

## **Performance Appraisal Systems: Procedural and Implementation Issues in Papua New Guinea**

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*With almost all organizations worldwide using a performance appraisal system, it continues to be a subject of importance and interest among human resource specialists. Although it is generally accepted as a western practice, performance appraisal now features in the management repertoires of organizations in countries around the world, both developed and developing nations. Yet, despite the apparent popularity of these systems, there is a dearth of information about their uses and implementation in non-western environments according to previous studies. This paper therefore, reports some of the results of a study on performance appraisal in Papua New Guinea, a non-western developing country.*

### **INTRODUCTION**

Performance appraisal has received considerable attention in the literature from both researchers and practitioners. With almost all organizations worldwide using a performance appraisal system, it continues to be a subject of importance and interest among human resource specialists. Much of the research on performance appraisal has been carried out in developed countries, particularly the United States and some input from Western Europe (Fletcher, 2001). Although it is generally accepted as a western practice, performance appraisal now features in the management repertoires of organizations in countries around the world, both developed and developing nations. Despite the apparent popularity of these systems, there is a dearth of information about their uses and implementation in non-western environments (Fletcher, 2001; Vallance, 1999; Milliman, Nason, Lowe, Kim, & Hou, 1995; Vance, McClaine, Boje, & Stage 1992).

Papua New Guinea is a developing country. Its rich natural resources coupled with the government's recognition of the private sector's important contribution to economic growth has attracted many multinational companies. With the widespread of performance appraisal in organisations around the world (Fletcher, 2001), it is likely that most organizations in Papua New Guinea have some form of performance appraisal system in place. Yet, very little is known about the actual systems and practices especially, in the private sector.

Previous studies on performance appraisal in different national settings have indicated that performance appraisal systems are used for a variety of purposes (Cleveland, Murphy & William, 1989), and also vary in the way they are structured (Bretz & Milkovich, 1990). Most of these studies however, have been conducted in developed countries hence, information on performance appraisal in specific non-western and developing countries is still lacking (Fletcher 2001). In view of that, previous studies on performance appraisal systems and practices in Papua New Guinea is virtually nonexistent hence, the

unavailability of such basic but vital information. This study focused mainly on the primary purposes and the manner in which appraisal systems were implemented in Papua New Guinea's private sector organisations.

## **LITERATURE REVIEW**

### **Performance Appraisal Purposes**

Performance appraisals are considered to be important human resource management tools (Milliman, Kim & Von Glinow, 1993; Gomez-Mejia, Balkin, & Cardy, 1995), and serve a number of purposes in organizations (Cleveland et al., 1989). According to Cumming & Schwab (1973), the objectives of performance appraisals can be categorised as either evaluative or developmental, however, these purposes are compatible. Cleveland et al. (1989) found in their study that both administrative (i.e., evaluative) and developmental purposes underlie performance appraisal even though the majority of respondents indicated that the primary purpose of the appraisal system was administrative. Brumback, (1988), stated that performance appraisals have been used primarily for two purposes - to help make administrative decisions (i.e. evaluative) and to meet developmental objectives. The evaluative purposes are primarily concerned with looking back at how employees have performed over a given time period, against a required standard of performance. The developmental function is concerned with improving the performance of employees by identifying areas of improvement, setting performance targets for the future, and agree on plans for follow-up actions.

Information collected from performance appraisal is used for making decisions about employees such as promotion, transfers, discharge, layoff, compensation, training need analysis and programs, and providing feedback for employee development (Landy and Farr, 1983; Ostroff, 1993). Appraisal information has also been widely used for performance improvement, feedback, development and documentation, as well as for research and evaluation such as test validation (Ferris, Barnum, Rosen, Holleran, and Dulebohn, 1995), and to evaluate human resource policies and programs (Fisher, Schoenfeldt, & Shaw, 1996).

Various other studies have reported their findings about the purposes of performance appraisal in organizations. Levin (1986), found the most common uses of performance appraisal to be one of determining employee training needs, merit review and salary administration. Thomas and Bretz (1994) reported from their study that performance appraisal information is most likely to be used for employee development or to administer merit pay. Thomas and Bretz (1994) identified the main developmental uses as improving work performance, communicating expectations, determining employee potential and aiding employee counseling. Apart from administering merit pay, other administrative uses are promotions, layoffs, transfers, termination, and validation of hiring decisions. Taylor and O'Driscoll (1994) reported their study in New Zealand to be consistent with a survey in the United States (Cleveland et al., 1989), in which the primary function of performance appraisal systems serves to provide individual employees with performance feedback, including identification of strength and weakness and giving recognition for good performance. Nankervis and Leece, (1997), in their study of Australian industry found that the most common purposes of performance appraisal systems relate to the current jobs and performances of employees, rather than to their future potential or career expectations.

The purposes of performance appraisal are diverse, and can often remain a puzzle in management processes, particularly, in developing and implementing the appraisal system. However, it is important that the design and implementation of a performance appraisal system be in line with the purposes it is intended to serve.

### **Implementation of Performance Appraisal Systems**

There are various questions concerning the implementation of performance appraisal systems. Some of these questions are: who designed the system; how often is appraisal conducted; who is the main source of appraisal; and which methods of appraisal are used (Taylor & O' Driscoll, 1994), to mention a few.

Performance appraisal systems were found in earlier studies to be designed by human resource specialists alone or, jointly with other individuals or groups within or outside the organization. According to Bretz, Milkovich, and Read (1992) performance appraisal systems were designed primarily by personnel specialists with only limited input from the managers who use the system, and virtually no input from employees affected by them. Nankervis and Leece (1997) also found in their study that appraisal schemes are primarily designed by human resource specialist themselves, or in combination with other parties. They also found that the majority of organisations in the Australian industry conduct appraisals annually. Taylor & O'Driscoll (1994) reported that while annual appraisals are common in New Zealand organisations, a surprisingly large proportion of organizations also conduct appraisals more than once a year.

The immediate manager (or supervisor), self, peers, customers and subordinates are all potential appraisers of an employee's performance. Traditionally, an employee's immediate manager and/or supervisor is the main appraiser of the subordinate's performance. The logic behind this is that since managers are held responsible for their subordinates' performance, it makes sense that these managers do the appraisal of performance. Non-traditional rating sources (e.g., self and peer) however, can also provide valid appraisals (Bretz *et al.*, 1992). Taylor & O'Driscoll (1994) found that managers were the primary appraisers in many organisations, although the appraisee do played an important role. Similarly, Nankervis and Leece (1997) reported the immediate supervisor as the main appraiser despite some interest in team or peer appraisal.

The three common aspects/criteria by which performance is appraised are: trait-based appraisal which assesses the abilities or other personal characteristics of an employee; behaviour-based appraisal which measures employee behaviour while on the job and; task outcome-based which measures the employees output (Fisher *et al.*, 1996). The nature of the job, the purposes of the assessment, and the size of the firm may be some determinants of the type of criteria to be used. Bernardin and Klatt (1985) noted that small firms tend to rely heavily on trait-based approaches, while larger firms relied on a combination of traits, behaviour and result-based techniques. They also found that one in five organisations did not give employees the opportunity to review the performance appraisal results.

There are various types of methods use in appraising employees' performance. Locher and Teel (1988) identified graphic rating scales, open-ended essay and management by objective as the most popular appraisal methods. In another study, Smith, Hornsby and Shirmeyer (1996) noted that none of the human resource managers reported using behaviourally anchored rating scales (BARS). Nankervis and Leece (1997) found in their study that a combination of methods was used in the appraisal of both managers and non-managerial employees. However, when they collated all the combination of methods, management by objective was nominated the most frequently used method for managers, and job competencies, for non-managerial employees.

### **Difficulties in Implementing Performance Appraisal**

Performance appraisal is one of the most praised, criticised and debated management practices for decades (Lawler, 1994), yet, it has been identified as one of the least popular practices of human resource management. Human resource managers' themselves show little confidence in their performance systems (Beer, 1981) since they have to play the roles of both judge and jury (Beer, 1987). Beer, 1987 further noted that most managers are not trained to handle difficulties that arise from negative feedback. Grote (1996), in discussing the training of appraisers and appraisees mentioned the importance of continuous training for personnel staff and human resource managers and especially for new managers (appraisers). Taylor and O'Driscoll (1994), in concluding their study identified three directions for training in performance appraisal: improving managers' skills, addressing appraisees' performance problems and discussing development needs and career aspirations of employees. To ensure successful implementation there needs to be a complete understanding, acceptance, and support of the appraisal system and its purposes

## **AIM OF STUDY**

This study examined the current performance appraisal systems of some private sector organisations in Papua New Guinea with the aim to provide a description of the primary purposes of performance appraisal systems, how these systems are implemented and, any difficulties experienced in implementing the performance appraisal systems. The findings of this study are important for at least two reasons. Firstly, it contributes to descriptive information on performance appraisal, in non-western developing countries and also provides an important building block for further studies. Secondly, an understanding of the current performance appraisal systems and their difficulties may provide some guidance for human resource managers in developing new appraisal systems and making appropriate improvements to current systems particularly, in the country's context.

## **METHODOLOGY**

### **Sample**

Semi-structured interviews on performance appraisal were carried out among human resource managers/administrators in Papua New Guinea's private sector organisations. A sample of 80 organisations was selected randomly from information provided by the Papua New Guinea Investment Promotion Authority and the Papua New Guinea Telephone Directory. The respondents were deliberately from organisations that have implemented a performance appraisal system thus, a letter was sent out to confirm their eligibility and willingness to participate in this study.

Of the 80 organizations contacted, 38 responded confirming the existence of a performance appraisal system. While two declined and 36 indicated their willingness to participate, another two were unavailable during the interview period, leaving a sample of 34 eligible organizations. The respondents consisted of 34 human resource managers or those administering the performance appraisal function. The job titles of respondents ranged from Human Resource General Manager, Human Resource Superintendent, Human Resource Manager, Human Resource Consultant, Human Resource Officer/Supervisor, and Finance and Administration Manager.

Respondents' average years of experience in conducting performance appraisal was 11.4 years. Of the 34 respondent, 67.7% were nationals and 32.3% were expatriates. The gender of the respondents was 25 males and 9 females. The average number of employees per organization was 670.

### **Questionnaire**

The Questionnaire has two parts, of which only some findings of the first part are reported in this paper. This part of the questionnaire was divided into three sections to determine the following information: the primary purpose for conducting performance appraisal; how the performance appraisal systems are implemented and; any difficulties encountered in implementing the appraisal systems. Particular questions relating to how performance appraisals are implemented were similar to those used by Taylor and O'Driscoll, (1994). In their study, data was primarily collected through a mailed questionnaire using structured questions whereas in this study, data was collected through a semi-structured interview using both open and closed ended questions. Most of the closed-ended questions asked sought responses on a 5-point likert scale, for example: 1= 'very small extent' to 5 = 'very large extent'. However, the respondents were also encouraged to talk freely about whatever seems important to them in relation to each question.

### **Procedure**

A letter was sent out to each of the Human Resource Manager of the randomly selected organizations four weeks before the interviews were conducted. Managers were telephoned two weeks later, and interviews arranged. Both the face-to-face and telephone interview methods of data collection were utilised in which all the participants were interviewed individually by the researcher. The choice of

interview methods was largely due to the remote geographical locations of large mining companies and also time and financial limitations.

The face-to-face interview methods was used to collect data from the bulk of the respondents based in their respective organization's head office located in either one of the country's two cities, Port Moresby and Lae. The telephone interviews on the other hand, were used to collect data from respondents located in other provinces in the country. Both methods of interview were conducted using the same approach through which the respondent was informed of the overall aim of the research, the purpose of the interview, and confidentiality of the information obtained at the beginning of each interview using a standard introductory note prepared by the researcher. Of the 34 participants, 30 were interviewed face-to-face and four by telephone.

## RESULTS

All (n =34) the respondents in this study confirmed that their organisations have implemented a performance appraisal system. The organizations have used their current performance appraisal systems for an average of 4.7 years before the survey. As shown in Table 1, 44.1% of the organizations refer to their particular appraisal system as performance appraisal, 20.6% performance management, 11.8% performance review, 5.9% each of performance evaluation and performance assessment respectively, and 11.8% are referred to by other terms.

**TABLE 1**  
**TERM USED FOR PERFORMANCE APPRAISAL SYSTEM (PAS)**

| <b>Term by which PAS is referred to:</b> | <b>Number</b> | <b>Percentage (%)</b> |
|--|---------------|-----------------------|
| Performance Appraisal                    | 15            | 44.1                  |
| Performance Review                       | 4             | 11.8                  |
| Performance Management                   | 7             | 20.6                  |
| Performance Assessment                   | 2             | 5.9                   |
| Performance Evaluation                   | 2             | 5.9                   |
| Others                                   | 4             | 11.7                  |

The majority (44.1%), of respondents reported that their current performance appraisal system was designed within the organization by human resource personnel in consultation with other managers. This was closely followed by 35.3% whose appraisal systems were designed by their overseas based parent company. Others reported designing their appraisal systems jointly with consultants (8.8 %), jointly with parent company overseas (5.9 %), or engaged a human resource consultant (2.9%).

### **Purposes and Use of Performance Appraisal**

All of the respondents reported the overall functions of their performance appraisal system as both evaluative and developmental. The majority (61.8%), of respondents viewed the overall function of their performance appraisal as evaluative to a 'large extent' followed by 29.4% to a 'very large extent', and 8.8% to a moderate extent. The view of the overall function of the performance appraisal systems as developmental was reported by the majority (38.3%), as been to a 'very large extent', 23.5%, to a very large extent, 17.6%, as moderate, 14.7%, to a 'small extent' and, 5.9%, to a 'very small extent'.

Respondents were asked what the main purposes (objectives) of their performance appraisal systems were in which they were allowed to state more than one purpose. The most common of the many objectives reported were the identification of training (14 organizations), reward/compensation (13 organizations), meeting organizational goals (12 organizations), evaluating current performance (11 organization), and other less common objectives as shown in Table 2. When asked about the extent to which performance appraisal information is used to discuss employee development, the responses were

‘to a large extent or more’ 41.1%, ‘moderate extent’, 29.4%, ‘small extent’ 20.6%, and 8.8% said ‘never’. Responses to the extent to which employees’ salaries and wages are influenced by their performance appraisal were 38.2%, ‘moderate’, 35.3%, ‘very large extent’, 14.7%, ‘large extent’ and, 11.8%, said ‘not at all’. The majority (94.1%), of managers were also reported to be recommending pay increases based on performance while only 5.9% reported otherwise.

**TABLE 2**  
**THE MAIN PURPOSES OF PERFORMANCE APPRAISAL**

| <b>Purpose is to:</b>                  | <b>Frequency</b> | <b>Percentage (%)</b> |
|--|------------------|-----------------------|
| Identification of Training needs       | 14               | 20.6                  |
| Reward employees for good performance  | 13               | 19.1                  |
| Meet organisational goals              | 12               | 17.6                  |
| Evaluate current performance           | 11               | 16.2                  |
| Employee Career Planning & Development | 7                | 10.3                  |
| Improve employee performance           | 4                | 5.9                   |
| Feedback                               | 3                | 4.4                   |
| Others                                 | 4                | 5.9                   |

### **Frequency of Appraisal**

The majority (61.8%) of the respondents reported conducting their performance appraisal annually with 29.4% conducting theirs 6 monthly, and the remaining 8.8% conducting appraisals either 4 monthly, 3 monthly, or as and when necessary (see table 3). Informal reviews were being conducted by organizations during the course of the year in which 35.3 % indicated that this was done frequently, 32.4% have it done sometimes, 17.6% rarely, 8.8% always, and 5.9% do not review performance informally.

While more than half (64.7%) of the organizations conduct performance appraisals on all their employees, 35.3% of the organizations do exclude some categories of their employees from appraisals. Those excluded from being appraised include lower level employees, top management, specialist and, casual staff.

**TABLE 3**  
**FREQUENCY OF PERFORMANCE APPRAISAL**

| <b>How often is appraisal conducted?</b> | <b>Number</b> | <b>Percentage (%)</b> |
|--|---------------|-----------------------|
| Yearly                                   | 21            | 61.8                  |
| 6 monthly                                | 10            | 29.4                  |
| 4 monthly                                | 1             | 2.9                   |
| 3 monthly                                | 1             | 2.9                   |
| As and when necessary                    | 1             | 2.9                   |

### **Source of Appraisal Ratings and Appraisee Participation**

Almost all (94.1 %), the respondents reported having the immediate manager as the main appraiser, with some input from the immediate manager’s superior, in the case of appraising professional employees. Of the minority who reported otherwise, 2.9 % said that appraisals are jointly done by both the appraisee and immediate manager, and another 2.9 % said the Departmental head (manager’s superior) alone is the appraiser. When the respondents were asked if the employees did have an opportunity to make an input in their own appraisal, the majority (79.4%) indicated positively and the minority (20.6%) indicated negatively. Few respondents however commented that, ‘even with some input

from the individual employee appraised, the immediate manager still has the final say'. Apart from some interest shown, there was no actual input from peers and customers in assessing an individual's performance. This was supported in another question when the majority (94.1%) of the respondents said that immediate managers have a major contribution in rating individual performances.

### Setting Objectives, Appraisal Criteria and Methods

The extent to which individual and work-group performance objectives are set at the beginning of each appraisal period is shown in table 4. While the majority (67.7%) ensures that it is 'always' done, the minority (32.3%), are not very consistent. According to some respondents, management mostly sets the objectives with little or no input from the employees performing the job.

**TABLE 4**  
**SETTING PERFORMANCE OBJECTIVES**

| <b>Are performance objectives always set at the beginning of the appraisal period?</b> | <b>Number</b> | <b>Percentage (%)</b> |
|--|---------------|-----------------------|
| Rarely   | 1             | 2.9                   |
| Sometimes  | 4             | 11.8                  |
| Frequently   | 6             | 17.6                  |
| Always   | 23            | 67.7                  |
| Total  | 34            | 100                   |

Employee performance in the majority (61.8%), of organizations is appraised on both the task-outcome and behaviour of employees (see Table 5). Of the remaining 38.2%, the appraisal criterias used were 26.5% based on task-outcome alone, 5.9% based on behavior alone and, 5.9% utilised task-outcome, behaviour and traits. The same criteria for assessment were used for all categories of employees in 88.2% of the organizations whilst the other 11.8% of organizations utilised different criteria for each category of employees.

**TABLE 5**  
**ASPECTS BY WHICH PERFORMANCE IS APPRAISED**

| <b>Aspects appraised</b>          | <b>Number</b> | <b>Percentage (%)</b> |
|-----------------------------------|---------------|-----------------------|
| Task outcome                      | 9             | 26.5                  |
| Behaviour                         | 2             | 5.9                   |
| Task outcome and behavior         | 21            | 61.8                  |
| Task outcome behaviour and traits | 2             | 5.9                   |

The rating scale is the most common method (47.1%) used in assessing employee performance. Other methods used were essay writing (26.5%) grading (17.6%) and ranking (8.8%). A few of the respondents also mentioned a slight combination of other methods but not significantly. Respondents reported using the same appraisal method to assess individual performance of all categories. The majority (82.4%), of respondents also reported including a global/overall rating of each individual's performance whilst the minority (17.6%), do not give global ratings.

### Feedback and Openness

The majority (91.2%) of organisations provide feedback to employees on their performance after a formal appraisal. However, the remaining 8.8% prefer not to provide feedback to employees especially,

when an employee's performance report is unsatisfactory. One of the respondents explicitly said 'it is not easy communicating the results to those who have performed badly, good performers can see the result in their pays'. However, most (88.2%), organizations do allow employees to view their individual formal appraisal reports, while only a few (11.8%) preferred not to.

### Acceptance of Appraisal Results and Concept

With the exception of a minority (17.6%), the majority (82.4%) of respondents perceive that their employees do not 'totally accept' the validity of the appraisal results. Yet just over half (58.8%) reported that employees do contest the appraisal results while the other 41.2% reported otherwise. Also, acceptance of the concept of performance appraisal was rather poor amongst the employees as reported by the respondents. A minority (23.5%), said that their employees 'totally accept' the concept of performance appraisal while the majority (74.5%) reported the acceptance of performance appraisal concept only to various lesser extents as shown in Table 6.

**TABLE 6**  
**EXTENT OF ACCEPTANCE FOR PERFORMANCE APPRAISAL CONCEPT**

| <b>Extent to which appraisal concept is accepted</b> | <b>Number</b> | <b>Percentage (%)</b> |
|--|---------------|-----------------------|
| Small Extent   | 11            | 32.4                  |
| Moderate extent                                      | 2             | 5.9                   |
| Large extent   | 11            | 32.4                  |
| Very large extent                                    | 2             | 5.9                   |
| Total Acceptance                                     | 8             | 23.5                  |

### Difficulties with Implementing Performance Appraisal

Just over half (52.9%) of the organisations reported evaluating the effectiveness of their performance appraisal system in serving its primary purpose(s), whilst 47.1% did not indicate to have done so. Most of those that did evaluate their appraisal systems did so through informal discussions and others observed improvement in employee attitudes to their jobs. Surprisingly all the respondents were satisfied about their performance appraisal systems to certain extents. This includes those who up to the time of survey have not yet evaluated the effectiveness their current performance appraisal system. When asked if they were satisfied that the purposes of their performance appraisal system have been fully served, 58.8% confidently answered 'yes' while other 41.2% indicated 'somewhat yes'.

The majority (70.6%) of respondents mentioned that some managers (appraisers) do find it difficult to implement some parts of the appraisal system while a minority (29.4%) reported that managers in their organizations have no difficulties implementing their appraisal system. The respondents frequently mentioned that new managers including those recruited from outside the organization often have difficulties in sufficiently completing some parts of the appraisal forms and process. The most common difficulties reported to be faced include; completing the appraisal forms and procedures as designed (especially, newcomers to the respective organizations), failure to provide feedback (especially, negative outcomes) to subordinate and, tendency to evaluate their subordinate's performance in isolation instead of doing it jointly. A few (5) organizations proclaim to run some sessions on 'how to conduct performance appraisal' each time before the actual appraisal takes place. Some others referred to instruction manual for their performance appraisal systems that are available as guides.

Finally, the respondents were asked if they would like to see any modification made to their performance appraisal system. While 44.1% reported not considering any modification to their system as yet, the other 55.9% would like to see their performance appraisal systems modified. The modifications suggested were to a) allow for more input from appraisees, b) simplify the system and forms to ensure easy implementation, c) construct a more improved and formal system, d) include section on development



of employees on the forms, e) increase attributes to be appraised, f) design a performance appraisal system appropriate for Papua New Guinea, g) include peer input, h) change appraisal timing (yearly to 6 monthly) and, i) allow employee to decide on training needs.

## **DISCUSSION**

Performance appraisal' is the most common term by which private sector organisations in Papua New Guinea refer to their performance appraisal system. These systems were designed either primarily by the human resource manager in consultation with other managers within the organisation or, by their overseas based parent company which was a notable factor among international firms. Consistent with an early work (Bretz et al 1992), this suggests that there is virtually no input from the employees affected by the appraisal. Even managers who use the systems do not have much input (in the case of firms inheriting systems designed by overseas-based parent firms). Yet the performance appraisal systems are expected to be implemented effectively by the host managers within their organisations.

### **Purposes of Performance Appraisal**

The results of this study suggest that the overall functions of the performance appraisal system in most of the organisations are both evaluative and developmental with more focus on the former. There appears to be no conflict in these two primary functions being served by the same performance appraisal system. No respondents indicated the use of separate appraisal systems for each function. The main objectives of the performance appraisal systems reported by the respondents suggest that organisations use one appraisal system for both developmental and evaluative functions.

The main purposes of performance appraisal systems in Papua New Guinea are to identify training needs of employees and training, evaluating current performance towards meeting organisational goals, and rewarding employees for good performance. The vast majority of respondents indicated that pay was influenced by performance appraisal. This links to a follow-up question in which managers were recommending pay increases based on performance. In addition to their main appraisal method, most organisations also used global rating, which is used mainly for making pay decisions. Other common performance appraisal objectives such as providing feedback, personnel planning, identifying employee potential and counseling, were rarely mentioned amongst the main purposes of performance appraisal systems in this study. However, in a later question, it was found that the majority of respondents did provide feedback but the formality of it is unknown.

### **Implementation**

Most organisations in Papua New Guinea conduct their formal performance appraisal annually while some conduct theirs more than once a year. However, little attention is given to informal performance reviews during the course of the year. This practice supports the reward for good performance, one of the main purposes of performance appraisal identified in the study, which is link to annual pay increases. It also supports the finding that providing continuous feedback was not one of the main objectives of performance appraisal systems in Papua New Guinea.

The immediate managers are the main source of appraisal ratings in most organisations although, there is some input from the appraisees themselves. Other sources of ratings such as peers and customers have no formal input in assessing an individual's performance in almost all the organisations. While the majority of organisations allowed their employees to view and sign their performance appraisal reports to ensure openness of the appraisal processes and outcomes, few preferred not to. A combination of task-outcome and behaviour is the most common criteria used in assessing an employee's performance in most of the organisation. While rating scale is the appraisal method used by most organisations, a surprisingly good number of organisations use the essay writing method.

One of the notable findings of the study was that the majority of employees do not 'totally accept' neither the appraisal results as valid, nor the concept of performance appraisal. This in some ways may be linked to the level of employee participation in rating their own performance, and the setting of

performance objectives. While appraisees do participate in assessing their own performance, formal self-appraisal is not a common practice in most of Papua New Guinea's private sector organisation. Hence, the immediate manager is likely to be seen by employees to be dominating the appraisal rating and playing the role of judge. Setting of performance objectives are mostly done by managers for the employees who perform the job. Furthermore, setting of personal development goals for employees such as taking training courses do not receive much encouragement. Organisations in Papua New Guinea's private sector could incorporate management by objective (MBO) to increase employee participation.

While most organisations indicated that they do provide feedback to the employees, the depth and extensiveness of the discussion is unknown and employee dissatisfaction is perceptible. It is also important to appreciate that feedback was not found to be one of the main objectives of the appraisal systems as mentioned earlier. Therefore, its implementation on the part of managers may not be viewed as essential but rather, part of the appraisal process that needed to be done, resulting in employee dissatisfaction. The reasons for the lack of employee acceptance of the validity of performance appraisal results and the concept has not been investigated further however, some cultural implications are notable.

### **Difficulties and Modifications of Appraisal Systems**

The respondents reported some of difficulties faced in implementing the performance appraisal systems and suggestions for modification to these systems. One problem organisations are faced with is the failure of some managers to correctly complete the appraisal forms and procedure as designed. This issue was supported with one of the most preferred modifications - to simplify performance appraisal systems to ensure easy implementation. The finding implies the need for more input from both managers and employees in the design of the appraisal system. This is particularly important, for organisations that use appraisal systems designed by their overseas-based parent companies. Another most frequently cited modification reported was to increase appraisee participation in the appraisal process.

The other difficulty expressed was the failure of managers to communicate feedback especially, negative results to employees. Some organisations do provide sessions for their managers on 'how to conduct performance appraisal' however, the results suggest that there is a need for training and coaching of both managers and appraisees in the appraisal process. Training and coaching has a major impact on the effectiveness of appraisal interviews (Anderson, 1996 & 1993). Hence, managers will comfortably conduct appraisals and provide feedback (including negative comments) without fear of the consequences of being frank. Appraisees on the other hand, will be prepared to absorb the consequence of their performance without grievance or feelings of demotivation.

Consistent with the findings of Taylor & O'Driscoll (1994), common difficulties such as rating bias were not mention by the respondents. Apart from allowing for more input from appraisees, and simplify the system and forms to ensure easy implementation, other preferred modifications suggested are; inclusion of section on development of employees, a system appropriate for the country's context, inclusion of peer appraisal and, change to appraisal timing (yearly to 6 monthly).

### **CONCLUSION & RECOMMENDATION**

Like organisations around the world, performance appraisal systems are part of the management process of organisations in Papua New Guinea. It is evident that both the evaluative and developmental purposes are been served by the appraisal systems with more focus on the former particularly, in relation to pay/compensation.

On one hand, there is the seriously low percentage of employee acceptances of the validity of performance appraisal results and concept. This is an indication of some dissatisfaction with current appraisal practices particularly, with the lack of employee participation in the appraisal processes and appraisal training. On the other hand, there is the surprisingly high percentage of performance appraisal systems reported to be effectively serving their purposes within the organisations with some improvements needed.

This study provides a description of the performance appraisal system as reported by human resource managers (administrators) without any consideration of the influence of contextual factors in a non-western developing country context. There are implications in this study for both practitioners and further research. Apart from reasons stated earlier, the poor acceptance of performance appraisal by employees may be due to contextual factors that have not been discussed in this report. Further studies are needed to ascertain how performance appraisals are actually practiced by engaging multiple respondents from all levels in the organisations. This may provide some understanding on what is actually practiced instead of what is intended and also bring to light any implications of the practices as a result of contextual factors. Additionally, organisations and practitioners in the process of developing their performance appraisal systems and procedures should seriously take note of the concerns (i.e. difficulties and modifications) reported. This may help provide some help towards designing and implementing a more appropriate appraisal system.

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