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**A CASE STUDY OF PERFORMANCE APPRAISAL
IN A SMALL PUBLIC SECTOR ORGANISATION:
THE GAPS BETWEEN EXPECTATIONS AND
EXPERIENCE**



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Chester for the degree of Masters of Business Administration

CHESTER BUSINESS SCHOOL

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To my beloved wife Lesley, and children, Liam, Shaun and Hannah, who tolerated my regular withdrawals from normal family life throughout my MBA studies. And to the talented and approachable lecturers and staff on the Chester MBA programme.

Abstract

The research project sets out to identify the gaps between expectations and experiences of performance appraisal in a small public sector organisation. The document explains how Passenger Focus, the rail watchdog, has undergone a successful corporate transformation from the previous federal network of regional committees into a new credible consumer body. The organisation has a new vision, and robust business planning processes have been introduced. However, there is a need to improve performance management through a new performance appraisal system. The overall purpose of the research is to assess the gaps between expectations and experiences in order to inform a new system.

The literature review explains the background to the development of performance and its measurement in the public sector. It includes a detailed analysis of thinking on performance appraisal. The literature review concludes that performance appraisal can greatly benefit organisations, but appears to not be delivering in many cases. A conceptual model is developed to frame the empirical research.

The research takes the form of a case study, and the findings are collated through qualitative interviews. A focus group was conducted, which framed the issues of concern, and these were explored in much more detail through semi-structured interviews. The findings revealed that there was a high level of understanding from staff of the need for performance appraisal. The largest gap between expectations and experiences lay in the current system, with respondents particularly concerned about the lack of training and over-simplistic documentation. Non-measurement of competencies was also a concern. Respondents were generally positive about recent experiences of appraisal. The findings suggest that motivated managers have made the system work for them, despite concerns about process, and respondents believe fairness is generally achieved. More attention is required to appraise team effort. There was little appetite for a system that links appraisal to financial reward.

The conclusions of the research have informed the main recommendation, to develop a new system that is much more comprehensive, and incorporates training and guidelines. That new system should be developed through engagement with staff.

Declaration

This work is original and has not been submitted previously for any academic purpose.
All secondary sources are acknowledged.

Signed.....

Date.....

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1. Introduction

The overall purpose of this research report is to assess the gap between expectations and experiences, from the staff perspective, of performance appraisal, in order to inform an improved system that will be implemented in a small non departmental public body. This first chapter provides an overview of the whole dissertation. It will give background to the research, explain exactly what the issue is that requires research, justify the project, and give an overview of the methodology that will be used.

1.1 Background to the research

Passenger Focus is the statutory watchdog for rail passengers in the UK. It acts as a passenger advocacy service, pushing for service improvements, by engaging with passengers to understand their needs, and then representing their views to the rail industry and relevant public agencies.

The organisation was formed in January 2006, resulting from the Railways Act 2005. It took over from the previous Rail Passengers Council and Committees (RPC) federal network that was considered ineffective by stakeholders. In particular, a House of Commons Transport Select Committee Report (2004) criticised the RPC, suggesting that whilst rail passengers need a strong consumer voice, the profile of the RPC is too low. Following this, the Government published its white paper *The Future of Rail* (H.M.Government 2004). That paper was critical of the RPC, stating that the current federal structure inhibits effectiveness, the profile of the organisation was low, and that involvement with the industry and passengers could be better focussed. The proposals, which have now been implemented, created a new national body, and the regional autonomous committees were abolished.

A new three year corporate plan has been adopted and the emphasis of the organisation has moved away from dealing with local parochial issues towards a more strategic operation that ensures the views of passengers are captured and acted upon. Anecdotal views of committee members and staff are no longer used. The views of users are now captured through major research programmes, so the organisation can speak to stakeholders in the rail industry with authority. Output targets for the new organisation include measurement of the numbers of passengers engaged with, and outcomes are measured in terms of service improvements introduced on the basis of passenger views.

This is a considerable departure from the previous model. The transformation was considerable, and the end result is consistent with the views expressed by Nutt and Backhoff (1997 p235) ; *A transformation creates a sustainable metamorphosis from a vision that produces radical changes in an organisations products/services, consumers/clients, market channel, skills, sources of margin, competitive advantage, and persona, integrating these changes with core competencies.*

The table below demonstrates the scale of change.

Table 1.1 Summary of scale of change from RPC to Passenger Focus

	No. of staff	No. of non executive committee members	Budget p.a.	No. of offices	Business planning
RPC	78	142	£6m	9	No corporate plan. Each region developed its own local informal business plan
Passenger Focus	46	16	£4.8	2	Corporate plan consulted on, approved by National Audit Office, and adopted. Annual business plan adopted.

New corporate measures are in place, and the organisation is considered “fit for purpose” by the sponsor body, the Department for Transport. From a staff perspective, it would appear the transformation has been successful. The figure below shows the 2007 overall measurement of staff satisfaction with the organisation. It can be considered very positive, and is 13% higher than the national government benchmark.

Figure 1.1 Satisfaction levels - Extract from Passenger Focus Employee Opinion Survey 2007

Q80. Considering everything, I am satisfied to be working for Passenger Focus.



(Difference from national benchmark +13%)

Key



Source: Passenger Focus Employee Opinion Survey 2007

However, one work stream associated with the transformation remains outstanding, that is to design and implement a revised performance appraisal system. Previous work by the author (Mooney 2005) identified weaknesses in the appraisal element of the existing appraisal system. That study also highlighted research by Brumbach (2003) who suggested that the appraisal system can be perceived as a dishonest annual ritual. The literature review of this dissertation will examine this issue much more closely, and test these findings against empirical research. The conclusions will lead to recommendations that the organisation can incorporate into a new system that will be introduced as soon as possible.

1.2 Research Question

The overall research problem concerns the credibility and effectiveness of performance appraisal systems. The literature review will outline many criticisms about the design and application of such systems. It was clear from conducting the literature review that much had been written about experiences of performance appraisal, but little could be found about expectations of the system.

The aim, therefore, of this dissertation is to *assess the gaps between expectations and experiences, from the staff perspective, of performance appraisal, in order to inform an improved system.*

Five objectives have been identified, and by tackling these inter-related objectives, through the linking of previous research, a detailed literature review, and new empirical research, solutions to the problem should be identified. The objectives of this research are;

- i. To analyse and critically review literature on performance, and in particular how it is appraised

- ii. To conduct a critical review of the features of the current Passenger Focus appraisal system.
- iii. To understand what staff expect from the system
- iv. To capture experiences of the appraisal process
- v. To use the gap between expectations and experiences to provide empirical evidence that will inform an improved system.

1.3 Justification for the research

There are two key reasons for undertaking this research. One is to deal with a current “live” performance management issue, and the other is to try to fill a gap in academic research.

Consumer representation of rail passengers has recently undergone considerable change. Out of the embers of the previously inefficient federal network of Rail Passenger Council Committees has been born Passenger Focus. The new body was launched in January 2006, with a new corporate plan, three year business plan, and, critically, new ways of working. The previous ways of helping passengers, through tackling anecdotal issues was cast aside. The new organisation would put rail users at the heart of industry decisions. It would do that through undertaking significant market research. ie actually asking passengers what mattered to them. With the launch of the new organisation came a new streamlined national board, and a small Executive Management Team (EMT). The author, as a member of the inaugural EMT was charged with ensuring effective staff performance is delivered from the outset. A new, but interim, Performance Appraisal system was put in place, but it was recognised that it would not be fit for purpose as the organisation took off. So, answering the research questions will assist in the development of a new effective performance appraisal system - a “live” management problem. If employees are not happy with the existing appraisal system, they would be unwilling to take a full part in it, which in turn would lead to lower productivity (Wright and Cheung 2005).

Secondly, an initial examination of relevant literature found gaps in the research. Much research has been undertaken on performance appraisal, not much of that complimentary of theory and practice. Roberts and Pregitzer (2007), as an example, suggest that performance appraisal is a yearly right of passage that triggers dread and apprehension in the most experienced, battle hardened managers. This study provides

new empirical research on the views of recipients of performance appraisal – an area identified as a major gap in research on the subject (Simmons 2002, Redman et al 2000).

1.4 Methodology

1.4.1 The research paradigm adopted is interpretive. According to Saunders et al (2007) the interpretive paradigm is a philosophical position which is concerned with understanding the way we humans make sense of the world around us. The reasons for this approach are set out in detail in the methodology.

1.4.2 The research approach is inductive (or qualitative). The approach is more concerned with human issues than pure science. The literature review does not set out a definite theory, but does establish a conceptual framework to aid the gathering and analysis of data to answer the research question.

1.4.3. Research strategy. The chosen research strategy is a cross-sectional case study. The empirical data will be based on qualitative interview methods. This will offer the highest chance of successful research, as it will measure human response. It can also be achieved within the timescale of the project.

In summary, the research methods will include

- Focus group with volunteers from staff forum
- Semi-structured interviews focusing on expectations and experience of performance appraisal
- Use of secondary data from detailed (and independent) Employee Opinion Survey

The research will allow comparison between groups of employees, to determine if length of service or seniority is a factor. Confidentiality will be assured to participants, and the report will be edited to protect identification of individuals before it is circulated to the organisation's management board.

1.5 Outline of the chapters

1.5.1 Chapter 1

This chapter gives an overview of the whole project. It sets out what the research area is, breaks it down into a series of objectives for the project, and relates this

to the background of the organisation that is to be studied in depth. This chapter also gives an overview of why an interpretive paradigm has been selected, and sets out and justifies the research strategy.

1.5.2 Chapter 2

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. The chapter then considers how performance appraisal fits into the parent discipline of performance management. A review of literature covering appraisal systems and their application follows, and this includes reference to recent appraisals at Passenger Focus. The above secondary data will then lead to the building of the conceptual model that will be developed through the research.

1.5.3 Chapter 3

This chapter describes the methodology that will be used to gather the primary data. It will outline the research paradigm selected, set out the research strategy, and also justify the selection of the methodology. Ethical issues will also be addressed in this chapter.

1.5.4 Chapter 4

This chapter will present the findings of the research. Due to the different methods used to research the questions, some of the findings will be set out in text, and some will be presented in tables. The data will be analysed in preparation for the following chapter, which sets out the conclusions.

1.5.5. Chapter 5

Chapter 5 will set out conclusions about the research objectives through linking the research findings, with the findings of chapter 2. The chapter will discuss limitations of the research and set out opportunities for additional research that will further enlighten the problem area.

1.5.6 Chapter 6

Based on the conclusions of chapter 5, this chapter includes recommendations for a new performance appraisal system.

1.6 Summary

This opening chapter has introduced the reader to the organisation Passenger Focus, and cited its recent transformation. The chapter has revealed the need for Passenger Focus to develop a performance culture, and within that, a robust performance appraisal system. The research question and objectives have been set out, together with the methodology to be used to tackle the objectives.

2. Literature review

2.1 Introduction

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. The chapter then considers how performance appraisal fits into the parent discipline of performance management. A literature review covering appraisal systems and their application follows, and this includes reference to the system in place at Passenger Focus. The above secondary data will then lead to the building of the conceptual model that will be tested through the research.

2.2 Performance defined

The Oxford English dictionary defines performance as the “accomplishment, execution, carrying out, and working out of anything ordered or undertaken”. Armstrong and Baron (2005) argue that performance is a matter not only of what people achieve, but how they achieve it. Bates and Holton (1995) suggest that performance is a multi-dimensional construct, the measurement of which depends on a variety of factors. Brumbach (1988) offers the most precise definition. “Performance means both behaviours and results. Behaviours are also outcomes in their own right and can be judged apart from results”.

From the definition, and interpretations above, it can be argued that performance is not just about outputs, it is also concerned with actions and behaviours demonstrated to achieve given targets. This issue will feature strongly through the research.

Much has been written on the need to manage performance. The Audit Commission acknowledged this, suggesting in 1995 that performance management had become something of an industry in its own right, dominated by “industry experts” and management consultancies (Audit Commission 1995). Performance management is now considered an essential part of normal management (Rose and Lawton 1999) and is increasingly accepted as an integral part of public sector management (Wisniewski and Olafson 2004). However, Hale and Whitman (2000) cite research by the Institute of Personnel Management (1992) that suggests no consistent definition emerged from over

1800 employers surveyed. Williams (2002) also indicates that performance management is difficult to define. This suggests a lack of understanding of performance measure issues from those who are subject to the processes, and this will be explored later. During research for this project, over 30 definitions of performance management were uncovered. Most adopted a common strand along the lines of the definition provided by Armstrong (2000) who writes “*performance management is a strategic and integrated process that delivers sustained success to organisations by improving the performance of people who work in them, and by developing the capabilities of individuals and teams*”.

The author, as a practitioner of Performance Management, offers the following, adapted from by Walters (1995)

Performance Management is about the arrangements organisations make to get the right things done successfully. The essence of Performance Management is the organisation of work to achieve optimum results and this involves attention to both process and people.

Further research by Armstrong (2000) suggests that when it is used well, it will contribute to organisation success, and as such, is a vital management function. Radnor and McGuire (2004) also argued this point, but their research revealed, through a case study at Bradford Health Authority, that effective performance management in the public sector could be considered to be closer to fiction than fact. Of all the literature reviewed on the wider subject of performance management, Radnor and McGuire (2004) are amongst the minority in conducting in-depth attitudinal surveys that aid their findings.

2.3 Performance Management features

McMaster (1994) and Williams (2002) amongst others, suggest that the key sequences of performance management are as follows;

- i. Identification of strategic objectives
- ii. Setting of departmental/team goals
- iii. Activities identified/performance plan developed
- iv. Outputs agreed

- v. Monitor/review of performance through appraisal
- vi. Determine development needs
- vii. Allocate reward

For individuals, this entails they should be able to answer the following questions –

What is expected of me?

How am I doing?

What shall I do next?

What help will I need ?

(Macauley and Cook 1994)

Very little of the literature researched relates this to team performance. Notable exceptions are Armstrong and Baron (1998) who lament the lack of attention paid to team performance, and Brumbach (2003) who argues strongly for the importance of team management, and suggests the above four questions could be adapted to us/we.

2.4 Performance Management in the public sector

So when and why did Performance Management emerge into the public sector? Performance management is an increasingly common phenomenon in the public sector (Adcroft and Willis 2005). All public sector organisations will be required to scrutinise the performance of the organisation and its staff. Examination of the literature review traces back first steps into performance management by the public sector to the conservative government of the late 1980's and early 1990's. It was under those Governments that organisational and managerial reforms were introduced, and public sector performance management became firmly established (Boland and Fowler 2000). The public sector was becoming much more market orientated, and successive conservative governments tried to improve accountability by developing standards and targets (Harrison and Goulding 1997). These increased standards led to the development of the Citizen's Charter in 1991, and this was the trigger for the launch of many charters in the public sector. The Citizens Charter (1991) developed the idea that there should be a link between an individual's performance and their pay. It did not, however, examine whether money does motivate people.

In 1993, the Local Government Management Board (LGMB) published the first guidance to performance management aimed specifically at the public sector (LGMB 1993). Its clear message was that performance management links the strategy and service objectives of the organisation to jobs and people. It again linked the option of relating performance management to reward strategies. The guidance gave a clear

emphasis on the fact that organisational performance is a product of what people achieve and do (Rogers 1999). The Audit Commission published papers in the mid-nineties to strengthen the case for performance management in the public sector. Three key elements emerged relevant to the individual perspective of performance management;

- i. There should be qualitative and quantitative standards for judging individual and organisation performance
- ii. Organisation and individual feedback on performance should be provided
- iii. Training and development needs should be identified to improve individual performance.

(Audit Commission 1995)

This guidance indicated that performance appraisal was just as much about development (forward looking) as review of performance (backward looking).

Rose and Lawton (1999) noted how stressful it was at that time for managers to have to introduce new management practises, whilst continuing to deliver for customers, with little or no additional resources to facilitate implementation. They further argue that this was compounded by the fact that almost all systems were top down imposed, with little participation in design by participants. This key issue will be explored further.

There were further drives to improve the effectiveness of public services as New Labour came to power in 1997 (Radnor and Maguire 2004). A report by Gershon in 2004 provided a further catalyst for the not-for-profit sector to adopt improved service delivery (Manville 2007). This report was the catalyst for the Rail Passengers Council (predecessor to Passenger Focus) to significantly improve its corporate and business planning and link to individual staff objectives. Subsequent literature, notably Wisniewski and Olafsson (2004) and Radnor and Macguire (2004) recognise the importance of performance measurement and management in the public sector. Most of those public sector employees are labour intensive, and so they need to capitalise on the abilities and performance of staff. Following this, the goal of performance management is to achieve human capital advantage, recognising that the individual staff member is the most important source of capital advantage (Armstrong & Baron 2005).

2.5 The Passenger Focus Performance Management Cycle

The current Passenger Focus model of performance management is set out below. It is very much individual based and allows for no measurement of team performance.

Armstrong and Baron (1998) and Brumbach (2003) lament the lack of attention paid to the management of team performance and this will be explored further in this research. The sequence is as follows and is similar to the normal model as outlined above;

- i. Identify strategic objectives
- ii. Develop team plans
- iii. Develop individual targets and outputs
- iv. Performance appraisal
- v. Personal Development Plans/Rewards

The theory appears reasonable, but application will be tested in detail throughout this research.

The Passenger Focus model is generally “owned” by its HR Department and no formal training is given, apart from a briefing note circulated to managers. Williams (2002) recommends training being incorporated into the cycle to ensure consistency of application.

2.6 Performance appraisal

Performance Appraisal is increasingly considered one of the most important human resource practices (Boswell and Boudreau 2002). The following section will show how appraisal, although only one part of the wider system described above, is central to the effectiveness of Performance Management (Piggot-Irvine 2003). The Oxford English Dictionary defines appraise as “estimate the value or quality of”. Linking this to performance, Bird (2003) suggest performance appraisal is the assessment of what we produce and how. A workshop facilitated by the author prior to the commencement of this research, defined performance appraisal as measurement of what we do and how. Previous research by the author into the effectiveness of performance management within the predecessor to Passenger Focus (Rail Passengers Council) revealed that a reasonable system was in place but did not appear to be delivering. Corporately, the organisation was seen to be ineffective, hence the transformation, yet 98% of all staff were rated as good or excellent. This adds weight to the view of Brumbach (2003) who suggests that the appraisal system can be seen as a dishonest annual ritual.

There is much research which suggests that appraisal is not practiced well, or welcomed in some cases. Roberts and Pregitzer (2007) suggest that performance appraisal is a yearly right of passage that triggers dread and apprehension in the most experienced, battle hardened managers. More in depth research by DeNisi (1996) suggests that due to the subjective nature of appraisals, it is not surprising there has been much written on

bias, inaccuracy and inherent unfairness of most systems. St-Onge, Morin, Bellehumeur and Dupuis (2009) draw together a number of surveys showing worldwide dissatisfaction with appraisal, in particular citing research of 50,000 respondents that reveals only 13% of employees and 6% of Executives consider their firm's appraisal process useful. Brown (2001) cites major problems in Towers Perrin Performance Appraisal practices. He cites lack of training for managers particularly important. Hartle (1997) cites study by the Local Government Management Board in 1990, concerning appraisal. Key findings were;

- Managers do not take the process seriously
- Inadequate effort from all involved
- Bad communications and training hinder effectiveness
- The systems are too individualistic, remote and divisive, and
- Ratings can be inconsistent and unfair

Wilson and Western (2001) take this further, suggesting current appraisal procedures excite most staff to a level comparable to a trip to the dentist.

The above critique appears harsh, and the research to follow will test these assumptions within Passenger Focus. Despite the criticism and distrust, performance appraisal seems embedded into the public and private sector. It is here to stay. Managers and employees continue to accept performance appraisal systems whilst accepting they are fraught with inaccuracies (St-Onge, Morin, Bellehumeur & Dupuis 2009). The following section looks at the components of performance appraisal.

2.6.1 The purpose of performance appraisal

A starting point for a detailed literature review on performance appraisal should be - what are the aims? Thinking on the benefits of appraisal systems has moved on. Early literature, best demonstrated by Stewart and Stewart (1987), cites the benefits of appraisal systems, but these were mainly from the organisation perspective. Boice and Kleiner (1997) suggest the overall purpose of performance appraisal is to let an employee know how his or her performance compares with the manager's expectations. Again, this is a one dimensional view. Fletcher (2006) takes a more balanced view, suggesting that for performance appraisal to be constructive and useful, there needs to be something in it for appraiser and appraisee. Youngcourt, Leiva and Jones (2007) suggest that the common purpose of performance appraisal tends to be aimed at the measurement of individuals, and consider that this focus is insufficient.

From the organisation perspective, successful performance management is key to achievement of corporate goals. It is argued above that performance appraisal is the central component of performance management, and so it must be that for an organisation, the purpose of performance appraisal is attainment of corporate goals. Caruth and Humphreys (2008) add to this viewpoint by suggesting it is a business imperative that the performance appraisal system includes characteristics to meet the organisational needs and all of its stakeholders (including management and staff). Bach (2000) suggests that one of the underlying purposes of performance appraisal schemes is to elicit corporate compliance. This may not be a major issue for Passenger Focus, as demonstrated by the table below. This is an extract from the Passenger Focus Employee Opinion Survey 2007 which examined employee engagement.

Figure 2.1 Commitment to goals - Extract from Passenger Focus Employee Opinion Survey 2007

Q76. I feel committed to the organisations goals



(Difference from national benchmark +8%)

Key



Source: Passenger Focus 2007 Employee Opinion Survey

However, most of the literature reviewed for this research concentrates on the purpose of Performance Appraisal from the individual perspective, particularly focussing on measurement of individual performance, identifying training and allocating rewards. Weightman (1996) focuses on the individual when citing the purposes of performance appraisal, suggesting it can be used for many reasons, including; reward, discipline, coaching, counselling, raising morale, measuring achievement of targets and outputs, identifying development opportunities, improving upward and downward communication, reinforcing management control and selecting people for promotion or redundancy. Fletcher (1993) cites a study where 80% of respondents were dissatisfied with their appraisal scheme, in particular with multiplicity of objectives. Randell (1994) also highlights a multiplicity of purposes including; evaluation, auditing, succession planning, training, controlling and motivation. Rees and Porter (2003) cite that a common problem is that schemes have too many objectives. They add that there can be conflict between objectives, but do not expand on this point. Based on the observations

of others, perhaps it is the conflict between control and development that is evident. What is consistent with all literature is that objectives of performance appraisal are a combination of backward looking/forward planning. The above covers a large range of objectives, and begs the question if appraisal is trying to achieve too much. The research will determine whether that range of objectives is relevant from the employee perspective.

Again, from the individual perspective, Simmons (2002) draws together a range of sources, arguing that a robust, performance enhancing and equitable performance appraisal system, which gains the commitment of professionals, is a key factor in achieving a good return on an organisations “intellectual capital”.

Murphy and Cleveland (1995) amongst many others, suggest a key purpose of performance appraisal is to determine pay and other financial compensation. The issue of outcomes of performance appraisal, such as pay, will be addressed later in this literature review and in the research.

Role ambiguity is addressed by Pettijohn et al (2001) who suggest that performance appraisal can reduce role ambiguity.

The most obvious reason for appraising an individual is to secure its improvement (Harrison & Goulding 1997) and it follows that securing performance improvement for all individuals, will enhance wider organisation performance. Common to almost all purposes of performance appraisal is the concept of improving performance and developing people.

Overall, some commentators focus on organisational goals as the key purpose, many focus on individual performance improvement. In a new organisation such as Passenger Focus, it is suggested that a scheme that meets both organisation and individual needs is critical.

From the above, the following table lists the recognised purposes of performance appraisal.

Table 2.1 Purpose of Performance Appraisal

Purpose of Performance Appraisal
1. Achievement of Organisation Goals
2. Setting of individual objectives
3. Evaluation of individual performance against objectives
4. Improvement of Performance
5. Allocation of Rewards

This is reasonably consistent with the aims of the Passenger Focus Performance Appraisal Guidelines (appendix 1) which states;

The performance review process provides a focus for continuous improvement. The approach is designed to provide the following benefits:

- *an open review of performance at regular intervals*
- *a focus for agreement about setting clear performance objectives which are linked to the corporate and business plan*
- *a review of development needs and the setting of development action plans*
- *a link to the annual salary review*

2.6.2 Performance appraisal systems

As with most organisations, Passenger Focus has a formal Performance Appraisal system embedded within the performance and planning cycle. There should always be a definitive written and communicated procedure for performance appraisal (Allan 1994). Documentation for the scheme is contained within appendices 1 and 2, and throughout this section, its robustness will be analysed. It was formulated in line with development of the Corporate Plan and Annual Plan. Developing an appraisal system that accurately reflects employee performance is a difficult task (Boice and Kleiner 1997). Caruth and Humphreys (2006) suggest that a successful performance appraisal system is one that has resulted from hard work, careful thinking, planning and integrated with the strategy and needs of the organisation. This will be examined through the empirical research.

A wide range of methods are used to conduct performance appraisals, from the simplest of ranking schemes, to complex competency and/or behavioural anchored ratings schemes (Snape, Redman & Bamber 1994). The nature of an organisations appraisal scheme is often a reflection on its resources and expertise (Redman & Wilkinson 2001). In comparison with other performance appraisal schemes, the Passenger Focus scheme can be considered simplistic. This is likely due to the immaturity of the organisation and a total of two staff in the HR function.

There is a danger that highly defined schemes can be too bureaucratic, with the result that completion of paperwork, or ticking boxes, becomes the main driver (Rogers 1999). Harrison and Goulding (1997) consider it vital that employees are involved in the design of the system, for practical, operational and psychological reasons.

Passenger Focus has not involved staff in development of the system but has a chance to engage with staff in updating any system.

2.6.2.1 Who appraises?

All Passenger Focus staff, including the Chief Executive, are appraised, making it an inclusive system. This also includes all part time staff. Bach (2000) trumpets the development in the expansion of performance appraisal to cover a larger proportion of the workforce. The Passenger Focus guidelines do not clarify who conducts appraisals, but it is accepted that it is the line manager. In all cases in Passenger Focus, the line manager is the appraiser (apart from the Chief Executive who is appraised by the Chairman). The rationale is that the line manager is best placed to carry out appraisals because of the amount of contact and greater experience (Fletcher 1999).

2.6.2.2 Other sources of feedback

Research on the effectiveness of 360 degree appraisal is contradictory. The predecessor of Passenger Focus, the Rail Passengers Council, experimented with 360 degree appraisal, but it is not now part of the formal system. Mabey (2001) concluded that the amount of empirical research on the impact of 360 degree appraisal is small, despite increasing popularity. Williams (2002) raises concerns about 360 degree feedback, citing that it brings with it ethical, logical, political and resource problems, and has the potential to do more harm than good. Research by CIPD in 2005 revealed that, of 506 organisations surveyed, only 14% were using 360 degree appraisal. Backing up Mabey's theory, of those using it, only 20% considered it effective. That means that only 14 organisations were using 360 degree appraisal and getting something out of it. Armstrong and Baron (1998) cite research by various organisations where widened feedback on behaviour of individuals against a list of core competencies has enhanced development plans. Kline and Sulsky (2009) suggested that it has been known for some time that performance feedback from multiple sources has been shown to lead to more reliable ratings and better performance improvements. However, in the same research they cite Love (1991) stating that peer ratings are highly unreliable.

2.6.2.3 Self appraisal

Self appraisal is not used at Passenger Focus. Survey evidence gathered by Williams (2002) suggests that use of it is increasing slowly. There is little empirical evidence to suggest it is having any impact, and this is an area worthy of further investigation in

organisations where it does take place. Atwater (1998) identified some of the potential benefits of self appraisal, below, but fell short of evaluating their worth.

- i. Increases employees perception of fairness of the process
- ii. Reduces potential for individual bias by providing further rating
- iii. Provides a useful tool to increase communication in the process
- iv. Helps clarify differences of opinion regarding performance requirements
- v. Increases commitment to development plans and new goals.

Rees and Porter (2003) suggest self appraisal can have a part in structured feedback, as people can be their own harshest critic.

2.6.2.4 Frequency of performance review and feedback

Whilst Performance Management is a continuous process, appraisals are periodic activities (Rao 2004). Most organisations have at least an annual review. Sahl (1990) suggests that frequent reviews are required to ensure progress is being made on developmental objectives. The Passenger Focus system requires a formal annual review with a less formal six monthly review. This is backed up by monthly informal one to one sessions between manager and staff member. The Passenger Focus Employee Opinion Survey of 2007 revealed a reasonable level of satisfaction with feedback on performance.

Figure 2.2 Manager feedback - Extract from Passenger Focus Employee Opinion Survey 2007

Q14. My manager gives me regular feedback on my performance



(Difference from national benchmark +10%)

Key



Source: Passenger Focus 2007 Employee Opinion Survey

2.6.2.5 Training and guidelines

An important element of developing an effective performance system is training for those individuals involved as raters (Boice and Kleiner 1997). Evans (1991) suggests that training should incorporate coaching and counselling, conflict resolution, setting performance standards, linking the system to pay (if applicable) and providing

employee feedback. Williams (2002) also recommends training being incorporated into any system to ensure it is used consistently and effectively. Brown (2001) cites major problems in Towers Perrin Performance Appraisal practices and suggests lack of training for managers is particularly important. Pigott-Irvine (2003) cites research that suggests training for conducting appraisal should encompass all elements, such as values, purpose, objective setting, observation skills, interviewing and report writing. Rees and Porter (2003) also cite the need for training of use of the scheme to be included, covering the key skills appraisers need. Training for employees should also be considered (Williams 2002). Farr (1993) notes the need for the requirement of training to be given to employees to receive feedback in a non-defensive manner. Bretz, Milkovich and Read (1992) also suggest that a lack of training of appraisees may cause discrepancies between expected and actual performance of the process, and associated satisfaction. Overall, training should increase the effectiveness of the Performance Appraisal system and lead to greater organisational success (Cook and Crossman 2004). There is no formal training process for Passenger Focus appraisers or appraisees, and this is considered a major weakness.

2.6.2.6 The Performance Appraisal Interview

The appraisal interview should be conducted in an open and non threatening manner to help reduce anxiety or doubt appraisees may have (Harrison & Goulding 1997). Trust between appraiser and appraisee is an important factor. Performance appraisal could be seen as another form of management control (Bach 1998). This is even more important when there seems a reluctance or inability to collate objective information to inform the appraisal process (Pigott-Irvine 2003). There is no requirement or mention within the Passenger Focus system to collate and prepare evidence of performance.

Preparation is also considered important. Finding time to undertake appraisal can be challenging, particularly in a new organisation such as Passenger Focus, where the pace of work is frantic. However, where appraisal is working well, it is often because management have accorded it appropriate priority (Pigott-Irvine 2003).

The Passenger Focus guidance is lacking in what could be covered in an appraisal interview. This literature review reveals a whole host of issues that could/should be covered in the interview. Redman and Wilkinson (2001) cited research of the practice of Performance Appraisal at an NHS Trust hospital. The purpose of setting out this table below is to show the range of issues discussed and uncovered in the research.

Table 2.2 Range of issues covered in appraisals

Issue
Achievement of work objectives
Future work objectives
Personality or behaviour
Skills and competencies
Training and Development Needs
Career aspirations
Pay or benefits
Job difficulties
How you might improve your performance
How your supervisor might help you improve your performance
Personal or domestic circumstances

Source: Redman and Wilkinson 2001

2.6.2.7 What is appraised

Definitions of Performance Management earlier cite the need to align individual and organisational goals. It is only when the purposes of the organisation are agreed, and activities and products are defined and measured, can there be efficient use of resources (Flynn and Strehl 1996). A survey by CIPD in 2005 revealed that 84% of respondents considered quantifiable measures of performance are essential to successful performance management. Armstrong and Baron (1998) describe how many organisations now use SMART criteria (specific, measurable, agreed, realistic and time related) for performance measurement. It is not always done well. Rogers (1999) highlights that setting objectives and targets remain the core activity of performance appraisal, but in practice is poorly conducted, with little regard for ensuring that organisation and individual objectives are aligned as closely as possible. The Passenger Focus guidelines attached as appendix 1 gives passing reference to setting clear performance objectives, which are linked to the corporate and business plan, but the guidance stops there. Of more concern is that no-one, apart from appraiser and appraisee, is reviewing the appropriateness and achievability of goals set. Setting goals which are unrealistic and not relevant may reduce a staff member's individual

commitment. Clarity of role is also important, and could be examined through the process. If people do not know what is expected of them, there is a good chance that their behaviour will not conform to expectations (Youngcourt, Leiva & Jones 2007). Simmons (2002) cited research on appraisal in universities which suggested that their appraisal was not particularly successful in increasing clarity of job responsibilities.

The Passenger Focus system does not include for the measurement of competencies. Many organisations are moving towards inclusion of competency measurement. Competencies are important factors which contribute to high levels of individual performance and therefore organisational effectiveness (Armstrong 1999) and so there must be a strong link to the competencies staff have and their ability to achieve their set goals. Specifications for employee competencies that are required could be usefully integrated into appraisal schemes (Rees and Porter 2003). Fletcher (1993) in an overview of appraisal methods, noted an increasing number of organisations using competency based appraisal combined with a results-oriented appraisal, which he concluded was a positive way forward. Redman and Wilkinson (2001) suggest that the appraisal of competencies has a number of benefits, most importantly, being able to direct employees towards areas where there is scope for behaviour. The author has experienced competency measurement in a number of organisations worked for, and some of these competencies measured are set out in the table below.

Table 2.3 Examples of competencies measured

Competency area	Competency
Business thinking	Business awareness
	Problem solving
Working with colleagues	Team working
	Building relationships
	Developing self and others
Inspiring people	Building confidence
	Persuading and influencing
	Communicating and presenting
Achieving Goals	Delivering results
	Improving performance

2.6.2.8 Ratings systems and fairness

The rating system for Passenger Focus staff is simplistic. Staff are deemed to have either exceeded objectives (rating 1) met objectives (rating 2) or missed objectives (rating 3). The table below sets out the definitions.

Table 2.4 Passenger Focus Appraisal Ratings guidance

Rating Description	Definition
<p>Objectives Exceeded</p> <p>Rating 1</p>	<p>To score an overall ‘Objectives Exceeded’ rating it is likely that there is significant evidence of consistently high performance across all the areas of work covered by the objectives.</p> <p>Sometimes this may be easy to quantify. For example if an objective was achieved much earlier than timescale at a reduced cost and with an enhanced result.</p> <p>It is also likely that an ‘exceeded’ rating will also mean that the individual achieved despite significant difficulties. For example, there may have been unforeseen difficulties that the individual overcame in order to maintain progress.</p>
<p>Objectives Met</p> <p>Rating 2</p>	<p>To score an overall ‘Objectives Met’ rating it is likely that evidence of achievement covers all the work areas for which objectives were set. This would reflect meeting all objectives.</p> <p>In some situations an objective may have ceased to apply owing to circumstances beyond the individual’s control. In such instances you should consider evidence of other performance achievements during the year which ought to be included in the review.</p>
<p>Objectives Missed</p> <p>Rating 3</p>	<p>The ‘Objectives Missed’ rating is likely to apply when there is evidence of under performance across the work areas for which objectives were set, provided the individual can be held personally accountable for the lack of result.</p> <p>Care is needed here. For example, in the management of projects with high levels of complexity, it is necessary to identify the elements for which the individual is accountable, especially if the project has a mix of interrelated activities and involves many people.</p>

Fairness of the system is considered important. Research by Cook and Crossman (2004) suggested that the perceived fairness of the system itself contributes to overall perception of fairness. The issue of accuracy in performance assessment is a problematic one (Atwater and Yammarino 1997). Many studies on performance appraisal focus on the fairness/appropriateness of ratings systems. Earlier research by Henderson (1984) suggested that almost all employees are extremely wary of performance ratings. Later work by Harrison and Goulding (1997) revealed results of research into ratings within libraries. Their work suggested that subjectivity can be a problem where appraisers and appraisees are colleagues. They further suggest that managers may be uncomfortable with criticising staff they work closely with, and a

tendency towards centralised ratings could apply. Giving criticism in a constructive way can be a very delicate subject (Rees & Porter 2003). Bascal (1999) argues that managers tend to avoid confrontation by scoring generously. More recent research (including by Armstrong & Mulis 1998, and Brumbach 2003) suggest that the ratings system can be perceived as a dishonest annual ritual. Employees themselves generally do not want to hear bad news, especially about themselves (Ashford 1999).

2.6.3 Outcomes of the system

2.6.3.1 Improving Performance

Rogers (1999) suggests that one of the key components of performance appraisal is solving problems – i.e. improving performance. He also suggests that whilst many managers may have the skills to identify the need to improve performance, they may need much more support than is currently made available to sort them. Poor performance can arise from a host of reasons, including inadequate leadership, bad management or defective work systems (Armstrong 2000). Pigott-Irvine (2003) cited research that suggested the need to distance appraisal and disciplinary processes. This is also argued by Armstrong (2000) who suggests that capability issues should be taken outside of the appraisal process. This appears sensible, but unrealistic to some extent. A key feature of the appraisal system is achievement of goals, and a lack of achievement must at least give managers an early warning that something is not right.

2.6.3.2 Appraisal outcome and reward

The current Passenger Focus performance appraisal system is not linked to pay, although previous versions have. Performance Related Pay is best described as the explicit link of financial reward to individual, group or company performance (Armstrong & Murlis 1991). There is much research on the subject of appraisal leading to pay. Research by Simmons (2002) uncovered strong opposition from respondents in HE and FE sectors against linking appraisal to pay, citing divisive criteria and the impact on teams performance in particular. Marsden and French (1998) undertook research at the Inland Revenue on the impact of an appraisal scheme linked to performance related pay. They found that the scheme had the general effect of reducing motivation and teamwork. A new system of performance appraisal introduced at Rother Homes was considered a major success (Langridge 2004) and one key element was separation of pay and bonuses from the appraisal system.

Research into the link between performance appraisal and financial reward was undertaken in 1995. That piece of work concluded;

There is no evidence to suggest that pay itself rewards motivation – moreover poor implementation of PRP can cause resentment and demotivate staff (Audit Commission 1995) .

In drawing together research from this field, Rogers (1999) identified a long list of criteria which were critical to successfully linking appraisal to financial reward. These included;

- Rewards are clearly lined and proportionate to effort and results
- Clear, fair and understood criteria are used to judge performance
- Clear and meaningful targets are set
- Employees and managers can easily monitor performance against targets
- The reward scheme is properly designed, implemented and maintained
- The scheme is designed to ensure individuals cannot receive inflated awards unrelated to their performance
- Employees are involved in the development and operation of the scheme

(Source; Rogers 1999)

Most of the literature review reveals weaknesses right across the practice of performance appraisal. It is suggested, then, that unless organisations invests significantly in this area, linking it to financial reward may be best avoided.

There are other rewards, non financial, that are valued by employees. Williams (2002) suggests these include;

- Formal commendations and awards
- Favourable mention in company publications
- Freedom concerning job duties and/or hours
- Increased responsibility
- More involvement in setting goals

Picking up this theme, Yukl (1994) suggests that research into what rewards people want should be undertaken and incorporated into the performance appraisal system. This will be explored further through the empirical research.

2.6.3.3 Personal Development and Training

All commentators on performance appraisal agree that identifying and implementing development plans is a key outcome of the performance appraisal process. Performance is measured, and then from that appraiser and appraisee agree a plan to improve performance. Appraisal will focus on both short term issues and also long term career needs (Shelley 1999). Research by Wilson and Western (2000) suggest that appraisers take the lead in determining the training and development to take place. If this is the case, it is of concern, as personal development requirements may take a poor second place to immediate on the job training. Rees and Porter (2003) suggest that care needs to be taken in establishing realistic priorities and to recognise the potential conflict between individual aspirations and organisational needs.

2.6.3.4 Motivation and Job Satisfaction

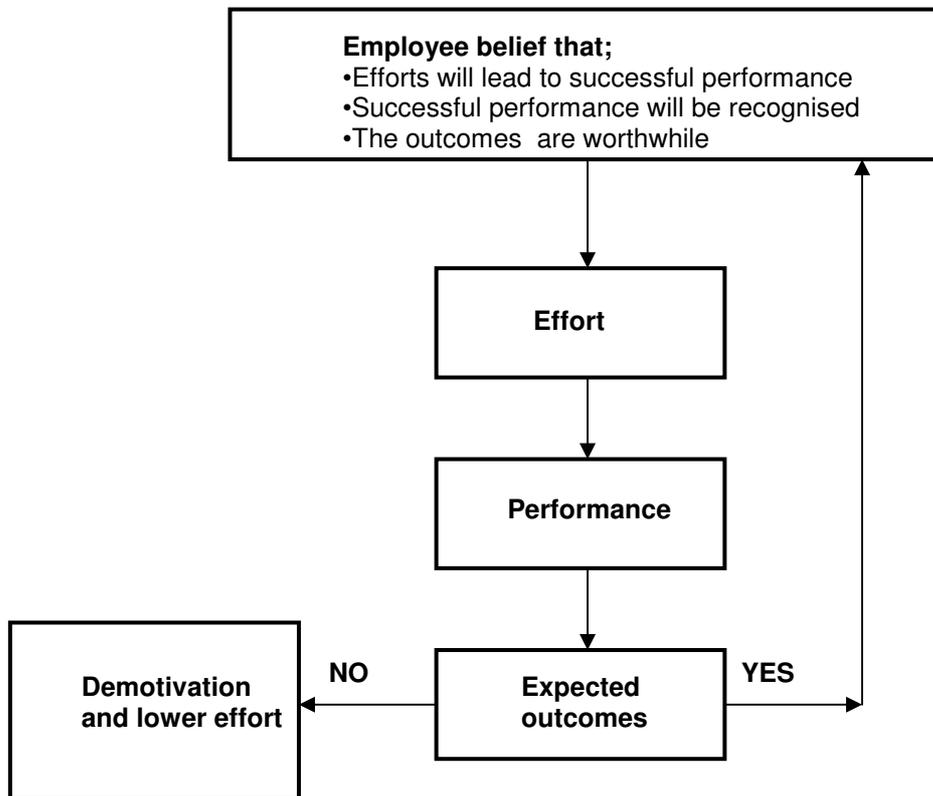
There is much research on how raters may distort final evaluation scores through their own motivation. (Poon 2004). Some research has uncovered examples of managers deliberately distorting staff performance ratings for political reasons (Longenecker, Sims and Gioia (1987) or avoiding confrontations (Fried and Tiegs 1995). Longenecker et al (1987) research concluded that managers were more concerned about the consequences of their employee ratings on themselves. Poon's (2004) detailed research into this area concluded that manipulation of ratings or inconsistent ratings did have an effect on job satisfaction. However, a well developed and executed performance appraisal system can have a positive impact. Research by Langridge (2004) concluded that new systems of performance appraisal and management development have helped to revitalise a UK housing association. The system implemented separated out financial bonuses from the individual performance review, which was overwhelmingly supported by all staff.

The empirical research will attempt to link motivation levels to expectations and experiences. Employee expectations is focal to current thinking on psychological contracts. Early definitions of what the psychological contract is, places the emphasis on shared expectations between employer and employee (Kessler 2000).

The concept of a "psychological contract" could be useful in analysing the quality of individual employment relationships within the firm (Boxall and Purcell 2003). One of the prominent researchers in this area is Denise Rousseau (1995), who defines the contract as an individual's beliefs about the terms of their relationship with their employing organisation (Boxall and Purcell 2003). The following diagram is adapted

by Boxall and Purcell (2003) from earlier work by Watson (1986). It sets out the link between expectations and performance, and is very applicable to the performance appraisal process.

Figure 2.3 The psychological contract and performance appraisal



Source: Adapted from Watson (1986)

The top box describes potential employee beliefs about performance appraisal, that efforts will lead to performance, will lead to outcomes. If this happens, the psychological contract is reinforced. If it is not, then demotivation will occur, and the the psychological contract is not enacted. Performance appraisal would be seen as failing.

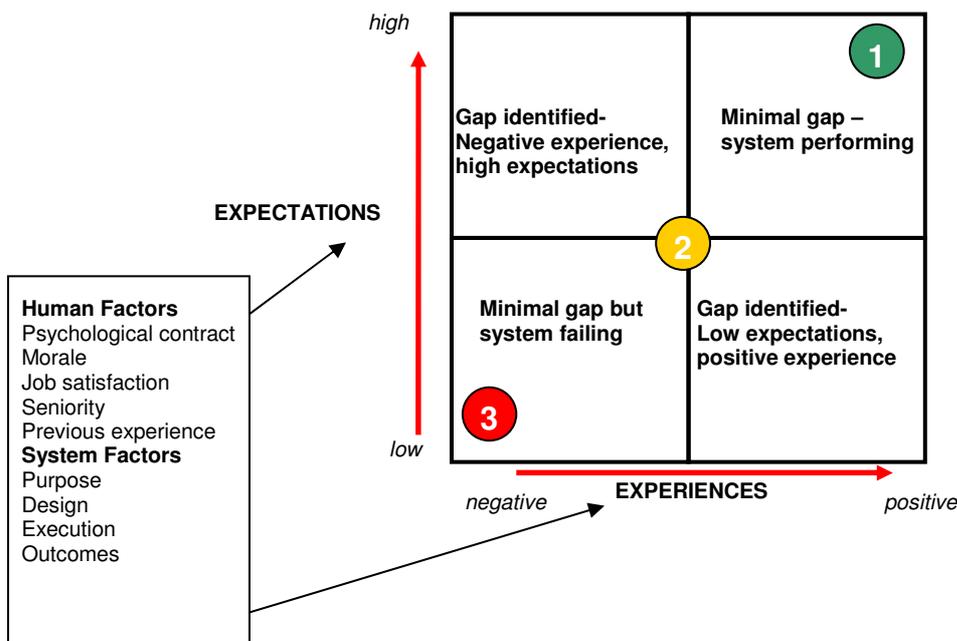
This links to the next section, the development of the conceptual model, as the objective of the research is to set what the expectations and experiences (outcomes) are and identify any gap.

2.7 Conceptual model

A conceptual framework explains, either graphically, or in narrative form, the main things to be studied – the key factors, constructs, or variables – and the presumed relationships between them (Miles & Huberman 1994). Of the many options available,

the model chosen for this research is influenced by the Boston Consulting Group Strategic Mix (Stern and Stalk 1998). This model uses two axes, one measuring expectations of performance appraisal, from low to high, and the other recording experiences, from negative to positive.

Figure 2.4 Conceptual Framework



Source: author

The key factors influencing both expectations and experiences are;

Human factors, around the psychological contract, morale, job satisfaction, seniority (and whether appraisees are also appraisers) and previous experiences, good and bad of performance appraisal.

System factors around purpose, design, execution and outcomes

This conceptual framework sets out the critical issues that need to be examined. What is the gap between expectation and experience, and what are the factors that need to be taken into account in qualifying the measurement along each matrix? After the empirical research, findings will be plotted on the matrix.

If expectations are high, and experiences are deemed to be very positive (as indicated by position (1) on the matrix above, then the gap is small and the system could be considered as performing well.

If expectations are low, and that is matched with negative experiences (as indicated by position (3) on the matrix) then the gap is also small, but the system is failing.

If expectations are high but experiences are negative, then it is likely staff deserve and need a better system, and should be involved in the redesign.

If expectations are low but experiences are positive, then it is possible that a good system is in place but staff awareness is limited and purposes are not clearly defined and communicated.

Prior to collation of empirical evidence, and without any further evidence, the base position is deemed to be position (2) on the matrix, which is neither positive or negative experiences, and neither high or low expectations. Overall, a midway point.

2.8 Summary

This chapter has set out a literature review on performance and appraisal. It suggests that there are significant weaknesses in both the theory and practice of performance appraisal, but that if it is well planned and executed, the organisational benefits could be significant.

The Passenger Focus performance appraisal system would appear to be lacking in many respects and significant omissions include communication of purpose, guidance and training in use, and measurement of competencies.

From the literature review, and review of the current Passenger Focus system, four key issues have emerged that will be examined through the research. These are;

- Purpose of performance appraisal
- Design of the system
- Delivery/execution of performance appraisal
- Outcomes

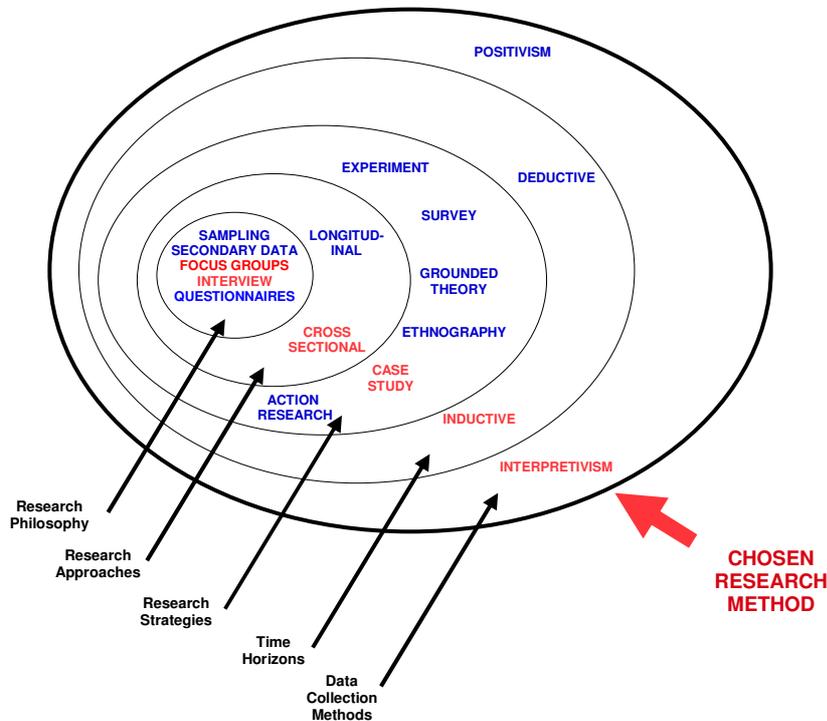
A conceptual model has been introduced, to frame these key issues. The model allows for plotting of expectations and experiences, after consideration of the drivers (human and system). The research that is undertaken will inform, and be informed by the conceptual framework.

3. Methodology

3.1 Introduction

This chapter describes the methodology that was used to gather the primary data. It also outlines the research paradigm selected, sets out the research strategy, and also justifies the selection of the methodology. Ethical issues will also be addressed in this chapter. There are many options for research paradigms, strategies and detailed data collection. The diagram below, based on Saunders et al (2003) research process onion, demonstrates the approach taken, and that is then explained and justified throughout this chapter.

Figure 3.1. Chosen research method based on research process onion



Source: Based on Saunders, Lewis and Thornhill 2003

3.2 Research Philosophy

Much of the literature reviewed on research paradigms and methodology suggested that choosing a research philosophy is a subjective matter. Fisher (2003) and Easterby-Smith et al (2002), amongst others, agree that in practice any research methods could actually be used. It appears there is no right or wrong answer to which research philosophy, but some will be more suited to answering the research question than others.

Considering the options for research philosophy from the research onion above, there are two choices, at opposite ends of the spectrum, interpretivism and positivism. A positivism stance, which is associated with quantitative research, was ruled out. Positivism searches for truth (Jankowicz 2000). The positivist stance assumes that everything can be proved and known (Fisher 2007) and is very scientific in its approach. Silverman (2005) describes it as a model of the research process which treats social facts as existing independently of both participants and researchers. The positivist researcher prefers to work with an observable social reality and that the end product of the research can be law-like generalisations similar to those produced by the physical and natural scientist (Remenyi et al et 1998). The researcher would be required to take the role of an objective analyst making detached assumptions about data collected in a value free manner (Saunders et al 2003). Positivism is not considered appropriate to researching areas where human behaviour is a factor (Sobh and Perry 2006). Fisher (2007) considers positivism is a statement about the power of science and rational thought to comprehend and manipulate the world. It is argued above that positivism is more concerned with hard science. Robson (2002) suggests that the aspiration for social researchers to become hard scientists is not possible. It is far from the intention of the author to adopt a scientific approach to the research. A positivist paradigm conflicts with the researcher's motivation to examine the human factors that lead to captured opinions on expectations and experiences of performance appraisal.

The interpretivist approach is generally associated with qualitative research. In much literature (Saunders et al 2003, Miles and Huberman 1994) it is also described as phenomenology. Researchers who take this position believe that reality is socially constructed (Fisher 2004). This approach appeals to the social curiosity of the author. Interpretative research seeks people's accounts of how they make sense of the world, and the structures and processes within it. This is directly relevant to capturing data on expectations and experiences of performance appraisal, which, according to the literature review, is a very subjective matter. The interpretative approach allows researchers to get close to participants to interpret their subjective understanding of reality (Shaw 1999) and appeals to the author as a way of obtaining depth of understanding. The most apt definition of the interpretive paradigm, relevant to answering the research question, comes from Saunders et al (2003) who suggest it is “*a philosophical position which is concerned with understanding the way we as humans*

make sense of the world around us". For the reasons set out above, the researcher adopted an interpretivist paradigm.

3.3 Research Approach

There are two main choices for the research approach. A deductive approach is consistent with developing a theory and testing it through research, whereas an inductive approach collects data to develop a theory (Saunders et al 2003). Induction is when a conclusion is drawn from past experience (Fisher 2004). The key research question is to assess the gap between expectations and experiences of performance appraisal. The previous chapter developed a conceptual framework, which framed the issues uncovered so far, but fell short of becoming a theory to be tested. It did, however, infer initial findings, which suggests a pure inductive approach is not appropriate. However, an inductive approach appears most suitable to answering the research question and was used.

3.4 Research Strategy

A case study was chosen as the most appropriate research strategy. Saunders et al (2003) define a case study as "*a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*". This fits well with the author's intention to investigate a real life issue through a variety of data collecting methods. Jankowicz (2000) suggests the appropriateness of a case study when the thesis focuses on a set of issues in a single organisation. Supporting the case study strategy, Hartley (2004) suggests case studies also tend to be inductive as they piece together evidence to support theory development. Depth of understanding is important to the author. Morris and Wood (1991) and Fisher (2004) both suggest that case studies are more appropriate for an in depth understanding of a particular situation. Punch (1998) argues that while there may be a variety of specific purposes or research questions, the general objective of a case study is to develop as full an understanding of that case as possible.

By the time of the collation of data, all Passenger Focus staff will have been through their performance appraisal interview, either as appraisee, or perhaps as both appraisee and appraiser. All of the staff will be able to reflect on their experiences of the process, perhaps in the context of a major transformation of the organisation. It gives the author the opportunity to understand the issues and tell a story.

3.5 Research Methods – data collection

Initially, self administered questionnaires were considered as a prime method of collecting data. It was envisaged that the literature review would reveal the areas of concern, and then staff members could indicate their expectations and experiences on a scale of 1 to 10 in a self-completed questionnaire.. However, given the relatively small size of the organisation (46 staff) the impact on findings of a small return rate was considered. Concerns were raised in the literature review about the appraisal system being seen sometimes as ticking boxes. For any staff who did identify with that issue, it was considered unwise to add to their box-ticking burden. Further, following on from the text above on case studies wanting to get depth of understanding, it was felt that completed questionnaires would not give the author enough material to really tell the story. Questionnaires also restrict the ability of respondents to explore their own interpretations of performance, appraisal and outcomes, as it does not allow for free format answers. Further, a recent in depth survey of employee opinions had been carried out, and a small element did cover performance appraisal and other forms of feedback. Research findings and conclusions will primarily be informed by the qualitative interviews, but also some triangulation will be attempted with the results of that survey.

In order to give real depth to the research, a more human, face to face approach was adopted in the form of qualitative interviews, one to one and one to many (focus group). A detailed literature review of performance management and performance appraisal had been carried out. This gave the researcher a frame for the issues, plot recent history and developments within the subject matter, and analyse expectations and experiences of performance appraisal from other organisations. To provide further empirical evidence to answer the research questions, the following process was followed:

- A focus group with the staff forum
- Semi structured interviews with appraisees

In terms of actual data collection from the interviews, a number of options were considered. It was important to accurately capture the points being made by respondents, but also pay attention to what they were saying. Tape recorded transcripts were considered. This was ruled out as it was considered it could have been too

intrusive for the interviewees, and also it would have been very time consuming for the author. The author had use of a secretary for business purposes, who offered her services for shorthand note taking and subsequent transcripts. This was primarily ruled out for confidentiality reasons, but would have avoided bias in converting transcripts into summary notes. Note taking by the author was the final option. Whilst it had the drawback of potentially weakening validity, and enhancing researcher bias, it was chosen. The researcher is an experienced note taker, and has had coaching in active listening. It was also the most convenient approach in terms of maximising efficiency of effort.

3.5.1 Focus Group

A focus group is best described as “a group of people who are brought together to have a free-flowing but focussed discussion on a particular subject (Fisher 2004).

For the purposes of this research, it was envisaged that there would be two outputs from the focus group.

Firstly, the literature review identified the following issues that were considered necessary to research in detail in order to satisfy the research objectives;

- Purpose of performance appraisal
- Design of the system
- Delivery/execution of performance appraisal
- Outcomes

Conducting the focus group would give the researcher confidence that all of the important factors had been considered.

Secondly, the outputs from the focus group would be important to contribute to the overall findings, and help identify the scale of the gap between expectations and experiences.

A focus group was conducted with members of the newly constituted Staff Forum. The new organisation had no union representation, but the creation of the Staff Forum gave senior managers the opportunity to give and receive important feedback and communication. Attendance at the focus group was voluntary. The researcher gave a five minute presentation of the academic objectives of the research project at the staff forum a month earlier, asking for an hour the following month to explore the issues in an open manner. The group were advised that any could decline to take part. However, all took part willingly. According to Saunders et al (2003) it is the role of the researcher to initiate the discussion and attempt to keep a balance between encouraging

participants to focus on the subject area and allow a free flowing discussion. There were some practical problems associated with the focus group approach. Firstly, a lot of rich information was forthcoming, so it was important to capture notes as the meeting progressed, whilst facilitating the discussion and keeping others involved. Secondly, a tendency to bias could happen from the researcher, who has had the advantage of an in depth literature review of the subject. To avoid bias, the researcher did not participate in discussions but did facilitate and encourage full participation. Attendees of the focus group were six members of staff; two of whom are appraisers as well as appraisees, and four more junior members who have no experience as appraisers at all.

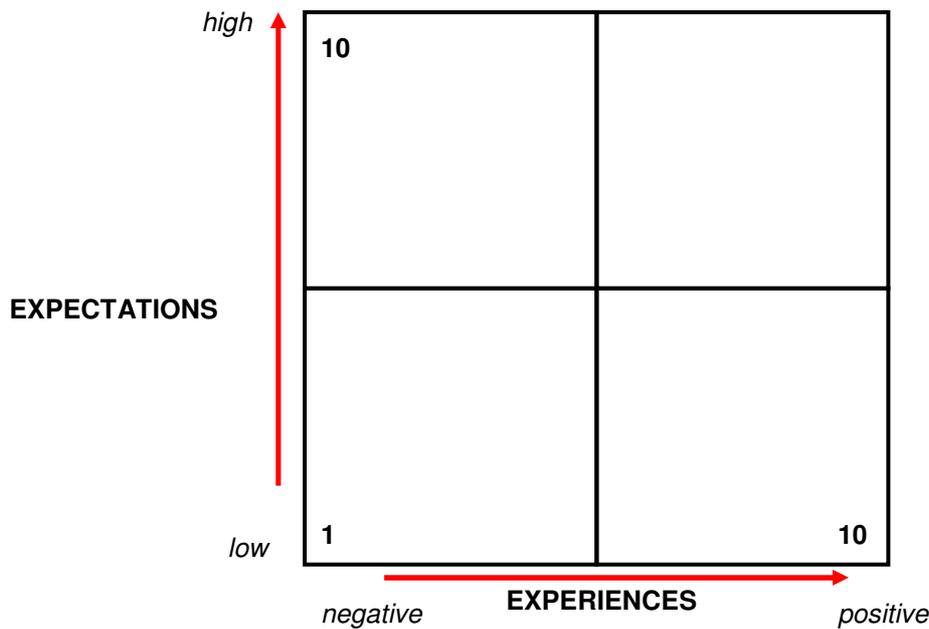
3.5.2 Semi structured interviews

In semi-structured interviews, the researcher will have a list of themes and questions to be covered, although they may vary from respondent to respondent (Saunders et al 2003). These were conducted with 10 staff that have been appraised using the Passenger Focus system. This included five staff who are purely appraisees, and five staff who appraise and are appraised (i.e. more senior in the organisation). Unstructured interviews were ruled out as they may well have operated outside of the frame of the research area. All of the participants were informed of the objectives of the research, assured of confidentiality, and were promised a written summary of the conversation to ensure the researcher's interpretation of the conversation was correct. Following advice from Easterby et al (2002) open questions were used in a neutral tone of voice, to avoid bias. Each of the interviews took between 40 minutes and one hour. It was pleasing to note that all 10 respondents cited an interest in the area of research.

3.5.3 Data presentation

The methods chosen for this research lend themselves to a text based presentation of responses, which will contribute to telling the story. The research strategy is very qualitative in nature. However, in order to quantify in some way the scale of the gap, responses to each of the key themes will be graded on an approximate 1 – 10 scale for expectations (1 being low and 10 being high) and also for experiences (with 1 being negative and 10 being positive). These will be presented on the matrix outlined in the conceptual model, and shown below.

Figure 3.2; Scoring matrix for expectations and experiences



3.6 Ethical considerations

As the author was well known to all staff in the small organisation, and was a member of the Executive Team, ethical considerations were high. Qualitative research is designed to give a deep understanding of the subject matter, and the quality of responses relied on open and honest answers. As such, it was crucial that participants had a high level of trust in the integrity of the researcher.

The researcher gave a commitment to all participants relating to anonymity and confidentiality. The interviewees were also offered the opportunity to review the summary of the interviews to be included in the findings of this research.

The researcher facilitated the discussions within the focus group. Whilst anonymity would have been impossible within the group, the researcher gave a commitment not to attribute comments to individuals. Finally, the anonymity of those who took part in semi-structured interviews was assured. Interviews were held in private.

Confidentiality was given to all participants in that all data would be used purely to inform this research, which, in turn, would lead to suggested improvements to Passenger Focus Performance Appraisal system. After the study was complete, all data was shredded.

To avoid bias and also avoid a conflict of interests, the researcher ensured that all respondents were not line reports or line manager to the researcher. Bias of the interviewer was avoided through the use of semi-structured interviews that were used consistently throughout. Further, participants in the staff focus group were given the opportunity to review the summary of observations and subsequent notes.

To ensure informed consent was gained, all participants were advised of the key purpose of this research, to fulfil an academic research dissertation. They were also advised findings could be used to improve the current performance appraisal system. All respondents were satisfied to participate with that knowledge.

3.7 Summary

This chapter has set out the methodology that will be adopted to undertake the research. It considers other methods to those chosen. It is argued that an interpretivist approach, usually associated with qualitative research will be adopted. Overall, the research strategy is to develop a case study. This involves telling of a story. The story will involve dissemination of human factors, and so the use of surveys was considered and then ruled out. The key methods to be used will be around face to face interviews, informed by an initial focus group. Ethical considerations have been addressed, with the key issue being confidentiality.

4. Findings

4.1 Introduction

This chapter sets out the results of the research. The methodology was set out in the previous chapter and was followed closely. Excerpts from the focus group and also from the semi-structured interviews are included, together with relevant extracts from the 2007 Employee Opinion Survey. This chapter sets out results and commences the analysis element. The next chapter links the findings to the research objectives and the literature review, and draws together the conclusions.

Overall, the results provided the researcher the ability to explore all of the key issues raised within the conceptual framework in detail. They provided a rich source of qualitative data for performance appraisal, to make it easy to understand, from the staff perspective - “this is what we expect, and this is what we get”.

It should be noted that references to “manager” in findings is simply to differentiate between seniority of respondents.

4.2 Findings from the focus group

The focus group consisted of members of the existing staff forum. It was held over a lunch period in the organisation’s Manchester office and was facilitated by the researcher. Attendees of the focus group were six members of staff; two of whom are appraisers as well as appraisees, and four more junior members who have no experience as appraisers at all. Individual comments were kept anonymous, as the researcher allocated letters A to F to each participant in notes.

In opening, the researcher explained the overall aim of the research, which was – *to assess the gap between expectations and experiences, from the staff perspective, of performance appraisal in Passenger Focus in order to inform an improved system.*

The entire group considered that this was a worthwhile exercise and were pleased to participate, particularly as they would be affected by final outcomes. This positive response gives support to the suggestion of Harrison and Goulding (1997) consider it vital that employees are involved in the design of the system, for practical, operational and psychological reasons.

The researcher then posed four questions for the focus group to discuss;

- i. Why do we need a performance appraisal system?

- ii. What are your expectations and experiences of the current performance appraisal system?
- iii. What are your expectations and experiences of delivery/execution of performance appraisal?
- iv. What are your expectations and experiences of outcomes of performance appraisal?

4.2.1 Responses from the focus group

Table 4.1 Summary of comments from the focus group

Summary of group response	Key quotes
<p>Q1. Why do we need a performance appraisal system?</p> <ul style="list-style-type: none"> • A very well informed and open discussion on performance appraisal. All recognised the importance of getting this right. • Group highlighted the new corporate plan and business plans and thought all staff should have individual targets linked to them. They considered the new goals were meaningful to them and to the rail passengers they represent. • Without prompting, the group also recognised the need to have a proper system to measure how well they were doing, although there were doubts about how accurate and useful the feedback from managers was. • There was a strong consensus about the need for training and personal development. There were differences of opinion in the group about the balance between job training, and career development that should come from appraisal. • The group could see the link between performance appraisal and financial reward, but were, apart from one, against this due to lack of faith in current system and execution. 	<p><i>“The organisation is new, we need to ensure everything everyone is doing, is linked to Passenger Focus success”.</i></p> <p><i>“My role is still a bit unclear, until that is sorted it’s difficult to appraise me properly”.</i></p> <p><i>“In RPC it was a bit of a joke – I think Passenger Focus need one and will do it properly”.</i></p> <p><i>“We are carrying very few people now, but let’s hope this sorts out the few poor performers”.</i></p> <p><i>“In my last workplace, this was treated as lip-service”.</i></p> <p><i>“In my last workplace, a big private sector company, it was treated as extremely serious”.</i></p> <p><i>“I want to improve, and I need to know how to do it”.</i></p>

Summary of group response	Key quotes
<p>Q2. What are your expectations and experiences of performance appraisal systems?</p> <ul style="list-style-type: none"> • Four of the group had worked in organisations where a much more detailed and defined scheme had been in place. After a brief discussion on some of the components of those other schemes, the other two participants saw the need for that detail. • Group expectation was of a much more rigorous system to be in place for a new organisation like Passenger Focus.. • All quickly reviewed the current paperwork and considered it “lightweight”. • Group particularly critical of the guidance given, which is just a few sentences on the form. Three of the six participants had received training in previous organisations, either as appraiser, or appraisee. • For those newer to the organisation, they were surprised at the lack of measurement of competencies, assuming this was now an accepted feature. Some of the more junior staff on the focus group thought that measurement of competencies was more for the managers who were being appraised. • Everyone agreed that the current rating scale of objectives exceeded, met or missed did not give enough range of performance. • General agreement that the current system should include more detailed capturing of development needs and also a review of previous development. 	<p><i>“The staff should be involved in development of a new system”.</i></p> <p><i>“The current system is lightweight”.</i></p> <p><i>“It is on the agenda to fix, so I am optimistic the EMT will sort it out quickly”.</i></p> <p><i>“My last boss (before Passenger Focus) always recognised and recorded my efforts”.</i></p> <p><i>“The current ratings systems don’t really tell a proper story”.</i></p>
<p>Q3. What are your expectations and experiences of delivery/execution of performance appraisal?</p> <ul style="list-style-type: none"> • All of the group related experiences both in Passenger Focus and other organisations of poor preparation by managers. There was a general impression that some managers gave an impression that the Performance Appraisal interviews were getting in the 	<p><i>“In my last company, my last appraisal was held in Starbucks as my manager hadn’t booked a room”.</i></p>

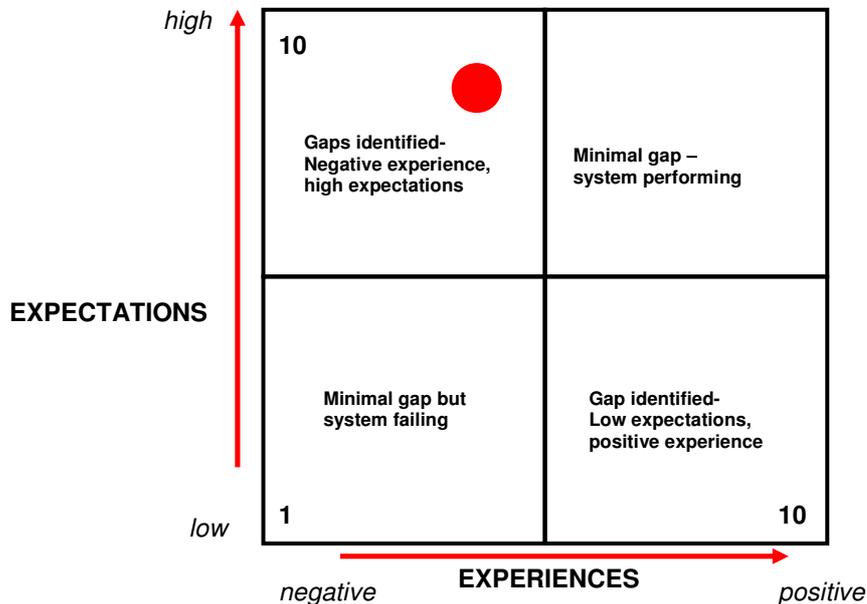
Summary of group response	Key quotes
<p>way of their “proper “work.</p> <ul style="list-style-type: none"> • The group took ten minutes to brainstorm what they wanted to be covered in the interviews, and the list below is transcribed from their flip chart. <ul style="list-style-type: none"> i. How the org. is doing ii. Their role and its link to strategic direction iii. Progress against set targets iv. New targets v. How my team is doing vi. Effort put in vii. My skill set viii. On job training ix. Personal development x. Career aspirations xi. Reward (mainly recognition) • There was general agreement that achievement of targets, and on job training needs that would improve performance were generally well discussed, but other areas were not generally well addressed. • The lengthiest discussion was on fairness of ratings. There was an expectation that ratings would be fair and consistent. However, the group concluded that without training and moderation meetings, this would be difficult. In general, though, most commented that their most recent appraisal rating gave a fair reflection. 	<p><i>“I have had really good appraisal interviews and really bad ones. It is usually down to how well I get on with my manager on a day to day basis”.</i></p> <p><i>“What some managers call good performance could be average to another one”.</i></p> <p><i>“At my last work place, the training they gave me on appraising was very helpful”.</i></p> <p><i>“I had a fall out with my last boss as I wouldn’t do his personal errands. My appraisal score was dreadful”.</i></p>
<p>Q4. What are your expectations and experiences of outcomes of performance appraisal?</p> <ul style="list-style-type: none"> • The group were aware that the recent staff survey had revealed a strong support for the corporate goals. There was an expectancy that performance appraisal system should contribute to corporate goals through improved individual and team performance. However perceptions of positive experience were not high. There was no evidence yet they had seen that the results of individual appraisals were 	<p><i>“Who reviews all of the appraisal results and makes sense of them”?</i></p> <p><i>“If money is linked to appraisal, the managers will be better off”.</i></p>

Summary of group response	Key quotes
<p>reviewed as a whole and linked to business plans.</p> <ul style="list-style-type: none"> • Setting of new objectives was considered as an outcome. All of the group thought that Passenger Focus was getting better at setting objectives linked to wider business plans. • There was a suggestion from one of the group that, if skills and competencies were measured at that next round of appraisals, it would allow a Passenger Focus wide baseline to be developed and progress monitored. This was agreed by all participants as a good idea. • The group were fully against linking the appraisal scheme to pay or financial reward. In the previous organisation, this had happened and created friction and mistrust of the system. One participant related an example from a private sector company he had worked for, where large bonuses came as a result of appraisal, but the system fell into disrepute from staff due to perceptions of bias, discrepancies and agendas of managers. • A suggestion that good work or achievement, either recognised at appraisal or any other time, could be included in the new staff newsletter was welcomed. 	<p><i>“ At my last appraisal we agreed my new objectives. They actually meant something to me”</i></p> <p><i>“Linking appraisal to money will cause divisions”.</i></p> <p><i>“I want to be a manager in a few years. There may be limited opportunities here because we are so small, but I still want it and hope I can get the training”</i></p>

Finally, the researcher asked the group to conclude their comments on what they expect and what they get. Based on their discussions, they concluded that Passenger Focus was a new organisation, with a much more business like approach to strategic planning. High quality staff would be crucial to really cement in the transformation, and succeed. As such, their expectation for performance appraisal is very high, but experience falls a bit short of that. To conclude, I asked them to reach a consensus and plot the current position on the matrix, which the researcher had replicated on a flip chart.

This is their agreed position, represented by the red circle.

Figure 4.1: Focus group perception on expectations and experience of performance appraisal.



The focus group was successful on a number of fronts. It revealed a high level of interest and understanding on the subject matter, which is encouraging. It also served to give a high level subjective view of the current gap between expectations and experiences, which will be factored in to final analysis, to be included in the next chapter. No other areas of concern were highlighted by the focus group, which suggested that the researcher had covered the important issues in the literature review. This would now provide a sound framework for the semi-structured interviews.

4.3 Findings from semi structured interviews

4.3.1 Framework of the semi-structured interviews

4.3.1.1 Background.

By way of opening the interview, the researcher set out the overall aim of the research – *to assess the gap between expectations and experiences, from the staff perspective, of performance appraisal in Passenger Focus in order to inform an improved system.*

Confidentiality was assured to all participants, and any comments would remain anonymous. Each interview took between 40 and 60 minutes to complete.

Participants were given an outline of the area for inclusion in the interview, based on previous research and findings from the focus group. The following is a list of themes, and more specific areas the researcher intended to cover, not a descriptive list of questions.

4.3.1.2 General

The organisation has just gone through a major transformation. How successful has it been ?

Do you support the organisation goals? Are they the right ones?

How clear are you about your role and how it fits in to the bigger picture?

How would you describe your motivation level at present?

Would you say Passenger Focus is a good place to work for?

What previous experience, positive and negative , outside of Passenger Focus, have you had?

Do you currently appraise as well as be appraised?

4.3.1.3.Purpose of Performance Appraisal

Why does Passenger Focus need a performance appraisal system?

What do you want from it as an employee?

How well is the purpose communicated?

4.3.1.4 The current system

What would you expect to see in a good PA system?

What is your experience of the PA system in Passenger Focus (and elsewhere)?

Prompts

- Guidelines/training
- Documentation
- Type of feedback
- What is appraised
- Ratings systems
- Outcomes

4.3.1.5 Delivery/execution

What are you hoping for from your PA interview?

What are your experiences at Passenger Focus (and elsewhere)?

Prompts

- Preparation
- Open and honest discussion
- Accurate/meaningful feedback
- All themes explored
- Fairness

4.3.1.6 Outcomes

What do you expect the outcomes to be?

What is your experience of the outcomes (at Passenger Focus and elsewhere)?

Prompts

- Improved performance
- Set new objectives
- Pay and reward
- Development and training
- Motivation/job satisfaction

4.4 Analysis of findings by theme

Detailed notes of each of the meetings were prepared immediately after each interview. For ease of analysis, key points were captured and entered onto an excel spreadsheet (appendix 3). This allowed data to be reviewed by individual respondents or across themes. Ten staff overall were interviewed in detail, giving a mix of staff/managers and length of service. The following is a summary of key issues raised. Initial commentary on the findings is included in this chapter but analysis and conclusions are contained within the next chapter.

4.4.1 Background issues

90% of those staff interviewed stated that the corporate transformation had been successful. Those same 90% of respondents also felt very much aligned to the new organisational goals. 70% of the respondents felt very motivated at present, with the other 30% suggesting motivation was not a negative factor. This suggests that staff moral and motivation at Passenger Focus overall is very high. These figures tie in with the results of the 2007 Passenger Focus Employee Opinion Survey questions relating to staff engagement.

Figure 4.2 : Questions measuring employee engagement.

Q76. I feel committed to the organisations goals



Q80. Considering everything, I am satisfied to be working for Passenger Focus



Q76. I am proud to work for Passenger Focus



Key



Source: Passenger Focus 2007 Employee Opinion Survey

Breaking this down into seniority, all of the managers interviewed were positive about the organisation, and motivated. Some had been part of the transformation process, and some had joined upon inauguration of the new organisation.

Some confusion still exists from some of the staff relating to role clarity, but respondents did not seem unduly concerned by this, as it is a new organisation that is still finding its feet.

Finally, eight of the respondents discussed previous experience of appraisals, a combination of good and bad experiences was cited most. Three respondents had no formal experience of performance appraisal prior to Passenger Focus.

4.4.2 Purpose of performance appraisal

The researcher attempted to understand what respondents considered to be the key purpose of performance appraisal. The table below is a summary of the reasons they offered .

Table 4.2; Response to-Purpose of performance Appraisal

Respondent	A	B	C	D	E	F	G	H	I	J
Manager?	✓				✓	✓	✓		✓	
Issues raised										
Strategic goals achieved	✓			✓	✓	✓	✓		✓	
Objective setting	✓	✓	✓		✓	✓	✓		✓	✓
Objective measuring	✓	✓	✓		✓	✓	✓		✓	✓
Improved team performance	✓	✓		✓	✓	✓	✓	✓	✓	✓
Improved individual performance	✓	✓		✓	✓	✓	✓	✓	✓	✓
Motivation					✓	✓			✓	
Training/development	✓		✓	✓	✓	✓		✓	✓	✓

Interestingly, all five of the more senior staff commented on the link between performance appraisal and strategic objectives. More junior staff respondents focussed on individual and team performance and training/development. This table suggest that there is a wide understanding of the main purposes of performance appraisal. This will be analysed further in the next chapter.

When asked about how well the system is communicated, the most positive comment was “ could be better”. All other nine respondents were critical of communication.

4.4.3 Current performance appraisal system – expectations and experiences

All of the respondents, without prompting, raised the issue of training and guidelines as an important requirement. All five managers particularly highlighted this as an expectation. 60% considered that training for both appraisers and appraisees would be beneficial. Overall, expectations were high.

Experience of training guidelines came across as one of the most negative experiences, with no positive comments received at all.

This revealed the biggest gap between expectations and experiences

This was similar with the documentation, which was handed out prior to the interviews.

Expectations were for a robust system that ensures all issues are covered. Once again, there was a lot of negativity. Three respondents (all junior staff members) appeared satisfied. All five managers were critical of the documentation currently used. Again, a significant gap.

For methods of feedback, there was mixed support for multi-source feedback. All five managers considered that 360 feedback would be useful, if implemented and executed properly. Only one junior staff member expected further feedback. The remaining four were sceptical. In terms of experiences, within Passenger Focus, all respondents only received feedback from their manager, which is the current system. There appears a gap between expectations and experiences in the view of managers who are appraised, but not from staff members. This suggests that a two tier system of feedback could be trialled, with managers receiving multi-source feedback.

In terms of what is appraised, two respondents suggested it should be attainment of objectives. A further two added effort to what they considered should be appraised. The remaining six, including all five managers, expected objectives, behaviours and competencies to be measured. Experiences were mixed. All were appraised against objectives. 50% responded that the appraisal conversation also covered behaviour and skills/competencies. There is a lack of consistency applied.

The current rating system was considered by all respondents. Expectations were scored high, but experience in the current system low. All five managers and two staff members considered the current rating system much too narrow. The managers particularly raised suggestions for improving the rating system from formally rating competencies to a system that avoids middling.

4.4.4 Delivery of performance appraisal system – expectations and experiences

Unsurprisingly, there was a high expectation for the appraiser to put time and effort in to the process, through reviewing objectives prior to the interview, allowing sufficient time and booking a private room for confidential discussion. There was little difference in expectations based on seniority or previous experience.

The experience of preparation for appraisal was rated extremely positive from all ten respondents. All stated that their manager had allowed sufficient time and had prepared adequately. There is no measured gap between expectation and experience.

Again, unsurprisingly, all respondents expected an open and honest discussion, and fairness applied in the rating. The experiences were again positive. Two respondents

stated increased motivation after their appraisal interview. There were no perceived differences in responses from different seniority levels. No gap identified.

Eight of the ten respondents raised the issue of comprehensiveness in the appraisal interview. The key theme to emerge was that the system (documentation) did not encourage a comprehensive discussion covering all aspects of performance. From the responses, it appears that managers take it upon themselves to ensure a wide ranging discussion.

4.4.5 Performance appraisal outcomes – expectations and experiences

Respondents were asked about expected outcomes from performance appraisal. 60% flagged up that a key outcome should be organisational improvement. Four out of five managers raised this. 50% of respondents specifically raised the issue of improved performance of teams. All respondents expected an outcome to be improved individual performance. 80% of respondents raised the issue of new meaningful objectives as an outcome, and experiences were matched to this expectation. Despite the lack of guidance, staff believe their new objectives are more meaningful to them and the organisation. Development and training was another expectation, and this was raised by all respondents. Four respondents raised the issue of financial reward, with three suggesting that financial reward and appraisal should not be linked. One respondent (a manager) suggested a bonus scheme linked to appraisal would be a good thing. Responses on experiences of outcomes were varied. 100% of respondents noted that the organisational training plan had been developed from previous appraisals and considered this positive. Most commented that they had received training as a result, or it was imminent. There were very few other positive outcomes experienced. A common response was that respondents had not seen a link between appraisals, improved performance and organisational goals. Most were not sure what the organisation was doing with results of appraisals, and monitoring of new objectives. Overall, there is little gap between expectations and experiences relating to training, as an outcome, but a large gap between expectation of improved organisation, teams and individuals, and the experiences to date.

4.4.6 Other issues raised

Three of the respondents (all managers) cited a strong interest in this area, and a desire to be involved in the redesign of a new system that will meet approval from all staff. One respondent expressed concern that the “system” was owned by the HR Department, but the Executive Management Team should take ownership and drive it forward with support from staff.

4.5 Summary

The findings from the focus group and semi-structured interviews have provided the researcher with in depth information about expectations and experiences of performance appraisal. The most important objective of the focus group was to frame the semi-structured interviews, and this was achieved. Reassuringly, the issues raised by the focus group were generally the same as those raised within the literature review. The overall view of the focus group is that expectations are reasonably high overall, but experience does not match. The shortfall of experience is more down to the system design, rather than execution by managers.

The ten semi-structured interviews were very revealing. The chapter revealed that staff satisfaction and motivation overall was very good, after a recent corporate transformation. There was a lot of in depth understanding of the purpose and delivery of performance appraisal across all levels of staff. However, there was full agreement that the purpose of appraisal was not communicated well.

A number of significant gaps between expectations and experiences were identified. Most of the gaps related to the system design rather than application by managers. The largest gaps between expectations and experience were in the areas of guidelines and training for use, and documentation, which most respondents considered “thin”. This included the current rating system, which most considered did not cover a wide enough range of possible scores. There was also a recognised gap between expectations and experience of what is appraised. Most staff wanted appraisal to go beyond objective achievement, in particular considering effort and competencies.

There were very few gaps between expectations and experience in execution of performance appraisal (the interview). Very positive comments were received for preparation by managers, openness of conversations, and fairness of ratings. For outcomes, training and development fared well. Respondents expected staff development to feature in outcomes, and appeared positive in experience so far, citing the organisation staff development plan as a particular success. Respondents cited positive experiences of individual, and particularly team, performance. There was

uncertainty to what the outcomes were, relating to organisation performance improvement as there appeared to be no evidence of a link between appraisal and attainment of strategic objectives.

5. Conclusions

5.1 Introduction

This chapter brings to a conclusion all findings, from the literature review, chosen methodology, and results of the research. It commences with conclusions from the findings, linking the results of empirical research back to the literature review. It then considers the findings against the research aim, which was (*to assess the gaps between expectations and experiences, from the staff perspective, of performance appraisal in order to inform an improved system*) and each of the five stated research objectives. The chapter then critically evaluates the chosen research methodology, identifying strengths and weaknesses. It concludes with limitations of the study, and opportunities for further research. Recommendations from this research are included in the final chapter.

5.2 Conclusions about research findings

5.2.1 Understanding the purpose of performance appraisal in Passenger Focus

The organisation has come through a successful transformation. Evidence from the recent Employee Opinion survey, backed up by responses from the focus group and semi-structured interviews, confirm this. The purpose of performance appraisal was addressed in the literature review. A number of commentators (Fletcher 1993 and Rees and Porter 2003) suggest there are concerns about multiplicity of objectives. Those concerns are not consistent with the empirical research, which suggests staff do see the benefits of numerous objectives. The focus group and respondents had considered the variety of objectives carefully. 60% of respondents (100% of managers interviewed), when questioned about purpose, linked it to strategic goals. 80% covered objective setting and measuring. Improved individual performance also scored 80%. Interestingly, improved team performance scored highest at 90% adding weight to the findings of Brumbach (2003) and Armstrong and Baron (1998) who lament the lack of team performance management. This identified factor about team performance improvements can be linked to the results of the Employee Opinion Survey, which demonstrates strong team work.

Figure 5.1; Team work - Extract from Passenger Focus Employee Opinion Survey 2007
 Q57. The team which I am part of co-operates to get the job done.



(Difference from national benchmark +11%)

Key



Source: Passenger Focus 2007 Employee Opinion Survey

Improved motivation and identification of training and development were also frequently raised. Overall, there are a wide range of reasons to implement a successful performance appraisal system, and a multiplicity of objectives is not an issue from staff perspective.

Despite high awareness and considered thought of the purpose, this has not been communicated sufficiently by the organisation. Hartle (1997) cites poor communication as a hindrance to effective appraisal systems. There is clearly a lack of effective communication experienced, as all respondents raised their concerns.

5.2.2 The current performance appraisal system – identified gaps between expectations and experience

Caruth and Humphreys (2006) suggest that a successful performance appraisal system is one that has resulted from hard work, careful thinking, planning and integrated with the strategy and needs of the organisation. The evidence suggests that the Passenger Focus system falls well short of that.

The largest gap between expectations and experiences for the system itself was in training and guidelines. The literature review reveals unanimous evidence (Boice and Kleiner 2007, Brown 2001, Williams 2002 amongst many others) that training and guidelines should be given to appraisers and appraisees. Expectations were measured as very high, and experience was ranked as very negative. There is no formal training and guidelines amounts to a few sentences on the form. Cook and Crossman (2004) argue that training should increase the overall effectiveness of the performance appraisal system and the evidence from Passenger Focus adds further evidence to this point.

The robustness of the appraisal documentation was discussed. Expectations for a comprehensive system that covers a wide range of issues was high. The focus group considered the current paperwork “lightweight”. More senior staff, in particular, had concerns about the current documentation used.

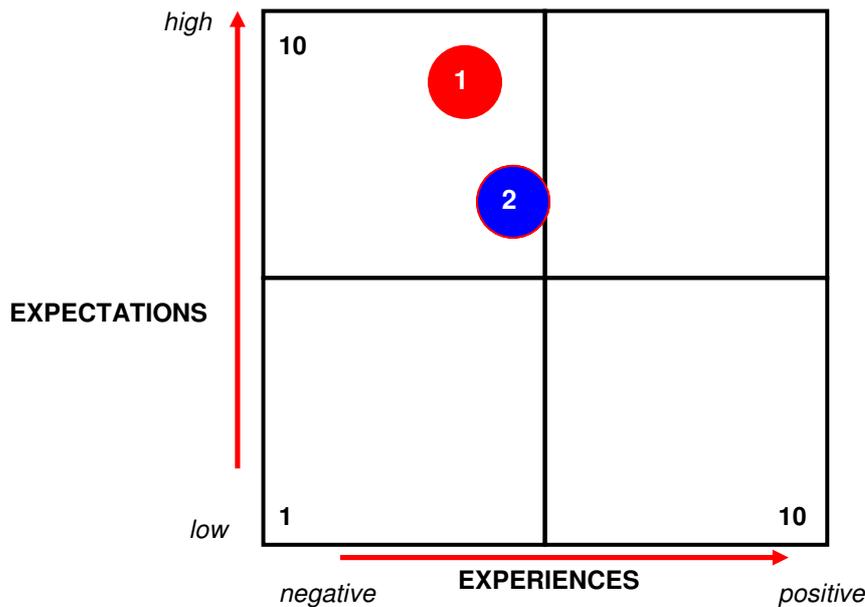
The identified current method of feedback on performance is from the line manager only. Support for multi source feedback from respondents was mixed. This is consistent with the literature review, which reveals some research suggesting the impact of multi-source feedback is limited (Mabey, 2001 and Williams 2002) and other research (Kline & Sulsky 2009) suggesting it can lead to more reliable ratings and better performance improvement. The five managers interviewed considered that it could be beneficial, if implemented properly. Most of the more junior staff were sceptical about its use. The focus group could see potential benefits, but were not convinced of its overall value. For multi-source feedback use in appraisal, the gap between expectations and experiences for managers is higher than that for more junior staff.

The current performance appraisal system measures achievement of objectives. This was considered insufficient by most respondents, who considered that measurement of effort and competencies should be included. Many organisations have moved to measurement of behaviours and competencies. Research by Armstrong (1999) Rees and Porter (2003) and Redman and Wilkinson (2001) all suggest measurement of behaviour competencies has a number of benefits. However, some appraisers have taken it upon themselves to discuss competencies and behaviours in the interviews, as revealed by the empirical research. The gap between expectations and experiences was slightly higher for managers than for more junior staff. This suggests that a slightly different appraisal system for managers could be incorporated, that includes measurement against a management competency matrix.

The literature review revealed a very simplistic ratings system in place, covering objectives exceeded, met or missed. Expectations of a good ratings system, that had a wider range, were high. 100% of managers interviewed considered the current ratings system far too narrow. Overall 70% of respondents considered the current rating system as unsatisfactory. This was backed up by the views of the focus group.

In conclusion, expectations are high for a good performance appraisal system. Experience is low, with much concern raised about the current system. The gap is wider when taking seniority into account. The gap is demonstrated in the following figure.

Figure 5.2 : Overview of gap between expectations and experience of the Passenger Focus performance appraisal system.



- Key
- 1 Identified gap - more senior staff
 - 2 Identified gap – more junior staff

5.2.3 Delivery of performance appraisal – identified gaps between expectations and experiences

The section above highlights wide gaps between expectations and experiences of the system. The gaps for delivery/execution (ie the interview) are smaller. Discussions on the amount of preparation that should go in to the process from managers and staff, revealed high expectations. This included the requirement to plan ahead, allocate sufficient time, review objectives prior to discussions, and book a room for comfort and confidence. The experiences from Passenger Focus were very positive. All respondents cited that their manager had put sufficient time in to prepare, and that

the preparation had been beneficial. This backs up the findings of Pigott-Irvine (2003) who suggests that where the appraisal interview is working well, it is often because management have accorded it appropriate priority.

All respondents expected an open and honest discussion about performance and other issues, and expected this to be translated into a fair rating. The experiences again were positive, with no concerns at all raised about honesty, trust and fairness. There was no measurable gap between expectations and experiences. This conflicts with much of the literature review. There has been much written about perceptions of bias and unfairness in performance appraisal interviews, particularly relating to honesty and fairness (including from DeNisi 1996, Hartle 2007, Brumbach 2003). In Passenger Focus there are no concerns about this, as revealed by the empirical research. This is backed up by findings from the Employee Opinion Survey.

Figure 5.3: Accuracy of appraisal- Extract from Passenger Focus Employee Opinion Survey 2007 – accuracy of appraisal.

Q44. My last appraisal accurately reflected my performance



(Difference from national benchmark +21%)

Key

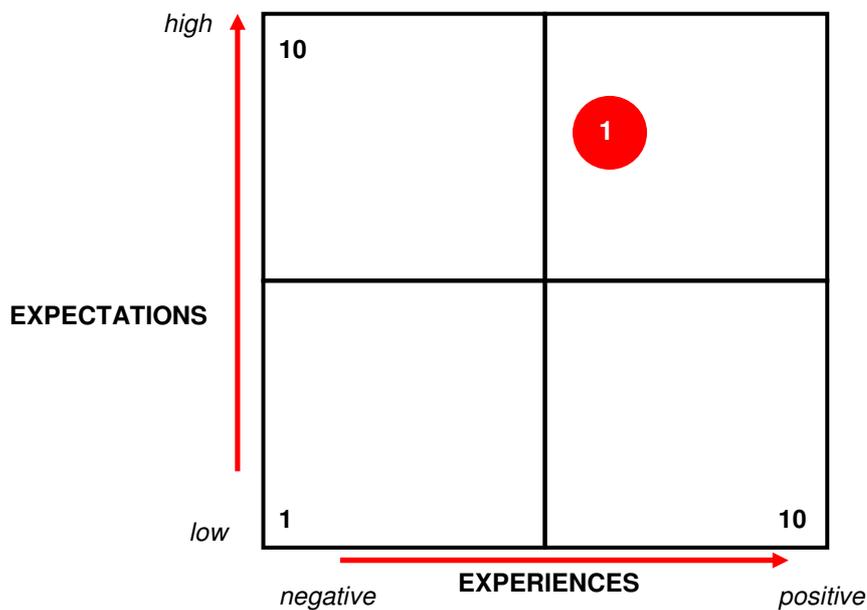


Source: Passenger Focus 2007 Employee Opinion Survey

What the findings from the literature review fail to reveal, is the overall level of motivation in those organisations researched. In Passenger Focus it is currently high, and this suggests that the human factor influence on expectations and experience is noticeable. There appears to be little difference in findings related to seniority or previous experience of appraisal.

In conclusion, expectations are high for good delivery of performance. Generally, that is happening despite the identified failings of the system. Appraisers appear to have taken on responsibility for making a poor system work well. The gap between expectations and experiences of delivery of performance appraisal is demonstrated in the following figure.

Figure 5.4 : Overview of gap between expectations and experience of delivery of performance appraisal in Passenger Focus..



5.2.4 Outcomes of performance appraisal – identified gaps between expectations and experience

A key expectation for staff is improved performance. Rogers (1999) suggests that one of the important outcomes of performance appraisal is solving problems – ie improving performance. 60% of respondents cited the need to improve the organisation’s performance (80% of senior staff raised this). Half of all respondents expected to see improved performance of teams, and all expected an improvement in their own performance.

The results of experiences of improved performance were inconclusive. There was a perception in some cases that individual, team and organisation performance had improved, but no evidence that this was the case. Most respondents claimed they had seen no evidence of the senior management team strategically using results of appraisal to review/update organisational goals. This was raised particularly by more senior respondents as a concern.

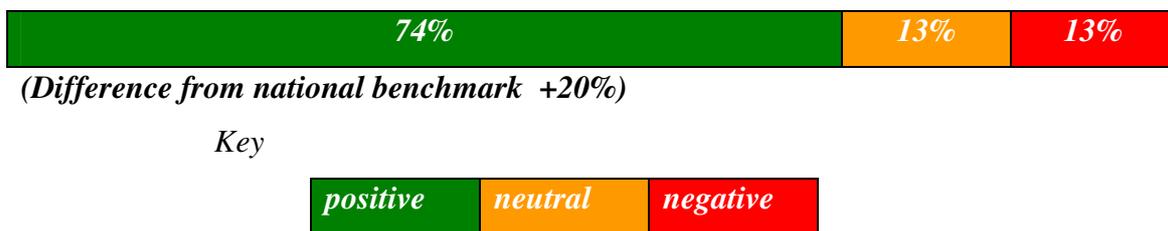
The gap between expectations and experiences of training and personal development as an outcome, was smaller. All respondents raised this as an expectation, and generally, expressed positive feedback on the experience. An organisation plan had been developed that tackled both on job short term training, and also longer personal

development. This links well to previous research by Shelley (1999) which suggests that appraisal should focus on both short term issues and long term aspirations.

There was little appetite identified for appraisal to be linked to financial reward. This is consistent with research by Simmons (2002) which uncovered strong opposition from respondents in the Further Education Sector to linking appraisal to pay. Respondents of that research cited divisive criteria and impact on team performance as reasons not to link them. Where there was any appetite for financial reward as an outcome, this was generated from more senior respondents. It is suggested that managers could feel more in control of their destiny to set and achieve objectives, and so may be more receptive to the idea. Overall, the Employee Opinion Survey revealed general satisfaction with pay and reward at Passenger Focus, as evidenced by the figure below.

Figure 5.5; Benefits package - Extract from Passenger Focus Employee Opinion Survey 2007

Q52. . I am satisfied with my total benefits package (eg salary, pension, leave)



Source: Passenger Focus 2007 Employee Opinion Survey

In conclusion, the gap between expectations and experience of training/development and financial reward as outcomes of performance appraisal is small. However, a larger gap exists between expectations and experiences relating to improved performance. There is no evidence yet, that improved performance by individuals, teams and the organisation is being captured and used for strategic purposes.

5.2.5 Conclusions on other issues raised

Overall, the researcher uncovered a strong interest in the subject area from respondents, which is encouraging, and can be linked to high motivation levels arising from the successful transformation. Respondents, without prompting, expressed a desire to be involved in the redesign of a new system that will close the gap between expectations and experiences. Harrison and Goulding (1997) consider it vital that employees are

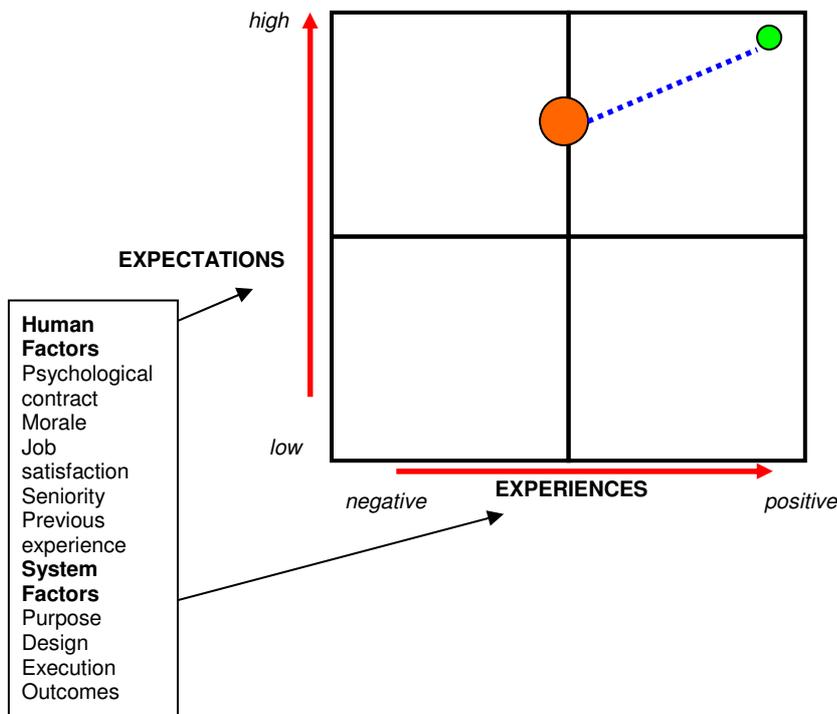
involved in the design of the system for practical, operational and psychological reasons. Staff members have expressed a strong desire to be involved, and it is proven that the current system needs redesign, so the opportunity exists.

5.2.6 Conclusions set against conceptual framework.

The conceptual framework developed at the end of the literature review set out the critical issues that need to be examined. It set out a framework for illustrating what the gap is between expectation and experience, and what the factors are that need to be taken into account in qualifying the measurement along each matrix. After the empirical research, the current position is plotted below, indicated by the red circle.

Figure 5.6 Findings set against Conceptual Framework

Optimum Position ●



In conclusion, expectations are very high amongst more senior members of staff, and reasonably high amongst other staff. Experiences in some areas are positive, and others more negative. It is the system itself that brings down the score on the experience matrix. Execution of performance appraisal is considered a positive. The optimum position is for very high expectations and a very positive experience. This would result in a very successful system. However, it is probably idealistic. Human factors have been identified as an issue. Overall motivation is high, and it is implied that this has an overall bearing on expectation and experience. Seniority is also an issue, more so for expectations than experience. The impact of human factors on performance appraisal

effectiveness is worthy of further research. Most respondents had previous experience of appraisal, some good, some bad. It did not appear to make much impact on expectations or experiences at Passenger Focus.

5.3 Conclusions about the research objectives

The stated aim of this research project was – *to assess the gap between expectations and experiences, from the staff perspective, of performance appraisal in order to inform an improved system.*

The findings have been informed by the literature review, by the Employee Opinion Survey, and by new empirical research conducted via a staff focus group and semi-structured interviews.

Expectations overall are high. The staff are motivated, signed up to the organisation goals and appear aware of the purpose and requirements of performance appraisal.

Experiences are not all positive.

The largest gaps are identified in the following areas:

- Training and guidelines for appraisers and appraisees
- The performance appraisal documentation and the associated rating system
- What is measured (there was support for competencies and behaviour to be included)
- Linking results of appraisal to organisational goals and strategy setting

For other key components of performance appraisal, listed below, negligible gaps were identified, suggesting a good match between expectations and experience.

- i. Multi-source feedback. It does not happen currently and there is not a huge appetite for it
- ii. The interview. Staff expected preparation, honesty, fairness and a comprehensive discussion. Despite concerns about the documented process, this was generally happening very well
- iii. Training and personal development as an outcome. This was a high expectation, and generally delivered upon.
- iv. Financial reward as an outcome. There was no appetite for introduction of a system that links appraisal to financial reward, and it is not currently in use.

Five objectives were identified. Conclusions on each of these follows.

Objective 1. To analyse and critically review literature on performance, and in particular how it is appraised.

Chapter 2 set out a literature review on performance and appraisal. It suggests that there are significant weaknesses in both the theory and practice of performance appraisal, but that if it is well planned and executed, the organisational benefits could be significant. With a few notable exceptions, the literature suggested that performance appraisal was not planned or delivered effectively. Some commentators suggested it was a dishonest annual ritual, fraught with inaccuracies. There was little literature uncovered that revealed high levels of trust in the appraisal system. However, previous research reviewed made no comment on wider morale. Motivation and overall satisfaction of the workforce, an important omission that almost certainly does have an impact. On a positive note, Langridge (2004) reported how new systems of performance management and appraisal revitalised a UK Housing Association. In conclusion, the majority of literature appears overly negative, and in need of balance.

Objective 2. To conduct a critical review of the features of the current Passenger Focus appraisal system.

The literature review suggested that the Passenger Focus performance appraisal system was lacking in many respects and significant omissions include communication of purpose, guidance and training in use, and measurement of competencies.

From the literature review, and review of the current Passenger Focus system, four key issues emerged that were examined through the research. These were;

- Purpose of performance appraisal
- Design of the system
- Delivery/execution of performance appraisal
- Outcomes

The findings in chapter 4 and conclusions in this chapter back up the conclusions from the literature review, that the current system has significant omissions. However, despite the weaknesses in the system, managers have overcome these through enhanced effort in ensuring that delivery of appraisal interviews is a positive experience.

Objective 3. To understand what staff expect from the system

This objective has largely been achieved. This chapter, and chapter 4, have demonstrated, with evidence, that staff expect a comprehensive system that has been well designed, has staff involvement, and benefits from training in its use. That system

should include a wider rating system than currently used. They expect behaviours and competencies to be measured, as well as achievement of objectives. They expected interviews to be well prepared and conducted in an open and honest manner, and that ratings are fair. Staff expect outcomes to consist of improved performance all around and short term training and long term development. Multi-source feedback and links to financial reward did not feature highly in expectations. There is a clear link between higher expectations and the seniority of the respondent.

Objective 4. To capture experiences of the appraisal process.

This objective has also been achieved. Evidence from this research reveals experiences are mixed, but reasonably positive. The most positive experiences generally relate to delivery of appraisal. Respondents reported that the preparation, openness, honesty and fairness they expected, was experienced. Most noted that whilst there was no formal requirement to review competencies and behaviours, appraisers had included this anyway. There were also positive outcomes reported, in terms of training and development to meet career aspirations.

Negative experiences were mainly linked to the system itself. A lack of training, and a robust appraisal documentation (including wider rating system) was lamented.

Finally, respondents expressed concern that there appeared to be no recognised link between the results of the appraisal process and alignment of strategic objectives.

Objective 5. To use the gap between expectations and experiences to provide empirical evidence that will inform an improved system.

All of the research (literature, secondary data from Employee Opinion Survey, focus group and semi structured interviews) has contributed to identifying the gaps between expectations and experiences. That has provided a sound base to inform an improved system. Recommendations relating to the development of the new system are included in the next chapter.

5.4 Critical evaluation of the adopted methodology

At an early stage the researcher ruled out a positivist stance, which is more associated with quantitative research. The researcher considered a qualitative approach would give an in depth understanding of expectations and experiences. A case study was chosen as the research strategy, and the researcher concludes, with hindsight, that this was the most sensible option. Morris and Wood (1991) and Fisher (2004) suggest that case

studies are appropriate for an in depth understanding of a particular issue. The researcher considers that he now has that required in depth understanding, within the added context of a successful corporate transformation.

For data collection, quantitative interviews were used, through a focus group, and semi structured interviews. This worked extremely well, allowing in depth discussion and ensured ambiguity of questions could be avoided. It also suited the researcher's preferred style, to prefer human engagement than science. The researcher had previously received training in active listening, and facilitation, and put these to good use.

16 members of staff were engaged in detail through this research. Whilst this may appear small, it is 33% of the current workforce. There is no guarantee that use of a self-completed questionnaire would have resulted in a higher response rate. Further, concerns were raised in the literature review that performance appraisal could sometimes be seen as a box-ticking exercise. The researcher felt it inappropriate to add to that burden, if that was, indeed true. Further, the researcher had invaluable secondary data in the form of the Employee Opinion Survey. This allowed triangulation between data sources.

With hindsight, more interviews could have been conducted, which would have added to the weight of material, and also allowed more differentiation between seniority, age, sex and other human factors. However, with a nationally dispersed workforce, and reluctance by the researcher to use telephone interviews, this would have proved extremely time consuming. An interview with the Chief Executive would also have been useful, to understand the rationale behind the current system and how links between appraisal results and strategic goals could be improved. However, this was ruled out as the Chief Executive was line manager of the researcher, and this brought into play ethical considerations.

All respondents in this research gave up their time willingly, and took part in detailed discussions enthusiastically. That resulted in the wealth of information on expectations and experiences contained within appendix 3. It is doubted that any other research method would have been as successful in gathering and sorting such in depth material.

5.5 Limitations of the study

There were several limitations of the study.

The first concerns sample size. Passenger Focus is a small organisation, and with 33% of staff engaged it still only accounts for 16 detailed responses. With hindsight, it may

have been appropriate to compare/benchmark the data with a comparable size organisation,

The study has identified the gaps between expectations and experiences from the appraisee perspective. Whilst managers were included in the sample, they were informed it was from the perspective of an appraisee, not an appraiser. The research would have benefited from similar research to understand the gaps between expectations and experiences from the appraiser's perspective. Then a comparison between the two data sets could have been undertaken.

Concerns were raised from staff about possible introduction of multi-source feedback and also the link between appraisal and financial reward. The researcher was tempted to pursue these lines in significant depth, but time and resources prohibited this.

The research would have been enriched by more detailed investigation into the outcomes of performance appraisal. In particular, with reference to the split between short term training identified and funding of long term aspirations, and what impact that has on strategic planning.

5.6 Opportunities for further research

The research has highlighted a number of further research opportunities as follows;

- i. A detailed investigation of the expectations and experiences of performance appraisal from the manager's perspective. What do they need from it to drive the organisation forward? What are their experiences, particularly in dealing with difficult feedback? How do they intend to measure the overall impact of improved performance on the organisation?
- ii. This research was undertaken during a period of relatively high motivation of staff. It follows a recent corporate transformation. Where the literature review cites dissatisfaction at performance appraisal, there is no indication of whether overall the organisation was succeeding, or if the workforce was motivated. Further research into the link between organisation success, motivation levels, and views of performance appraisal would add significantly to current thinking.
- iii. It would be useful to research organisations that have successfully linked individual and team performance improvements to the attainment of organisational goals. A case study with an appropriate organisation would add to the debate on the effectiveness of performance appraisal.

6. Recommendations

Informed by the research, this chapter sets out recommendations for the development of a performance appraisal system that closes the gap between what staff expect from the system, and what they get.

6.1 A new performance appraisal system

A new performance appraisal system should be developed and implemented as soon as possible, and it should incorporate the following features;

- a. Progress against individual objectives
- b. Setting and recording of new objectives, with clear links to the business plan.
- c. Discussion and clarification of role and responsibilities
- d. Identification of required competencies, and measurement.
- e. Identification of short term training needs linked to business plan
- f. Discussion on career aspirations and identification of development needs
- g. Prioritisation of training and development
- h. Identification of barriers to individual and team performance
- i. Overview of individual performance
- j. Overview of team performance
- k. A broad ranged rating system for final score

6.2 Design of system – engagement with staff

Passenger Focus staff at all levels should be involved in the design, consultation and approval of the new system.

6.3 Multi-Source Feedback

Further discussions should take place between the Executive Management Team and Staff Forum to investigate the feasibility and potential benefits of multi-source feedback, including 360 degree feedback and self appraisal.

6.4 Training and Guidance

Prior to launch of the new system, training should be given to all managers on the purpose, system, delivery and outcomes of performance appraisal. Guidance should be developed for staff receiving appraisals.

6.5 Performance Management

Passenger Focus Executive Management Team should discuss and agree a mechanism that ensures the outcomes of performance appraisal are incorporated into the wider performance management regime more comprehensively. This mechanism should identify how the results of individual and team performance relate to organisational performance and objective setting.

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Appendix 1 Passenger Focus Performance Appraisal Guidelines

Appendix 2 Passenger Focus Performance Appraisal Forms

Appendix 3 Summary of responses from semi-structured interviews

Appendix 3				
Summary of Semi-structured Interviews				
1. General	respondent A	respondent B	respondent C	respondent D
Seniority	Manager	staff	staff	staff
Transformation success?	very successful, credible organisation.	yes	partially. Some good things from old RPC thrown away to quick.	Very, last organisation was badly broken.
Organisation goals	helped to develop them, so fully agree	Seem straightforward. Not sure if we can achieve them all.	Can't remember all of them.	They seem the right ones.
role clarity	yes, happy with role	Yes, very straight forward.	I do as I am told. Happy to put my hand to anything that uses my railway knowledge.	Still developing my new role, bit more work required between my manager and I to nail it.
motivation	very good, happy to be part of new org	ok, but not enough work to fill the day	OK.	Very good
previous appraisal experiences	wide, good and bad	Been appraised a lot, mostly badly. Bosses couldn't be bothered.	No	Only worked for very small company,. Didn't have them.
2. Purpose	respondent A	respondent B	respondent C	respondent D
Why is it needed?	Strong link to org goals, development of staff, individual and team performance improvements	To make sure we are doing what we should be.	To give us the opportunity for proper engagement with bosses. To set objectives and measure them. To set training in place.	To make sure we are successful, and develop our staff.
How well is purpose communicated?	Very poorly	Not at all	Badly.	It isn't
3.1 Current system - expectations	respondent A	respondent B	respondent C	respondent D
<i>guidelines./training</i>	This was strong in previous organisation and is clearly needed.	Guidelines are ok	A bit more understanding on what could be achieved.	I want to learn what the organisation wants from it, and the role of managers and staff in it.
<i>documentation</i>	A robust system that prompts captures all issues	Seems reasonable, bit less than I have seen but its ok.	Is straightforward	It's a bit slim.

<i>type of feedback</i>	Strong supporter of 360 feedback. Worked well previously but with proper guidelines	Had 360 in last workplace. We all agreed what we would say, so don't see the point.	From my boss. Don't see the point of asking others.	From my boss. I think self appraisal could be worth trying.
<i>what is appraised</i>	Would expect to see achievement, effort and skills covered.	Whether I have met my targets and how hard I have worked.	My objectives.	Targets obviously, and would like competencies included as I want to develop myself.
<i>ratings system</i>	A system that reduces middling, and a broad range of scores	satisfied with them.	Its ok, I expect to hit my objectives most of the time, no more no less.	A wider range than we have.
<i>outcomes</i>	Organisation success, teams and individuals improved, financial bonus, training plans	Better training. Don't agree with it linked to bonuses.	More targetted training.	Personal development/career aspirations met
<i>other</i>	Need quarterly formal review of progress			
3.2 Current system - experiences	respondent A	respondent B	respondent C	respondent D
<i>guidelines./training</i>	None existent	OK.	A bit thin.	Very limited
<i>documentation</i>	Very limited	Appears ok.	Happy with it.	ditto
<i>type of feedback</i>	Only from my line manager.	From my boss.	Only from my boss, which is fine.	Had good feedback from boss. Current system doesn't allow for any more.
<i>what is appraised</i>	My targets, and my boss also recognises my effort.	Whether I have hit my targets.	Targets, and how hard I have worked.	Covered my targets, although they weren't that smart. Also covered what skills I had and needed.
<i>ratings system</i>	I got objectives exceeded last time but that could mean by a little or a mile. Needs widening.	Again, satisfied with them.	OK.	Bit narrow. Need widening out a lot.
<i>outcomes</i>	The organisation doesn't give enough effort to overall outcomes to influence business planning.	I got a fair appraisal and also got the training I needed in business studies	OK.	It identified my training needs, which have been implemented so I am happy.

<i>other</i>				
What is your experience elsewhere?	Very varied, have seen good in large plc and very poor in a local authority.	Its better here than previous jobs.	None	None
4.1 Delivery of performance appraisal- expectations	respondent A	respondent B	respondent C	respondent D
What do you expect from your PA interview?				
<i>Preparation</i>	I expect my boss to be well prepared and look like he is looking forward to it.	My boss to be prepared, and not take his mobile in.	I prepare for mine so I expect my manager to do so.	A good two hours so we are not disturbed.
<i>Open and honest discussion</i>	Yes, absoluteley expect honesty	To a degree,	Yes	Yes please
<i>feedback</i>	Same again, I want good feedback, I have thick skin.	same.	yes, from my manager	From my manager, and possibly self.
<i>fairness</i>	If appraisers had training, scoring would be fairer.	Yes, I expect all managers to be fair, although don't know how that could be achieved.	Obviously	yes.
<i>Comprehensiveness</i>	There should be a checklist to ensure all things are covered. Documentation is poor.	not answered.	It is fairly comprehensive.	A checklist would help.
<i>other</i>	Overall I expect a lot more			
4.2 Delivery of performance appraisal - experience	respondent A	respondent B	respondent C	respondent D
<i>Preparation</i>	My boss put 2 hours aside and seemed well prepared, and keen to listen.	Very good.	My manager seemed well prepared.	Very good.
<i>Open and honest discussion</i>	Happy with last interview	Reasonably.	Yes, last one was. Identified a few skill areas for me	Yes, happy with it.
<i>feedback</i>	No complaints	no answer	From my manager.	my manager gave feedback. I also told her how I thought I was doing, which was included in form.

<i>fairness</i>	Rating given reflected my own thoughts.	I met my objectives, and that was my score, so that's fine.	Satisfied with accuracy. Hit my objectives and appraisal said so,	Happy with it
<i>Comprehensiveness</i>	Was more focussed on targets than my development. No discussion on pay as it isnt part of system at present.	no answer	no answer	It went on for two hours and covered everything.
<i>other</i>				
What are your experiences elsewhere?	Much better at previous organisation. I appraised 12 staff, we had a very good system in place which staff respected.	It's a bit better here than elsewhere.	Too long ago to remember	none
5.1 Outcomes - expectations	respondent A	respondent B	respondent C	respondent D
What do you expect the outcomes to be?	Successful organisation, performing teams and people, setting realistic and challenging objectives.	My performance improved and my training needs met. New targets set that I agree to.	Better training. No to bonus or pay. New targets set.	Personal development/career aspirations met. Team targets and my targets to be SMART
5.2 Outcomes - experience	respondent A	respondent B	respondent C	respondent D
What is your experience of the outcomes at Passenger Focus?	Promising start. Much will depend on ability to pay bonuses and fund training and development.	Last years training not happened yet but is booked.	It has identified some training needs and these have been delivered so am satisfied.	Good but not sure what the organisation does with them all. I dont know if they review all the targets set,
And experiences from elsewhere?	Last two companies took it seriously. Company performed well, valued people.	Nothing ever happened. Went through the motions.	no	none
6. Other issues raised	respondent A	respondent B	respondent C	respondent D
6.1 Any other issues raised	Would liken to be part of design of improved system.			

Summary of Semi-structured Interviews				
1. General	Respondent E	Respondent F	Respondent G	Respondent H
Seniority	staff	manager	manager	staff
Transformation success?	wasn't part of old organisation but from what I have heard it's a lot better.	I wasn't here but signs are good.	Yes, appears very successful. Credibility already increasing.	Very successful. Old organisation lacked purpose and lacked business planning.
Organisation goals	Happy with them	Yes, put passengers first.	As I come from a consumer background, I can relate strongly to them	They are clear and meaningful
role clarity	Very straight forward but under resourced.	A new role, it will take time for me and the rail industry to adapt to it. I can see a strong link between what I am doing and organisation goals.	Yes, fine.	Role is still developing but it is getting clearer
motivation	Good, but very busy. Need support	New job, happy to be here.	Very good. Challenging new role but getting good support.	Good but could take more work on.
previous appraisal experiences	Managed a small customer service team, so did regular appraisals.	I managed a large team in local authority, and treated it more seriously than most managers there.	As a senior manager, I have wide experience, good and bad.	Been appraised within large public sector organisation. Very formal system.
2. Purpose	Respondent E	Respondent F	Respondent G	Respondent H
Why is it needed?	To meet our objectives, and develop and regard our staff	To make sure organisation goals are met and staff are doing the right things.	To ensure Passenger Focus succeeds through its staff performance.	To make sure we have trained staff who know what they are doing, and progress can be measured.
How well is purpose communicated?	Not very.	Not very well.	Not at all.	Not very well.
3.1 Current system - expectations	Respondent E	Respondent F	Respondent G	Respondent H
<i>guidelines./training</i>	Expected training and good guidelines.	Training for those who appraise and also the staff, so there is no ambiguity.	Training for managers, briefing notes for staff.	At my previous workplace it was given high priority. Managers and staff both had training.
<i>documentation</i>	Documents not well thought through, room for improvement.	Good documentation that follows a logical order.	A well thought out process.	When I came here I was expecting a detailed system in place. It is far from that.

<i>type of feedback</i>	Received and gave 360 feedback in last job. Not sure it was worth while.	360 feedback worked well in my last place, I would like to see it here.	From managers, and in some cases peer colleague feedback is helpful.	I am surprised 360 feedback is not included. I thought it was normal now. It is helpful if done properly.
<i>what is appraised</i>	System here concentrates on targets only. Behaviour could be included.	Full range of objectives, skills, effort, competencies, behavioural.	Everything from targets to behavioural to skills.	I expected more to be measured than just goals.
<i>ratings system</i>	A broad range that covers excellence to poor performance	A system that captures all of above.	Addition of competency matrix would help staff and organisation.	Needs much more thought and staff involvement.
<i>outcomes</i>	Good links to outcomes, particularly staff development.	Links to strategic objectives, senior management reviewing them, better performance from all, and training. Not sure about bonuses.	Feedback to corporate goals. An integrated training and development plan. Improved motivation. Not sure about link to pay though.	Not sure what the outcomes are apart from new objectives and informing the training plan.
<i>other</i>		I think the management know the current system is interim, so it needs sorting quickly.		It was surprising how lacking the system was.
3.2 Current system - experiences	Respondent E	Respondent F	Respondent G	Respondent H
<i>guidelines./training</i>	Doesn't match my expectations.	None existent	Could be much better	A few sentences on the form do not make guidelines.
<i>documentation</i>	Ditto. Not good enough to go forward.	Not very good.	Could be much better	Already covered.
<i>type of feedback</i>	Happy with manager feedback alone.	Had one appraisal, my manager gave feedback, could have been enhanced by views from colleagues.	Should ask the staff what they want.	Feedback from my manager was fine, but I work closely with my team.
<i>what is appraised</i>	My manager departed from form and we had good discussion on skills and behaviours. Was positive discussion.	Whether I hit my targets, and the competencies I have. Experience was better than the system.	Much too narrow. Only really captures target achievement.	To be fair, my manager raised skills and competencies and was keen to hear what my career aspirations are.
<i>ratings system</i>	Again, too narrow.	Not well thought through.	Again, too narrow.	too simplistic.
<i>outcomes</i>	Last appraisal identified my training needs so happy with it.	Satisfied with outcomes from my last appraisal. My development plan is continuing.	Better in practice than in theory.	My training was approved but not sure of any other outcomes.

<i>other</i>				
What is your experience elsewhere?	Last company, appraisal concentrated on targets only. That's all we were measured on.	Mixed. Its down to the attitude of the managers to make sure it works.	Ranges from very good to very bad. The best systems have time built in to design, deliver and monitor.	Last organisation had a very thorough system.
4.1 Delivery of performance appraisal- expectations	Respondent E	Respondent F	Respondent G	Respondent H
What do you expect from your PA interview?	Time to prepare, honest feedback, advice on career development, recognition of job well done (or not)	A thorough discussion on how I am settlin in, my early performance and how I am getting on.		
<i>Preparation</i>	Managers should be prepared.	Managers should make staff feel it's the most important task that day.	Good preparation, time booked, room booked, review of targets etc	My manager and I to both be well prepared. Room booked no disturbances
<i>Open and honest discussion</i>	Yes, definitely	Yes.	When I appraise I am very open and honest so expect it back.	Yes, this is the only way I can improve - through honest feedback.
<i>feedback</i>	Only want feedback from manager as not convinced 360 feedback is accurate.	I would like to see wider feedback.	not addressed further	Not raised again.
<i>fairness</i>	yes, definitely.	Yes.	yes	Yes, expect fairness
<i>Comprehensiveness</i>	Expect a thorough review of performance and all that affects it.	Yes, needs to be.	Yes, should cover everything about performance and barriers to it.	I expect much broader issues to be discussed than is on the forms.
<i>other</i>				
4.2 Delivery of performance appraisal - experience	Respondent E	Respondent F	Respondent G	Respondent H
<i>Preparation</i>	Only had one, manager freed up diary for afternoon, and had researched my statistical performance.	One interview so far, my manager took time to explore all issues and go wider than the documentation suggests.	Good so far as we didn't follow the script.	Both my managerr and I did prepare properly.
<i>Open and honest discussion</i>	Yes, was very good. Felt motivated	It was very positive	yes	We had a good open conversation on everything to do with my work
<i>feedback</i>		It was very positive and gave me confidence I was heading in the right direction.	from my manager alone.	Came from my manager but he did tell me he had received good feedback from others.

<i>fairness</i>	Very fair	Very fair.	yes	Appeared very fair
<i>Comprehensiveness</i>	Took 2 hours so everything was covered.	Yes, very.	yes	Very thorough, long discussion covered everything I wanted.
<i>other</i>	Felt motivated afterwards. My manager took a poor system and made it work.	My manager is very supportive.		
What are your experiences elsewhere?	Brief and to the point. Have I hit my targets or not?	Good, because I put the effort in.	When I have been appraised, sometimes managers seem to be inconvenienced by the whole thing.	Had good appraisals and average ones depending on manager
5.1 Outcomes - expectations	Respondent E	Respondent F	Respondent G	Respondent H
What do you expect the outcomes to be?	Better performance of me and my team. Meaningful new targets for teams and staff that contribute to business plan. Development plans for staff.	Links to strategic objectives, senior management reviewing them, better performance from all, and training. Not sure about bonuses. Links to training plan.	Feed back to corporate goals. New objectives. An integrated training and development plan. Improved motivation. Not sure about link to pay though.	Links to organisation performance, realistic objectives set, recognition of succesful team, career development
5.2 Outcomes - experience	Respondent E	Respondent F	Respondent G	Respondent H
What is your experience of the outcomes at Passenger Focus?	So far so good. I can see better performance and teams are responding well to new challenges.	Positive. There seems a strong desire to get it right.	No evidence that feedback to corporate goals is happening. All else seems ok.	My training was approved but not too sure of any other outcomes.
And experiences from elsewhere?				it was a very thorough system but we were never quite sure of what it achieved.
6. Other issues raised	Respondent E	Respondent F	Respondent G	Respondent H
6.1 Any other issues raised	Would be keen to help develop new system.			

Summary of Semi-structured Interviews		
1. General	Respondent I	Respondent J
Seniority	senior manager	staff
Transformation success?	Very, the old RPC wasn't delivering anything.	Was with old RPC for 3 years. This is much better, more focus.
Organisation goals	Contributed to the development of them, so fully behind them.	Yes, they make sense to me.
role clarity	Very clear	very straightforward
motivation	Feeling optimistic about the future for Passenger Focus.	ok but often under pressure due to reactive nature of my job,
previous appraisal experiences	Limited local authority experience.	none at all
2. Purpose	Respondent I	Respondent J
Why is it needed?	to get everyone working together towards common goals and have a strong. Trained and motivated work force.	to make sure we perform and to help develop us
How well is purpose communicated?	Could be better	not very well
3.1 Current system - expectations	Respondent I	Respondent J
<i>guidelines./training</i>	Clear guidelines, but its more about the attitude of the managers to do it right.	Would like training
<i>documentation</i>	A simple process that is well thought through.	Its not very good

<i>type of feedback</i>	if implemented properly, further feedback from peers and self could be useful addition.	Happy for my manager to provide.
<i>what is appraised</i>	Everything, behaviour, skills, objectives, effort.	How am I doing, and how much effort I put in.
<i>ratings system</i>	A wide range that recognises strong performers, rising stars, and the reliable plodders that every organisation needs.	Seems ok
<i>outcomes</i>	A better organisation to work for, better working conditions, developed staff, and a bonus scheme.	Better team work, better trained staff
<i>other</i>		
3.2 Current system - experiences	Respondent I	Respondent J
<i>guidelines./training</i>	Not very good at all	There aren't any
<i>documentation</i>	The current forms should be thrown away	Simple to follow and understand. Seems ok.
<i>type of feedback</i>	Only feedback is from manager. I deal with stakeholders, feedback from them may help.	Feedback from my manager is fine
<i>what is appraised</i>	We covered everything	How I am doing against targets. My manager also shows concern about my welfare
<i>ratings system</i>	Far too narrow.	I got objectives met which is reasonable reflection.
<i>outcomes</i>	This is a weakness. We haven't worked out what to do with appraisals in terms of wider performance management.	I have been on 2 training courses since so appears to be working.

<i>other</i>		
What is your experience elsewhere?	Was not taken seriously at all at my last work place, a local authority.	none
4.1 Delivery of performance appraisal- expectations	Respondent I	Respondent J
What do you expect from your PA interview?	There should be no surprises as my manager and I have 121 fortnightly.	
<i>Preparation</i>	Shouldn't be too much required if we keep up 121s	No restrictions on time, manager to appear interested.
<i>Open and honest discussion</i>	I always ask for and give honest feedback and opinion.	yes
<i>feedback</i>	I would like to widen feedback methods.	no response
<i>fairness</i>	The scheme falls into disrepute without fairness and honesty.	Yes I expect fairness
<i>Comprehensiveness</i>	Needs widening right out to cover what, why. Where. How and when.	not covered
<i>other</i>		
4.2 Delivery of performance appraisal - experience	Respondent I	Respondent J
<i>Preparation</i>	My manager is always well prepared and allocates plenty of time for appraisals and 121s.	My manager always allows plenty of time even though she is very busy
<i>Open and honest discussion</i>	Always, and two way	we had a good open discussion. Manager gives praise where due and raises concerns
<i>feedback</i>	I get good feedback from my manager. Always welcome more	Only from manager

<i>fairness</i>	Very fair	Always fair
<i>Comprehensiveness</i>	We go into a lot of detail	not covered
<i>other</i>		
What are your experiences elsewhere?	Was treated as an interference to proper work	none
5.1 Outcomes - expectations	Respondent I	Respondent J
What do you expect the outcomes to be?	A better organisation to work for, better working conditions, sensible and relevant targets, developed staff, and a bonus scheme.	Improved performance by me and team and Passenger Focus. And a good training programme.
5.2 Outcomes - experience	Respondent I	Respondent J
What is your experience of the outcomes at Passenger Focus?	its getting much better. Training is being ramped up to account for new ways of working. New objectives set for individuals are much more relevant	Training fine. New objectives seem more relevant for once
And experiences from elsewhere?		no
6. Other issues raised	Respondent I	Respondent J
6.1 Any other issues raised	System currently "owned" by HR. EMT should take ownership with staff input.	