Perceptions of Performance Appraisals in the Public Sector

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Abstract

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Performance appraisals for government employees has been a contentious topic for scholars for several decades. Contradictory information regarding performance appraisal effectiveness has added to the skepticism felt by participants. Performance appraisals were first introduced to the public sector by President Carter through the Civil Reform Act. The goal of appraisals was initially dependent upon the type of work being performed. Executive-level employee appraisals to be based on both the performance of the individual and the organization’s performance. Non-executive employees were to connect individual performance with the agency’s objectives. The ultimate goal was to create a system to assess employee performance and advance the operational functions of the organization. The proposed study aims to analyze factors associated with employee perceptions of performance appraisals in the public sector and to help identify key factors that aid or impede appraisal effectiveness. Using surveys and interviews, quantitative and qualitative data can be gathered from current federal, state, and local government employees who were participate in the appraisal process. This study can provide insight on the perceptions of appraisals and identify if they provide any value to public organizations.
Introduction

Performance appraisals for those employed by the public sector has been a subject that has received a lot of attention through the years. Even though it is not a new topic for public administration, contradictory data concerning the effectiveness of performance evaluation is still present. Advocates of appraisals argue that performance appraisals can “provide the groundwork for employee counseling, development, and individual goal setting” (Ammons & Condrey, 1991, p. 254), while critics argue that the appraisal system does not work. The current appraisal system was introduced to the federal government by President Carter through the Civil Reform Act. Performance appraisal objectives were dependent upon the role of the employee. Senior executive evaluations were intended to assess the agency and the individual’s performance. Evaluations for employees who did not hold executive positions were intended to connect individual performance to the agency’s goals (Milkovich et al., 1991). Milkovich and his colleagues (1991) state that “the science of performance is directed toward two fundamental goals: to create a measure that accurately assesses the level of individual job performance and to create an evaluation system that will advance one or more operational functions in an organization” (p.45). In other words, implementing a performance appraisal system was intended to determine how employees were performing and determine if the agency was reaching any of its goals. In theory, the notion of having a way to assess employee performance is advantageous but shifting this theory into existence has been no easy task. A quick note before moving forward, the literature uses the term appraisal and evaluation interchangeably; this paper will do the same when discussing the subject.

During most trainings centered around the subject of performance appraisals, the trainer accentuates that employee performance will improve if the performance appraisal is completed
accurately; but, the word accurate is the keyword in that assertion. Attaining a truly accurate picture of a worker’s performance can be challenging when utilizing performance evaluation because several appraisal elements are unstandardized. Due to the lack of standardization, some items on the appraisal open to interpretation. In addition, if responses are based on perspective, instead of being centered on quantifiable results, it can lead to debatable outcomes. Keeping this in mind, it is important to ascertain if evaluations provide an accurate description of how the worker is performing from the perspective of both the employee and the supervisor. Obtaining this information can provide a well-rounded view of perceptions about performance evaluations and the process.

Another issue with performance appraisals is the perception that they do not have any benefits or consequences associated with them. The lack of association to benefits or consequences leads people to perceive performance evaluations as a waste of time. The idea that evaluations are a time-waster is not siloed within the academic community (e.g., researchers). Generally speaking, public sector personnel either hate participating in the appraisal process or they are apathetic towards it. They only do it because performance appraisals are mandated. Both managerial and non-managerial government employees express the sentiment. Participants are rarely excited or optimistic about engaging in the appraisal process; and they often feel they have gained nothing of value after the process is completed. Without the presence of perceived benefits or consequences, can appraisals have a real impact on actual job performance? However, a more pertinent question is at hand, if evaluations have no impact on the quantity or quality of an employee’s performance in public agencies, then performance appraisals meeting there intended purpose? If the answer is no, the next step is to determine if performance appraisals are an effective tool for the public sector, or are they, in fact, a waste of time.
To summarize, the subject of performance appraisals has received much attention over the last few decades. There are numerous studies on the topic. Still, there has not been a consensus on its ability to obtain the results it was meant to achieve. Even though the effectiveness of appraisals has not been conclusively confirmed, public organizations still mandate the use of evaluations to assess their workforce. The current paper seeks to examine the aspects of the appraisal process that impact the accuracy of performance evaluations. It also aims to identify if any perceived benefits or consequences exist in the eyes of participants. Finally, the paper looks to determine if performance evaluations increase employee productivity. To address these factors, we will ask the following research questions: 1. Do employees feel performance appraisals accurately reflect their job performance? 2. Do employees perceive any consequences or benefits to be associated with performance appraisals? 3. Do performance appraisals improve job performance? As the discussion continues, these questions will be used to help guide the design of the study.
Background

Before we review the literature, it is crucial to understand how and why performance appraisals were integrated into the public sector. To gain an understanding, a discussion of how the merit system began in the federal government is necessary. Before the passage of the Pendleton Act of 1883, the spoils system—appointing political supporters to a government office—was prevalent in public service. The Pendleton Act of 1883 introduced the merit system and classified civil service to the federal government. The Pendleton Act “enshrined the progressive ideal of the politically neutral and competent civil servant in federal legislation and signaled the ideological defeat of “spoils” (McGrath, 2013, p. 640). There were three fundamental merit principles within the Pendleton Act: 1. Fair and open competition for jobs, 2. Using neutral exams to obtain federal employment, and 3. Employee protection from coercion and political influence (Ingraham & Rosenbloom, 1990).

Initially, the Pendleton Act only had a minor impact after its adoption. Once it passed, it only covered about 10% of the federal workforce; however, the Act gave the president the authority to add employees to the merit system through executive orders. The Act also created boards of examiners that were decentralized to conduct the entrance examinations. “It proscribed open and fair competition for positions based on rational legal standards for evaluating and classifying cabinet-level positions” (Rusaw & Vinton, 2017, pg. 217). As time passed, Congress and the President added and removed positions from classified service.

In 1920 the Civil Service Commission was directed by Congress to create a uniform efficiency rating system. The Division of Efficiency was established, and a performance appraisal system attempt began to take shape (U.S. Civil Service Commission, 1928). In 1923 the Classification Act was passed. The Classification Act did several things: it established
nationally unified compensation levels by assigning universal categories of responsibilities and duties to occupations and positions with salary levels set to each position. It also legalized the principle of rank in positions. Arranging salaries in this manner meant that the same pay scale would be applied to all positions that fell in the same or grade. Pay would no longer be based on personal qualifications, but instead would be based on the job performed. (Belman, 1951). The Classification Act eventually led to the creation of a standard rating scale. Supervisors would now be required to use this rating scale to rate employees for each of the services they performed. However, the Classification Act was not well received. Critics of the Classification Act stated the process was too narrow and complex (Wilmerding, 1935); however, the Classification Act was not reformed until 1949. The Classification Act of 1949 still had its critics, but it simplified the classification system by reducing the number of pay categories to two (one for white-collar workers and one for blue-collar workers). The reformed Act also created the “supergrade” system, which could be considered the predecessor for the Senior Executive Service positions created by the Civil Reform Act.

There are a few other Acts worth acknowledging, but I will not go into too much detail about them for the sake of time. According to Jouno (1949), in 1940, the Ramspeck Act amended section 9 of the Classification Act and created efficiency rating review boards. The Ramspeck Act was later replaced by the Performance Rating Act of 1950. The Performance Rating Act was passed as an attempt to improve the appraisal system. Periodic meetings between the supervisor and employees were encouraged so mutual understanding of performance requirements could be gained (Leich, 1953). The Performance Rating Act also created three rating levels: Outstanding, Satisfactory, and Unsatisfactory. Workers had the option to appeal the ratings if they disagreed with the results. The Incentive Awards Act of 1954 allowed employees
to be recognized and receive cash awards for superior accomplishments. The Salary Reform Act of 1962 created an acceptable level of competence that could be used to determine if an employee would receive their grade increase. If an employee performed below the adequate level, their within-grade increase could be withheld; however, the agency has to prove that performance is unacceptable. Again, the employee has the right to appeal.

The Civil Reform Act of 1978 that was briefly discussed in the introduction is next. There are two key things the Civil Reform Act did that are worth noting before moving forward. The first thing the Civil Reform Act did was replace the Civil Service Commission with the Office of Personnel Management and The Merit Systems Protection Board. These two offices are the current overseers of human resources management and merit system principles for the federal government. Secondly, the Civil Reform Act included several important provisions. For example, the Act required that all employees receive performance appraisals, introduced merit pay for middle managers, and modified the procedures for handling poor performers (Brewer & Kellough, 2016). Now that the foundation for performance appraisals has been discussed, the literature review can begin.
Literature Review

Accurate

Grasse, Heidbreder, & Ihrke (2014) states that accurate ratings occur when focal individuals (those receiving the feedback) receive ratings that are agreed upon by the relevant parties. As indicated in the introduction above, proponents of performance evaluations are enthusiastic about the advantages performance appraisals can provide when they are completed accurately. Many advocates agree that performance evaluations could be beneficial for agencies that choose to use them; nonetheless, identifying if appraisals are completed accurately plays a crucial role in achieving the benefits noted by these advocates. When examining the research related to the subject of public sector performance appraisal accuracy, there was not a lot of information available. The majority of the research focused on the appraisal fairness. Fairness is an essential component of performance appraisals, and research on this aspect is vital, but how accurate appraisals are also important when addressing the topic of performance evaluations for government agencies. “Public managers are increasingly being challenged to put forward and implement an appraisal system that both accurately measures performances and is equitable in the distribution of the evaluation outcomes” (Kim & Rubianty, 2011, p.330). Still, accuracy has been somewhat of an afterthought in research. Rating accuracy is vital to performance appraisals because employees who believe the appraisal ratings are inaccurate will not buy into the performance system (Miller & Thornton, 2006); without participant buy-in the results of the evaluation will be ineffective.

Completing performance evaluations accurately is a challenge in the public sector since “simple jobs are more accurately evaluated than more complex ones” (Miller & Thornton, 2006, p.154). The intricate type of work performed by public sector employees makes establishing
uniform expectations that are entirely quantifiable difficult. For instance, most government organizations highlight the value of providing good service to the citizens they encounter. As a result, many employees are rated on customer service in their evaluations; however, customer service is not a task that can be easily assessed quantitatively. You will seldom come across an evaluation that indicates, ‘to attain an outstanding score, the employee must smile at 90% of the people that walk-in to the building, or you must have only one grievance for a client in a specified period of time to meet the criteria to receive a specific rating.’ Appraisal items are often not worded in this manner because agencies do not measure customer service in that manner. Organizations do not have people sitting next to every worker, counting the number of people that come into the building and how which workers gave a smile. It is unrealistic to measure customer service in that way, but because organizations are unable to quantitatively evaluate customer service, the rating is often based on the perspective of the person completing the evaluation, most often the supervisor. Basing the rating on perspective can lead to a theory called goal ambiguity. Chun and Rainey (2005) define goal ambiguity as the “extent to which an organizational goal or set of goals allows leeway for interpretation…” (p.2). Jung (2014) conducted research and discovered that unclear objectives can “impede performance in government agencies” (p.213). To demonstrate notion of ambiguous goals, the customer service example discussed above can be used. Many performance evaluations in the public sector employ the use of a 4 or 5 scale rating system, with 3 generally meaning the performance is acceptable. If a worker feels they should be rated a 4 for customer service, but the supervisor believes the employee should receive a 3, what score would the employee receive?

In most cases, the worker would be given the 3 rating, however, is the 3 rating an accurate reflection of the employee’s performance? The answer to the question is going to vary
depending on who is asked; there will be people within the agency that agree with giving the employee a 3; while others will disagree. Since the evaluation does not have an established quantifiable norm and therefore has a goal that is open to interpretation; Is it feasible to say the evaluation is correct if you cannot reach an undisputed agreement?

An additional concern related to the topic of accuracy is the amount of time supervisors and managers have available to devote to the evaluation process. It requires a reasonable amount of time to for a supervisor or manager to obtain an accurate picture of how their staff is performing. Alas, many supervisors or managers just do not have adequate time to devote to the process. For supervisors with many staff members, in addition to other work they are responsible for, it can be difficult to monitor how every person on their team is working on a day-to-day basis. If the rater (supervisor or manager) is not able to have substantial interaction with the ratee (employee) “when recalling information concerning the ratee’s performance, the rater will be biased toward recalling information that is made most available by the schema” (Benardin & Cardy, 1982, pg. 353). Similar research have not confirmed Benardin and Cardy’s findings that a lack of time is a major component for supervisors in the public sector. Lin & Kellough (2019) conducted a study and discovered that some supervisors did acknowledge that they give workers inaccurate ratings. Both a lack of time and lack of information were cited as reasons, however these reasons were not high on the list of perceived issues with appraisals. Lin & Kellough (2019) further finds that inflated ratings and flawed standards were identified as the most important issues. Inflated ratings- also known as the ratings creep- is the tendency to rate workers above the median. (Eremin et al., 2010). It is important to recognize that inaccurate ratings can happen in both directions (i.e., giving a worker a rating lower than they deserve). Berman et al. (2019) refer to these errors as leniency and severity errors. Berman and his
colleagues state that leniency error occurs more often than severity error and happens when supervisors want to maintain good relationships or avoid confrontation with aggressive workers. To lessen the rating creep, supervisors are being advised to be more critical of employees when giving their ratings. The request has produced exasperation for raters that must cope with the tough job of “explaining to an employee why he or she is a three when they think the employee should be a 4 or 5” (Eremin et al., 2010, p.8). Berman et al. (2019) notes that not all accuracy errors have a negative impact on the appraisal process. Compatibility error—the notion that the rater’s opinion of the ratee can influence evaluation can be tempered because managers generally like good performers. In this instance, the rating error may actually “represent true performance levels, and removing them may not improve accuracy” (Berman et al., 2019, p. 394). As suggested by the literature, accuracy is a crucial component of performance evaluations; without accuracy, the advantages and benefits of performance evaluations cannot be fully realized.

**Perceived Consequences**

The disinterest public sector workers have regarding performance evaluations could be because employees do not recognize that performance appraisals have consequences linked to low ratings. One could contend that the problem has nothing to do with the performance evaluation tool but may be because the assessment being completed inaccurately. Another finding from the Lin & Kellough (2019) research mentioned above indicate that inflated ratings are the number one issue recognized by raters as the rationale for inaccurate evaluations. Inflated ratings not only affect the correctness of the performance evaluation, but it can also indirectly alter the opinions of the workforce. Lin & Kellough provide an example of how the shift in opinion can occur. Lin & Kellough (2019) claim that one of the reasons inflated ratings happen
is because raters do not want to deal with aggressive workers. The issue with inflated ratings—apart from the inaccuracy—is that it conveys an idea that inadequately performing workers will not be given any repercussions. When no repercussions are given to workers are not working at an acceptable level, it supports their existing performance level, and they are likely to remain executing their work at the established level. Inflated ratings also leads the organization to believe that low-performing employees are working at an adequate level. If the organization is unaware that the employee is not performing well, the organization will be unable to offer the much-needed guidance the low-performing employee may need to improve. Inflated ratings can affect the work of other staff too. Personnel that operate under the assumption that appraisals are completed accurately will notice that repercussions are not provided to workers who underperform. Workers can interpret the lack of consequences as a signal that evaluations have no significant meaning within the organization. If the problem persists, fruitful workers may become resentful when they realize that staff with low productivity rates receive similar rewards. The result may cause high-performing employees to reduce their productivity over time.

Additionally, Lin & Kellough (2019) assert that inflated ratings happens because raters are expected to supply proof when they give ratings that are above or below average. They argue that inflated ratings “allows supervisors to avoid the trouble and time needed to construct and document justifications for low ratings” (p.185). It has also been suggested that raters may inflate ratings due to the perception that the performance of their employees is a reflection of the way they handle their workforce (Curtis et al., 2005). Put another way, raters may believe that giving an employee on their team a low evaluation rating is an indication that they are not doing their job very well.
As implied by the literature, the performance evaluation tool may not be the real problem. Many performance appraisal systems in the public sector do have penalties for employees who receive low scores (i.e., withholding the step increase, termination, demotion, etc.). However, when evaluations are done incorrectly, it gives workers the idea that unproductive workers still receive all the benefits that productive workers receive. Which, in turn, gives employees the impression that repercussions are not a part of the performance evaluation system.

**Perceived Benefits**

When addressing the topic of perceived benefits of performance evaluations in the public sector, the observations have been similar to those found with consequences. Many workers have not identified any benefits to be connected to performance evaluations. The research findings on this subject is mixed. The mixed findings could be a result of organizations implementing various kinds of performance appraisal systems. Several organizations utilize a pay-for-performance (also referred to as merit-based) system, but other organizations do not. In addition, a few public organizations use a combination of merit-based and non-merit-based appraisal systems within the same agency. For agencies that incorporate both systems, merit-based performance is generally used for managerial employees while the non-managerial employees use the non-merit-based performance process.

The concept of associating pay to performance has been successful for the private sector, so naturally, government agencies decided to give the system a try. Theoretically, the idea of pay-for performance should be successful. Pay-for performances systems are designed to give workers an equal opportunity to progress and attain incentives centered around their personal merit and efforts (Castilla & Benard, 2010). Regrettably, the research does not totally agree that
merit-based performance systems are successful for government agencies. Some studies confirm that employees at the federal level may perceive that their job performance is linked to pay (Nigro, 1981), however, Nigro also acknowledges that the link to pay-for-performance needs improving. The studies employing the use of state and local government personnel discovered that workers did not identify an association between the amount of work they perform and the how much money they receive; however, employees do recognize that may receive other types of rewards (Yeager et al. 1984). Perry et al. (2009) article provides a possible explanation of why merit-based evaluations may not work as well in government agencies. In the research study Perry and his colleagues argue:

> Although research has identified occasional performance pay successes, the programs typically have fallen short of intermediate and long-term expectations… The reason for the persistent failure of performance-related pay is more likely its incompatibility with public institutional rules, proponent’s inability or willingness to adapt it to these values, and its incompatibility with more powerful motivations that lead many people to pursue public service in the first place. (p. 45)

Weibel et al. (2010) additionally describes why merit-based performance systems may not be successful for government agencies. They suggest that many workers who are employed by government agencies do so because they are intrinsically motivated. These employees pursued work in the public sector due to having a sense of loyalty, duty, or because they enjoy the work. Weibel and his colleagues found that merit-based systems may undercut intrinsic motivation. “Giving someone a performance-contingent monetary incentive to do something they already enjoy can decrease his/her motivation to it as the person is then likely to view its action as externally driven rather than as internally appealing” (Weibel et al., 2010, p.388). Bellé (2015)
had similar findings, stating that pay related to performance has a more significant impact when there rewards are secret rather than observable. The study also found a harmful interaction between financial incentives and visibility among participants who were introduced to people who benefited from their work and heightened their awareness that they were making a positive difference in someone’s life. These results could indicate that merit-based performance systems may have a negative effect on intrinsic motivation.

The findings of these studies indicate varied outcomes. Various studies observed that merit-based evaluations have not provided any long-term gains for workers. However, there were other research studies that observed that workers do obtain certain gains as a result of the evaluation process, the gains are just not financial. Many employees in government agencies, do not link the step increase (pay raise) they receive every year with the performance evaluation process. Instead, many employees link this increase to the amount of time they have worked for the agency, not recognizing that if they do not pass their performance evaluation they will not get the increase. Now, the discussion for the last subject of our literature review can begin.

**Appraisal Influence**

When determining the influence performance evaluations have on actual performance, we are looking to figure out how effective appraisals are. Researchers have two definitions for effectiveness: a) does it accomplish the expected goals (Shany, 2012), and b) is it doing the correct things (Drucker, 2006). Longenecker et al. (1988) conducted a study to tackle this problem. Longnecker’s results found that performance evaluations had several advantages. The advantages include informing workers on where they stand, acknowledging employee performance, examining educational opportunities, etc. Even with all the advantages, the
appraisals were still observed to be ineffectual for increasing the motivation and productivity of employees. Teckchandani & Pichler (2015) has similar findings. In their study the researchers found that both supervisors and workers believe that performance evaluations are not an effective use of time and resources; in reality, “research shows that results of appraisals are often negative, leading to reduced employee performance” (p.20).

Kim & Holzer (2016) offers a potential justification for this finding. Kim & Holzer suggest that worker approval of performance evaluations may be a key component. The scholars argue, “when employees have limited buy-in to performance appraisals—in terms of its purpose and its values, the performance appraisal system may well be ineffective” (p.49). The conclusions imply that improving worker perspectives regarding the significance of the evaluation process can help increase the evaluation’s effectiveness. Employees should understand how appraisals can be used to move them forward in developing their professions. A factor that is used to identify if members of the staff was accepting of the appraisal process is the rapport between the rater (i.e. employee) and the ratee (i.e. supervisor), “no matter how valid and accurate the performance standards are, the absence of employee trust in their performance rater…would negatively affect employee perceptions” (p.49). Teckchandani & Pichler (2015) has similar suggestions asserting, “building relationships characterized by trust and support with your employees will lead to more positive reactions to the performance appraisal process, which will lead to outcomes such as improved job attitudes and performance” (p.20). Indicating that the rater and ratee relationship may be a vital element in affecting the performance of people who work for government agencies (Hassan & Hatmaker, 2015; Weiman et al., 2019) and the effectiveness of performance appraisals. The federal government recognizes the importance of the employee-manager relationship and is looking for ways to increase employee engagement.
To accomplish this goal, senior executive employees are now rated on employee engagement in their annual performance evaluations (Goldenkoff, 2015).

Summary and Research Gap

Performance evaluations do have the potential to be a helpful instrument for government agencies; however, there are substantial concerns public organizations must cope with if it intends to reap the benefits it may have to offer. There is no shortage of data on this subject from a variety of viewpoints through various fields; even with all the available research, some gaps still exist as it pertains to the public sector. Much of the existing research centered around government agencies focuses on evaluation fairness, with accuracy not receiving much attention. Fairness is undeniably a critical problem; however, accuracy is equally essential. To clarify, research on the topic of accuracy is available; however, nearly all of the research is centered around performance appraisal systems in the private sector. A second gap in the research to be tackled is the point of view the research studies focus on. Most of the research looks at the subject by gathering information from the manager’s (rater) point of view. There is very little research that been conducted from the employee’s (ratee) point of view. Both sides are critical to the problem; when the research is one-sided, it is difficult to determine what adjustments need to be made to help public agencies take advantage of the benefits appraisals may be able to offer.

An additional topic that has received some attention but could use further explanation is the perceived benefits related to performance evaluations. All of the available research on this topic concentrated on pay-for-performance (or merit-based) systems. The problem with the research being centered around pay-for performance is it neglects public agencies who do not use merit-based systems for non-managerial staff. It also excludes public agencies who do not use
merit-based systems at all. Further consideration should be given to the perceived benefits of workers who do not participate in a merit-based appraisal system to obtain a comprehensive assessment of perspectives from everyone employed by government agencies. Next, the discussion moved to the topic of consequences. There was not one research study that directly examined if employees link the appraisal process to any consequences. There was research that indirectly connects to consequences, which permitted me to make assumptions to link the subjects. Further studies need to be conducted to determine if a direct link exists between the two.

The last topic that is discussed is the impact performance evaluations have on job performance (effectiveness). The effectiveness of appraisals plays a critical role in how employees perceive the performance appraisal system. A wealth of research is available on this topic, and it is approached from several perspectives. Research studies have explored opinions, the supervisor/employee relationship, rates of participation, etc. The bulk of the studies indicate that evaluations are mostly ineffective, implying that performance appraisals did not increase job performance/productivity. The results of the research on this topic could explain why employees, specifically raters, are indifferent towards the appraisal process. If the appraisals have been proven to be ineffective, it is natural to wonder why they are required. As time progresses the task of completing appraisals becomes mundane and seen a waste of resources. It is important to note that although the studies indicated that appraisals did not improve productivity, a lot of the ineffectiveness was a result of the variables discussed throughout this literature review and not attributed to the actual evaluation tool. Since the appraisal itself may not be the problem, eliminating the use of appraisals may not be necessary. Addressing the issues discussed throughout this literature review could help improve the perceptions employees have
surrounding the topic of performance evaluations and that alone could help to improve their effectiveness. If the field can find ways to tackle the accuracy concerns and obtain a thorough depiction of the views of consequences and benefits by obtaining opinions from employees at every level it may be an instrument that could provide valuable information to the organization.

The topics discussed (accuracy, perceived benefits and consequences, and impact) throughout this literature review all play an important role in how employees perceive and participate in the performance appraisal systems. By addressing these issues, the goal is to understand what role each issue may play in the overall appraisal process and determine if any relationships exist amongst each variable. To accomplish this goal, a study will be designed to answer the research questions posed in the introduction. In the next section, the chosen research methodology will be discussed. A discussion about the variables being studied and the sample population that will participate in the study will also take place. To start the next section a reintroduction to the research questions and identification of the hypothesis is necessary.
Research Design

Research Questions & Hypotheses

As indicated by the literature review, there are several issues related to performance appraisals that can alter employee’s perceptions. This research study will attempt to investigate employee perceptions of performance appraisals in the public sector and determine if there is a relationship between those perceptions and appraisal effectiveness. To examine this inquiry, the following questions will be researched:

1. Do employees feel performance appraisals accurately reflect their job performance?
2. Do employees perceive any consequences or benefit to be associated with performance appraisals?
3. Do performance appraisals improve job performance?

The proposed study will test and analyze the following hypotheses:

H1. There will be a positive association between accuracy and perceptions of performance appraisals. This hypothesis seeks to determine if there is a possible relationship between accuracy and employee perceptions of performance appraisals. Perceptions of appraisals are better when evaluations are completed accurately and vice versa.

H2. Executive-level employees are more likely to perceive monetary benefits to be associated with performance appraisals. This hypothesis describes who is expected to recognize financial benefits to be associated with the appraisal process.

H3. As consequences associated with appraisals increase, perceived appraisal effectiveness will also increase. This hypothesis seeks to determine if there is a possible causal relationship between consequences and perceptions of appraisals.
H4. There is no association between perceptions of performance appraisals and actual job performance. This hypothesis suggests that there is currently no relationship between employee perceptions of performance appraisals and job performance.

Variables

As we continue to explore the subjects of accuracy, consequences, benefits, and effectiveness, it is essential to identify our dependent and independent variables. Analyzing and measuring these variables will allow us to determine if these factors contribute to employee perceptions of performance appraisals.

The dependent variable of this study is employee perceptions of performance appraisals. This variable can be measured on an ordinal scale from 1-5 (strongly agree to strongly disagree). Items on this variable will be used to assess if employees feel performance appraisals are needed within their organization; included will be statements such as “Performance appraisals are a necessary tool in my organization.” The first independent variable is accuracy. This variable can be measured on an ordinal scale from 1-5 (strongly agree to strongly disagree). Items on this variable will be used to determine if employees believe performance appraisal scores accurately reflect their job performance. It will include statements such as “My supervisor has a good understanding of my job performance.” A ratio scale measure is also included to assess the percentage of appraisals perceived as accurate by employees. The second independent variable is perceived consequences. This variable can be measured on an ordinal scale from 1-5 (strongly agree to strongly disagree). Items on this variable will be used to determine if employees perceive any consequences to be associated with performance appraisals. It will include statements such as “poor performers in my unit receives consequences as a result of performance
appraisals.” A nominal measure (yes or no) is also included to determine if employees feel consequences are associated with performance appraisals overall. The third independent variable is perceived benefits. This variable will be measured using a nominal scale (yes or no). The item will be used to assess if benefits are recognized to be associated with performance appraisals. Participants who answer yes to the nominal scale statement will then be asked to respond to statements measured on an ordinal scale from 1-5 (strongly agree to strongly disagree) to assess if the perceived benefits are monetary or non-monetary. The final independent variable is the impact on actual performance. This variable will also be measured on an ordinal scale from 1-5 (strongly agree to strongly disagree). Items related to this variable will be used to assess if performance appraisals improve job performance. This variable will include statements such as “Performance appraisals impact my work productivity.”

Research Methodology

The research will be a cross-comparative study using a correlational quantitative methodology. The correlational design is a non-experimental design that looks to examine if a relationship exists between the variables being studied. Participants will include employees from government agencies at various levels (federal, state, and local). There are many government agencies to choose from; due to the size of the population, a haphazard sample will be used by selecting 2-3 agencies from each level located in Southern California to use as a sample.

To collect the quantitative data, each participant will receive a survey via email and have two weeks to complete it. 2 email reminders will be sent out to participants who have not completed the survey by the deadline. The survey will consist of several closed-ended questions, most of which will be 5-point Likert-scale statements ranging from strongly agree to strongly
disagree. Two questions will utilize a nominal scale, and one question will use a ratio scale. Demographic information will be collected (gender, age-range, etc.). Information relating to agency-level (federal, state, local) and employment level (executive, managerial, non-managerial) will also be collected. No identifying information will be collected. Some survey statements will be obtained from the 2016 Merit Principles Survey (specifically statements 1, 3, 5 and 10). The Merit Principles Survey is a survey used by the federal government to receive information from their employees about their overall experience working with the organization. The items used in our survey are taken from the performance section of the survey. Descriptive statistics will be used to summarize the data and to assist with interpreting the findings.
Discussion

Research Limitations

The proposed study uses a haphazard sample of 2-3 agencies at each level (federal, state, and local) of government. Depending on the size of the agency, the sample could be thousands of people. While this may sound like a large sample, it is small compared to the number of public sector employees throughout the United States. It is also important to note that the sample was limited to the Southern California area. Therefore, perceptions and attitudes in this region may not accurately reflect the perceptions and attitudes of public sector employees in other areas of the country.

Another limitation of this study is that it only focuses on current perceptions, but perceptions can change over time. A longitudinal study would be able to identify if appraisal perceptions change over time or if they remain consistent throughout an employee’s career. Identifying this information could provide valuable insight into if appraisal effectiveness depends on where a person is in their career; in turn, it can help organizations utilize performance appraisals in a way that provides the most value.

Lastly, the study uses survey responses to collect data. Surveys are a great tool to use to gather a wide range of perspectives; however, participants are limited in the answers they can provide. Qualitative data such as interviews or focus groups allow participants to provide more detailed responses. Collecting data using a qualitative design could provide an in-depth look at perceptions to the appraisal process and help identify other areas that can benefit from further research.
Conclusion

The current appraisal system was introduced to the public sector through the Civil Reform Act of 1978. The performance appraisal system has received criticism since its adoption into the public sector. The purpose of implementing performance evaluations was to establish a tool to accurately evaluate individual job performance and to produce an assessment system that would move forward the operational functions of the organization. Critics assert that performance evaluations do not work, but advocates of the system believe that appraisals provide value to organizations and employee development.

The proposed research study focuses on the areas of perceived accuracy, consequences, benefits, and impact on job performance (effectiveness). The literature indicates that accuracy and effectiveness are significant concerns for performance evaluation. However, there is not much literature on the topics of perceived benefits and consequences, and further research on these specific topics are needed. This paper aims to answer the following research questions: 1. Do employees feel performance appraisals accurately reflect their job performance? 2. Do employees perceive any consequences or benefits to be associated with performance appraisals? 3. Do performance appraisals improve job performance? To answer the research questions the proposed study looks to test and analyze four hypotheses. H1: There will be a positive association between accuracy and perceptions of performance appraisals. H2: Executive-level employees are more likely to perceive monetary benefits to be associated with performance appraisals. H3: As consequences associated with appraisals increase, perceived appraisal effectiveness will also increase, and H4: There is no association between perceptions of performance appraisals and actual job performance.
The study proposes to use a haphazard sample of public sector employees from each level of government to collect quantitative data. The quantitative data received through surveys can help identify if performance appraisals are beneficial for the public sector. Collecting data in this manner has both benefits and drawbacks. Using surveys and a haphazard sample provides access to a large number of people without being too expensive. However, the results received from the sample cannot be generalized to other populations. The survey also only provides information about current attitudes and does not account for any changes that may occur over time. Further research using different research designs would be beneficial to obtain a more well-rounded view of the topic.
References


Appendix A

Thank you for participating in this survey. Responses to the following questions will be used to document and analyze the respondent’s perceptions of performance appraisals in the public sector. These responses are anonymous and confidential.

Directions: Circle or check off the response that corresponds to your answer for each statement. Please indicate how much you agree or disagree with each of the following statements.

1. The standards used to appraise my performance are appropriate.  
   
<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

2. Performance appraisals are accurate _____% of the time.

3. My supervisor has a good understanding of my job performance.  
   
<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

   
<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

5. I understand what I must do to receive a high-performance rating.  
   
<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

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1 Item obtained from 2016 Merit Principles Survey
2 Item obtained from 2016 Merit Principles Survey
3 Item obtained from 2016 Merit Principles Survey
6. There are benefits associated with performance appraisals.  

____YES _____NO (If no skip the next 2 questions)

7. I receive monetary benefits as a result of my performance appraisal.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

8. I receive non-monetary benefits as a result of my performance appraisal.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

9. There are consequences associated with performance appraisals.  

_____YES _____NO

10. Poor performers in my unit receive consequences as a result of performance appraisals.  

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

11. Performance appraisals are a deterrent against poor performance.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree or Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

12. Performance appraisals impact my work productivity.

—–—

4 Item obtained from 2016 Merit Principles Survey
13. Performance appraisals provide helpful information to improve my work.

14. Performance appraisals are a necessary tool for my organization.

15. What type of agency are you employed by?

16. What type of position do you currently hold?

17. What is your current age?

18. What is your gender?

19. What is your ethnicity?
20. Highest Education Completed:

<table>
<thead>
<tr>
<th>No High School Diploma/GED</th>
<th>High School Diploma/GED</th>
<th>Some College</th>
<th>Associates Degree</th>
<th>Bachelor’s Degree</th>
<th>Advanced Degree</th>
</tr>
</thead>
</table>