



PERFORMANCE APPRAISAL AT THE WATER
DEVELOPMENT DEPARTMENT OF CYPRUS

By

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Abstract

Performance appraisal of public servants is a very old practice intended to establish the skills and competencies of employees. In recent decades, however, the reduction of funds allocated for Public Administration and the aim for greater efficiency and effectiveness increased the concern over the possible use of available resources.

The purpose of this study is to explore the acceptance of the existing evaluation system in the Water Development Department (WDD) of the Cypriot government. The study includes a survey on employers of WDD in answering the following questions:

- i. Do they agree with the phenomenon of excessive flattering of civil servants with the assessment of "excellent"?
- ii. Do they accept the evaluating system?
- iii. Why a rating system is necessary?
- iv. What is the existing evaluation system?
- v. What or who is the reason for the phenomenon of complete flattering?
- vi. What is the quality of the existing evaluation system?

The results of this research were used to identify the parameters of the existing system and draw conclusions for the evaluation system currently used at the WDD. Moreover, this study refers to concerns about the role of top manager and problems arising from the need to balance between legitimacy and effective evaluation in the context of meritocracy, transparency and predictability.

Keywords

WDD – Water Development Department

Performance appraisal

Effectiveness

Commitment

Transparency

Human resources management

Promotion – evolution

Current System

Motivation

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1 Introduction

1.1 Performance Appraisal at the Water Development Department of Cyprus

1.1.1 Description of the Organization

The Water Development Department was established in 1896 as a section of the Public Works Department, with responsibility for the domestic water supply and irrigation. The Water Development Department is responsible for implementing the water policy of the Ministry of Agriculture, Natural Resources and Environment. The main objective of this policy is the rational development and management of the water resources of Cyprus (Government of Cyprus, n.d.-a).

The Department is staffed by technical officers with a wide array of professional experience, such as civil engineers, topographers, irrigation engineers, hydrologists, sanitary engineers, electrical and mechanical engineers, geologists, and chemists. It also employs hourly paid personnel of different specializations, as well as United Nations experts and foreign consulting firms on an occasional basis (Government of Cyprus, n.d.-a).

The Water Development Department is divided into three sectors as seen below:

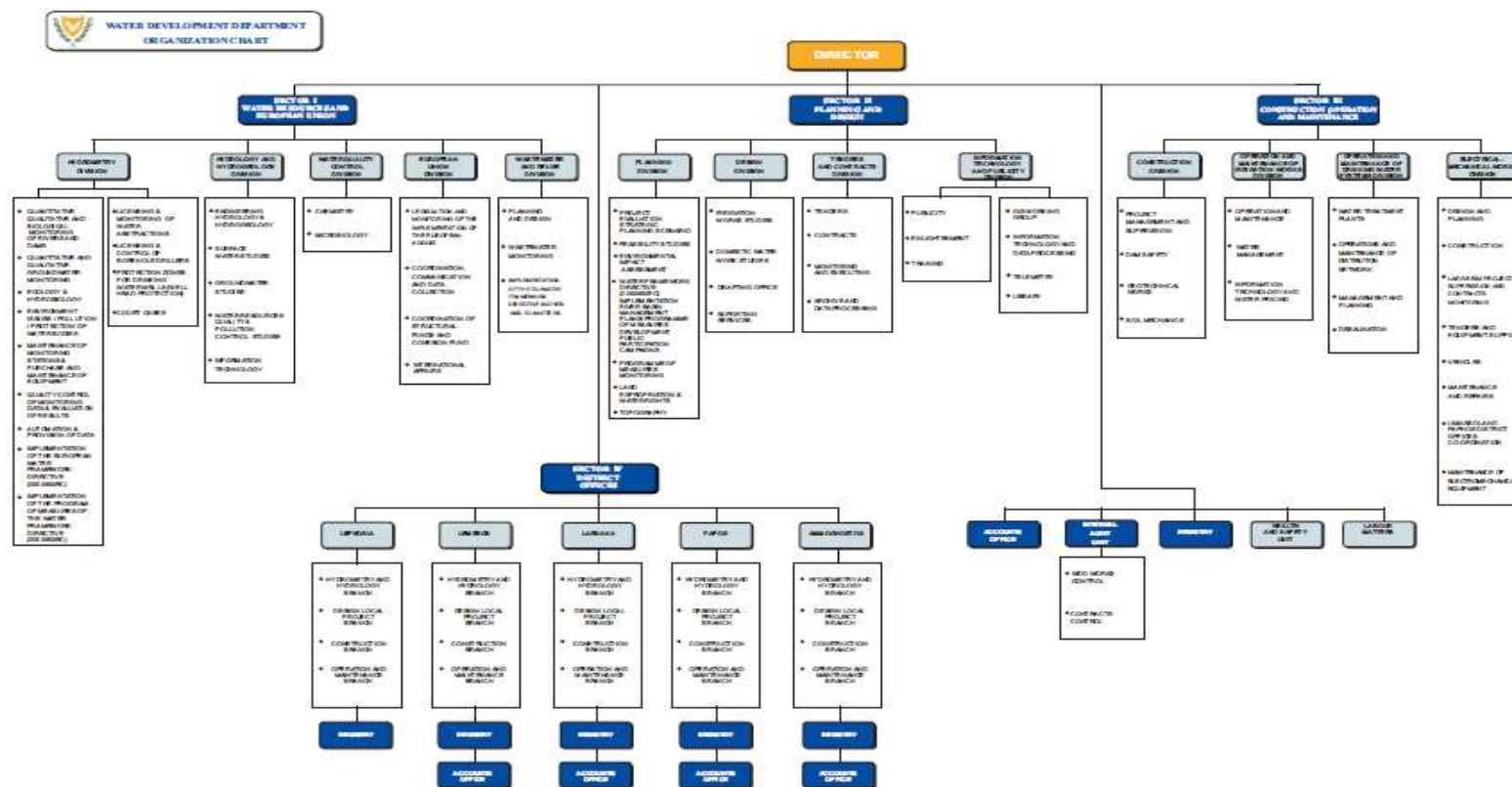


Figure 1-1. Organizational chart of the Water Development Department

(Source: Government of Cyprus, n.d.-b)

1.1.2 Performance Appraisal at the WDD

During December 2012, the House of Representatives voted a number of laws under the Memorandum of Understanding between the Republic of Cyprus and Troika, in order to strengthen public finances.

The WDD is under the supervisor of the Public Service Committee. The responsibilities of the Committee were established by Article 5 of the Public Service Laws, and they include the appointment, ratification of appointment, joining the permanent staff, promotion, transfer, posting and retirement of civil servants as well as the exercise of disciplinary control over them, including dismissal or forced retirement (Government of Cyprus, n.d.-c).

The Commission is also responsible for the Evaluation of Candidates for appointment to the Service Laws. According to the 2011 budget, the statutory positions in the Public Service amounted to 17,784, while in 2010 to 18,000. This reduction is due to the reduction of the budget of 2011 (Government of Cyprus, n.d.-d).

With the established system during 1990-1993, an evaluation was performed every year for all the permanent public employees. Every evaluation report was filled and submitted by the end of March. In case of a negative score, the evaluator had to justify it by giving details in each case, since a negative judgment over an employee's evaluation has an effect on that employee's performance. Each employee was self-evaluated, for the demonstration of their experiences, their capabilities and their knowledge. Then, the supervisor completed the evaluation; by giving low marks to his/her employees, while employees in other departments receive high marks, the supervisor's departments becomes degraded. A calculation of employee fitness to different positions in the administrative hierarchy of the public services is also conducted. Moreover, the system which provided statistical information that will contribute to the rational utilization of human resources and the proper staffing of public services is the foundation for evaluating employee promotion or positioning to the proper place. The program of public sector reform that was adopted in early 1995 aimed at increasing the productivity of public officials and adopting incentives that helped increase their profitability. The aim of these reforms was to improve staff in terms of increasing the reliability of service to citizens. Under the current system, yearly evaluation reports are prepared for each public servant.

According to the merged annual report (Government of Cyprus, 2010), the main problems of the evaluation appear in the system of the Cypriot public administration; these occur because there is only one assessment form, while the rating scale (outstanding, very satisfactory,

satisfactory and non-satisfactory) does not provide a complete picture of the performance of the employee. Furthermore, there is no integrated description system of the responsibilities, the criteria are not understood by everyone, and there is no way to deal with disagreements between assessors/evaluators and assesses/evaluatees; there is also no provision for the assessment interview; the assessment is a mechanistic process. There are no capable leaders, workers are not easy to accept criticism, assessors and assessees are not trained adequately, there is influence from external factors, and, finally, reviewers cannot judge objectively. And all the abovementioned occur due to a bureaucratic system that is supported by a strong trade union movement, due to the inexistence of objective and measurable goals, as well as due to the fact that the evaluation is not correlated with the remuneration system. Recently the need to improve the assessment system was identified, that is, to create new structures, new job descriptions and evaluation system, to stimulate and improve the system of recruitment and selection of manpower. This was facilitated by the government elected in 2003 by creating a new project to assess the human resources (with the agreement of trade unionists). In the context of Organizational Development, there were a launch of the implementation of the Common Assessment Framework (CAF) in public services, as well as site visits and meetings with employees who are candidates for promotion.

1.1.3 Problem Statement

The phenomenon of complete flattering of civil servants with the assessment of "excellent", despite the repeated recommendations of the Committee, has been observed in almost all Services and Departments of Public Service, and it prevents the Commission to carry out the assessment process of the project, i.e. to choose the most suitable for promotion. The current appraisal system, as applied, is neither efficient nor functional at all. A single form is used for all the categories of employees, regardless of whether they are physicians, clerks, engineers or at the top or lowest hierarchical level of the structure (Government of Cyprus, 2010). It is a system characterized by overdoing and equalization of the appraisal qualities per employee (some 98% of all employees are rated at the level of excellence).

The consequences from the phenomenon of “flattering” in the evaluation of civil servants as "excellent" is obvious, since the complete “flattering” in the assessment results to decreased productivity by civil servants, as it does not provide incentives to further improve

performance. Instead, it causes negative emotions to indeed excellent staff evaluated at the same level with lower-value employees, creating, thus, disincentives for continued performance improvement. It also results to a service lacking enthusiasm and new ideas which are essential for improving the quality of the State administration. Furthermore, evaluation “flattering” causes problems to both the managers and the Commission on procedures related to filling positions and promotions, because it essentially gives excessive importance to seniority or length of service than to skills and knowledge.

One of the most important drawbacks of the current evaluation system is the use of the same evaluation form and the same criteria for assessing all the employees, regardless of their level of position and salary (Government of Cyprus, 2010).

Therefore by reforming the legal context, it is expected that the whole selection system in the Cyprus public service will become more flexible, more effective, and fairer.

Cyprus is a full member of the European Union. The challenge for the Cyprus public service is, therefore, to fight to gain its position in a highly complex and competitive framework by the side of other more sophisticated and more evolved systems.

The study examines the basic concepts and parameters of personnel evaluation: the employee's performance (performance) and dedication to service (commitment), the process evaluation system, who the evaluator should be, what errors are made during the evaluation process.

1.2 Research questions

This research took place in Cyprus in a sample of employees of the Ministry of Agriculture, WDD (Water Development Department) in order to explore the acceptance of the appraisal system from the civil servants.

Four research questions have been identified:

- i. Do they agree with the phenomenon of excessive flattering of civil servants with the assessment of "excellent"?
- ii. Do they accept the evaluating system?
- iii. Is a rating system necessary?
- iv. What or who is the reason for the phenomenon of complete flattering?

1.3 Objectives of the Research

The objectives of this research are:

- a.) To identify the purpose of Performance Appraisal (promotion/pay/reward/career development/education)
- b.) To investigate the potentiality of performance appraisal to motivate employees
- c.) To identify the potentiality of performance appraisal to set Goals for.
- d.) To examine the level of satisfaction of civil servants with the performance appraisal procedure
- e.) To determine whether the employees agree with phenomenon of excessive flattering of civil servants with the assessment of "excellent"

2 Literature Review

2.1 General

This chapter reviews literature relevant to the research objectives. It builds a theoretical foundation upon which the research is based. It commences with an examination of what performance is, and why it is measured. A literature review covering the evaluation/appraisal process, the determination of the evaluator, the methods of assessment and errors in evaluating.

2.2 Definition of Performance Appraisal

Performance appraisal is a formal system of measuring, evaluating, and influencing an employee's job-related attributes, behaviours and outcomes (Snell and Bohlander, 2010; Ratzburg, 2009). The objective is to determine how productive an employee is and/or to determine if an employee's productivity can be improved. As such, performance appraisals serve an important purpose in managing people and meeting company goals.

The tendency to make judgements about oneself or about people one is working with appears to be both inevitable and universal. However, without a carefully structured system of appraisal and evaluation, people will judge the performance of co-workers —subordinates, superiors, and peers— arbitrarily and informally (Ratzburg, 2009). This tendency to judge, without a systematic procedure, has the potential to create serious motivational, ethical and legal problems within the firm. On the other hand, a structured appraisal system is more likely to be lawful, fair, defensible, valid and reliable.

In some organizations, appraisal results may be used to determine relative rewards in the firm, that is, who should get merit pay increases, bonuses, or promotions. Similarly, appraisal results can be used to identify the poorer performers who may require some form of counselling, demotion, dismissal or decreases in pay (Ratzburg, 2009).

Some researchers have expressed doubts about the validity and reliability of the process of performance appraisal. On the other hand, there are advocates of performance appraisal who claim that it may well be the most critical of all human resource management tools.

Likert (1959) observed that 'Performance Review Interviews as a rule are seriously deflating to employees' sense of importance and self-worth. Not only does the conventional review fail to contribute, in many executives' opinions it can do irreparable harm'. Grint (1993), in a more recent paper, was even more scathing: 'Rarely in the history of management can a system have promised so much and delivered so little'.

In addition to Likert and Grint, we find plenty of criticism in other standard performance management texts, such as Armstrong and Ward (2005), Armstrong and Baron (2005) and Fletcher (2004). The key criticisms of these writers and others focus on the process design; the execution of the process; and the managers who conduct the process.

Performance appraisal, while enabling a manager to identify the training needs of employees, and create a suitable training plan for them, also, serves to meet other objectives. Performance appraisal satisfies the psychological needs individuals have to know how they are performing at their job, and increases employees' job satisfaction and morale by letting them know that the manager is interested in their progress and development (Ratzburg, 2009). Systematic performance appraisal also provides both the firm and the employee with a careful evaluation, rather than a snap judgement of an employee's performance. Many firms use performance appraisals to plan placements and transfers and to provide input into decisions regarding salary increases, promotions, and transfers. Finally, performance appraisals may be used as a basis for the coaching and counselling of individual employees by their superiors.

To summarize, the uses of performance appraisal are performance improvement, compensation, placement, training & development needs assessment, career planning, job design error detection, detection of external factors influencing job performance as well as performance deficiencies which may be due to family or other pressures.

2.2.1 Purposes of Performance Appraisal

In the private sector, information and data resulting from the assessment of performance is useful for both the firm itself and the employee. Therefore, the use of evaluation systems occurs highly widespread.

As per Stewart and Stewart (1977), the purposes of appraisal systems are:

- i. Feedback to appraise. People do not improve on their results without feedback on their performance. Jobs vary in the extent to which they enable people to get accurate feedback. Performance appraisal systems help in at least two ways: first, by giving

direct feedback from the manager to the employee, and secondly by helping the employee to set ways of monitoring his own performance (Fletcher and Baldry, 2000).

- ii. Management by objectives. This is a system where the manager decides upon the objectives that the firm will try to attain, in the long term and then in the next year or so.
- iii. Salary view. At appraisal time the manager usually assigns an overall rating to the employee. Central salary planning functions find this rating useful to know, though there are organizations where salary grades are said to be a separate exercise. The link between performance appraisal and salary grading is controversial.
- iv. Career counselling. The opportunity to talk about work plans for the next year or so opens up the option of talking more generally about the employee's career, his skills, and his ambitions.
- v. Succession planning. At both the local and the central level there is a need to have available a list of people ready to take over in the event of a job becoming vacant. The performance system encourages managers to think about the abilities of their employees and to match these abilities with the known requirements of the job or jobs.
- vi. Maintain equity. Most people either directly or indirectly, are familiar with the situation where one man's unfavourable opinion of a subordinate has unfairly influenced the subordinate's progress. The elements of measurement implicit in most appraisal systems sometimes make employees fearful that such unfairness is about to become institutionalised. For this and other reasons many appraisal systems involve the appraising manager's manager in the conduct of the appraisal.
- vii. Hand over between managers. A manager taking over a new team, or accepting a transfer from another part of the firm, is greatly helped by having records of his teams' objectives, their past performance, and any other special problems or ambitions they may have.
- viii. To avoid trouble. Legislation in the UK and overseas is making it more and more difficult to dismiss someone without being able to show records of their unsatisfactory performance over a period of time, together with evidence that the person concerned was given adequate warnings and a chance to improve. It's more likely that firms will have to justify their reasons for making a particular promotion decision.

The above mentioned led to the establishment of the first objective, which states:

Objective 1: The purpose of performance appraisal

2.2.2 Performance Management and Motivation of Employees

Motivation is the process that energizes employees and propels them to pursue their goals. Well-designed and well-executed performance appraisals have a strong motivational impact. Appraisals have the power to motivate employees because they provide a number of interconnected benefits (Lloyd, 2009):

- **They demonstrate the need for improvement.** If employees don't have a clear understanding of how they've been performing, they can't be motivated to make any improvements.
- **They meet higher-level psychological needs.** Researchers continue to find that recognition is one of the most powerful forms of motivation for large numbers of employees. Although you can find numerous possible sources of recognition on the job, performance appraisals are an opportunity for employees to receive formal, significant, and enduring recognition from their manager.
- **They build a sense of personal value.** When managers take the time and effort to carefully review, analyse, document, and discuss performance with employees, the underlying message to the employees is that they're important and valuable, and this alone is quite rewarding, whether the feedback is positive or not.
- **They enhance personal development.** Performance evaluations are motivational for employees who are looking to enhance their personal learning, growth, and development. Appraisals are a great tool, and are a highly valuable source of information and insight, necessary for progress. Performance appraisals are similarly motivational for employees whose needs are centred on achievement, goal attainment, and sensing personal effectiveness, respect, and trust.
- **They turn employees around.** When employees are performing poorly, performance appraisals can provide the wakeup call that they need to get refocused and reenergized. With performance appraisal, however, the purpose of the session is not strictly disciplinary, so the employee is more likely to walk in with a more receptive and open mind. As a result, your comments regarding an employee's questionable performance have an excellent chance of being heard and generating action as a result.
- **They increase satisfaction.** When performance appraisals meet the employees' needs in such areas as gaining recognition, sensing achievement and competence, experiencing growth, and meeting objectives, they're also contributing to the employees' job satisfaction, and this is one of the most important elements at work today. When employees are satisfied, some of the most visible indicators are reduced turnover, absenteeism, and tardiness.

On the flip side, when employees are subjected to a shoddy or even non-existent performance appraisal system, the opportunities to fulfil these higher-level employee needs are substantially reduced.

The above mentioned led to the establishment of the second objective, which states:

Objective 2: The potentiality for performance appraisal to motivate employees

2.2.3 Performance Appraisal and Goal Setting

When the review process is completed, the employee should (AchieveGlobal, 1995)):

- clearly understand where he/she stands in terms of meeting performance standards and goals for the next review cycle,
- know where and how to improve,
- be committed to and motivated to maintaining and/or improving the performance level for the future.

In the workplace, goal-setting is a valuable tool that:

- communicates work expectations,
- enhances productivity,
- encourages on-going communication and collaboration between employees and supervisors,
- stimulates long-term vision/planning and short-term motivation,
- adds credibility and objectivity to performance evaluations,
- helps to align employee and unit goals with strategic employer objectives.

Goal Setting Components

- Goal:** statement of results to be achieved within a specific time frame
- Standard:** on going performance criteria to be repeatedly met or exceeded
- Competency:** employee attributes(s), ability or skill demonstrated at work
- Stretch Goal:** extremely ambitious goal that prompts “outside-the-box” thinking

Create S.M.A.R.T. Goals (Peter Drucker, The Practice of Management)

- Specific** – precise and detailed
- Measurable** – with criteria for determining progress and success
- Achievable** – attainable and action-oriented
- Realistic** – relevant and aligned
- Time-related** – grounded within a time-frame

Some examples of S.M.A.R.T Goals are reducing customer complaints daily, producing budget reports timely, providing job quotes to customers, producing documents and

distributing to departments weekly, and ensuring all projects are completed in a timely manner.

The above mentioned led to the establishment of the third objective, which states:

Objective 3: The potentiality of performance appraisal to set goals

2.2.4 Weakness of the Current System of Performance Appraisal

Despite the systematic and long-term use of assessment, personnel from businesses and organizations continue to raise objections and voice reservations and scepticism; The idea for an evaluation system is that it will benefit both the personnel and the organization.

The idea of merit rating is alluring. The sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise. Everyone propels himself forward, or tries to, for his own good, on his own life preserver. The organization is the loser. Merit rating rewards people who do well within the system. It does not reward attempts to improve the system (Deming, 2000: 102)

Some evaluation staff argues that assessment generates anxiety among workers and pushes a climate of competition among colleagues and undermines team spirit, forcing everyone to take care to protect himself or herself, instead of taking risks and initiatives (Huber, 1991). Furthermore, the objective of the effort is short sighted in nature and is characterized by a lack of continuity and consistency. The bosses feel uncomfortable when they criticize, particularly the abilities and character of their subordinates, and thus create antipathies and conflicts between superiors and subordinates. Moreover, most workers believe that the ratings are unfair and not objective, while some managers believe that some benefit may arise in connection with the energy and time spent.

However, the negative effects of evaluation systems arise mainly from flawed implementation (Best and Khan, 2006). Causes leading to incorrect application are the organizational culture (Javoren, n.d.) on the use of assessment, the failure and inadequacy of evaluators, the ambiguity of indicators measuring the performance, lack of information and the inappropriateness of current evaluation methods.

Performance may fail for the below reasons (Saravanj,2011):

- i. insufficient rewards for performance,

- ii. manager lacks information,
- iii. lack of appraisal,
- iv. manager not taking appraisal seriously,
- v. manager not prepared,
- vi. employee not receiving on-going feedback,
- vii. manager not being honest or sincere,
- viii. ineffective discussion of employee development,
- ix. unclear language.

The above mentioned led to the establishment of the fourth objective, which states:

Objective 4: The satisfaction on the performance appraisal procedure

2.2.5 Stages in a Performance Management System

In practice, the staff evaluation can be done in two ways: informally, or systematically, which would be considered the more formal of the two. An informal evaluation under continuous monitoring of the worker's performance occurs when the assessor thinks it's necessary. It is performed on an informal basis, by supervisors when they monitor the work and output of their subordinates and offer comments and constructive criticism, giving guidance and advice to support and directly improve their employees (Lefkowitz, 2010). To achieve objective and reliable evaluations, the organization must develop and run a formal evaluation process. The key to identifying this standard procedure is to define the criteria and performance standards (Snell and Bohlander, 2010; Χατζηπαντελή, 1999):

- Performance Criteria. The first step in the evaluation process is to identify those elements that are necessary for the work to be done successfully. These elements are derived from the job analysis, the job description, and especially the employee's qualifications, as well as his or her character (eg, creativity, adaptability, initiative - the behavior used to perform the task (eg kindness , Persuasion), and, finally, the results and objectives related to success.
- Performance standards. These criteria relate to the quantity and quality of performance, time and accuracy of execution, how the work is performed with respect to productivity.

When performance standards are properly established, they help translate an organization's goals and objectives into requirements that communicate to employees the definition of acceptable and unacceptable performance levels.

There are four considerations in establishing performance standards:

- a. strategic relevance, where the standards of an appraisal relate to the strategic objectives of the organization.
- b. criterion deficiency, in which the standard captures the entire range of an employee's responsibilities.
- c. criterion contamination, just as performance criteria can be deficient, they can also be contaminated. There are factors that influence an employee's performance.
- d. Reliability, which refers to the stability or consistency of a standard, or the extent to which individuals tend to maintain a certain level of performance over time.

A process whereby managers meet to discuss the performance of individual employees to ensure their employee appraisals are in line with one another is known as calibration (Snell and Bohlander, 2010; Ochoti et al., 2010). During calibration meetings, a group of supervisors, led by their manager and facilitated by an HR professional, discuss the performance of individual employees to ensure all managers apply similar standards to all of the firm's employees. The supervisor begins the process by rating employees whose performance is especially good or especially poor. Then they rate employees who are in the middle and try to achieve a consensus on their performance. The ratings vary because some managers are stricter than others in their rating scale.

Because performance appraisals are used as one base for HRM actions, they must meet certain legal requirements (Lussier and Hendon, 2013):

- a. performance ratings must be job-related,
- b. employees must be given a written copy of their job standards in advance of appraisals,
- c. managers who conduct the appraisal must be able to observe the behaviour they are rating,
- d. supervisors must be trained to use the appraisal form correctly,
- e. appraisals should be discussed openly with employees and counselling or corrective guidance offered,
- f. an appeals procedure should be established to enable employees to express disagreement with the appraisal,

2.2.6 Who Should Appraise Performance and How

There are multiple candidates for conducting performance appraisal. Appraisers can be supervisors, peers, team members, self, subordinates, customers, vendors and suppliers.

Manager and/or Supervisor Appraisal is done by an employee's manager and reviewed by a manager one level higher.

Self-Appraisal is done by the employee being evaluated, generally on an appraisal form completed by the employee prior to the performance interview.

Subordinate Appraisal is the appraisal of a superior by an employee, which is more appropriate for developmental than for administrative purposes.

Peer Appraisal is appraisal by fellow employees, compiled into a single profile for use in an interview conducted by the employee's manager.

Team Appraisal is based on Total Quality Management (TQM) concepts, that recognize team accomplishment rather than individual performance.

Customer Appraisal is a performance appraisal that, like team appraisal, is based on TQM concepts and seeks evaluation from both external and internal customers.

Supervisors and managers are employed to manage the performance (effectiveness and efficiency) of an organization (business, service agency, etc.) and the people (employees, staff, etc.,) who make up the human resources of the organization. Unfortunately, much of the research conducted during the 1990's (West Virginia Division of Personnel, 2005) indicates that they are not doing a very good job of it.

For example:

- 70% say managers do not provide clear goals and directions,
- 55% say their managers are poor or average in providing direction,
- 70% say performance expectations are not clearly defined,
- 70% have never had a meaningful performance discussion with their manager,
- 65% say the most important information needed concerns ways to improve performance,
- 80% say their supervisor does not follow up on the review,
- 71% of professionals believe their company's system for evaluating performance is not fair,
- 52% say poor performance is tolerated too long,
- 80% do not see a relationship between good work and rewards,
- 98% believe pay should reflect performance and only 48% believe their company's pay system does,
- 70% want more recognition of their efforts,
- 70% of professionals believe their pay is not tied to performance.

According to Chubb et al. (2011) It's all about the manager. Line managers are not committed, partly because of this bureaucracy, but also because the system is not 'sold' well enough, or supported by wider management culture. They 'go through the motions'. Managers do not have the skills to operate appraisal effectively, either in judging performance or handling difficult conversations, especially with poor performers. Also employees' relative performance can never be measured objectively or fairly. Even if the manager's judgement is careful and evidence-based, objectives are not equally hard to achieve and do not cover all aspects of the job. Putting more effort into 'accurate' performance measurement is a delusion. The manager's perception of an employee's performance may not be very valid, simply because they do not have enough information, and do not see all aspects of their performance. They may also be biased by liking or disliking the individual or by prejudice. Managers may not always be the best person to support an employee in exploring their own performance and development. Performance appraisals have become increasingly difficult to administer because of management layering. If a manager has multiple subordinates, it becomes impossible for them to intimately know the performance and development needs of all their direct reports, Performance Management, Literature Review, (Chubb et al., 2011; Aspridis, 2012).

A 360 degree performance appraisal is an evaluation of an employee's job performance by all those around him/her. It involves analysis of their recent successes, failures, strengths and weaknesses in suitability for promotion or further training. A 360 degree appraisal also involves self-assessment by the employee.

The evaluation of employees may become more accurate, fair and objective, if everyone affected by the performance and behaviour has the potential to give to the enterprise evaluations and comments (Bhattacharjee, 2011). Many of the large companies in Europe and the United States, use all the evaluation sources in conglomerate (superiors, colleagues, subordinates, customers, self appraisals, even external evaluators such as consultants) to reach an objective as possible assessment. The advantages of this evaluation is the objectivity, quality information and putting into practice of the principles of TQM. But these are offset by the heavy bureaucracy required for collection and analysis of all evaluations by the high cost of the endeavour, and the need to educate many of the evaluators. It is time consuming and can give (although correct from their perspective) completely opposite opinions on certain characteristics evaluated. While at first this assessment was used to

identify weaknesses, this method has over the last decade, been increasingly used by large companies for administrative decision-making purposes. Software used to prepare 360-degree appraisal systems is available from a number of companies. Furthermore, modern technology makes it possible to monitor and control the worker in the workplace through electronic circuits. For example, the performance of industrial workers, cashiers banks and department store clerks, is monitored and evaluated through the terminal they use. Although it is a moral issue, the right of the company to electronically monitor the employee and to evaluate him based on the use of the terminal he uses, is a reality.

Computers provide direct, absolutely objective measurements of work, as they are quantifiable, do not take into account the natural and human environment of the work, and allow supervisors to know who has high or acceptable performance and which employees are lagging behind.

All these sources of evaluators have their advantages and disadvantages. No source is completely objective or completely adequate, so it is advisable to combine at least two, of which one will be the immediate superior. In any case, these evaluations cannot replace the judgment and opinion of the individual who is responsible for his or her subordinates, compliance standards, improved work performance, and reward and development, based on performance.

In the public sector, the most common practice is the evaluation of the head and the boss next in line, with the manager of each sector. Usual practice is the evaluation by the Inspector in order to ensure consistent implementation of the system and demonstrate greater objectivity.

2.2.7 Evaluator Errors

The evaluation process is a mental process that involves the risk of error, and therefore can hardly be objective. An objective evaluation is a difficult goal to achieve. One should try very hard to achieve it and with dubious results (Smith and Hitt, 2005). To accurately assess, the boss needs knowledge, information and data on which to base the evaluation process. This information will interpret and evaluate the values and ideas, which may apply or may not apply to those people, his [evaluator] temperament and by the degree of emotional connection with appraisals. Very rarely can one be emotionally neutral, especially if one is an immediate superior. This results in the assessment being characterized by a degree of subjectivity and bias. So in the process of evaluating, the evaluator can commit a variety of errors. These

errors can be committed consciously and deliberately as well as unconsciously (Snell and Bohlander, 2010).

- Error of Central Tendency, a rating error in which all employees are rated about average
- Leniency or Strictness Error, a rating error in which the appraiser tends to give all employees either unusually high or unusually low ratings
- Recency Error, a rating error in which appraisal is based largely on an employee's most recent behaviour rather than on behaviour throughout the appraisal period
- Contrast Error, a rating error in which an employee's evaluation is biased either upward or downward because of comparison with another employee just previously evaluated
- Similar-to-Me Error, an error in which an appraiser inflates the evaluation of an employee because of a mutual personal connection

In the public sector, the phenomenon of over-rating civil servants as “excellent” can come from an error known as Leniency Error, a rating error in which the appraiser tends to give all employees an unusually high mark (The Mississippi Legislature, 2008).

To avoid rating errors, the evaluation system must change, by including behavior descriptors, evaluation scales, and relatedness-to-the-job factors. Managers have to define anchors (dimensions), explain the need of variability, and encourage frequent evaluation.

The above mentioned led to the establishment of the fifth objective, which states:

Objective 5: To determine whether the employees agree with the phenomenon of excessive flattering of civil servants with the assessment of "excellent"

3 Methodology

3.1 Design of Study

This chapter describes the methodology that was used to gather the primary data. Ethical issues will also be addressed in this chapter.

The study began with a data collection in the form of a 5 page questionnaire, which was distributed by Scripture to the public servants of the Water Development Department.

The questionnaire consisted of written questions, which were based on the literature. The questionnaire was in the English language. The questionnaire was designed by the researcher and has not been validated. The questionnaire has not been pilot studied and its face validity was based on a face value. All items were measured on a 5-point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

The questionnaire was divided into three parts. The first part refers to the demographic characteristics of the respondents. The questions of the second part cover the application of the system. In the third part the aim was to investigate the attitude of the employees in the evaluation process, whether the employees agreed with the existence of an evaluation system and if they wished a change in the system. (Detailed form of the questionnaire is found in Appendix A).

The data was collected by questionnaire method from a sample. The responses were shown on graphs. The responses have not been analysed. The conclusions are arrived at just from examining the graphs.

3.2 Sample

The target population of the survey are those serving as permanent civil servants at the Water Development Department with experience of more than two years. This condition was added for two reasons: Employees who will fill out the questionnaires:

- i. have been evaluated (or should have been) at least once
- ii. likely have an opinion of the evaluation function

The questionnaire was sent via a link, www.surveymonkey.com, for the employees in other cities except Paphos. Hardcopies were given to Paphos and Polis district office employees.

There are several reasons why these sampling techniques were chosen. They are:

- a) data collected from Paphos and Polis District can be collected quickly. Many employees do not speak English, and also many of them do not use the computer,
- b) the need of enough data for a quick diagnosis of the situation,
- c) data can be collected rapidly and inexpensively via the link mentioned above.

3.3 Method of Data Collection

The data in this study was collected from employees of the Water Development Department. Of the 201 questionnaires which were distributed, 90 were completed. A large number of questionnaires were sent via a link, www.surveymonkey.com, and were not answered for several reasons. Some of the reasons are:

1. do not open their personal emails frequently,
2. many employees were on vacation,
3. many employees were not interested participating.

Another possible reason for more data not being collected is because of the crisis in the Public sector and the latest visit of Troika.

All questionnaires given by hand were delivered back.

3.4 Ethical Considerations

The researcher gave a commitment to all participants relating to their anonymity and confidentiality.

Confidentiality was given to all participants in that all data would be used purely to inform this research.

3.5 Procedure Followed

A questionnaire-based survey was used in this study. The data collection was not analysis, and was not carried out based on statistical theories. The results have been presented in figures. The questionnaire is composed of twenty questions to evaluate the response of the employees. The questionnaire was issued in person. Employees were allowed to fill out the questionnaire anonymously and were allowed to put it into a collection box. The questionnaire consisted of different types of questions. The information about the demographical data of the participants was gathered using closed multiple choice questions, for which the respondents were required to tick the right answer. The main part of the questionnaire, which related to the hypothesis of the thesis, consisted of Likert-Scale questions. Answers to these questions helped to figure how strongly the respondents agreed with the particular statement. The answers of the questions were based on the five-level scale and the options were strongly agree, agree, neither agree or disagree, disagree, strongly disagree. The questionnaire is given in Appendix A.

The statistical analysis of the data collected on the questionnaires was carried out. The frequency of the responses was determined and compared. No descriptive analysis was carried out.

The data were coded and imported for processing into SPSS. Once tested for the extreme and missing values and methods of correction or elimination thereof were applied where appropriate, we proceeded to analyse.

A first descriptive analysis of the data helped in understanding and defining contexts within which prices move each variable in the sample. So we studied the averages, medians, maximums and minimums.

4 Results

The data in this study was collected from 90 employees of the Water Development Department. The first part of the questionnaire was Socio-Demographical questions. They are very important in my opinion because they show the gap between the younger employees and the older employees. I believe the opinions on the system will vary between the two aforementioned groups.

The first question was about the gender, which shows that men are obviously more numerous than women. The demographic information of the respondents is given in Figure 4.1: Gender. The percentage of male respondents to female respondents is 80% to 20%. WDD is a Technical Organization and, as is common in that field, the majority of the employees are male.

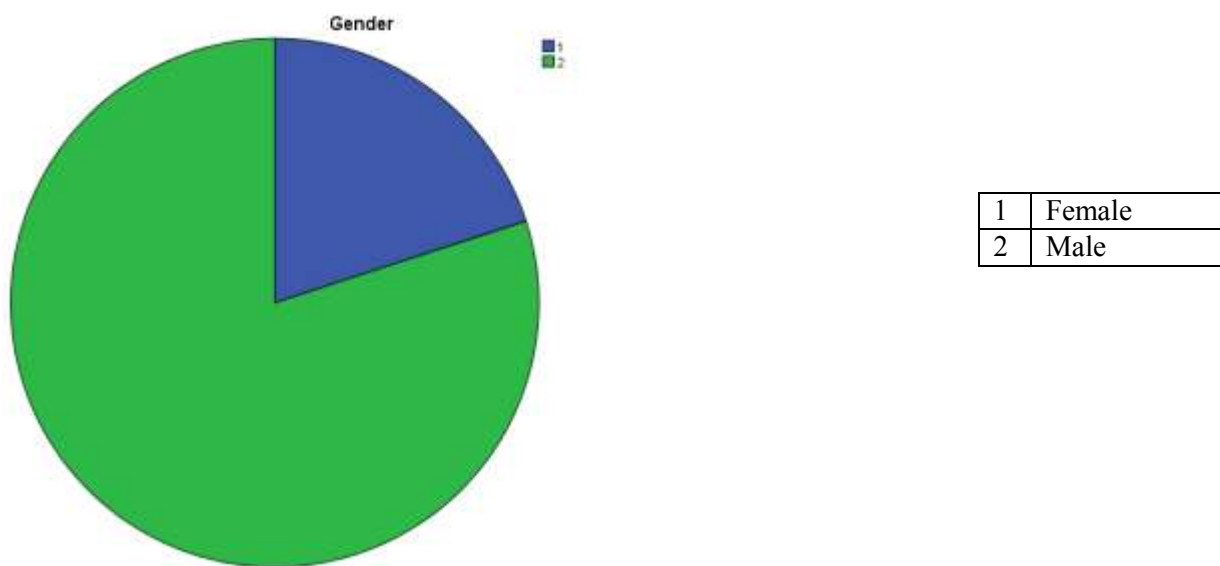
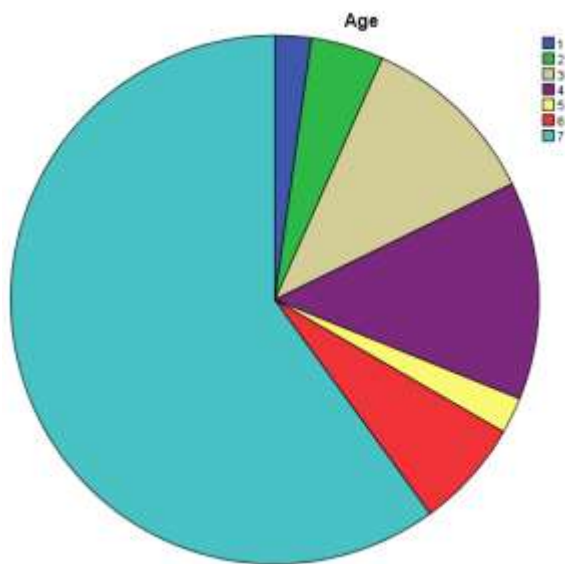


Figure 4-1. Gender

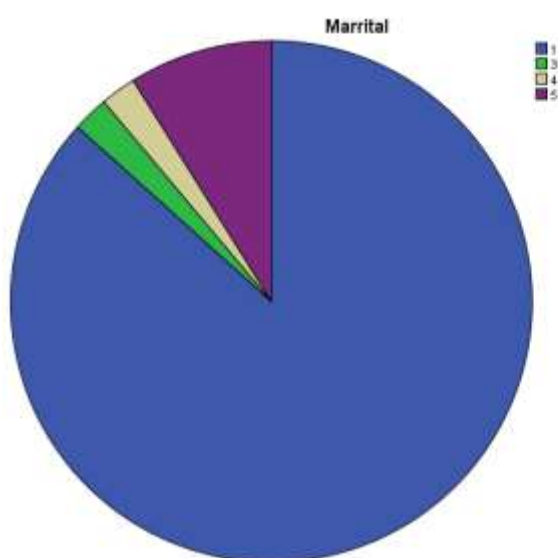
The age statistics of the respondents are given in Figure 4.2. It shows that the percentage of employees at the WDD over the age of 50 is 60%. This clearly illustrates the gap between the younger employees and the older ones.



1	21-25
2	26-30
3	31-35
4	36-40
5	41-45
6	46-50
7	Above 50

Figure 4-2. Age category

The marital status is given in Figure 4.3. The employees being married is found to be 86.7%



1	Married
2	Widowed
3	Divorced
4	Separated
5	Never Married

Figure 4-3. Marital status

The education statistics of respondents is given in Figure 4.4. The results were disappointing because most of the employees were only high school graduates; the percentage of these being 53, 3%, compared to only 22, 2% having a general Certificate of Education at the Advanced Level, and only 11, 1% having a Bachelor degree.

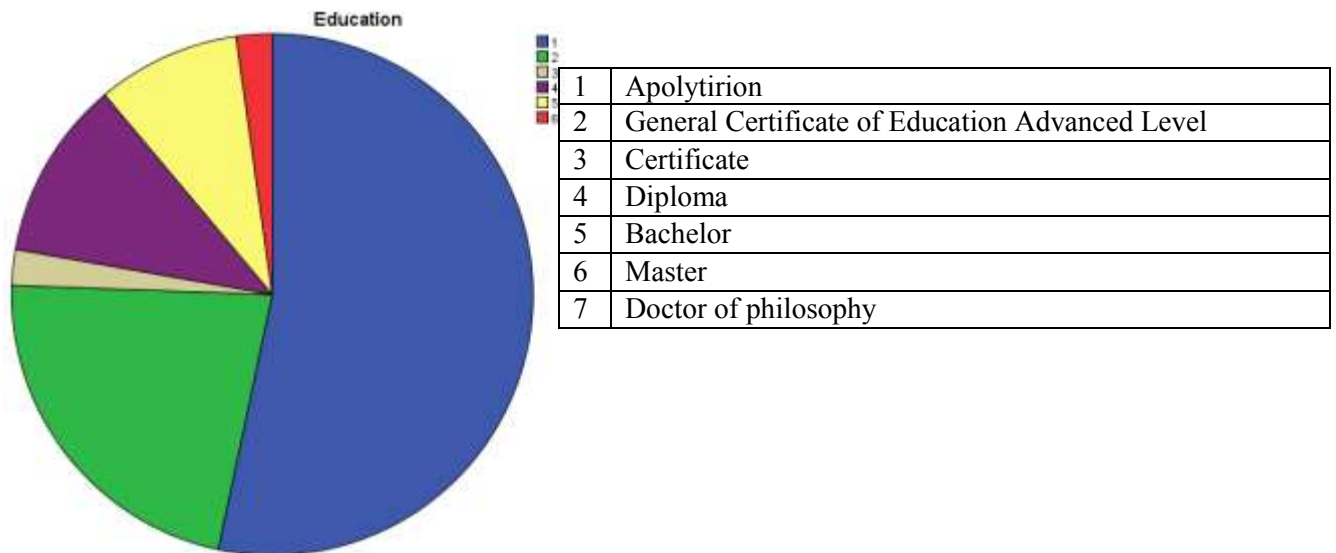


Figure 4-4. Highest Level of Education

The experience of the respondents at the WDD is given in Figure 4.5. Here the results were again disappointing, as 66,7% of the population have been in their present position for more than 15 years, despite the fact that the organization encourages the rotation of the employees to all positions.

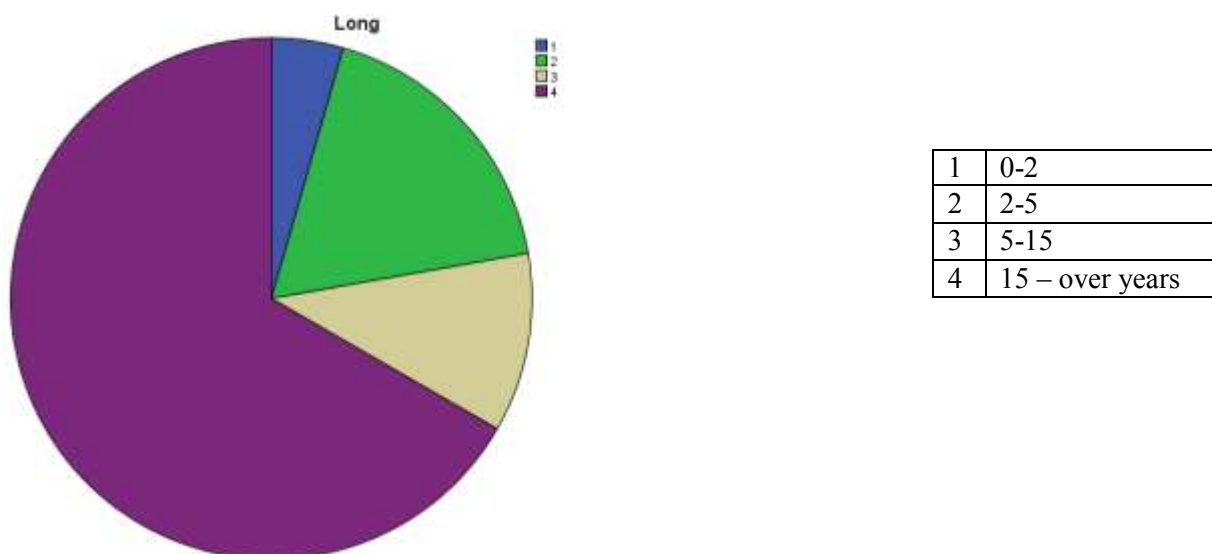


Figure 4-5. Time in the Present Position

The second part of the questionnaire is connected with the hypothesis of this research. There were four questions about the opinion of the performance appraisal in general at the organization and the respondents were requested to tick the most likely answer.

The sixth question was about their opinion of the performance appraisal. The target of this question was to understand the view of the employees about the performance appraisal. A population of 6,7% believed that performance appraisal was an evaluation of employees, 17,8% a promotion for employees, 22,2% job satisfaction and 53,3% motivation. Clearly most employee's performance appraisal was a motivation. The truly motivated employees must be challenged not only to improve, but also to contribute significantly to a healthy organization. Assisting employees to grow into their positions and gain competence in their work will result in satisfied employees who meet annual objectives and who are valuable assets to the organization. The results are given in Figure 4.6: Opinion of Performance Appraisal.

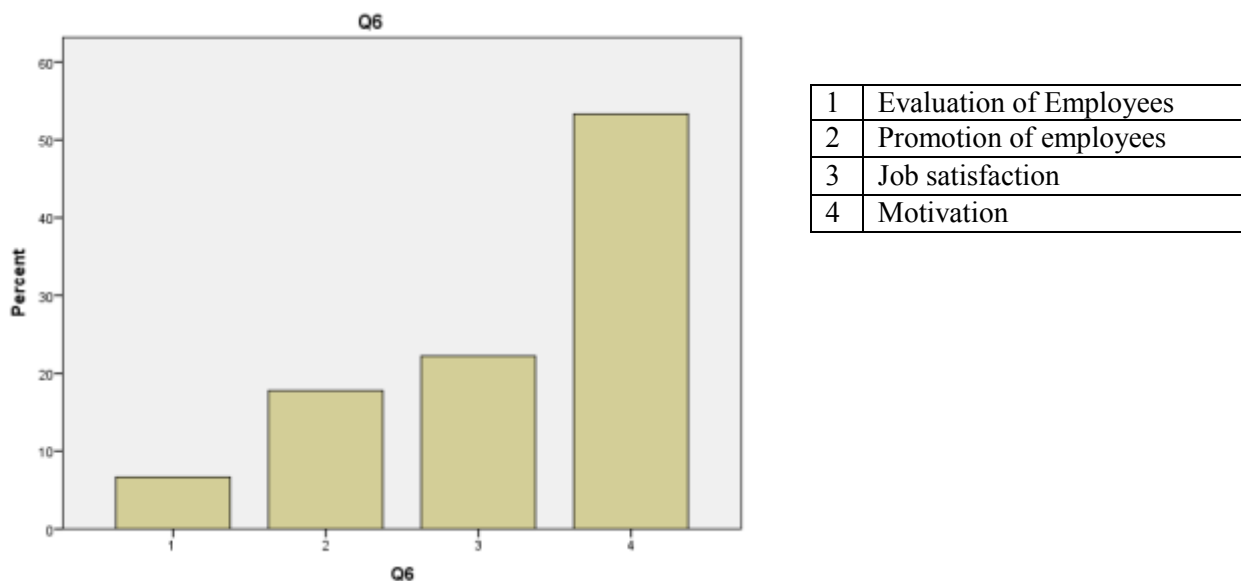


Figure 4-6. Opinion of Performance Appraisal

Question seven was about how performance appraisal is evaluated in their organization. This question should have a population of 100% answering 'top manager'. The fact that 2 employees answered "by subordinate appraisal" and "peer appraisal" is possibly an error, being that, at the organization being studied, performance appraisals are done by the top manager.

The manager is responsible for signing the final evaluation. Managers are encouraged to seek input from others. In addition, the second-level managers are expected to review all the appraisals before the performance discussion is held. At this point the evaluator errors mentioned above can occur.

Question eight was asking about the employees' opinion of the performance appraisal system of their organization as it relates to the following: retention of employees, recruitment system, organization culture, and motivation. A population of 42,2% answered that the performance appraisal system of their organization is related to the organization culture. And a population of 37,8% answered that it is related to motivation.

Organizational culture defines the way employees complete tasks and interact with each other within the organization. The cultural paradigm comprises various beliefs, visuals and symbols that govern the operating style of the people within the organization. Corporate culture binds the workforce together and provides a direction for the organization. In times of change the biggest challenge for the organization may be to change its culture, as the employees are already accustomed to a certain way of doing things. The results are given in Figure 4.7.

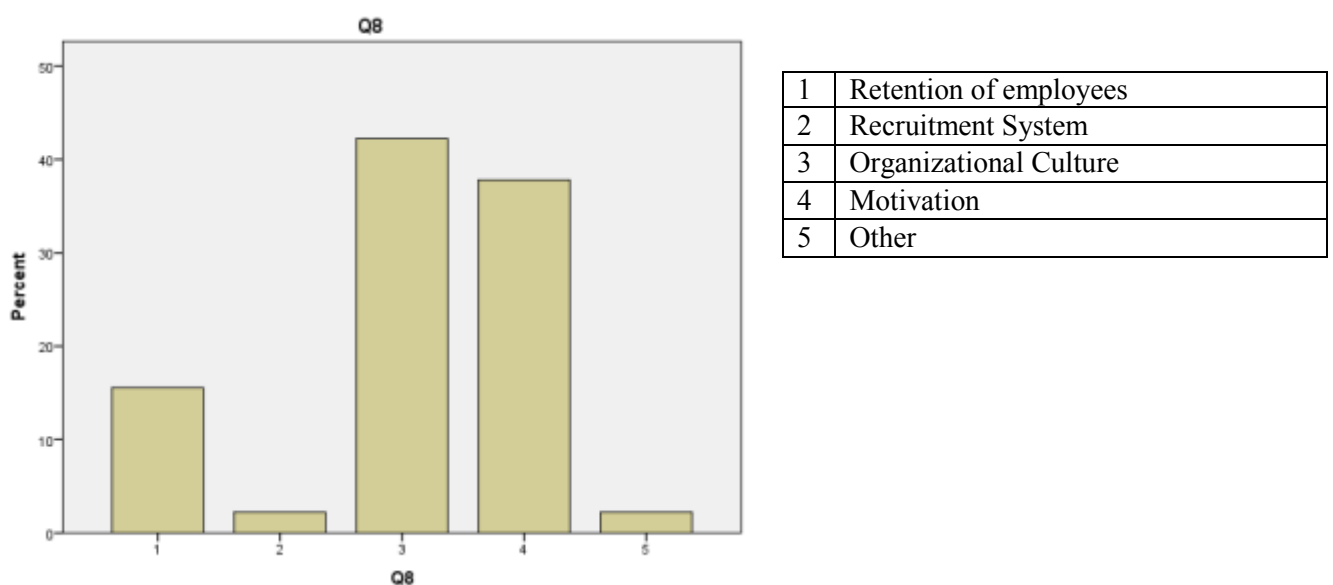


Figure 4-7. Relationship of Performance Appraisal

The last question of this section asked about the most important reason for inflated and inaccurate evaluations. The participants of the questionnaire had to decide if it was because of the failure of managers to talk with the employees, the fact that managers believe the employees' poor performance will reflect poorly on them, that managers are afraid of

confrontation or that a low evaluation will demoralize the employee and will result in even worse performance. A population of 48,9% believed the reason to be that the manager is afraid of confrontation.

Managers don't step up to the plate and fix things. They just sit back and expect their employees to figure out which fires to douse. When the business results don't come, those managers look for someone to blame. It's never them. A poor manager can't deal with employee problems, feedback, or disagreement. Another reason, in my opinion, is political affiliation; employees who are familiar with politicians. Results are given in Figure 4.8.

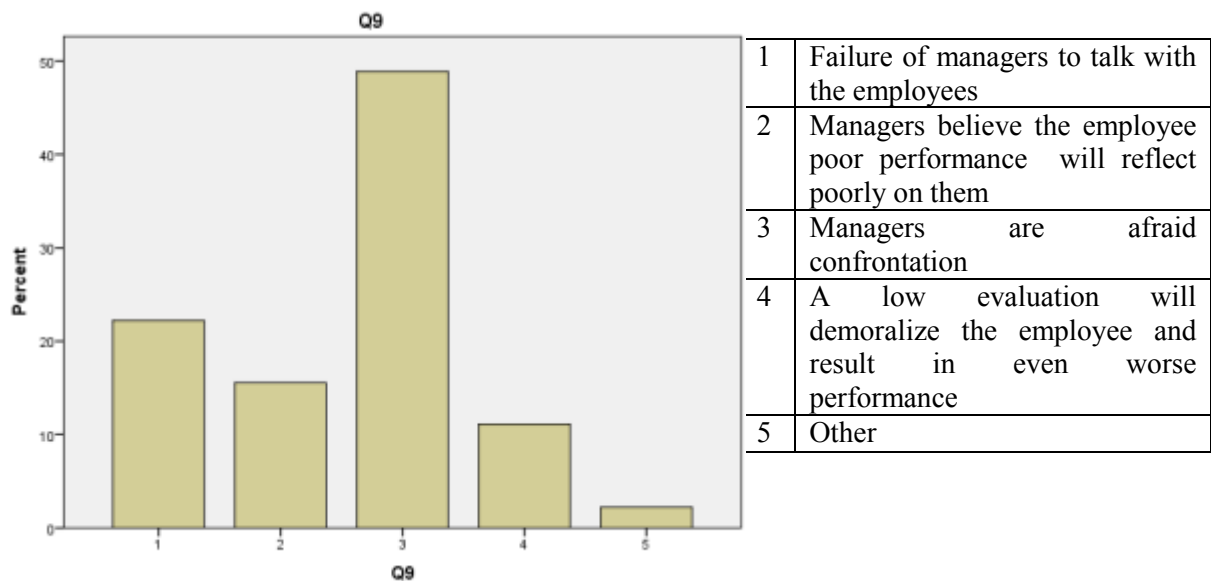


Figure 4-8. Reasons for Inflated and Inaccurate Evaluation

The third part of the questionnaire is connected again with the hypothesis of this research. There are eleven statements on various aspects of performance appraisal and the respondents were requested to tick the level of agreement or disagreement in a Likert Scale.

Question ten was about how important performance is to the health of the organization. The objective was to investigate the opinions of employees on the necessity or otherwise of an evaluation system. A population of 33,3% strongly agreed that performance appraisal is very important to the organization, and 6,7% strongly disagree. A population of 11,1% still did not decide. The results are given in Figure 4.9.

Performance management is a joint process that involves both line managers and subordinates who jointly identify common goals and objectives, which correlate to the higher goals of the organization.

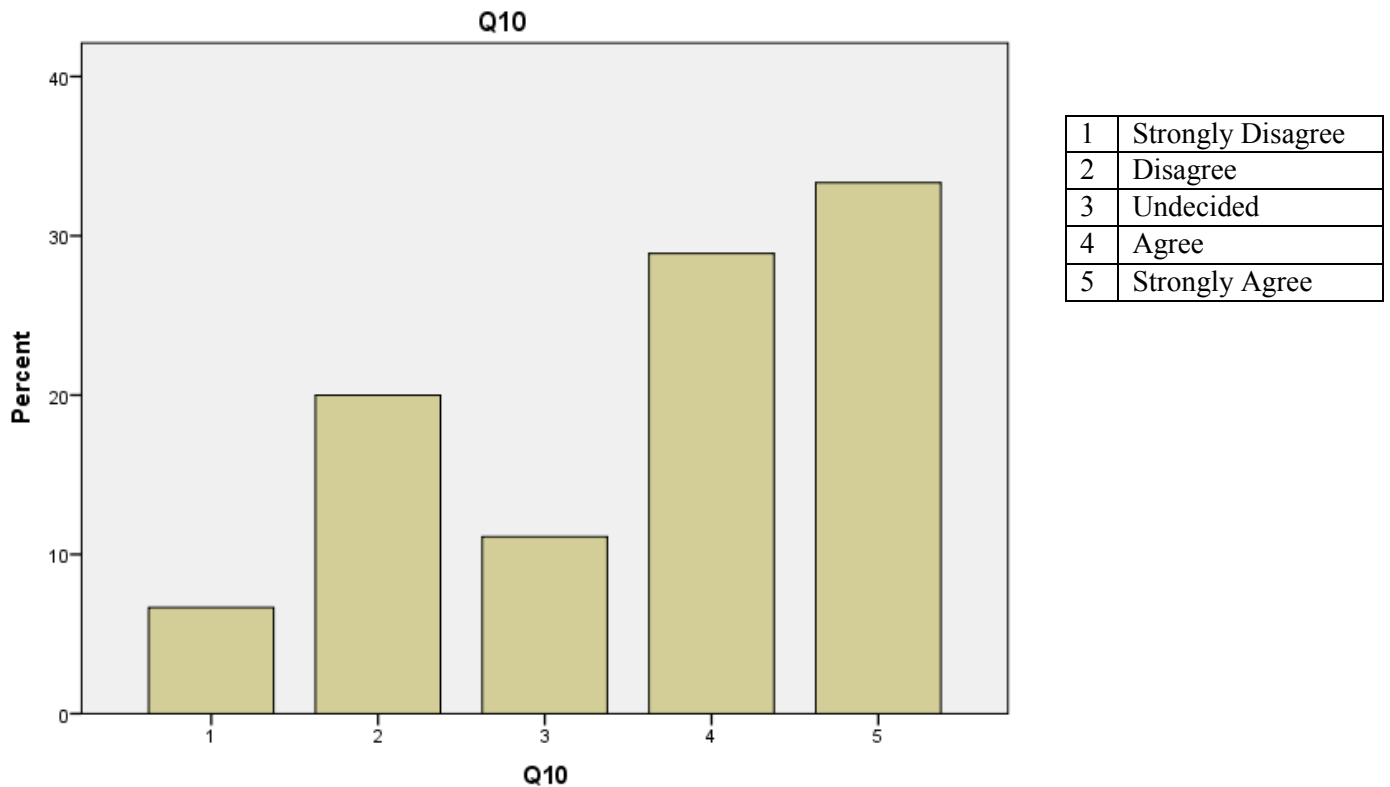


Figure 4-9. Importance of Performance Appraisal

The eleventh question was about the frequency of the performance appraisal. Is once a year enough? 44,4% of the population responded affirmatively and 17,8% of the population strongly agreed that once in a year is enough, while a population of 17,8% strongly disagreed that once in a year is enough. The results are given in Figure 4.10.

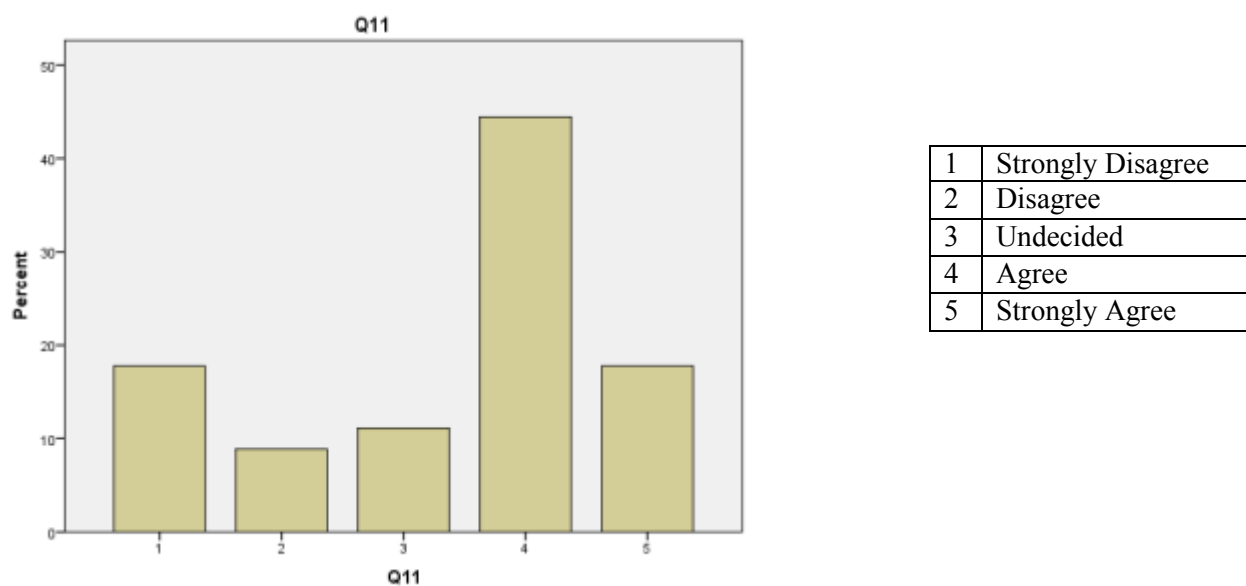


Figure 4-10. Is Once a Year Enough?

Question twelve referred to whether the manager knows the work of the employee. For this question 33,3% agreed and 22,2% strongly agreed that the manager knows about the work of the employee, while 17% strongly disagreed that the manager knows the work of the employee. The manager of the organization is poor. The second line managers either do their work improperly or do not inform their superior manager. The main reason for my opinion that the manager does not know the work of the employee is because of the system. Performance appraisal for the organization is routine work, with importance on the work to be done than on who will do the work. Finally, if all employees must be “excellent” then there is no need to know the actual work of the employee. The results are given in Figure 4.11.

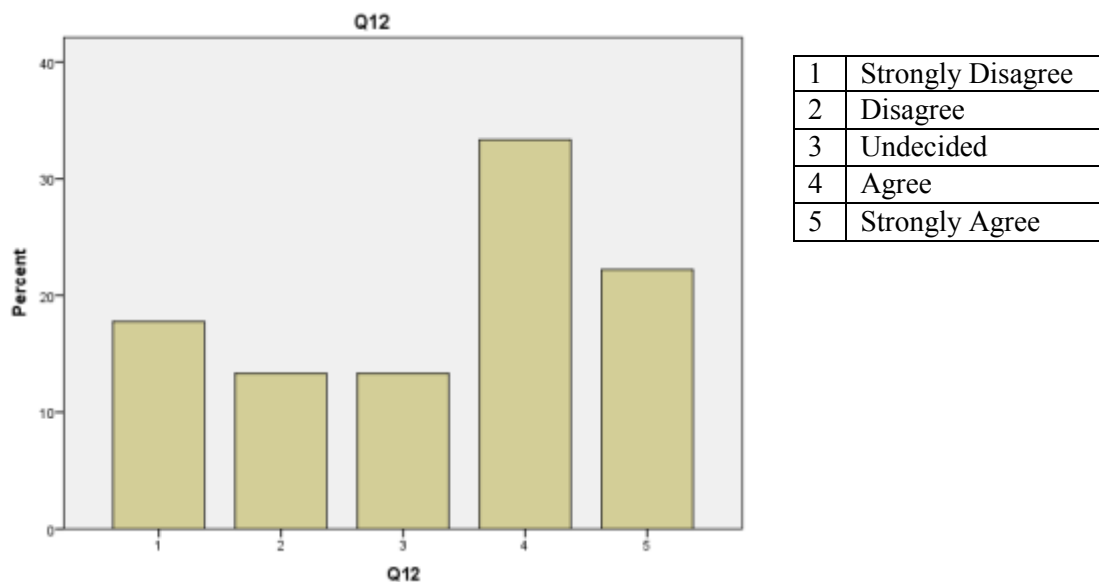


Figure 4-11. Manager Knows Employee's Work

The thirteenth question asked whether employees believed performance appraisal was accurate for all employees. A population of 42,2% strongly disagreed that performance appraisal is accurate for all employees. A percentage of 42.2% is very low in my opinion, especially in an organization where all employees are rated “excellent” at the end of the year. The employees of the WDD agree with the “flattering” system; that being “excellent” even though you may not deserve it is beneficial. They believe accurate ratings would damage subordinate's motivation and performance. Reasons they cited were as follows: inflating ratings for political reasons, poor managers needing to improve employee's eligibility for merit raises, avoiding airing department's “dirty laundry”, avoiding creating a negative permanent record that might haunt the employee in future, protecting good workers whose

performance suffered because of personal problems, rewarding employees displaying great effort even when results were relatively low, avoiding confrontation with hard-to-manage employees, and promoting a poor or disliked employee up and out of department. The results are given in Figure 4.12.

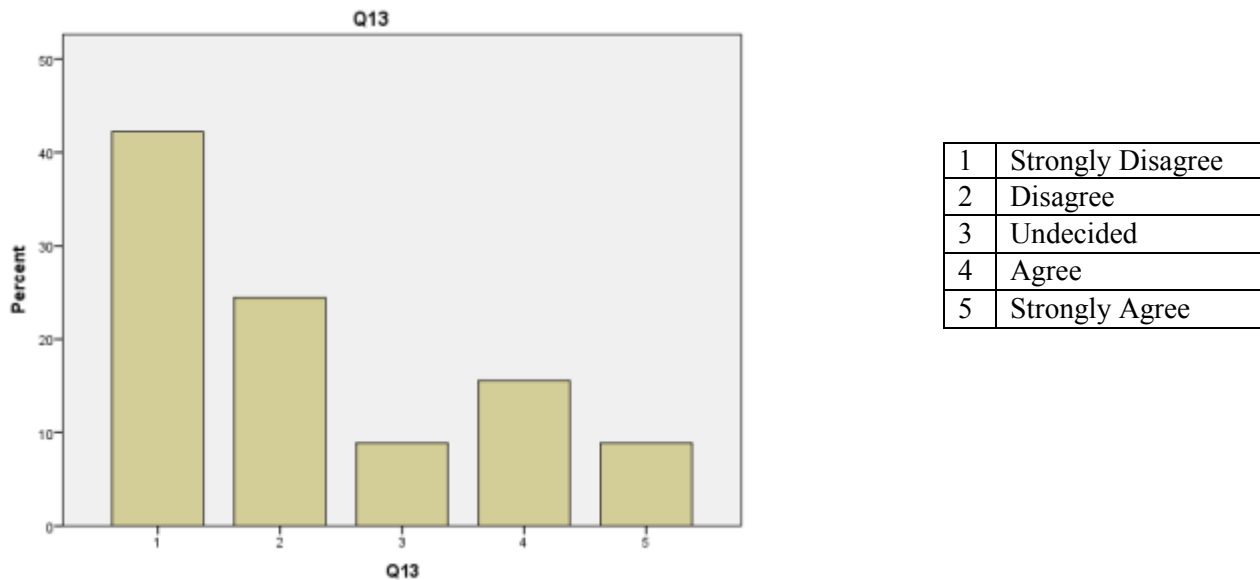


Figure 4-12. Performance Appraisal is Accurate for All Employees

Question fourteen asked the employees if the system should change. A population of 37,8% agreed, and 37,8% strongly agreed that the system should change. The results are given in Figure 4.13.

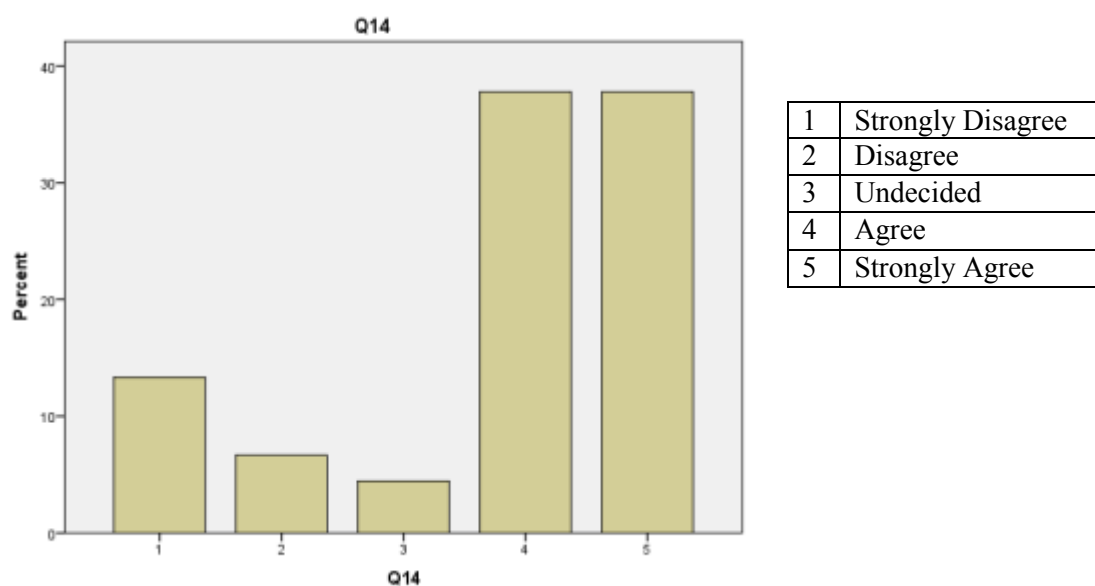


Figure 4-13. Need for the System to Change

Question fifteen asked if employees believed performance appraisal helps people set and achieve goals. A population of 31,1% strongly agreed and 40% agreed.

It's very important for the employees to set and achieve their goals. Employees will be motivated to the extent to which they accept specific, challenging goals and receive feedback that indicates their progress toward goal achievement. The results are given in Figure 4.14.

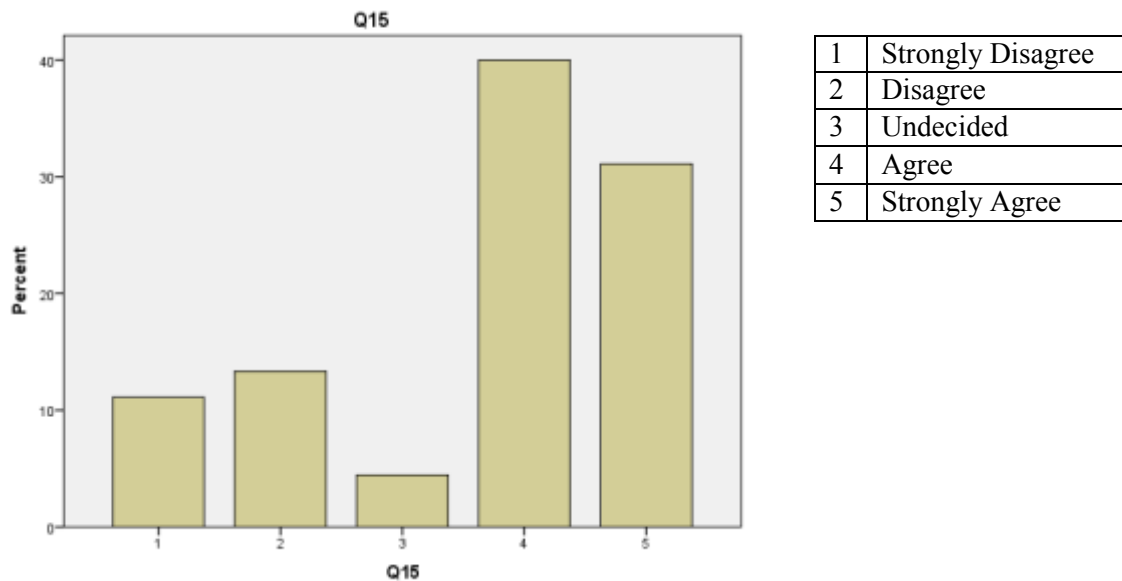


Figure 4-14: Performance Appraisal Helps to Set and Achieve Goals

Question sixteen asked whether employees believed performance appraisal gives constructive criticism in a friendly and positive manner. 33,3% of the population agreed, and 24,4% disagreed. The result is given in Figure 4.15.

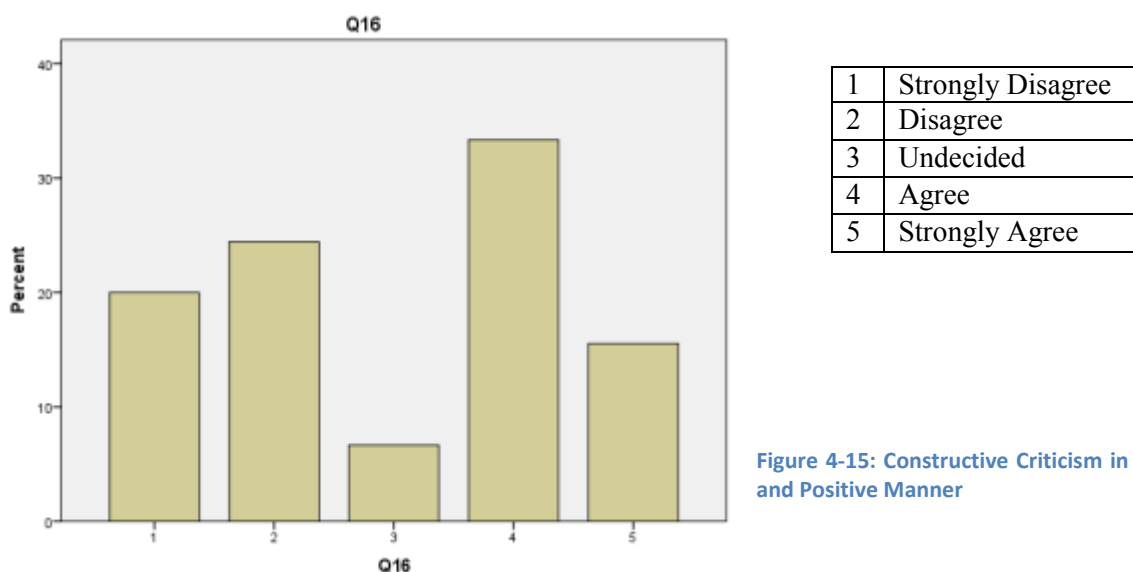


Figure 4-15: Constructive Criticism in a Friendly and Positive Manner

Question seventeen asked whether performance appraisal improves their motivation and job satisfaction. Here the opinions vary, but 31,1% of the population agreed, and 26,7% strongly agreed. 15,6% disagreed, 15,6% did not know. The results are given in Figure 4.16.

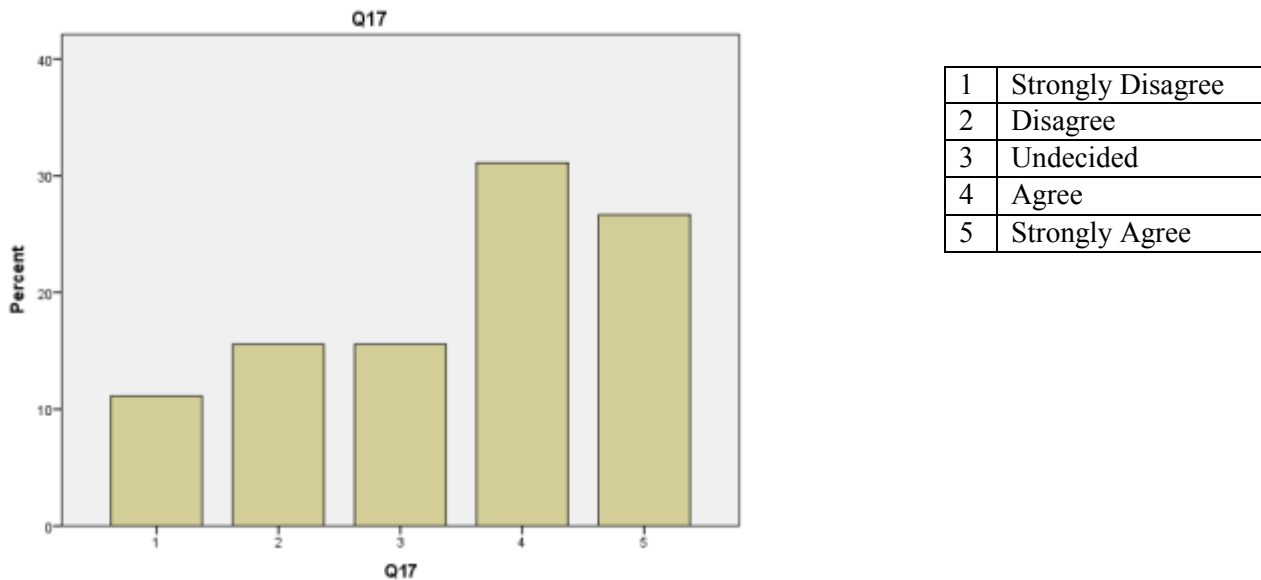


Figure 4-16: Performance Appraisal Improves Motivation and Job Satisfaction

Question eighteen asked whether performance appraisal helps to change employee behaviour. A population of 40% agreed to that notion.

Performance appraisal assesses how employees perform at their jobs, the actual actions and behaviors they exhibit on the job, and focuses on what a worker does right and wrong, providing good feedback for employees to help them change their behaviors. The results are given in Figure 4.17.

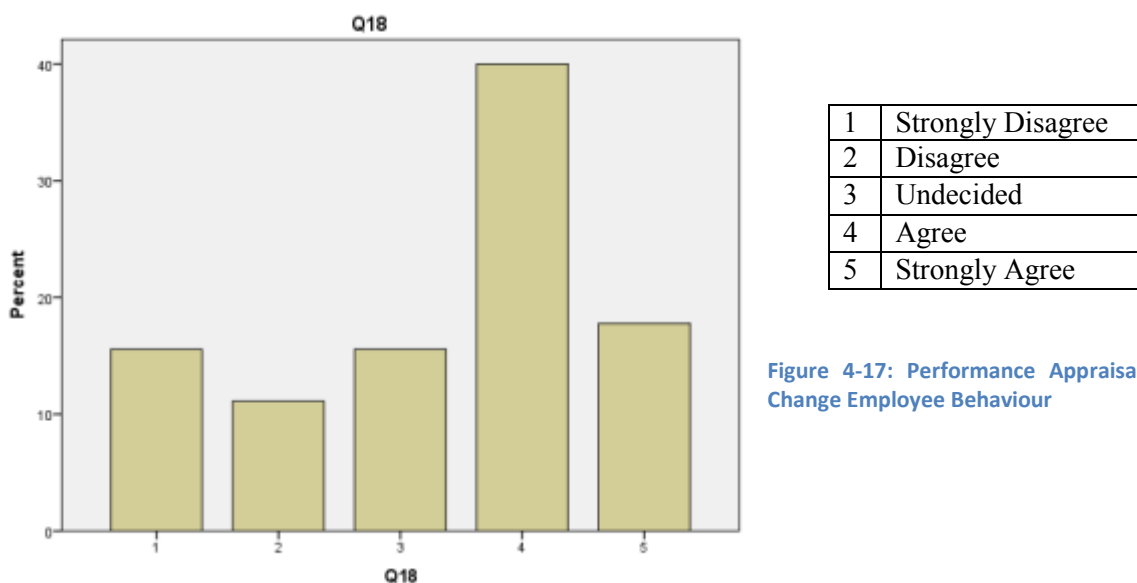


Figure 4-17: Performance Appraisal Helps to Change Employee Behaviour

Question nineteen asked if performance appraisal helps to improve employee's skills. A population of 33,3% agreed. By improving their skills, they can have better performance. They can improve their skills with training programs and reading. Also improving personal skills helps to take a better job position. The result is given in Figure 4.18.

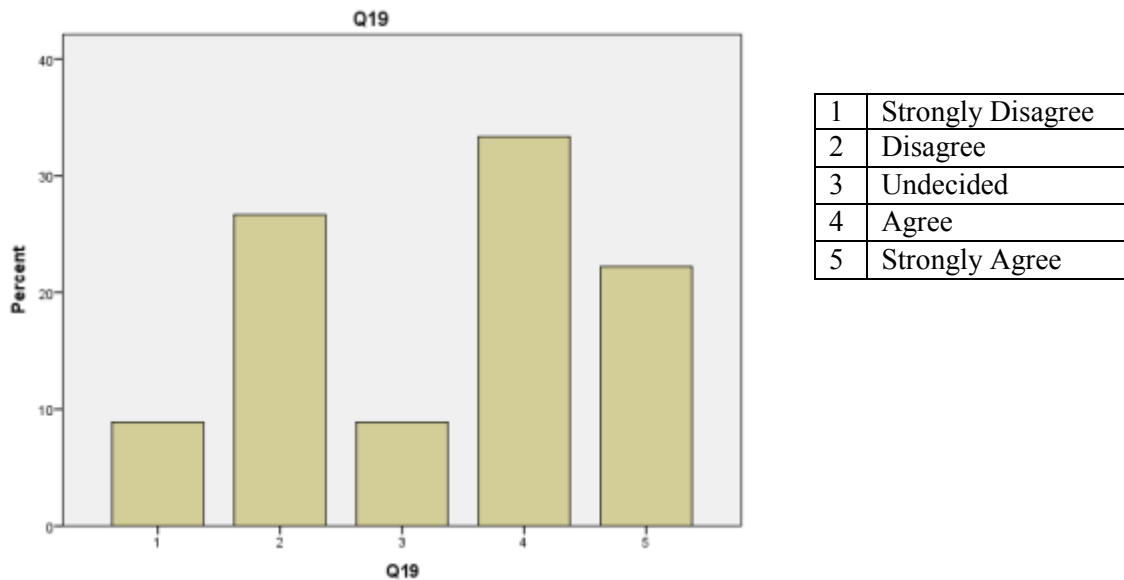


Figure 4-18: Performance Appraisal Helps to Improve Personal Skills

Finally the last question asked whether employees believed performance appraisal helps to win cooperation and teamwork. A population of 28,9% agreed and 31,1% strongly agreed. The results are given in Figure 4.19.

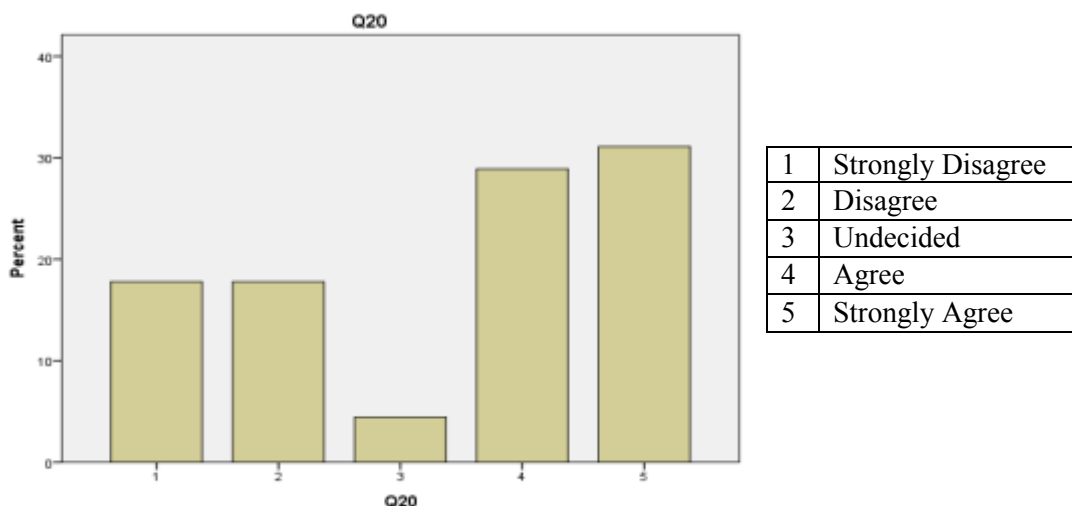


Figure 4-19: Performance Appraisal Helps to Win Cooperation and Team Work

5 Conclusions and Recommendations

The questions asked were based on literature and interviews conducted with members of the public sector. In the questionnaire the acceptance by the employees of the evaluation system/process was checked in two ways. First, examining the attitudes of the employees towards the general purpose of evaluation, and whether evaluation is beneficial. Second, examining the acceptance of the current system of evaluation in the public sector.

Only half of the population seems to accept the evaluation system. A population of 33.3% strongly agreed that performance appraisal is very important to the organization, and 6.7% strongly disagreed. The conclusion however, is that employees expect benefits from the evaluations for themselves and for the public sector in general.

As mentioned in the body of this paper, many employees view the procedure of evaluation as useful in many fields. In the questionnaire we separated the benefits most important to us, and tried to classify them based on the employees' responses. Motivation was the most important for the employees, with a population of 53.3%, and then 22.2% for job satisfaction and 17.8% for promotion. As a result, we can see that public servants feel the desire for promotion, but they need motivation. Motivation is an employee's intrinsic enthusiasm about and drive to accomplish activities related to work. Motivation is that internal drive that causes an individual to decide to take action. Another reason that motivation was most important, trumping even the promotion of the employee, is that promotions are given according time on the job.

The problem in the evaluation system is the inflated and inaccurate evaluation. The participants of the survey were announced that the subject of the questionnaire was flattering in evaluation. Emotions of disappointment and anger about the system were expressed, but not written. A population of 48.9% believe the reason for the above is that managers are afraid of confrontation. The manager used to be an employee, at the same position as the evaluated person, and perhaps may not do their own job correctly. This is a possible reason they fear confrontation. Additionally the system has been this way for years. Why make a change now? Why should that particular manager stir things up?

The objective of the survey was to learn whether the employees favoured the current system, and if not, if they really wished for a change in the system. More than 60% either strongly agreed or agreed. Both the employees and the managers strongly need a change in

the evaluation system and strongly agree there is a gap between the manager and the employee. The manager does not have an intimate knowledge of the employees' work, and a vague understanding just isn't enough. Many employees end up being able to get away with hiding in their offices while others do all the work. Changing the evaluation process is absolutely necessary and both parties are very aware of this fact. The evaluation system is not accurate for all employees, and a population of 80% agreed that the system has to change.

The system is going to change violently with the provision of the Mnimonio that Troika demanded of the Cyprus government. The questionnaire was presented on October 2013, and the Department of Administration announced the introduction of a new performance appraisal system for civil servants, which aims at enabling the assessment of staff competencies for promotion / career advancement, based on reliable, efficient and meritocratic criteria and procedures. The new system will also focus on the identification of employee shortcomings and weaknesses in order to improve his performance, and the support and improvement of communication between superiors and subordinates. The new appraisal system is a merit system, and is expected to enter into a consultation process at the end of 2014.

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7 Appendices

Appendix A. Questionnaire Assessing Performance Appraisal in the Water Development Department in Cyprus

This Questionnaire is a part of research project undertaken by Katerina Christou Tsangarides, an MBA student at Neapolis University, Paphos. The purpose of the research is to examine the impact of performance appraisal in the public sector in Cyprus. The participation is entirely voluntary and you are not required to identify yourself in any way. Your answers will be confidential and it goes without saying that under no circumstances will your individual response be identified and/or made available to anyone in the division or the organization. Aggregated results might be used for research purposes and may be reported to scientific and/or academic journals.

THANK YOU FOR YOUR TIME AND CAREFUL CONSIDERATION

Socio-Demographic factors

1. What is your gender?

- ☐ Female
- ☐ Male

2. Which category below includes your age?

- ☐ 21-25
- ☐ 26-30
- ☐ 31-35
- ☐ 36-40
- ☐ 41-45
- ☐ 46-50
- ☐ Above 50

3. Marital Status

- ☐ Married
- ☐ Widowed
- ☐ Divorced
- ☐ Separated
- ☐ Never married

4. What is the highest level of education you have completed?

- ☐ Apolytirion
- ☐ General Certificate of Education Advanced Level
- ☐ Certificate
- ☐ Diploma
- ☐ Bachelor
- ☐ Master
- ☐ Doctor of Philosophy

5. About how long have you been in your current position?

- ☐ 0-2 years
- ☐ 2-5 years
- ☐ 5-15 years
- ☐ 15- over years

6. In your opinion performance appraisal is?

- ☐ Evaluation of employees
- ☐ Promotion of employees
- ☐ Job satisfaction
- ☐ Motivation

Other (please specify)

7. How Performance is evaluated in your organization?

- ☐ By Top Management
- ☐ Self-Appraisal
- ☐ Superiors Appraisal
- ☐ Subordinate Appraisal & Peer Appraisal

Other (please specify)

8. In your opinion Performance Appraisal system of your organization is related to which of the following ?

- ☐ Retention of Employees
- ☐ Recruitment System
- ☐ Organizational Culture
- ☐ Motivation

Other (please specify)

9. The most important reason for inflated and inaccurate performance is:

- ☐ Failure of managers to talk with the employees
- ☐ Managers believe the employees poor performance will reflect poorly on them

- ☐ Managers are afraid of confrontation
- ☐ A low evaluation will demoralize the employee and result in even worse performance

Other (please specify)

10. Performance appraisal is important for your organization

- ☐ Strongly Disagree
 ☐ Disagree
 ☐ Undecided
 ☐ Agree
 ☐ Strongly agree

11. Once in a year is enough

- ☐ Strongly Disagree
 ☐ Disagree
 ☐ Undecided
 ☐ Agree
 ☐ Strongly agree

12. Your manager knows your work

- ☐ Strongly Disagree
 ☐ Disagree
 ☐ Undecided
 ☐ Agree
 ☐ Strongly agree

13. Performing appraisal is accurate for all employees

- ☐ Strongly Disagree
 ☐ Disagree
 ☐ Undecided
 ☐ Agree
 ☐ Strongly agree

14. The system has to change

- ☒ Strongly Disagree
 ☐ Disagree
 ☐ Undecided
 ☐ Agree
 ☐ Strongly agree

15. Performance appraisal helps people set and achieve goals?

- ☐ Strongly Disagree
☐ Disagree
☐ Undecided
☐ Agree
☐ Strongly agree

16. Performance appraisal gives constructive criticism in a friendly and positive manner?

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Undecided
- ☐ Agree
- ☐ Strongly agree

17. Performance appraisal improves your motivation and job satisfaction?

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Undecided
- ☐ Agree
- ☐ Strongly agree

18. Performance appraisal helps to change behaviour of employees?

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Undecided
- ☐ Agree
- ☐ Strongly agree

19. Performance appraisal helps to improve personal skills?

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Undecided
- ☐ Agree
- ☐ Strongly agree

20. Performance appraisal helps to win cooperation and team work?

- ☐ Strongly Disagree
- ☐ Disagree

- ☐ Undecided
- ☐ Agree
- ☐ Strongly agree