.12 (.72)	-.04 (-.26)	.07 (.41)	1	
X ₁₀	.18 (1.4)	.04 (.22)	-.09 (-.54)	.23 (1.39)	.30 (1.79)	.23 (1.35)	-.17 (-1.01)	.05 (.28)	.16 (.91)	1

Where, X₁, stands for age, X₂: education, X₃: goal setting procedures, X₄: employee motivation for work, X₅: regular measurement and feedback of actual results, X₆: training and development opportunities, X₇: performance based pay systems, X₈: group cohesion, X₉: participative decision making processes, X₁₀: opportunities for advancement.

- The figures in the parenthesis indicated the calculated value of t statistic.
- Those in bold were statistically significant at the .05 level of significance.

n = 35

9.3 Hypothesis testing

Eight hypotheses were addressed by the analyse which are described below. The tests were displayed in **table 21** and **table 22**.

Hypothesis 1

Ho: There was no relationship between age and motivation for work.

HA: The greater the age of an employee, the greater was the levels of motivation for work.

Table 21 shows that, the correlation coefficient between age and motivation for work was -.01 indicated a very poor negative relationship between them which is supported by the statistical hypothesis testing procedure, t-test. In this case, t-statistic can be written as:

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$
 which is distributed as student t with n-2 degrees of freedom, where

r is the correlation coefficient, and n is the sample size. It was observed from the table that the calculated value of the t statistic was -.05 which was less than the t-tabulated value (2.09) at 5% level of significance. Thus, we **accepted** the null hypothesis that, there was no relation between age and motivation for work.

Similarly, **table 22** shows that, the correlation coefficient between age and motivation for work for this organisation was -.06 indicated a very poor negative relationship between the two variables which was supported by the statistical hypothesis testing procedure, t-test. It was observed from the above table that the calculated value of the t statistic was -.34 which was less than the t-tabulated value (2.03) at 5% level of significance. Therefore, in this case also we **accepted** the null hypothesis that, there was no relation between age and motivation for work.

Hypothesis 2

Ho: There was no relationship between the levels of education and employee motivation.

HA: As the levels of qualifications increased motivation for work also increased accordingly.

In table 21 the correlation coefficient of .33 between the variables of levels of education of the respondents and their motivation for work indicated a relationship which was not very strong and this can be supported by the calculated value of t statistic of 1.56 which was less than the t-tabulated value. Therefore, the null hypothesis was ***accepted*** and there was no absolute relationship between the levels of employee education and motivation for work.

On the other hand, **table 22** shows that, the correlation coefficient between levels of education and employee motivation was .11 indicating a very poor relationship between them which was supported by the calculated t statistic value of .66. The results communicated that the alternate hypothesis was ***not substantiated*** and no relationship was found between the levels of education and motivation for work.

Hypothesis 3

Ho: There was no relationship between participative decision making processes and employee motivation.

HA: The greater the employee involvement in decision making processes, the higher was the level of motivation.

The correlation coefficient in table 21 between decision making processes and employee levels of motivation was -.09 indicating a very poor relation between them which was supported by the calculated t statistic value of -.42. Therefore, the null hypothesis was ***accepted*** and there was no relationship between participative decision making processes and employee motivation.

In the case of DCC (table 22) the correlation coefficient between the concerned two variables was .22 indicated not very substantial relationship between them and the same was supported by the calculated value of t statistic 1.28 which was less than the corresponding t-tabulated value of (2.03). Therefore, in this case also we *accepted* the null hypothesis and there was no relationship between decision making processes and the levels of employee motivation.

Hypothesis 4

Ho: There was no relationship between training & development programs for the employees and their motivation for work.

HA: The greater the amount of training & development programs for the employees, the higher was the level of motivation.

Table 21 exhibited that the correlation coefficient between training and development programs and employee motivation for work of .44 indicated a positive relation between the variables and which was supported by the calculated value of t statistic of 2.18. The above table concluded to *reject* the null hypothesis and a relationship existed between training and development opportunities for the employees and their levels of motivation for work.

Similarly, in the case of DCC the correlation coefficient of .38 between the above two variables indicated a significant relationship between them and which can again be supported by the corresponding calculated t statistic value of 2.36. Therefore, in this case also we *rejected* the null hypothesis conveying a positive relation between training and development opportunities for the employees and the level of motivation for work.

Hypothesis 5

Ho: There was no relationship between measurement & feedback of actual results and employee motivation.

HA: There was positive relationship between measurement and feedback of actual performance and employee motivation.

It was seen from the **table 21** that the correlation coefficient between the variables of regular measurement and feedback of actual results and employee motivation for work was .77 which indicated a very high relation between the variables and the same can again be supported by the calculated value of t statistic 5.42. Thus, the null hypothesis was ***rejected*** and a positive relationship existed between the variables of regular measurement and feedback of actual results and motivation for work.

On the other hand, **table 22** demonstrated that, a correlation coefficient of .44 between the above two variables indicated a positive relationship and the same can again be tested by the calculated value of t statistic 2.83 which was more than the corresponding t-tabulated value of (2.03). Therefore, the alternate hypothesis ***was substantiated*** and there was a positive relationship between regular measurement & feedback of actual results and employee motivation.

Hypothesis 6

Ho: There was no relationship between perceived opportunity for advancement and the extent of motivation for work.

HA: If a good opportunity for advancement was perceived by an employee, there was a greater degree of motivation for work.

In table 21 the correlation coefficient of .17 between the variables of opportunities for advancement and the extent of employee motivation for work indicated a poor relation between them and this was again tested by the calculated value of t statistic of .76 which was less than the corresponding t-tabulated value of (2.09). Thus, we ***accepted*** the null

hypothesis and there was no relation between perceived opportunities for advancement and the extent of employee motivation for work.

Similarly, in table 22 a correlation coefficient of .23 between the concerned variables did not indicate a very strong relation between them and this was again supported by the calculated value of t statistic of 1.39 which was less than the corresponding t-tabulated value of (2.03). Therefore, the alternate hypothesis was not substantiated and there was no relationship between opportunities for advancement and employee motivation for work.

Hypothesis 7

Ho: There was no relationship between group cohesion and motivation for work.

HA: Group cohesion played a significant role in achieving a higher degree of employee motivation.

Table 21 shows a correlation coefficient of .02 between the variables of group cohesion and motivation for work indicating a very poor relation between them and the calculated value of t statistic of .09 again supported the findings of poor relationship. Therefore, the null hypothesis ***was not rejected*** and no relationship was substantiated between group cohesion and motivation for work.

On the other hand, **table 22** shown a correlation coefficient of .32 between the above two variables indicating a relationship which was not very significant to substantiate the alternate hypothesis and the calculated t statistic value of 1.94 again supported the test. Thus, the null hypothesis was ***accepted*** that no significant relationship existed between group cohesion and employee motivation for work.

Hypothesis 8

Ho: There was no relationship between payment made on the basis of performance and employee motivation for work.

HA: There was a positive relationship between payment made on the basis of actual results and employee motivation.

Table 21 shows that the correlation coefficient between performance based pay and employee motivation for work was .45 indicating a substantial relation between them and this was again supported by the calculated value of t statistic of 2.28 which was more than the corresponding t-tabulated value of 2.09. Therefore, the null hypothesis was ***rejected*** and a positive relationship was found between payment made on the basis of performance and employee motivation.

On the other hand, **table 22** exhibits a correlation coefficient of -.02 between the variables of payment made on the basis of performance and employee motivation for work indicated a very poor negative relation between them and the same was again tested by the calculated value of t statistic of -.10 which was less than the corresponding t-tabulated value of (2.03) denoting a very poor negative relation. Thus, the alternate hypothesis ***was not substantiated*** and there was no relation between performance based pay systems and employee levels of motivation.

The above analysis communicated that, in the case of TAFE a ***positive*** relationship was found between the independent variables of training and development programs, measurement and feedback of actual results, performance based pay systems, and the dependent variable of employee motivation for work, On the other hand, no significant relationships were found between age, educational qualifications, participative decision making process, opportunities for advancement, group cohesion on the one hand, and employee motivation for work on the other.

Whereas, analysis of the DSS data found *positive* relationships between the independent variables of training and development programs, measurement & feedback of actual results, and the dependent variable of motivation for work. No significant relationships were found between the rest of the independent variables and the dependent variable of employee motivation.

10. Discussion

It is significant to recall that the commonwealth and states' public services contain some of the largest organisations in the country and in total they are still the largest single employer. Strangely, very little thought was given to, and there is not much intelligent discussion about, the way in which people are managed and developed in the Australian public sector (Baxter, 1996).

This research was aimed at identifying the critical factors influencing the motivation of employees in the Australian public services. For the purpose of a closer look into the area, two public sector organisations were chosen as a field of study with a view to drawing conclusions on the subject on the basis of the results obtained from analysing the data gathered during the survey processes.

The results of the study indicated that both of the organisations viewed that employee development programs, measurement and regular feedback of actual results, and opportunities for advancement were factors which significantly contribute to the levels of employee motivation for work. **Tables 11 and 20** of the results section showed that in both of the organisations more than 80% of employees responded that the organisations provided employee development programs and performance was measured regularly & timely feedback of actual results was communicated to the employees. There were also some respondents who viewed that the organisations did not provide adequate training programme, regular measurement and timely feedback of performance was not done, and there was not enough scope of promotion.

The above employee opinion thus communicated that the concerned organisations wanted that the achievements of their employees to be measured regularly for the purpose of identifying the areas needed to be developed through initiating appropriate training and development programs. It can be said that if objective types of performance evaluation

systems are adopted the employees would be more interested to utilise their capabilities with an apprehension of normative judgment from the organisations.

On the other hand, **compared with DCC (51%), more employees (64%)** in the TAFE responded that performance based pay systems was in practice in the organisation. The comparatively stronger position of following performance based pay in the **TAFE** might be due to the higher educational background of **TAFE** employees which can inspire them to show excellence in performance and earn a good amount of money.

There were also **some employees** in both of the organisations who disagreed, or neither agreed nor disagreed that the organisations believed the above factors responsible for employee motivation. For instance, 5% employees in the former organisation disagreed and another 5% neither agreed nor disagreed that training programs were available in the organisations (**Table 11**), and in the later organisation 6% disagreed and 8% neither agreed nor disagreed that regular measurement and feedback of actual results was done in the organisation (**Table 20**). **This group of small number of respondents** can be classified as not very aware of the organisations' practice and philosophy or in any way they are not fully satisfied to work in the organisation.

Table 11 indicated that 55% of employees in the TAFE, and **table 20** showed 83% of employees in the DCC expressed that they could participate in the decision making process of the organisations. This expression communicated that the organisations to a great extent were trying to utilise the mental and analytical capabilities of its' employees. But the responses of another significant number of respondents that there was no scope for all to participate in the decision making process made it appropriate to comment that all departments of the organisations were not practising participative decision making process equally.

It was also observed from the **tables 11 and 20** that in both the cases on an average more than 80% of employees viewed that regular measurement and feedback of actual results was done, training programs were available for improving efficiency, and an opportunity for advancement existed by showing excellence in performance. The above employee

responses indicated that the organisations had been in practice of developing employees by fulfilling their shortcomings through appropriate training programs and wanted their employees to be promoted on the basis of merit.

A number of 64% in the former and 51% employees in the latter organisation were in favour that performance based pay systems were in practice in the organisations. This indicated that TAFE was practising performance based pay system strongly than DCC.

It is important to note that a very significant number of employees in both the organisations disagreed that payments were being made on the basis of performance which clearly communicated that for all types of employees performance based pay was not in practice.

The hypothesis testing section revealed that no significant relationship were established between age, levels of employee education, opportunities for advancement, group cohesion on the one hand, and employee motivation on the other. It was seen from **tables 11 and 20** that on an average **more than 55%** of employees in the former and **70% of employees** in the latter organisation strongly agreed/agreed that those factors were necessary to motivate them. The correlation coefficient of the above factors and employee motivation were such that in most of the cases a **positive relationship were found** between them but that was **not sufficient** to make a statistically proved relationships.

Table 22 showed that in the case of DCC the correlation coefficient between the levels of education, opportunities for advancement, group cohesion, and employee motivation were .11, .23, and .32 respectively, indicating a not very significant number of the population considered them to be interrelated.

Although the above variables were not found to be significantly correlated still **there are indications** that some relationships exist between them.

Significance of the study

Butler, et al (1991); Greer (1995); and Nankervis, Compton and McCarthy (1993) stated that PA has worthwhile objectives, such as facilitating the implementation of organisational strategy, linking performance to reward, enhancing communication between managers and their subordinates, as well as identifying training and development needs. As evidenced from the discussion section the study found that provision of participative decision making process, regular measurement and feedback of actual results, opportunities for advancement, and providing employee development programs were the most significant factors that Australian public sector organisations considered to be responsible for employee motivation and ultimately performance of the public sector.

Conducting a study of employee motivation in two organisations was a first step in establishing some benchmarking baseline statistics which may be a useful basis for comparison (a) against future performance in each organisation and (b) between these and other organisations

Previous researches (Keating, 1996; Shelton, 1995; and Stoner and others, 1994) found that the reforms in the Australian public service were mainly intended to improve employees' performance. This study made it clear that a well designed and effectively administered PA system contributed significantly in achieving high performance by the selected sample of members of the Australian public service.

The literature review section (Ball, 1994) described that reforms in New Zealand public service placed emphasis on the performance of chief executives only. However, the study found that evaluation of individual performances at both management and individual employees were necessary to enhance the level of employee motivation. It is evident from the study that in order to achieve the objectives of employee motivation, individual performance has to be equitably determined and valued along with group performance. This suggests that PA is warranted to improve the performance of the Australian public service.

10.1 Validity of the measures

The questionnaire was designed in such a way that each variable was represented through several questions closely linked to each other. Thus opinions and attitudes of the respondents on a particular issue were measured through different items so that a complete set of opinions could be obtained. For example, section 3 of the questionnaire ‘employee motivation’ was measured through 6 items. Item 1 represented whether regular measurement of performance was necessary to create awareness among the employees to develop their competencies, item 2 invited opinion as to whether meaningful and measurable performance indicators were developed in the organisation against which actual results were compared, item 3 was seeking employee opinion that whether weaknesses identified through the measurement process formed the basis for them to improve in future, item 4 invited employee opinion on whether performance indicators were designed taking into consideration all profiles of skills, item 5 intended to seek opinion on supervisory leadership capabilities to secure a high degree of performance for their groups, and item 6 invited opinions on whether performance measurement processes provided the opportunities for the management to develop new ways of accelerating performance.

Similarly, other concepts of the study were measured through different items closely linked to each other in order to tap the concept from different angles. Therefore, it can be said that *content validity* was ensured in the study.

On the other hand, ‘measurement of performance’ and ‘reward people’ sections of the questionnaire were designed in such a way that the concept of ‘improvement in performance’ could be seen through two different instruments closely linked to each other. This criterion thus maintained *construct validity* of the study.

10.2 Limitations of the study

The study conducted a survey in two public sector organisations providing services differently. One organisation comprised manpower having relatively higher academic degrees than the other, and on the other hand, the other was directly involved in the welfare activities of the society in general. As said before, the commonwealth and states' public services contain some of the largest organisations in the country and in total they are still the largest single employer, therefore the survey findings of only two organisations might not represent the opinions of the whole population of Australian public service.

The roles of different organisations in the public sector varied considerably from each other. It was not unlikely that employees in one organisation possess completely different attitudes and opinions from the employees of another public sector organisation. If this was the situation the above analysis could be found insufficient to draw legitimate conclusions about the total public service in Australia. Therefore, a better representation could be obtained if more organisations were included in the study. Because of the time constraint it was not possible for the researcher to conduct the survey in some additional organisations.

On the other hand, the researcher interviewed only two employees, one from each organisation which could be considered not enough in order to construct a well designed questionnaire. Yet, as the interview processes included a management level employee in the former and a general level employee in the latter organisation ideas were obtained from representatives of two different sets of people.

The most important point to be mentioned was the **sample size**. A sample size of 57 in two public sector organisations might be considered a very poor number to represent even the two organisations properly. *Time constraints and other difficulties mentioned in the method section of this report did not permit the researcher to include more employees in the sample size.* But whatever the sample size was, it covered all levels of employees in the organisations ensuring representations from all the sides.

Last but not the least was the questionnaire itself. The researcher tried to tap a single variable through multiple questions closely linked to each other, which might be considered not consistent enough by the respondents. For this reason a key question was identified from each section of the questionnaire for in depth analysis.

10.3 Future research

Further studies are required to provide more comparative data from other public sector agencies.

11. Conclusion

The expectations of people have changed from time to time. The quality of the public service that was accepted by the public without any question before is now under scrutiny and criticism. This has arisen because other private providers are offering comparative services at low prices. Therefore, the public now expects a quality service from public sector organisations at comparable prices with the private sectors. Management of public sector organisations in a most efficient manner demanded the introduction of the managerialism concept (Baxter, 1996).

It will not be possible to achieve ongoing improvements unless performance of the public sector is regularly reviewed. Continuous improvement obviously requires strong leadership from agency heads, where all levels of management will attempt to make their staffs inclined to achieve what they (management) want. The essentials for this set of understanding is to make the employees assured that whatever they can perform will be properly accounted for and they will receive appropriate monetary and non-monetary benefits for the contributions. To be able to compete in the market place the public service has to plan itself on the following factors:

- selecting purely on merit basis;
- assessing the capabilities of employees and arranging appropriate training programs;
- measuring performance regularly both at individual and group levels;
- introducing results based reward systems and opportunities to grow by showing excellence in performance;
- including employees in the decision making process; and
- following the practice of benchmarking.

12. Possible courses of action and recommendations

“The challenge for managers is to produce motivated, confident and competent public servants who are capable of taking full advantage of the flexibility’s afforded by the reform framework and who are able to implement innovative solutions to the problem facing Australian public services today” (Sedgwick, 1994).

The results of the study lead to the following guidelines to make the performance appraisal systems effective and produce a motivated public sector workforce.

12.1 Introduction of performance based pay systems

“It is equally true that the market works for labour as for capital and if governments ignore the market they will lose their best people in the marketplace. A recent report in The Age showed many of the best policy and treasury officials are now in the private sector” (Baxter, 1996).

If there is no balance between performance and rewards the good performers will be reluctant to perform better and find other places where their extraordinary performances will be rewarded and thus, employees will lack the attitudes to work efficiently. This may lead to ineffective performances on the part of the employees.

Therefore, there needs to be a work environment that enables the public servant to achieve a basic level of self-esteem through achievement, exhibiting competence and the provision of a method formally recognising and approving that achievement and competence. Thus, the financial remuneration plans of the organisations have to be organised in such a manner that group and individual performances are equitably rewarded.

12.2 Performance monitoring

Measuring and monitoring the performance of employees in the government organisations will lead to improved performance in three ways:

Firstly, by developing meaningful and appropriate performance indicators employees are informed of what is expected from them. This information induces them to achieve better results.

Secondly, regular measurement helps both the assessors and the assesseees to identify the areas that need to be developed in order to ensure at least an acceptable level of performance.

Thirdly, managers who report performance consider themselves responsible for the achievements of their subordinates. This notion will inspire them to develop new ways for improving the performance of their employees.

12.3 Institute appropriate training and development programs

The results of the study clearly showed that the employees considered training and development programs to be the most effective way to acquire new knowledge and skills for efficient discharge of their responsibilities. When employees found opportunities to develop competencies they tried to utilise them fully for achieving a better performance. The management of the public sector organisations in consultation with their employees will have to identify the specific training needs of their employees and design appropriate training programs to meet those needs and subsequently follow up the effectiveness of the programs in order to determine future courses of action.

12.4 Decision making processes

“Decision-making can be viewed as a form of problem solving, for typically public servants find themselves confronted by some ‘issues’ that demands resolution”

(Matheson, 1997).

There is no doubt that staff consultation in the decision making would inspire them to achieve what they have decided. The study found that the majority of the respondents considered participative decision making processes necessary for utilising their full talents. Therefore, the public service needs to develop a culture of staff involvement in decision making in order to achieve a better decisions and create an atmosphere congenial for proper implementation of the same.

12.5 Interaction among the employees through group cohesion

A complete episode of work is done by a set of people. The understanding and reciprocity between the members involved in the completion of a task usually determines the efficiency with which the work will be performed. Thus, the public service has the necessity to create an atmosphere where group norms support and influence high productivity of the group members.

13. Implementation

The following are recommendations to support implementation of the new system.

The implementation of the above suggestions require the sincere intentions of management to bring a change to the present system. The successfulness of the total initiatives will be heavily dependent upon cooperation from general employees.

Organisations in the public sector can spell out exhaustively how the performance appraisal process will have to be carried out and in this process each employee (of course including the management team) has to be oriented at the very time of joining the organisation. The next step will be the formation of a five member task force consisting of two members from the managerial level, one from the supervisory level, and two general employees in each organisation whose task will be to examine the proper implementation of the spelled out system on a quarterly basis.

The task force has to forward its overall comments (including suggestions) regarding compliance with the system separately for each department of the organisation and the chief executive officer upon receiving the quarterly report will declare the best performing department for that quarter.

Some suggestions for rewards could include the following:

If any department becomes the best performer for more than once within one financial year all the employees of that department will have to be rewarded with a special type of souvenir and if one department becomes quarterly best performer for four or more times within three financial years, all employees of that department will be allowed to obtain interest free loan up to \$10000 for 3 years from the superannuation fund of the government.

14. Costs and benefits of implementing the Recommendations

Implementation of the above suggestions will not incur any substantial amount of money because orientation of employees regarding performance appraisal policy and procedures can be included in the induction program of the organisation, and the formation of a task force does not involve any extra money as the members are the regular employees of the organisation. The major cost will be that of the interest lost by the super fund (provided there is an eligible department to claim the benefits). The souvenir may cost 20-25 dollars per employee.

On the other hand, implementation of the above suggestions may improve employee productivity in the public sector which in turn will provide better services at a low cost to various clientele groups.

15. Bibliography

Ball, 1994, *Reinventing government: Lessons Learned From the New Zealand Treasury*. Paper presented to the AGA's Annual Professional Development Conference, June-15, Washington, D.C.

Baxter, K. 1996, The Future of Australian Public Services, *Australian Journal of Public Administration*, Vol 55(3), September.

Brewer, R.; Glenn, A. & Llewellyn, J. 1997, *International Trends in Public Administration*, Canberra Bulletin of Public Administration, No. 85, August.

Butler, J.E.; Ferris, G.R. & Napier, N.K. 1991, *Strategy and Human Resource Management*, South Western Publishing Co., Ohio.

Cardy, R.L. & Dobbins, G.H. 1994, *Performance Appraisal: Alternative Practices*, South Western Publishing Co., Ohio. ✓

Cavaleri, J. & Fearon, S. 1996, Managing in organisation that learn, *Linking Teams with Systems Learning*, Blackwell Inc., Massachusetts.

Clayton, P. & Ayres, H. 1996, Performance Appraisal or Performance Development? A Tale of Two Schemes, *Australian Journal of Public Administration*, Vol 55(1), p63-71.

Cleveland, J.N.; Murphy, K.R. & Williams, R.E. 1989, "Multiple Uses of Performance Appraisal: Prevalence and Correlates", *Journal of Applied Psychology*, Vol 74, p130-135.

Daley, D. 1983, 'Performance Appraisal as a Guide for Training and Development: A Research Note on the Iowa Performance Evaluation System', *Public Personnel Management Journal*, Vol 12(2), p159.

Edward, K.J. & Coleman, S.S. 1997, Pay for Performance Systems in state government, *Review of Public Personnel Administration*, Vol 7(1), p5-21, Winter.

Fisher, C.D.; Schoenfeldt, L.F. & Shaw, J.B. 1993, *Human Resource Management* (second ed.), Houghton Mifflin Co., Boston.

Girard, R. 1988, 'Assessment- Is There a Need for Performance Appraisal', *Personnel Journal*, Vol 67(8), p89, August.

Gomez-Mejia, LR. 1989, Performance Appraisal: Testing a Process Model, *Journal of Managerial Psychology*, Vol 4(3), p27.

Goss, D. 1994, *Principles of Human Resource Management*, Routledge, London.

Greer, C.R. 1995, *Strategy and Human Resources: A General Managerial Perspective*, Prentice Hall, Englewood Cliffs, New Jersey.

Hegarty, S. 1995, How Do Your Appraisal Techniques Measure Up? *Works Management*, July, p46-49.

Keating, M. 1996, Past and Future Directions of the APS: Some personal Reflections, *Australian Journal of Public Administration*, Vol 55(4), December, p3.

Lawler, EKE. 1994, Performance Management: The Next Generation, *Compensation & Benefits Review*, May-June, p16-19.

Lawler, J. & Hearn, J. 1994, UK Public Sector Organisations- The rise of managerialism and the impact of change on social services departments, *The International Journal of Public Sector Management*, Vol 8(4).

Matheson, C. 1997, The Premises of Decision Making Within the Australian Public Service, *Australian Journal of Public Administration*, Vol 56(1), March, p14.

McCarthy, T. 1986, 'Performance Appraisal of University Academics: Issues and Implications', *Australian Universities' Review*, 1, p10.

McNerney, D.J. 1995, Improved Performance Appraisals: Process of Elimination, *HR Focus*, July, p1-5.

Mohrman, A.M. & Mohrman, S.A. 1995, Performance Management Is "Running the Business", *Compensation & Benefits Review*, July-August, p69-75.

Nankervis, A.R.; Compton, R.L. & McCarthy, T.E. 1993, *Strategic Human Resource Management*, Thomas Nelson, Sydney.

Nankervis, A.R.; Compton, R.L. & McCarthy, T.E. 1996, *Strategic Human Resource Management* (second ed.), Thomas Publishing, South Melbourne.

Nankervis, A.R. & Penrose, J. 1990, Performance appraisal: Where are We Now? *Asia Pacific HRM*, Vol 28(3), August, p74-81.

Paul, E. 1996, Power Charging People's Performance, *Training and Development*, V50n 12, p46-49.

Ramaswamy, K. & Renforth, W. 1996, Competitive intensity and technical efficiency in public sector forms: evidence from India, *The International Journal of Public Sector Management*, Vol 9(3), p 4-17.

Reith, P. 1997, Public Service Bill 1997, *Canberra Bulletin of Public Administration*, No. 85, August.

Scales, B. 1997, Performance Monitoring Public Services in Australia, *Australian Journal of Public Administration*, Vol 56(1), March, p100.

Schuler, R.S. & MacMillan, I.C. 1984, Gaining Competitive Advantage Through Human Resource Management Practices, *Human Resource Management*, Vol 23(3), Fall, p241-255.

Sedgwick, S.T. 1994, Evaluation of Management Reforms in the Australian Public Service, *Australian Journal of Public Administration*, Vol 53(3), p341-347, September.

Sekaran, U. 1992, Sampling, *Research Methods for Business: A Skill-Building Approach* (second ed.), John Wiley & Sons, Inc., Toronto, p253.

Shelton, D. 1995, Human Resource Management in Australia. In L.F. Moore & P.D. Jennings, *Human Resource Management on the Pacific Rim*, Berlin, Walter de Gruyter, p31-60.

Silverman, S.B. 1989, Individual Development Through Performance Appraisal. In K.N. Wexley (ed.) *SHRM: BNA Series 5: Developing Human Resources*, The Bureau of National Affairs, Inc., Washington, D.C., p121-151.

Stoner, J.A.F.; Yetton, P.W.; Craig, J.F. & Johnston, K.D. 1994, Motivation, Job Design, And Performance, *Management* (second ed.), Prentice Hall, Sydney, p346.

Stretton, S. 1994, Maslow And the Modern Public Servant: A Lateral Approach to Performance And Integrity in The Public Sector Work Environment, *Australian Journal of Public Administration*, Vol 53(2), p144-151, June.

Thomas, S.L. & Bretz. R.D. 1994, Research and Practice in Performance Appraisal: Evaluating Employee Performance in America's Largest Companies, *SAM Advanced Management Journal*, Spring, p28-34.

Underhill, M. & Perrin, T. 1994, *Competency-Based Performance Management*, For IIR Conferences, Sydney-11 May and Melbourne-12 May.

Von Glinow, M.A. 1993, Diagnosing “Best Practice” in Human Resource Management Practices, *Research in Personnel and Human Resources Management*, Suppl. 3, p95-112.

Williams, M.R. 1972, *Performance Appraisal in Management*, Heinemann, London.

Zifcak, S. 1997, Managerialism, Accountability and Democracy. A Victorian Case Study, *Australian Journal of Public Administration*, No. 56(3), p106-119, September.

16. Appendices

Appendix 1

Results of the survey

The demographics and responses received from 22 respondents of the TAFE sample regarding the seven variables are shown separately in Table 3 to Table 10.

Table 3
Demographics of the sample

<i>Questions</i>	<i>Value</i>	<i>No of responses</i>	<i>% of responses</i>
What is the name of your department?	Federal govt.	-	-
	State govt.	22	100
	Local govt.	-	-
What is your position/level?	Senior management	2	9.1
	Middle management	2	9.1
	Supervisor	4	18.2
	Worker	14	63.6
How many years have you been employed with the public services?	Less than 1 year	-	-
	1-5 years	6	27.3
	6-10 years	10	45.5
	11-15 years	3	13.6
	16-20 years	2	9.1
	More than 20 years	1	4.5

What is your age?	Less than 18 years	1	4.5
	18-25 years	-	-
	26-35 years	4	18.2
	36-45 years	9	40.9
	46 years +	8	36.4
What sex are you?	Female	11	50.0
	Male	11	50.0
What is your highest completed level of education?	Primary school	1	4.5
	Secondary school	-	-
	TAFE	-	-
	Degree	3	13.6
	Post-graduate	18	81.8
What is your first spoken language?	English	21	95.5
	French	-	-
	Greek	-	-
	Italian	1	4.5
	Others	-	-

Table 4

Employee responses about decision making process of the organisation

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Appropriate goal setting criteria is adequately valued in this org.	41% (9)	18% (4)	41% (9)
All staff set goals in consultation with their supervisors.	55% (12)	14% (3)	31% (7)
The success of the total operation depends on selection and communication of measurable goals	77% (17)	5% (1)	18% (4)
Appropriate staff consultation for setting of goals encourages employees to achieve them.	95% (21)	-	5% (1)
Setting of high targets brings high performance.	50% (11)	23% (5)	27% (6)
Alignment of individual expectations and organisational goals is vital for achieving a cooperative effort.	86% (19)	14% (3)	-

Table 5
Employee attitudes about motivation for work

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Regular measurement of performance creates employees awareness of the need to develop competencies.	73% (16)	18% (4)	9% (2)
Development of meaningful and measurable performance indicators are a key to employee motivation.	68% (15)	23% (5)	9% (2)
Identification of employee weaknesses stimulates them to improve.	36% (8)	41% (9)	23% (5)
Performance indicators that combine profiles of skills are valued by the employees.	59% (13)	32% (7)	9% (2)
Measurement of performance make supervisors more attentive to achieving high performance for their work team.	55% (12)	36% (8)	9% (2)
Managers who examine deviations in performance reports are able to develop new ways of achieving high performance.	32% (7)	41% (9)	27% (6)

Table 6

Employee attitudes about training and development programs

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Encouragement of individuals to identify development opportunities is worthwhile.	95% (21)	5% (1)	-
Linking of development opportunities to the performance management process is effective.	90% (20)	5% (1)	5%
Supervisors can help their employees to identify the potential areas that need to be developed.	91% (20)	9% (2)	-
Initiation of appropriate training programs can improve productivity.	91% (20)	9% (2)	-
Management development significantly improves employee development.	50% (11)	14% (3)	36% (8)
Managing people means developing people.	73% (16)	23% (5)	5% (1)

Table 7

Employee attitudes about performance based pay systems

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
The organisation's reward philosophy is a strong determining factor in employee performance.	64% (14)	27% (6)	9% (2)
Linking of rewards to performance are a strong motivating factor.	68% (15)	23% (5)	9% (2)
Recognition of employee for outstanding performance demands more than financial remuneration.	86% (19)	14% (3)	-
Communication of the organisations' reward plan has a definite bearing on employee productivity.	73% (16)	23% (5)	4% (1)

Table 8

Employee impressions about group cohesion and productivity

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Formation of work groups encourages cooperation among group members.	68% (15)	27% (6)	5% (1)
High performing group members influence the improvement of low performing members.	55% (12)	36% (8)	9% (2)
Group dynamics accelerate acquisition of leadership skills among group members.	63% (14)	23% (5)	14% (3)
Work groups make it easier to establish control mechanism for the supervisors.	59% (13)	32% (7)	9% (2)

Table 9

Employee opinions about measurement and feedback of actual results

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Decentralisation of power and responsibilities leads to the maintenance of self awareness among employees.	90% (20)	5% (1)	5% (1)
Employee participation in the decision making process creates eagerness among them to perform what they have decided.	95% (21)	5% (1)	-
Top-down as well as bottom-up communication is necessary to ensuring supportive efforts from all levels of the organisation.	100% (22)	-	-
Employee-oriented management is very important to ensure employee loyalty.	86% (19)	14% (3)	-
Relevant updated information is available to employees.	81% (18)	19% (4)	-
Timely feedback of performance enables employees to know how effective their present efforts are and where their performance needs more attention.	86% (19)	14% (3)	-

Table 10

Employees attitudes about opportunities for advancement

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Employees prefer organisations where the possibility of being promoted through excellent performance is very high.	73% (16)	27% (6)	-
Loyalty of employees toward management is a prerequisite in order to have a prospective career path.	36% (8)	55% (12)	9% (2)
Management attention to career development plans for their employees makes them loyal to the organisation.	82% (18)	14% (3)	4% (1)
A well designed plan for career path meets the future needs of the organisation.	68% (15)	27% (6)	5% (1)
Employee expectations need to be matched with organisational objectives.	82% (18)	14% (3)	4% (1)

Appendix 2

The responses received from 35 respondents of the DCC sample regarding each variable are shown separately below in table 12 to 19.

Table 12
Demographics of the sample

Questions	Value	No of responses	% of responses
What is the name of your department?	Federal govt.	-	-
	State govt.	-	-
	Local govt.	35	100
What is your position/level?	Senior management	2	5.7
	Middle management	4	11.4
	Supervisor	6	17.1
	Worker	23	65.8
How many years have you been employed with the public services?	Less than 1 year	5	14.3
	1-5 years	16	45.7
	6-10 years	10	28.6
	11-15 years	2	5.7
	16-20 years	1	2.9
	More than 20 years	1	2.9
What is your age?	Less than 18 years	-	-
	18-25 years	7	20.0
	26-35 years	12	34.3
	36-45 years	10	28.6
	46 years +	6	17.1

What sex are you?	Female	20	57.1
	Male	15	42.9
What is your highest completed level of education?	Primary school	-	-
	Secondary school	10	28.6
	TAFE	3	8.6
	Degree	8	22.9
	Post-graduate	14	40.0
What is your first spoken language?	English	30	85.7
	French	-	-
	Greek	3	8.6
	Italian	1	2.9
	Others	1	2.9

Table 13

Employee responses about decision making process of the organisation

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Appropriate goal setting criteria is adequately valued in this org.	80% (28)	14% (5)	6% (2)
All staff set goals in consultation with their supervisors.	83% (29)	6% (2)	11% (4)
The success of the total operation depends on selection and communication of measurable goals	88% (31)	3% (1)	9% (3)
Appropriate staff consultation for setting of goals encourages employees to achieve them.	94% (33)	3% (1)	3% (1)
Setting of high targets brings high performance.	57% (20)	14% (5)	29% (10)
Alignment of individual expectations and organisational goals is vital for achieving a cooperative effort.	89% (31)	8% (3)	3% (1)

Table 14

Employee attitudes about motivation for work

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Regular measurement of performance creates employees awareness of the need to develop competencies.	88% (31)	6% (2)	6% (2)
Development of meaningful and measurable performance indicators are a key to employee motivation.	83% (29)	17% (6)	-
Identification of employee weaknesses stimulates them to improve.	66% (23)	26% (9)	8% (3)
Performance indicators that combine profiles of skills are valued by the employees.	74% (26)	26% (9)	-
Measurement of performance make supervisors more attentive to achieving high performance for their work team.	66% (23)	25% (9)	9% (3)
Managers who examine deviations in performance reports are able to develop new ways of achieving high performance.	63% (22)	31% (11)	6% (2)

Table 15

Employee attitudes about training and development programs

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Encouragement of individuals to identify development opportunities is worthwhile.	94% (33)	6% (2)	-
Linking of development opportunities to the performance management process is effective.	80% (28)	20% (7)	-
Supervisors can help their employees to identify the potential areas that need to be developed.	91% (32)	9% (3)	-
Initiation of appropriate training programs can improve productivity.	94% (33)	6% (2)	-
Management development significantly improves employee development.	66% (23)	23% (8)	11% (4)
Managing people means developing people.	83% (29)	3% (1)	14% (5)

Table 16

Employee attitudes about performance based pay systems

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
The organisation's reward philosophy is a strong determining factor in employee performance.	51% (18)	23% (8)	26% (9)
Linking of rewards to performance are a strong motivating factor.	74% (26)	11% (4)	15% (5)
Recognition of employee for outstanding performance demands more than financial remuneration.	71% (25)	23% (8)	6% (2)
Communication of the organisations' reward plan has a definite bearing on employee productivity.	63% (22)	28% (10)	9% (3)

Table 17

Employee impressions about group cohesion and productivity

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Formation of work groups encourages cooperation among group members.	74% (26)	23% (8)	3% (1)
High performing group members influence the improvement of low performing members.	43% (15)	34% (12)	23% (8)
Group dynamics accelerate acquisition of leadership skills among group members.	54% (19)	29% (10)	17% (6)
Work groups make it easier to establish control mechanism for the supervisors.	54% (19)	34% (12)	12% (4)

Table 18

Employee opinions about measurement and feedback of actual results

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Decentralisation of power and responsibilities leads to the maintenance of self awareness among employees.	83% (29)	11% (4)	6% (2)
Employee participation in the decision making process creates eagerness among them to perform what they have decided.	94% (33)	6% (2)	-
Top-down as well as bottom-up communication is necessary to ensuring supportive efforts from all levels of the organisation.	94% (33)	6% (2)	-
Employee-oriented management is very important to ensure employee loyalty.	89% (31)	8% (3)	3% (1)
Relevant updated information is available to employees.	83% (29)	11% (4)	6% (2)
Timely feedback of performance enables employees to know how effective their present efforts are and where their performance needs more attention.	86% (30)	9% (3)	5% (2)

Table 19

Employees attitudes about opportunities for advancement

Items	% of strongly agree and agree (n)	% of neither agree nor disagree (n)	% of strongly disagree and disagree (n)
Employees prefer organisations where the possibility of being promoted through excellent performance is very high.	83% (29)	11% (4)	6% (2)
Loyalty of employees toward management is a prerequisite in order to have a prospective career path.	66% (23)	26% (9)	8% (3)
Management attention to career development plans for their employees makes them loyal to the organisation.	66% (23)	17% (6)	17% (6)
A well designed plan for career path meets the future needs of the organisation.	69% (24)	17% (6)	14% (5)
Employee expectations need to be matched with organisational objectives.	68% (24)	20% (7)	12% (4)

Appendix 3

(1) Mr. Harvey Broadstock
Manager, ELICOS
Western Melbourne Institute of TAFE
255 King street
Melbourne 3000

(2) Mr. Anthony Camillo
Coordinator, HRD
Darebin City Council
350 High Street
Preston 3072

May 23, 1997

Dear Mr. Broadstock/Camillo,

Following my various interviews with you at your office premises I have identified two potential areas of study within your organisation consisting of performance appraisal, and employee motivation.

The next step in the research process will involve administering questionnaires to a sample of sixty to seventy employees in your organisation. A copy of the questionnaire will be sent to you very soon for your comments and suggestions. After due consideration to the suggestions made the questionnaire will be distributed to the employees with a forwarding letter requesting them to return it within 10 days through a self addressed envelop provided with the questionnaire package.

The questionnaire will require approximately 10 minutes to complete. This phase of the study will start on May 30, 1997 and end by June 15, 1997.

As discussed during the interview sessions I will make sure that the information of the study will be confidential and only be used for my academic purpose. A copy of the study report will be made available to you by September 15, 1997.

If you have any questions please contact myself at 9362 0525 or my supervisor Dr. Anona Armstrong at 9248 1037.

I wish to thank you for your cooperation and assistance in making this survey possible and hope that the findings of this study will be useful to you.

Yours sincerely

(Sd)

Parimal Mazumder

Masters student

Faculty of Business

City Campus

Victoria University of Technology

300 Flinders street

Melbourne, Vic 8001

27 May, 1997

Dear Sir/Madam

As part of my Masters degree in Public Sector Management at Victoria University of Technology I am writing a thesis on *performance appraisal in Australia's public services*. The challenge to improve performance is as urgent now as it ever was. The key requirements now are to ensure that, attitudes and behaviour are consolidated to enable the service to build upon and more fully realise the values and outcomes expected of a professional public service. The most important reason of my taking this topic is to measure how effective the present systems of performance appraisal in order to ensure high performance.

A little about myself I had been working in the Civil Administrative Service in Bangladesh and came to Australia for completing Masters in Public Sector Management. The knowledge and skills I will be acquiring here is expected to be applied in discharging my duties and responsibilities at home country.

I am conducting a survey of organisations including the City of Darebin in regard to performance appraisal systems. Please note the information you provide is *confidential* and will not be made available to anyone other than myself I urge you to complete the survey as this will give you an opportunity to have input into a paper which is intended to find out systems of performance appraisal that enable improving performance.

The survey will take approximately 15 minutes to complete and do not write your name on the survey form.

It would be appreciated if you could send the completed survey form in the envelope provided by the 10th of June 1997.

I take this opportunity to thank you for your involvement and cooperation in this survey.

Yours sincerely

(Parimal Mazumder)
Masters student
Faculty of Business
City campus
Victoria University of Technology
300 Flinders street
Melbourne, Vic 8001

Questions for structured interviews

1. Demography

1.1 What is the name of your department?

1.2 What is your position/level?

1.4 How many years have you been employed within local Government?

1.5 What is your first spoken language?

2. Budgetary control

2.1 Do you think that adherence to appropriate budgetary control system is key in achieving high performance?

2.2 What is your opinion about preparing a budget after appropriate staff consultation?

2.3 What do you think about setting of reasonably high target brings high performance?

2.4 Do you think that individual expectation is reflected in the preparation of departmental budget of this organisation?

3. Measurement of actual performance

- 3.1 What roles performance indicators can play in maintaining high employee motivation?
- 3.2 How do you feel that for enhancing individual competencies regular measurement of performance plays the most important role?
- 3.3 Do you believe that realistic performance indicators are the key to achieving meaningful evaluation criteria?
- 3.4 What are the roles that managers can play in the performance evaluation process?

4. Employee development

- 4.1 What are the ways followed by this organisation to developing employee performance?
- 4.2 What is your opinion about management role in assisting employees to identify the areas of improvement?
- 4.3 How employee can assist management in designing appropriate development programs?

5. Employee remuneration plans of the organisation

5.1 What is your opinion about employees who work hard in this organisation only if there is an adequate financial benefit for their work?

5.2 Is it advisable to include employees in the development of remuneration policy?

6. Work group

6.1 Do you think that employees are encouraged to form formal and informal group in this organisation?

6.2 What is your opinion in creating work team for achieving high individual performance?

7. Management philosophy

7.1 Do you believe that only management can create an atmosphere conducive to employee loyalty towards this organisation?

7.2 What is your opinion about decentralisation & communication policy followed by this organisation?

8. Career building prospects

8.1 Do you think that employees prefer organisations only where possibility of getting promotion is high?

8.2 What is the attitude of management in this organisation to recognising employee expectation for promotion?

9. Suggestion

9.1 What is your suggestions to improve the present system of performance appraisal in this organisation?

**Questionnaire used for surveying
Performance Appraisal and Employee Motivation
in the Australian Public Service.**

Confidential Survey

1. Demographics

Please circle the box that most closely represents your answer. Write additional comments where you feel appropriate.

1.1 What is the name of your department?

Federal

State

Local

1.2 What is your position/level?

Senior management

Middle management

Supervisor

General worker

1.3 How many years have you been employed within Local Government?

- Less than 1 year
- 1-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- More than 20 years

1.4 What is your age?

- Less than 18 years
- 18-25 years
- 26-35 years
- 36-45 years
- More than 45 years

1.5 What sex are you?

- Female
- Male

1.6 What is your highest completed level of education?

- Primary School
- Secondary School
- TAFE
- Degree
- Post - graduate

1.7 What is your first spoken language?

English



French



Greek



Italian



Others



2. Decision making process in this organisation

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree
6. Not applicable

2.1 Appropriate goal setting criteria is adequately valued in this organisation .

2.2 All staff set goals in consultation with their supervisors.

2.3 The Success of the total operation depends on selection and communication of measurable and achievable goals.

2.4 Appropriate staff consultation for setting of goals encourages employee to achieve them.

2.5 Setting of high targets brings high performance.

2.6 Alignment of individual expectations and organizational goals is vital for achieving a cooperative effort.

3. Motivation of employees

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree
6. Not applicable

3.1 Regular measurement of performance creates employees awareness of the need to develop competencies.

3.2 Development of meaningful and measurable performance indicators are a key to employee motivation.

3.3 Identification of employee weaknesses stimulates them to improve.

3.4 Performance indicators that combine profiles of skills are valued by the employees.

3.5 Measurement of performance makes supervisors more attentive to achieving high performance for their work team .

3.6 Managers who examine deviations in performance reports are able to develop new ways of achieving high performance.

4. Training and development opportunities

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree
- 6 Not applicable

4.1 Encouragement of individuals to identify development opportunities is worthwhile.

4.2 Linking of development opportunities to the performance management process is effective .

4.3 Supervisors can help their employees to identify the potential areas that need to be developed.

4.4 Initiation of appropriate training programs can improve productivity .

4.5 Management development significantly improves employee development .

4.6 Managing people means developing people.

5. Reward policy of the organisation

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 disagree
- 5 Strongly disagree
- 6 Not applicable

5.1 The organization's reward philosophy is a strong determining factor in employee performance.

5.2 Linking of rewards to performance are a strong motivating factor.

5.3 Recognition of employee for outstanding performance demands more than financial remuneration.

5.4 Communication of the organization's reward plan has a definite bearing on employee productivity.

6. Team-building and productivity

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree
- 6 Not applicable

6.1 Formation of work groups encourages cooperation among group members.

6.2 High performing group members influence the improvement of low performing members.

6.3 Group dynamics accelerate acquisition of leadership skills among group members.

6.4 Work groups make it easier to establish control mechanism for the supervisors.

7. Measurement and feedback of actual results

Please indicate the extent to which you agree or disagree with the following statements by putting the appropriate number in the box.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree
- 6 Not applicable

- 7.1 Decentralisation of power and responsibilities leads to the maintenance of self awareness among employees.
- 7.2 Employee participation in the decision making process creates eagerness among them to perform what they have decided.
- 7.3 Top-down as well as bottom-up communication is necessary to ensuring supportive efforts from all levels of the organization.
- 7.4 Employee-oriented management is very important to ensure employee loyalty.
- 7.5 Relevant updated information is available to employees.
- 7.6 Timely feed back of performance enables employees to know how effective their present efforts are and where their performance needs more attention.

8. Opportunities for advancement

Please indicate the extent to which you agree or disagree with the following statements by putting appropriate number in the box.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree
- 6 Not applicable

8.1 Employees prefer organizations where the possibility of being promoted through excellent performance is very high.

8.2 Loyalty of employees towards management is a prerequisite in order to have a prospective career path.

8.3 Management attention to career development plans for their employees makes them loyal to the organization.

8.4 A well designed plan for career path meets the future needs of the organization.

8.5 Employee expectations need to be matched with organizational objectives.

