

IMPLEMENTATION OF THE PERFORMANCE APPRAISAL PROCESS IN THE MACEDONIAN CIVIL SERVICE AND ITS DETERMINANTS: DOES THE DESIGN OF THE PERFORMANCE APPRAISAL SYSTEM MATTER

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Abstract

In the actual circumstances, when every modern Government has accepted the "new public management" philosophy, the performance of the public administration is being measured by the achieved effects (outputs), rather than by the spent resources (inputs). Hence, it becomes bigger the need of developing a performance oriented organizational culture. And we generally know that the most common tool for developing such culture is the performance appraisal, as an instrument of the total quality management.

Because of the great importance of this concept, the aim of the research is determining the level of success in the implementation of the performance appraisal system in Republic of Macedonia, measured not only through the statistical indicators (appraisement ratio, distribution of marks, and fulfillment of the obligation for submitting a report on the conducted appraisals, which show *how much* the process is implemented), but also through the commitment to quality of the performance appraisal process, as indicator of the quality of the process' implementation (*how* the process is being implemented). This problem is explained in the light of the performance appraisal system's design. In that order, we examine the influence of the satisfaction with the design of the performance appraisal system and its motivational potential, as independent variables, over the commitment to quality of the performance appraisal process, as dependent variable which is subject of the empirical analysis (conducted through solely authored Likert scales, questionnaires and interviews). It is supplemented with the results from the comparative – descriptive analysis, which investigates the level of compatibility between the regulative framework in the Republic of Macedonia and the international "good practices" in the field of the civil servants' performance appraisal.

By its design, the research represents a comparative – descriptive study with an empirical research, conducted over a representative sample of 280 respondents, selected through the Cochran's and Krejcie & Morgan's sampling formulas. The data gathered was processed and summarized through calculation of the Pearson's correlation coefficient and the determination coefficient, as well as through the indicators of the descriptive statistics. The research findings have identified a relatively strong straightforward impact of the two investigated variables on the civil servants level of commitment to quality of the performance appraisal process (0.72 and 0.6 respectively correlation coefficient) and (0.5138 and 0.3631 respectively determination coefficient) and only partial compatibility of the regulative framework in the area of the civil servants performance appraisal with the international practices. The descriptive statistical indicators show that the level of commitment to quality of the performance appraisal process is 2.93 (on a scale form 1-5). This leads us to the general conclusion that the quality of implementation of the performance appraisal system is highly influenced by its design, and in Republic of Macedonia there is still space and need for its improvement.

Key words: Civil servant; Commitment; Motivational potential; Performance appraisal system; Satisfaction.

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1. Introduction

The performance appraisal is the strategy that constitutes the core of the strategic human resources management (HRM), unlike other HRM strategies i.e. it is the strategy that horizontally integrates all other HRM subsystems in the organization and makes the whole system of HRM consistent and coherent, and also it is a strategy that vertically aligns this system with the organizational strategic objectives. This gives the right, not underestimating the importance of the other HRM functions, to say that the performance appraisal is the strategy from whose successfully designing and implementing, depends the most the success of other HRM systems and of the organization, as a whole. But, in transitional societies like in the most countries of Southeast Europe, very often, this concept is wrongly understood and is experienced only in its "metric function, forgetting the essential determinants that make it a contemporary tool for adequate management of the human potential. Because of its immense importance, this topic is one of the most actual not only in the science of HRM, but also in the practice of the civil services in the countries affected by the wave of the administrative reforms called "new public management" and the actuality of this issue is especially expressed in the countries of Central and Southeast Europe (including Republic of Macedonia) which have accepted this concept much later and even now they are facing the "childhood diseases" and turmoil in the system.

Despite its importance and relevance, this topic is relatively new and under-researched phenomenon in public, unlike the private sector. Namely, in Macedonia the studies in this area are quite rare, although for 12 years it has been declaratively introduced this concept. Thus, this research comes even with some delay, 12 years latter after the normative introduction of the first performance appraisal system in the Macedonian civil service.

2. Brief Review of Literature and Previous Researches

The measurement of the human performance from afar has been subject to the interest of researchers and practitioners (Avery & Murphy, 1998, Bernardin & Beatty, 1984, and Hyde, 2001). Given that the performance appraisal (PA) (when the system is well designed and properly implemented) is one of the tools for improvement of the performance, the interest in this concept is enormous. Especially, the wave of administrative reforms - a "new public management", increased the interest in it even in the public sector. Generally, there are three major trends (guidelines) of research in the area of the performance appraisal.

By the early 1980s, the bulk of the theoretical and empirical studies have been directed towards developing and improving psychometric characteristics of instruments for accurately and objectively measuring the performance of human resources (studies Tznier et al. 2001, Tznier, et al., 1993). Their purpose was primarily through emphasis on psychometric aspects, to develop better appraisal formats that will be valid and reliable (Woehr & Miller, 1997). The second trend of research has moved the focus to the characteristics of the supervisor and the employee as a source of potential and real bias in the formation of assessments (studies of Cleveland & Murphy, 1992; Dewberry, 2001; Ford et al., 1986; Feldman, 1981). The emphasis was on training of appraisers in order to reduce errors in assessing and improving their observation skills. The third wave of research in the field of the PA, however, focused on the use and types of systems for performance appraisal within organizations (Scott & Einstein, 2001, and Lam & Schaubroeck, 1999). Literature has helped the organizations a lot to develop and adopt better and more effective and efficient PA systems, and administrators to understand the challenges that implies objective measurement of behavior. The questions in the literature which require an answer now include: what leads to high quality, functional and effective PAS and how it can be defined?

3. Problem Statement and Analytical Framework of the Research

In order to give a correct definition of the research problem, a comprehensive pre – research was conducted. Without that we are taking the risk of seeking a "cure" for the wrong "diagnosis". The pre – research started with systematic review of the statistical (quantitative) indicators of the PA process implementation for the last two years for which we had available data. These indicators are official - calculated and published each year by the Agency of civil servants. The results form these revisions are given in the tables below:

Table 1 Fulfillment of the obligation of submitting a report on the conducted appraisals for 2009 - 2010

	Authorities that have an obligation to submit a report on the conducted appraisals		Authorities that have submitted a report on the conducted appraisals	
	2009	2010	2009	2010
Central level	63	63	61 (96.8%)	63 (100%)

Local level	85	85	67 (78.8%)	72 (84.7%)
Total (C+L)	148	148	128 (86.5%)	132 (91.9%)

Table 2 Appraisal ratio and distribution of marks for 2009 – 2010

	Central level		Local level	
	2009	2010	2009	2010
Number / Percent of civil servants whose appraisal has been finished	6112 (85.5%)	6398 (85.2%)	1981 (92.3%)	2167 (92.2%)
Number / Percent of non assessed civil servants	1030 (14.5%)	1113 (14.8%)	166 (7.7%)	183 (7.8%)
“outstanding”	4643 (7.6%)	4846 (75.7%)	1001 (50.5%)	1097 (46.7%)
“satisfactory”	1373 (22.4%)	1448 (22.6%)	883 (44.6%)	948 (40.3%)
“partly satisfactory”	85 (1.4%)	92 (1.43%)	71 (3.6%)	88 (3.74%)
“unsatisfactory”	11 (0.2%)	11 (0.2%)	26 (1.3%)	34 (1.4%)

The high values of these parameters apparently indicate that the performance appraisal process for the civil servants in Republic of Macedonia is being implemented quite successfully. In other words, from the very high level of authorities which respect their obligation of preparing and submitting appraisal reports, very high appraisal ratio and very large percentage from the appraised civil servants who got the highest grade, we can assume that the Macedonian civil service is very strong and effective. But, if we go little deeper under the surface of the calculated numbers, the real situation and the parts from the European Commission reports which refer to the situation of the public administration, will tell something different, which means that the concept of performance appraisal, still have not achieved its main goals – improving the effectiveness of the civil service and building a performance oriented culture.

That is why the general question of this study is: why one such useful concept as the performance appraisal, even after 12 years of its normative introduction, still have not been totally institutionalized i.e. have not achieved its final goal? If we have on mind that the total institutionalization of the performance appraisal system involves: stability, consistency and regularity in its application with active participation and acceptance from all civil servants, we can rightly define the research problem as: *relatively low level of civil servants' commitment to quality of the performance appraisal process*, which means that the quantitative indicators only are not enough to determine the level of success of the performance appraisal system's implementation.

Previous researches, case studies, the experience of other countries, as well as the answers of the respondents from the pilot group in the pre – research have identified several groups of determinants which may cause this problem: individual, organizational, administrative, institutional and legal – political factors. The determination in this research is to explain this problem from the performance appraisal system's design point of view. That is why as independent variables through which the quality of the performance appraisal system's design is determined are taken: the level of the civil servants satisfaction with the performance appraisal system's design and its motivational potential (from the group of individual factors) and the level of compatibility between the design of the performance appraisal system in Republic of Macedonia and the international “good practices” (on the side of the legal – political factors).

4. Hypothetical Framework of the Research

General hypothesis: The individual and the legal – political factors have influence over the civil servants commitment to quality of the performance appraisal process.

- a) The individual factors (attitudes toward and motivation by the performance appraisal system's design) have strong influence over the civil servants commitment to quality of the performance appraisal process.
 - i. The level of the civil servants satisfaction with the performance appraisal system's design has straightforward impact on the civil servants commitment to quality of the performance appraisal process.

- ii. The level of the civil servants commitment to quality of the performance appraisal process is straightforward determined by the level of the motivation potential of the performance appraisal system.

The verification of this part of the hypothetical framework is realized through the following indicators: (1) the respondent's scores from the structured questionnaires for the measured variables which are quantitatively expressed, with possibility of qualitative determination and interpretation according to the keys that are given in each research instrument, as well as (2) the respondent's perceptions, opinions and attitudes expressed during the interviews.

- b) There is certain incompatibility between the regulative framework of the civil servants performance appraisal system in Republic of Macedonia and the international "good practices" of managing the civil servants performance.

As indicator for verifying the above stated hypothesis are used the results from the comparative – descriptive analysis. In this way is achieved the methodological need for triangulation in the area of the indicators.

5. Research Variables

5.1 Satisfaction with the Design of the Existing Performance Appraisal System

The first independent variable in the empirical analysis is the "*level of satisfaction of the civil servant with the design of the existing PA system*", understood as an attitude. It is widely known that the attitudes, by definition, are "evaluative statements, either favorable or unfavorable, towards objects, people or events ... and consist of three components: cognitive, affective and behavioral." (Gruevski, Markovska, 2009: 68) The cognitive component of the attitude refers to the belief and knowledge of certain aspects and features of the object to which the attitude is directed; the affective (emotional) component refers to (not) loving i.e. the feelings that in the person causes the focus of his attitude and; the behavioral component of the attitude refers to the predisposition that is intentions to act in certain ways. Starting from this, the satisfaction of the civil servant with the design of the PAS, can be defined as sum of individual cognitive, affective and behavioral reactions of the servant in the direction of the design of the PAS (the object towards which the attitude is directed) i.e. level of the civil servant's approval resulting from the comparison of perceived characteristics of the design of the PAS with his / her expectations.

The *cognitive reaction* of the civil servant to the design of the PAS is a set of his beliefs about the characteristics of the object of interest. Namely, the officer who believes that the existing design of the PAS has good and desirable features, will have positive cognitive reaction to it. Thus, the cognitive reaction of the civil servant to the design of the PAS is positive, as he believes that the elements of the system, as it is installed, have the following features:

- *Precision (clarity)* - the extent to which the PAS provides a detailed description of the responsibilities and obligations of all participants in the appraisal and all its elements are defined in detail, clearly, not general and unambiguous, so do not leave room for suspicion and different interpretations by different stakeholders;
- *Objectivity* - the extent to which the PAS provides basis for accurately appraisals i.e. enough opportunities to differentiate and accurately qualify the performance, without residue, and the number of assessors, sources of information and periodicity of assessment to be enough to result in an objective (realistic) assessment;
- *Validity* - the extent to which the PAS really measures what should be measured, i.e. ensures the collection of information on such aspects that reflect the real performance of all civil servants;
- *Fairness* - the degree to which the existing normative posture of the PAS is moral and fair towards the civil servants themselves and offers a high level of their protection in terms of providing opportunities for review, objection and / or appeal in case of dissatisfaction with the assessment. It represents a degree of perceived fairness by the stakeholders offered by the normative set of structural and procedural elements of the PAS (particularly the availability and nature of the appeal mechanisms, the prescribed procedure for assessment, setting the criteria, etc.).

The affective (emotional) reaction of the civil servant to the design of the PAS is a set of feelings that it evokes to him/ her. In this sense, the official's affective reaction is positive if the design of the PAS causes in him positive feelings i.e. it makes him feel good, safe, satisfied and tranquil. Conversely, however, if the existing design of the PAS causes to the official feelings of insecurity, anxiety, frustration and fear, it means that his affective response to the source of such feelings (PAS's design) will be negative.

Behavioral reaction of the civil servant to the design of the PAS, however, suggests how he intends to act as a result of the beliefs and feelings about the object of the attitude. That, in the context of our research, implies a degree of readiness of the civil servant to participate with commitment in the implementation of the appraisal process, as it is prescribed in the (sub) legal act.

Under *design of the performance appraisal system* is meant the actual variant (combination) of structural and procedural characteristics, i.e. elements of the performance appraisal system, which combination is designed with organizational policy and / or law (in the case of the public / civil service). Those elements are the:

- *Appraiser* – which can appear in one of the following options or as their combination: the immediate supervisor (as traditional source of appraisal); the colleagues; the self – appraisal; the subordinates; the clients or all of them (approach feedback 360 degrees). The appraisal may be conducted by an appraising committee, as well;
- *Frequency of appraisal* – the formal appraisal (implemented in the agreed time and based on previously established dimensions and measures of performance) can be conducted quarterly, semi annually or annually, but should be also supported by more frequent informal appraisals;
- *Method of appraisal* – there are many appraisal methods, each with its advantages and disadvantages. Thus, this element may appear in one of the following options or as combination of them: graphic rating scale method, alternate ranking method, paired comparison method, forced distribution method, critical incident method, narrative method, behaviorally anchored rating scales, management by objectives (MBO) etc.;
- *Appraisal criteria* – it is quite wide and flexible concept and defines different things for different types of employees. The most common used criteria as subject of appraisal are the following: the personal characteristics, the competences, the behavior, the results etc. Other, very important issue, when it comes to the criteria is the question about the weight of each of them in the total appraisal;
- *Ratings system* – the design of this element may vary according to two parameters: the type of the ratings (descriptive or/and numerical) and the level of detailed (there are systems with 2, 3, 4, 5 even up to 7 marks);
- *Appeal mechanisms* – this element may vary from complaint, appeal and review of the appraisal up to the possibility for judicial protection (process in Administrative Court).

5.2. Motivational Potential of the Performance Appraisal System

The second investigated independent variable is the level to which the civil servant is feeling motivated by the existing PAS i.e. its motivational potential. "*People do what they are rewarded for*". (Cascio, 1994: 292) This quote reflects very curtly the human nature - each activity taken to be motivated in some way and it underlies in the basis of all motivational theories. This transferred in the field of PA means that the civil servants will implement with commitment the PAS if they are achieving high level of performance, and they will do that only if they are motivated, i.e. if the high grade is followed by the desired award. This is highly related to the Vroom's expectation theory which transferred in the field of PA has the following meaning: the expectation means that the achieved performance will lead to appropriate assessment, instrumentality rating means that the assessment will lead to a suitable reward. According Vroom, if one of these three parameters has a low value, it means that motivation will be low. Thus, the term motivational potential of the PAS represents a link between the assessment and what the law offers as type, quantity and timeliness of a reward / sanction for the same, on one hand, and the value of those awards for each civil servant individually, on the other. When this difference is equal to 0, i.e. the system offers what officials desire for the good performance (assessment), then they are motivated to work well and properly implement the PA process. As much as this discrepancy greater (the law

does not offer what employees want or impose something they do not want), the employee is frustrated and unmotivated to fight for good performance and assessment, which reflects negatively on their commitment in the PAS implementation process. As confirmation of this are the results of numerous researches. Thus, in 1990, Bannister & Balkin, based on empirical research, found that *"evaluation is more accepted and the employees feel satisfied with it, when the process is directly linked to rewards. In organizations where there is a discrepancy between them, where salary is given regardless of merit, and evaluation and bonuses are given arbitrary and usually secret, the process is not accepted and the satisfaction and motivation is very low. When the assessment of civil servants is not directly linked to rewards, training and promotion, access to the entire process is unprofessional and frivolous."* (Bannister, Balkin: 1990) In any case, *"the employees should be given clear reasons for a certain decision, and that decision should be supported by clear information and evidence."* (Standards for HRM, 2009: 78)

The factors which motivate the employees, regardless of which motivational theory we consult, are approximately the same: opportunity for advancement, personal growth (development and learning new things), cash rewards, greater autonomy of operation, praise and recognition, challenging work etc. Even more, According to the study of Philip Crewson, who applied the two factors Hertzberg theory on two independent samples, *"civil servants are mostly motivated by factors such as career advancement, opportunity for learning and personal development, more than by money."* (Cristensen: 2002)

One of the most spread goals of PA is identifying and addressing the needs for training and professional training and development. Namely, if the result from the appraisal is unsatisfactory performance, the law usually directs those employees to an obligatory training in the deficient areas. But it should not remain just on this. The high grades, too should be awarded, among other things, by giving the employee the opportunity for professional development through paid training, studying etc. Providing the staff with development opportunities, encourages good performance, strengthens the skills and abilities and represents a powerful motivational strategy for developmental energizing of the employees. When the link between the appraisal and the decisions on training and development is strong, the PAS provides high incentives for those employees for whom professional development is a valuable prize, and high developmental potential allowing continuous improvement of the competence of officials. In circumstances where *"rising human capital is the future face of HRM, whose name today evolved in the management of human capital" and the PA is the core element of HRM, such a developmental potential of the PAS should be its greatest imperative."* After all, it confirms the experiences of the civil service in countries from the EU where *"the appraisal is conducted to review the effectiveness of training conducted in the previous period and to identify new needs training for the next period"*. (Standards for HRM, 2009: 71)

The results of the appraisal are, also, a basis for making decisions regarding remuneration, whereas here we think of financial rewards. The salary, though it is a legal obligation of the employer, is also an important motivator, especially its variable part. Basically, there are two approaches for managing salaries in the civil service. The first is workplace oriented where pay is linked to the its requirements and includes evaluation of jobs. The second approach is oriented toward the individual, where the salary is based on the performance of the employee (which is more stimulating).

The planning of the career development and changes in the work role of the servant is one of the primary purposes for which the PA is conducted in most EU countries. But, this link the most depends from the accepted approach for career promotion of the civil servants: automatic (where civil servants are promoted according to objective criteria) or open (where they are promoted on the basis of their appraisal). In addition, other HRM activities in whose deciding the assessment may have influence are: demotion (placing the servant at a lower position), transfer (transfer to another job or another organ) and termination of employment.

5.3. Commitment to Quality of the Performance Appraisal Process

The dependent variable in the empirical part of the research is the level of civil servant's commitment to quality of the PA process. It is very important to differentiate the parameters quantity and quality of the PA process because as indication of the functionality of the PAS it should not be taken only what has been done and how much (appraisement ratio, percentage of submitted reports, etc.), but also, how the things at every stage of the process are done (how the goals have been defined, how often and what feedback gives the appraiser throughout the year, how the interview for appraisal has been conducted, whether the timetable is respected etc.). In other words, in assessing the degree of success in implementing the PAS we need to integrate the two parameters i.e. quantitative data (which CSA calculates and publishes) should be supplemented with analysis of the quality of

the PA process. Thus, the quality appraisal is formative in full synchronous with the prescribed, timely and objectively. The concept of commitment represents “firm adherence to a particular idea, constantly thinking and discussing about it and, most importantly, action towards its successful implementation.” High commitment to quality of the PA process, actually implies a high degree of dedication and attention of the civil servants in implementing each step of the appraisal and do it in the expected manner, with complete objectivity and timeliness, and making continuous efforts for well functioning and improvement of the process. It is about activities of the civil servant that not only consistent with the law and bylaws in the area of the performance appraisal, but also activities that are not obligatory for the civil servant and he undertakes in order to achieve better implementation of the PA process. In this sense, some parameters for determining the level of commitment to quality of the PA should be followed such as: frequency and mode of monitoring the performance; frequency of giving and seeking feedback; type and mode of giving the feedback; method of preparation for the appraisal interview; amount of attention paid during the appraisal interview; level of partnership when setting goals and standards; duration of the appraisal interview; objectivity in the appraisal; timeliness of the appraisal; frequency of thinking and giving initiatives to improve the appraisal process.

5.4. Comparative – Descriptive Analysis – Points of Comparison

It can not be made conclusions about the qualifications and characteristics of the civil servants’ PAS in a country just by simply describing them. This descriptive analysis is only the first step. To get a true picture of them, is needed not only to compare with the standards recommended in the theory, but also comparing them with the PAS’s in other countries (comparative analysis). That is why in this occasion are chosen the PAS’s of the USA, European Commission and Bulgaria as most representative countries/ cases. USA is chosen as country that is the cradle of the PA concept, where it first appeared, therefore, they have the most experience in the application of this concept, both in private and public sector and have reached farthest in research into it. Then, this phenomenon is discussed in the EU, given the aspirations of Republic of Macedonia to join this European family, whereas is started by analyzing the PA of the officials in the European Commission, which represents the EU administration, as the counterpart of the state administration on state level. PAS within the EC is designed based on best PA practices in the private and public sector, which makes it a good benchmark for comparison. Bulgaria is selected as country that is geographically and culturally close, with who Macedonia have similar legal system, share similar administrative experiences and face similar problems in this area, so to see how this country faces them, as one of the newest EU members.

The purpose of this analysis is to identify possible opportunities to use the positive developments, by comparing the current legal solutions in several countries in the world, taken as benchmark concerning the evaluation civil servants’ PA. This analysis shows: (1) what are the PA international practices and in the Macedonian practice? and, (2) that what is different, and gives positive effects (best practices) could integrate in our system through its reform? As points of comparison are taken the key elements of the PAS’s design. The results of the comparative review of the PAS’s designs that are considered as “good practices” are entered in the instrument “protocol for comparison” (Table 5), in which horizontally are placed the considered countries (cases) and vertically – the points by which their PAS’s are compared. It allows in a summary form to detect the similarities and differences between the international good practices and the design of the PAS in the Republic of Macedonia, as well as, generalizations about the desirable features of the design of a performance appraisal system.

6. Research Methodology

The accepted *philosophic paradigm* in this research is *positivistic*, in order to avoid the risk of the bias. It means that during the research activities and after getting the results from the field work and the comparative – descriptive analysis it is only given a *description of the objective measurements*, not arbitrary individual interpretation.

As to the *type of the research*, according to the applied methods and procedures, in order to gather two types of data, this research combines the quantitative and qualitative methods (*mixed research method*). Namely, in order to achieve the intention the research results and findings to be more exact and to generalize them on larger population, data from more respondents is needed. That is possible by using structured questionnaires through which can be obtained quantitative data from large number of respondents in very short time. On the other side, in order to understand a complicated phenomenon that is occurring in real context, such as the PA phenomenon, qualitative sounding interviews are needed. According to another criterion, the research can be defined partly as *operative* (because one of its aims is to see if the relation that the theory assumes will be confirmed in practice)

and partly as *developmental* (because the other aim of the research is to find application i.e. to find out which positive practices could be transmitted in the Macedonian civil service in order to its improvement).

According to the approach and structure, the research represents empirical and comparative – descriptive analysis, thus the *research design* applied in this occasion is *intersectional design*, based on questionnaires, interviewing and comparison.

In this part of the paper, it is necessary to dedicate a few words to the population and the sample of the research. In this study, we were operating with *finite population* which consists of all civil servants in Republic of Macedonia who are involved in the performance appraisal process in any way (as appraisers, appraisees or both). According to the official data from the Register of the civil servants, the population in this study counts 11.130 civil servants, as potential respondents. In order to determine the minimal needed sample size that will provide representativeness of the sample i.e. its congruence with the population, two sampling formulas are applied. The first formula is developed by Krejcie and Morgan and it has the following form (Krejcie, Morgan, 1970: 607):

$$S = \frac{X^2 NP (1 - P)}{d^2 (N - 1) + X^2 P (1 - P)} \text{ where}$$

S = required sample size;
 N = the given population size;
 P = population proportion (if unknown is taken the value of 0.50 as this magnitude yields the maximum possible sample size required);
 d = level of tolerated error (optimal from 3 - 6%);
 X² = table value of chi square for one degree of freedom relative to the desired level of confidence, which was 3.841 for the .95 confidence level

The second formula is developed by Cochran and it has the next form (Cochran, 1963: 75):

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

where

$$n_0 = \frac{Z^2 \cdot p \cdot q}{e^2}$$

n₀ = minimal sample size;
 Z = 1.96 for confidence level of 95% (read from a statistical table);
 p = the estimated proportion of an attribute that is present in the population;
 q = 1 - p
 e = level of precision (optimal from 3 - 6%);
 N = the given population size;
 n = adjusted minimal sample size.

Applying these formulas, with given values for the population (N=11.130), confidence level of 95%, variability degree of 50% and tolerated error of 6%, the result for the minimal required sample size is 261 respondent. Because no one in advance can guarantee a 100% return rate of the questionnaires, a response rate of 90% (taking in mind the experience from the pilot research) was calculated, which means that the instruments should be distributed to minimum 290 persons. At the end the real sample counted 280 respondents.

Because of several constraints, in this research was operated with *convenience sample*, so in order to achieve a satisfactory level of representativeness of the sample, in its selection the attention was put in aligning the sample structure with the whole population structure from several points of view that are considered as relevant. Those aspects are: gender structure, age structure, educational structure, structure by the level of government where the respondents are employed (central / local) and structure by their titles, as control variables. (Table 3)

Table 3 Size and structure of the population and the sample

Size and structure of the population and the sample		Population	Sample
Structure by category of title	Top managerial civil servants	42	2
	Middle level of managerial civil servants	1859	46
	Professional and professional - administrative	9229	232
Structure by level of government	Executive	7826	197
	Autonomous state bodies and professional services	741	19
	Local	2563	64
Gender structure	Male	5684	143

	Female	5446	137
Age structure	Up to 24 years	235	6
	25 – 49 years	6630	167
	Over 50 years	4265	107
Educational structure	Primary education	64	0
	High school education	3450	89
	Higher education	681	17
	University degree	6707	171
	MSc	208	3
	PhD	20	0
Structure by length of working experience	Up to 3 years	-	32
	4 – 5 years	-	63
	6 – 10 years	-	142
	Over 10 years	-	43
Total:		11.130	280

The research was realized through application of solely authored research instruments especially for this occasion, which are resumed in the following table:

Table 4. Research methods, procedures and instruments

Operating methods	Research proceedings	Research instruments
Examination of subjects (quantitative / qualitative)	Questionnaires	Questionnaire for evaluation of the performance appraisal system's design
		Questionnaire for determination of the commitment to quality of the performance appraisal 1/2/3
	Interviewing	Interview reminder – middle level of senior civil servants
		Interview reminder – members of the organizational HRM department
Comparative qualitative content analysis	Analyzing of current legislation and existing researches	Protocol for comparison

The *questionnaire for evaluation of the performance appraisal system's design* is developed for measuring the two independent variables – satisfaction with the performance appraisal system's design and its motivational potential. It is predominantly a Likert type scale consisted of 83 statements grouped into two sections (one for each independent variable). The second structured instrument is the *questionnaire for determination of the commitment to quality of the performance appraisal* and it is a classical questionnaire with closed type questions, intended to measure the dependent variable. The thing that is specific about this questionnaire is the fact that it is developed into three different variants, according to the three different categories of civil servants from the aspect of their role in the performance appraisal process (only appraisers, only appraises and both). In the developing of these questionnaires were taken into consideration: (1) the experiences of other similar instruments that are designed by scholars and practitioners from this area, as well as (2) the suggestions from the consultations with a pilot group on which these instruments were tested.

The *interviews* were conducted with two categories of interviewees: (1) representatives of the middle level senior civil servants, because of their comprehensive role in the performance appraisal process – they participate as appraisers and appraises and; (2) representatives from the organizational HRM department – having in mind the role and the expertise that this department has in the process. The interview was imagined as *semi – structured* interview with two options of conducting – “face to face” or as virtual conversation in real time (online).

6. Results and Findings

In order to derive relevant conclusions from the data collected, two methods of data processing and analysis were used. The first, *quantitative*, method included use of two statistics: *descriptive statistics* (measures of central tendency and measures of variability and dispersion), as well as calculation of *Pearson's correlation*

coefficient and the *coefficient of determination*. For the needs of the processing of the data from the interviews and comparative – descriptive analysis, is used the *qualitative method*.

From the table can be seen that the empirical arithmetic mean ($\bar{Y} = 2.756$) of the first independent variable “Level of civil servants’ satisfaction with the PAS’s design” is lower than the theoretical arithmetic mean ($\bar{Y}_t = 3.00$) in the range from 1 to 5. It falls into the category of response "medium" level of satisfaction, which means that the majority of respondents on a scale of satisfaction with the design of PAS (1-5) are fairly satisfied with it. The most common score in the measurement of this variable was 2.48 which is somewhat less than average, while 50% of respondents’ scores are above the value 2.67, while the other half - below it. As for the variability and dispersion can be said that it is fairly low, especially considering the values of standard deviation, and the empirical dispersion coefficient of variation. The low value of σ indicates that the scores of the majority of the respondents are close to the mean i.e. there is no large deviation - the mean value is obtained as the average of values that are close to the center. From the values of the components making up the satisfaction of the PAS’s design, it is obvious that civil servants in the Republic of Macedonia are the least satisfied with the frequency of assessment ($\bar{Y} = 2.39$) and the evaluation criteria ($\bar{Y} = 2.44$) whose average values fall into the category "low" level of satisfaction. After them, the civil servants are slightly more satisfied with the system of grades, subjects in the evaluation and assessment method whose mean values are on the borderline between the categories "low" and "medium" level of satisfaction, although formally included in the category of "medium" and indicate the average satisfaction of respondents of these parameters, while the civil servants were most satisfied with the normative solution about the appeal mechanisms ($\bar{Y} = 3.62$), whose average value according to the key for interpreting the instruments, falls into the category of "high" level of satisfaction.

The second independent variable "motivational potential of PAS for the civil servant" has the lowest mean ($\bar{Y} = 2.504$) of all variables considered and it falls into the category of "low" motivational potential of the PAS. The median is 2.6 which mean that half of the respondents’ scores are located above this value and half below it, while the most often score is 2.6. The standard deviation is extremely small, which means that the most participants; scores move around the arithmetic mean value. Variability is low, which indicates that the sample in terms of distribution of this variable is fairly homogeneous. The asymmetry is moderate. As for the components of which is this variable consist, it is obvious that the civil servants as the least stimulating evaluate the link between assessment and decisions about training and development ($\bar{Y} = 1.59$), which practically does not exist and it falls into the category of very low motivation. Then, respondents are more motivated by the link between assessment and career development, and the link between evaluation and discipline, whose mean values are classified in the same category medium (average) motivation. Respondents said they felt the most motivated by the link between assessment and cash compensation.

As to the dependent variable – “Level of commitment to quality of the PA”, given its mean value ($\bar{Y} = 2.93$) which is slightly smaller than the theoretical value ($\bar{Y}_t = 3.00$), it enters into category of "average" level of commitment of civil servants, in general. The most common score in relation to this variable was 3.00 which coincide with the theoretical value of the arithmetic mean. Regarding the distribution of scores, it is evident that the middle line passes through the value 2.85 i.e. half of the scores are above this value, and the remaining 50% - below it. In terms of variability, however, in this variable it is not very large, although it is slightly larger compared to that of the independent variable, while the asymmetry is mild.

In addition, we will see how the two independent variables are correlated with the dependent one which becomes more obvious from the graphically portrayed relationship between these variables:

Chart 1. Correlation Satisfaction with PAS’s design – Commitment to quality of the PA process

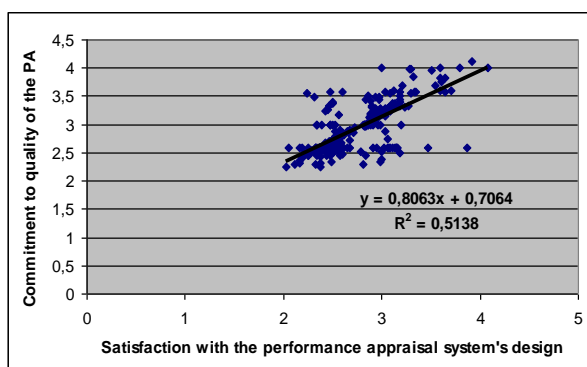
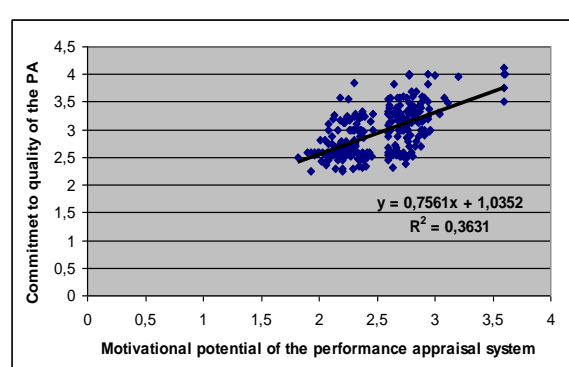


Chart 2. Correlation Motivational potential of PAS – Commitment to quality of the PA process



As to the correlation of the civil servants' satisfaction with the PAS's design and his commitment to quality of the PA process, the value of the Pearson's correlation coefficient (r) which is greater than 0.7 indicates that between these two variables there is a *strong* correlation ($r = 0.72$), while the positive prefix of this coefficient indicates that the impact is *straightforward*. This becomes even clearer if we look at the coefficient of determination ($r = 0.5138$), which tells us that 51.38% of the changes in the dependent variable is caused by changes in the independent variable i.e. 51.38% of (non) commitment of the civil servants due to their (non) satisfaction with the design of the PAS. The direction of the set of points above in the graph from left-down to right-up indicates that the relationship between these variables is straightforward, while the pretty sharp slope of the trend - line indicates the strong correlation between them, i.e. their interdependence.

As to the relation between the "motivational potential of the PAS" and the "commitment to quality of the PA process", the value of the correlation coefficient ($r = 0.60$) indicates the presence of moderate to strong correlation between these two variables, while again the positive prefix indicates the direction of this relationship, which is straightforward. From the coefficient of determination ($r = 0.3631$), we can conclude that 36.31% of (no) commitment of civil servants are due to the motivational potential of the PAS. These conclusions are supported by the graphical display of the relationship between the variables discussed below. From the graph it becomes obvious the direction of the relationship, while the bit lenient slope of the trend - line indicates its intensity.

7. Conclusions and Recommendations

The summarized findings above are indicator of the correctness of the hypothesis set and they not only give diagnosis for the actual situation with a commitment to quality of the PA process and the factors that determine it, but also indicate the direction and intensity of the relationship between them, which gives an opportunity to establish cause - consequential relations and deductive reasoning. They are a signpost to the following *general conclusions*:

- The level of civil servants' satisfaction with the design of the PAS and its motivational potential are source of 87% of the level of commitment to quality of PA;
- The situation scanned indicates average satisfaction and low motivation resulting in an average commitment to quality of PA. Specifically, this means that civil servants perceive the existing PAS as partially fair, accurate, valid, as a source of insufficient objective assessments and factor with low stimulating power. All this leads to an appraisal process that is not fully objective, timely and formative, which not only does not give positive effects, but in many cases is counterproductive;
- Points in the PAS's design from which the civil servants are the least satisfied and motivated are practically the same points where is noticed the highest incompatibility with the "good practices", which is an indicator of the civil servants' correct perception;
- From all this it becomes clear that *there is a space and even more, a need to improve the situation* through a series of activities that will lead to greater commitment of the civil servants i.e. to greater functionality and effectiveness of the PAS.

In order to overcome this problem situation we recommend two general sets of actions. The first one is *redesigning the current PAS* which would imply the following actions: introducing more sources of appraising, besides the supervisor; increasing the position power of the HRM department in each authority in the appraisal and supervision process; increasing the frequency of the informal appraisals; shift to another appraisal method; revision and amendment of the evaluation criteria; shift to a system with odd number of marks and their redefinition; reconstruction of the civil service remuneration system, strengthening the link between the appraisal and the decisions for individual training and development; redefinition of the link between the appraisal and the horizontal promotion; adopting a "low entry door" policy of recruiting staff, i.e. operationalization of the legal provision for an internal call; giving a special status of the senior civil servants etc.

The second recommendation is *introducing a new model of PAS's design* that will allow participative process of the system's designing i.e. an opportunity for all stakeholders (managers and other civil servants) to give their opinion about that how the PAS should look like. In this way, the civil servants would identify themselves and be more committed to the implementation of such PAS in whose creation they have participated.

Table 5. Protocol for comparison - Comparative review of the performance appraisal system's design

Points of comparison	USA	European Commission	Bulgaria	Macedonia
Type and number of participants in the appraisal	Immediate superior officer (draft assessment); Self-appraisal; Board performance evaluation (recommends); Head of the Agency (decides on the final appraisal)	Line Manager; Self-appraisal For senior civil servants: feedback 360 ° (superior, self, colleagues and randomly selected stakeholders who have no hierarchical relationship with the officer)	Immediate superior officer (draft assessment); Immediately superior to the evaluator (control) HRM department (formal and substantial control); Head of the authority (final decision); Concerns and complaints from customers	Immediate superior senior civil servant; General / State Secretary i.e. the head of the governing body for the managerial civil servants
Frequency of appraisal	At least once a year, depending on the decision of the authority / agency	Interim report half of the period, Interim performance review twice per period; Interview at the end of the period	Semi-annual interview; Interview for appraisal at the end of the period (year)	Interview for appraisal – once a year
Method of appraisal	Balanced Scorecards (BSC)	Management by Objectives	MBO	Graphic rating scale method
Subject of appraisal (type and weight of the criteria)	Efficiency, productivity and quality of performance; Expenditure efficiency; Timeframe of performance; Meeting of the objectives; Implementing the principles of merit systems; Attitude toward customers (level of courtesy shown); Capacity for teamwork; Communication skills; Competencies (managing people, ability to effectively resolve conflicts, respect for the internal procedures) etc. Different criteria for different categories of civil servants	Work performance (up to 10 points); Capability (up to 6 points); Behavior (up to 4 points) For senior civil servants: human resources management, leadership, managing tasks, decision-making, conceptual and communication skills, financial management, achieving the agreed objectives	The degree of realization of the objectives; Level of execution of tasks; Shown competence (managerial competence, knowledge and use of normative acts, communication competency, change management, working with clients, computer, organizational, professional - technical competence) For different levels of civil servants - a different combination of criteria	Work results (knowledge and application of regulations and practices, the achievement of operational objectives, timely and quality execution of work, organization of work); Personal qualities (creativity, initiative and interest in work, ability for teamwork, ability to work under pressure, communication skills).
Ratings System (type and detail level)	3-5 levels depending on the agency / authority, eg "unsatisfactory" "minimally satisfactory" "fully meets the expectations" "exceeds expectations" "outstanding"	For each component: unsatisfactory, poor, satisfactory, good, very good, exceptional; Final score: above average, 17-20 points; average performance: 12-16 points; below average: 10-11 points	For each of the components 1-3. Final score: 1 "exceptional performance" 2 "above performance requirements", 3 "performance meets requirements", 4 "performance does not meet fully the requirements, it is improving", 5 "unacceptable performance "	For each component from 1-4; Final score: "outstanding" over 3.5 "satisfactory" 2.5 to 3.5 "partly satisfactory" 1.5 to 2.5 "unsatisfactory" below 1.5
Appeal Mechanisms	Right of appeal to the Board for	All actions and initiatives for verification	Right of appeal to the controller	Right of appeal to review the

	protection of merit system	and review of the assessment is the duty of the evaluator		assessment; Right of complaint to the Agency for Civil Servants
Link between the appraisal and the system of training and development	Poor performance leads to formal plans for improving performance in which period additional training and mentoring must be made available	In case of unsatisfactory performance: Indication of different tasks within the same or another unit, creating an individual program specifically designed for training that will enhance the skills that are lacking	Purpose: "identifying the needs of developing and improving every officer of his professional competence"	-
Link between the appraisal and the remuneration system	Increase the salary (remuneration to 10 i.e. 20% of annual basic salary of the officer); Financial Award (Presidential rank awards for exceptional long-term achievements: meritocratic (20% of salary); differential (30%). Compensation from the Fund for development of human capital (10%)	Wages grow proportionally with merit; Most dedicated employees will have a chance to advance wage scale until the end of their career; Financial awards	Objective: "justified reward the employees according to their abilities and contribute to the work of the body"; Individual amount of basic salary of civil servants, based on the level of their position and appraisal of the individual performance since the last assessment	Horizontal advancement in a degree of career that is advancement in the amount of career allowance Appraisal affects the dynamics (speed) in horizontal advancement, and the demotion i.e. reduction of the career allowance; Monetary prize to a monthly basic salary for an "outstanding" grade
Link between the appraisal and the career development opportunities	The appraisal is directly linked to the decisions on promotion to higher position	Results of the appraisal lead to decisions on promotions and mobility; Promotion - solely on merit (immediately after the officer picked up the necessary number of points)	For advancement in rank, one of the condition is the assessment of the work performed; For advancement in service, the aggregate score and grades in separate indicators matter	Internal announcement Advantage has a civil servant who was assessed with an "outstanding" or "unsatisfactory" for the performance in the last two years before the publication of internal announcement
Link between the appraisal and the disciplining of the civil servants	An unsatisfactory appraisal leads to transfer or demotion or dismiss from service in case of unsatisfactory score twice in 5 consecutive years or lower rating than "complete success" twice in 3 consecutive years	Demotion or early retirement and dismissal - when continuing unsatisfactory performance, even after supportive and / or corrective actions	-	Appraisal influences the decision on demotion (job deployment which corresponds to the ability and level of education of the officer) and discharge (2 times consecutively or 3 times in 5 years "unsatisfactory" rating)

Table 6. Descriptive statistical indicators of the researched variables

First INDEPENDENT variable “Satisfaction of the civil servant with the design of the performance appraisal system” and its components												
Variable / Parameters	Measures of central tendency			Measures of variability and dispersion							n	Response category
	\bar{Y}	Me	Mo	min.	max.	Range	σ^2	σ	Kv	Ka		
Subjects in the appraisal	2.64	2.63	2.65	1.75	4.00	2.25	0.112	0.34	12.69	0.54	280	Average
Frequency of appraisal	2.39	2.40	2.35	1.23	3.75	2.52	0.097	0.31	13.04	0.05	280	Low
Method of appraisal	2.78	2.65	3.00	2.00	4.65	2.65	0.231	0.48	17.29	1.32	280	Average
Appraisal criteria	2.44	2.50	2.60	1.35	3.80	2.45	0.123	0.35	14.36	-0.24	280	Low
Ratings system	2.63	2.62	2.65	1.63	4.30	2.67	0.145	0.38	14.52	1.17	280	Average
Appeal mechanisms	3.62	3.285	4.00	2.70	5.00	2.30	0.749	0.86	23.94	0.40	280	High
Design of the performance appraisal system, in general	2.80	2.75	3.00	2.00	4.60	2.60	0.134	0.37	13.05	1.60	280	Average
I. Satisfaction of the civil servant with the design of the performance appraisal system	2.756	2.67	2.48	2.03	4.08	2.05	0.136	0.37	13.37	0.70	280	Average
Second INDEPENDENT variable “Motivational potential of the performance appraisal system” and its components												
Variable / Parameters	Measures of central tendency			Measures of variability and dispersion							n	Response category
	\bar{Y}	Me	Mo	min.	max.	Range	σ^2	σ	Kv	Ka		
Motivation by the link between the appraisal and the material remuneration	2.90	2.85	3.00	1.82	4.00	2.18	0.171	0.41	14.27	0.52	280	Average
Motivation by the link between the appraisal and the decisions on training and development	1.59	1.40	2.00	1.00	2.58	1.58	0.199	0.45	27.97	0.50	280	Very low
Motivation by the link between the appraisal and the possibilities for career development	2.53	2.52	3.00	1.58	3.98	2.40	0.158	0.40	15.67	0.43	280	Low
Motivation by the link between the appraisal and the disciplining decisions	2.68	2.71	2.86	1.78	4.00	2.22	0.138	0.37	13.87	0.39	280	Average
Motivation by the performance appraisal system, in general	2.81	2.785	3.00	2.00	4.00	2.00	0.087	0.29	10.51	1.09	280	Average
II. Motivational potential of the PAS	2.504	2.60	2.60	1.82	3.61	1.79	0.109	0.33	13.19	0.53	280	Low
DEPENDENT variable “Commitment of the civil servant to quality of the performance appraisal process”												
Variable	Measures of central tendency			Measures of variability and dispersion							n	Response category
	\bar{Y}	Me	Mo	min.	max.	Range	σ^2	σ	Kv	Ka		
III. Commitment of the civil servant to quality of the performance appraisal process	2.93	2.85	3.00	2.25	4.12	1.87	0.17	0.41	14.15	0.65	280	Average

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