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Performance appraisal in higher education : the impact of new managerialism on the motivation of academic staff.

Performance Appraisal in Higher Education: The Impact of New Managerialism on the Motivation of Academic Staff

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ABSTRACT

Performance Appraisal in Higher Education:
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on the Motivation of Academic Staff

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The thesis argues that while academic capitalism or the "Enterprise University" will offer good prospects for new ways to enable the public-funded universities to meet their aspirations under growing globalisation, the private sector managerial practices must not be implanted to the public sector without regard to the characteristics of the public organizations. In their attempt to use performance appraisal to motivate staff by linking appraisal results to extrinsic rewards, universities must take into account the academics' desire for intrinsic rewards, particularly in terms of autonomy and professional development, and their dislike of managerial control.

The case study of the Performance Planning, Appraisal and Development Scheme of the City University of Hong Kong indicates that the most effective motivation in the work place for academics is intrinsic motivation. The managerialist approach to motivate academic staff through external means ONLY is often perceived by staff as a means of control. The consequence, as suggested in the thesis, is the academics' resistance to the appraisal and reward scheme, and a deterioration in their motivation which has a direct bearing on the quality of education. It has been argued that academic work is not readily quantifiable, measurable or predictable, and its assessment requires subjective judgment of quality. Consequently, performance appraisal focusing on control through external technical means will only work to deprofessionalize the academic workforce, turning devoted people away from the profession.

On the other hand, it was found equally not practicable to rely ONLY on intrinsic rewards to motivate work performance. Intrinsic motivation cannot last long unless staff's efforts are recognized in some form of tangible results, so that the staff can confirm within themselves that they are contributing to the organization's success.

The thesis supports an appraisal scheme that has a developmental focus, supplemented by a system of visible rewards to give recognition to autonomous efforts made by staff to enhance performance that contributes towards the organization's goals. The desire to obtain the rewards to prove their merit and worth comes from within the academic staff. The controlling aspect is minimized, as control is based on professional values and motivation; the feedback aspect is intensified as individuals attain personal satisfaction by developing themselves, and making their best contribution to the organization's success. If every staff member marches forward, the University will march forward.

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Ellen Yin-Lan Law Ko
March 2001

DECLARATION

I declare that the work in this thesis was carried out in accordance with the Regulations of the University of Bristol. The work is original except where indicated by special reference in the text and no part of the thesis has been submitted for any other degree.

Any views expressed in this thesis are those of the author and in no way represent those of the University of Bristol.

The thesis has not been presented to any other University for examination in the United Kingdom or overseas.

Ellen Yin-Lan Law Ko
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CONTENTS

An account of the literature on some common rewards and their values as assigned by people, particularly academic staff is given.

The methodology used in conducting the research and the reasons for choosing the qualitative approach are explained.

The introduction of the Performance Planning, Appraisal and Development Scheme in the City University of Hong Kong is described. It begins with an account of increasing adoption of managerial practices in Hong Kong's public sector.

Data collected from academic staff of the City University of Hong Kong about the University's Performance Planning, Appraisal and Development Scheme are presented in this chapter and the following chapter. This part focuses on rewards valued by the respondents.

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INTRODUCTION

Since the late 1970s, the public sector has experienced a major shift from public *administration* to public *management*, in response to changes in the social, economical and political contexts. To remain economically competitive in an emerging global economy, the governments have to reduce costs and eliminate inefficiency. Market principles based on economic rationality which have dominated private sector practices were imported to the public sector. The move, which is known as "new managerialism", has had a great impact on the ways in which governments are structured. Public services are run under a new set of assumptions. The change has also affected the people who work in the public sector, as their routines have been transformed.

Following the general trend in the Civil Service, the new managerialist approach has also been applied to the higher education sector, affecting the public's expectation of the role and functions of the universities, the way the universities operate or deliver their functions, and the way academics should perform. Such expectation impacted on the ways academics carry out their functions. A new era of "academic capitalism" has emerged where universities are encouraged to become "capitalist" enterprises. As academic staff play a crucial role in education and developing human capital, through educating the students and the pursuit of scholarship, their motivation to work and their performance are vital to the success of the education sector. It is therefore of interest and importance to examine the effect of new managerialism or "academic capitalism" on the people who serve in higher education, and ultimately on higher education itself.

Running a market-oriented organization assumes that there is an effective system to monitor and measure adequately the performance of the decentralized bodies as well as the front-line staff, as people at the top are responsible for the ultimate result of the organization. Performance management is therefore a key component of the managerialist approach. The most commonly adopted means is the introduction of performance appraisal and in many cases, linking pay to appraisal results. However, performance measurement and contingent pay schemes were said to have led to demoralization among public servants. Introduction of performance appraisal in academia has aroused great concern in the profession. Questions were raised as to whether performance appraisal based on the philosophy of economic rationality is the way to motivate academic staff towards enhanced performance. In tasks requiring successive, unique qualitative judgments, as in teaching and research, motivated persons perform much better in the long run than do unmotivated ones (Bess 1997: x). It is therefore of value to find out the motivators and demotivators in an academic's performance, and in particular, what motivates academics to devote energy and attention to academic work, what keeps them committed to it, and what will resurrect the commitment of those who have lost their interest.

This thesis has attempted to explore some possible answers to these questions, by using a case study of the Performance Planning, Appraisal and Development Scheme introduced in 1995 to appraise academic staff of the City University of Hong Kong, a public-funded university. The key research question was whether performance appraisal should be conducted to motivate academic staff; and if so, under what conditions would the appraisal be successful. The investigation has also shed some light on the validity of many assumptions that underpin new managerialism in the public sector.

The research is a qualitative one, using in-depth interviewing as the main data collection method to facilitate a deeper investigation of the issues. 21 interviews were conducted. The respondents included five members from senior management (the President, two Vice-Presidents and two Deans), five heads of academic departments, five appraisers (who are also appraisees of other appraisers) and five (six including the pilot interview) appraisees from five (six including the pilot interview) academic departments. A purposive sampling approach was used to ensure a good mix of people from different disciplines and with different experience in undergoing the appraisal scheme. In addition, the views expressed by participants in nine discussion group meetings, which were conducted to discuss the merits of a reward and sanction scheme being proposed, were also collated as a means to triangulate the data collected during the interviews. The participants, ranging from 15 to 30 in number in each meeting, were staff members spanning various academic ranks.

The thesis has been constructed in the following order. Chapter One sets the scene, describing the general trend towards new managerialism and performance appraisal. The assumptions underlining these phenomena are explored. It concludes with a structure for the thesis. Chapter Two gives a review on the literature on relevant concepts of performance appraisal and staff motivation, together with a suitable theoretical framework for examining the validity of the assumptions underlining performance appraisal, and thus its effects on staff motivation. The review focuses on finding answers to the question of whether performance appraisal should be conducted, structuring around the possible effects of performance appraisal on extrinsic and intrinsic motivation. The use of punishment as a kind of negative incentive is also covered. Chapter Three further reviews literature on some common rewards and their values as assigned by people, particularly academic staff. Chapter Four explains the methodology used in conducting the research and the reasons for choosing a qualitative approach. The introduction of the Performance Planning, Appraisal and Development Scheme in the City University of Hong Kong is described in Chapter Five, together with a brief account of appraisal schemes in other local institutions. It begins with an account of increasing adoption of managerial practices in Hong Kong's public sector. Data collected from academic staff of the City University of Hong Kong about the University's Performance Planning, Appraisal and Development Scheme are presented in Chapter Six and Chapter Seven; the former focuses on rewards valued by the respondents; the latter on issues about assessment and the University's role in it. Chapter Eight, the final chapter, puts the findings together with an attempt to illuminate issues that may arise from the adoption of a judgmental appraisal scheme which distributes extrinsic rewards according to appraisal results, and particularly on its possible effects on motivating staff towards continuous improvement and development. Some general implications on the validity of the assumptions held by new mangerialism have also been explored.

CHAPTER ONE

The Rise of New Managerialism and Performance Appraisal

This chapter sets the scene, describing the general trend towards new managerialism and performance appraisal. The assumptions underlining these phenomena are explored. It concludes with a structure for the thesis.

Introduction

The rise of "new managerialism" (Pollitt 1990) or "new public management" (NPM) (Hood 1991) is the most noticeable worldwide movement in public administration since the late 1970s. Hood (1991) describes NPM as a loose term, "a shorthand name for the set of broadly similar administrative doctrines which dominated the bureaucratic reform agenda in many of the OECD group of countries from the late 1970s" (p.3). With the main purpose of making governments more cost effective and more accountable to the public, two trends emerged under NPM (Hughes 1994). One was to roll back the frontier of the state by reducing government's involvement in the provision of public services; the other one was to emphasize competition and control, with adoption of measures such as total quality management, quality assurance and staff performance appraisal.

The traditional bureaucratic model of public administration was replaced by ideas borrowed from public-choice theory and private sector managerial practices. While most reforms were "imposed" by the changes in the social, economical and political contexts, many were also the result of the internal desire of public administrators to search for "innovative mechanisms for making government work better and to serve society better" (Peters 1996: 2).

Social-Economical Context

The significant shifts in the economy forced governments to respond (Peters 1996: 13). International systems of finance, transport and communications have led to greater global convergence. To remain economically competitive in an emerging global economy, the governments have to reduce costs and eliminate inefficiency. Globalisation, as defined as "a material set of practices drawn from the world of business, combined with a new-liberal market ideology" (Marginson and Considine 2000: 45) is in essence new managerialism.

Queries were raised about the increasing role of the public sector (Friedman 1962; Hayek 1968; Sawer 1982). In the United Kingdom and the United States, both the Thatcher and Reagan administration held the view that the government was too big and too expensive. After the Second World War the public supported a wider role of the state in which greater intervention of the state in economic and social matters was preferred. Education, health, housing, social security and welfare were all provided by the state. However, as economic growth slowed down in the 1970s, the public became dissatisfied with the state's ability to solve economic and social problems.

The hierarchical rules of governance in public organizations resulted in the slow response or insensitivity to clients' needs. Furthermore, many people perceived that the bureaucrats, acting to maximize their own personal self-interest (Egeberg 1995), tended to expand at an unjustifiable rate (Peters 1996), or to undersupply certain goods and services (Breton 1974). Some bureaucrats might also be too committed to serving their narrow clientele but not the public interest. The market, based on public choice, was believed to be the most efficient mechanism for allocating resources.

While attempts were made to roll back the government in terms of public spending and staffing, and to move towards privatization and contracting out of the more capital-intensive public functions, it was found difficult to privatize or to cut labour-intensive public services, such as education and health care. Therefore, governments were faced with declining tax revenue, and at the same time, political demands to maintain or even increase the access and the level of such services. Given that public expenditure had to be contained, the only choice was to improve the cost-effectiveness of these services so that more and better services were delivered with less. Management techniques borrowed from the private sector presented a possible solution.

Political Context

The bureaucratic model requires the public servants to be apolitical with "neutral competence" (Kaufman 1956) taking order from their political masters. However, there is an increasing policy-making role of the public servants in most contemporary governments (Peters 1992; Kato 1994; Terry 1995), leading to "a struggle over competence and authority in making public policy" (Peters 1996: 6). NPM, with its implicit return to the politics-administration dichotomy, satisfies the wish of the political masters to seek or regain control, such that the public servants remain fully accountable to them. It presents a partial solution to the search for ways to structure governments that "recognize the reality, and even the desirability, of the significant policy role for civil servants while simultaneously preserving the requirements of democratic accountability" (Peters 1996: 6).

At the same time, there is increasing pressure from the public to gain access to the public policy-making process. Public organizations can no longer compel acceptance of public policy by authoritative means. They now have to negotiate acceptance of the policy the government has made. Becoming entrepreneurial enhances the public servants' ability to do so.

Implications for the Public Sector

The apparent success of managers in the private sector gave rise to the speculation that the public sector had lacked behind. In the 1968 Fulton Report in the United Kingdom, concerns were expressed about the management capability of the public sector; a modern, result-based view of management was suggested. It recommended that "the systems be opened up, that outsiders be employed at all levels and that the rigid hierarchical structure in which barriers were placed at several points be removed" (Hughes 1994: 64). A series of Financial Management Initiatives was started, with the attempt to give government departments clear objectives and specifications of responsibilities. The aim was to make the public sector more efficient by adapting some business values and management concepts. The approach was result-oriented and customer-oriented. Similar reforms also took place in the United States, New Zealand and Canada in the late 1970s and the early 1980s. In the United States, the Civil Service Reform Act of 1978 gave the public sector managers greater responsibility for results, and a contingent pay system was introduced for middle management. Prompted by the concern over the capability of the public managers to meet future demands, Australian Prime Minister Malcolm Fraser set up the Reid Inquiry in 1982.

The aim of NPM is to improve the value-for-money, results, performance, outcomes and the effectiveness, accountability and responsiveness of public organizations. NPM stresses a "lean and mean" approach. The market-oriented reforms have led to decentralized and disaggregated government departments. Consequently, managers need to be given greater discretionary power. In order to be responsive to the clients' needs, it is equally crucial to empower the street-level bureaucrats who deal with the individual cases (Lipsky 1980) to enable them to make instantaneous and autonomous decisions about the services. The move is towards a relatively flat organizational structure. However, as people at the top are responsible for the ultimate result of the organization, running a market-oriented organization assumes that there is an effective system to monitor and measure adequately the performance of the decentralized bodies as well as the street-level bureaucrats. Paradoxically, decentralization necessitates certain degree of centralization, and the locus of control now rests primarily at the top of the public organizations.

As the public sector and the private sector are considered fundamentally alike in all important aspects, the instruments used to motivate employees in the private sector are considered equally applicable to the public servants (Linden 1994). In the market model the basic belief is in the virtues of incentives (King 1987; LeGrand 1989). Instead of lifetime employment and regular salaries irrespective of performance, staff appraisal and contingent pay schemes become the principal means of motivation for the public servants under NPM. Control is now exercised, not by directives, but by means of clear, explicit and quantifiable performance measurements which are linked to rewards to provide incentives.

The private sector is a system based on profit motive and market forces (Bargh, Scott and Smith 1996) with particular concern about results, performance and outcomes. NPM emphasizes results and managerial accountability amidst a climate of "doubt over the efficiency and appropriateness of public services" (Pollitt 1990: 114). Performance measurement becomes critical to the success of NPM. To measure the achievement of results, objectives in the form of quantitative performance indicators are set to appraise performance systematically. Paradoxically, performance management schemes introduced under the name of enhancing "efficiency" have brought resulting evidence of declining morale in the public service (Lee 1986; Pollitt 1990; Wildavsky 1988).

Implications for the Universities

The public-funded universities were not immune from the trend of globalisation, as the public sector struggles to remain competitive in the emerging global economy. Government policy in education is now economically rather than educationally directed. The global university market dominates, as global free trade in education is considered the preferred way forward. A new era of "academic capitalism" (Slaughter and Leslie 1997) has emerged where universities are encouraged to become "capitalist" enterprises.

Consequently, the public-funded universities are changing irreversibly under the pressure of globalisation (Readings 1996; Currie and Newson 1998). They are becoming transnational corporation whose mission is corporate rather than cultural (Marginson and Considine 2000: 41). Universities now have to depend on market sources of funding, as a result of cut in public funding. "An entrepreneurial spirit is now sweeping the cloisters", at high speed and in great extent, of the "Enterprise University" (Marginson and Considine 2000: 2, 4). The balance sheet is "the" indicator of preference and value. Teaching, research and other forms of scholarship are now subject to new systems which require the academics to compete by demonstrating performance in accordance with managerial rules. For example, research which used to be under academic control is now directed under university-industry partnerships dominated by profit-seeking under the pressure of market imperatives.

Assumptions under New Managerialism

As Hood (1994) summarises, the "general themes (of NPM) are the idea of a shift in emphasis from policy-making to management skills in the upper reaches of public-sector organizations, from a stress on process to a stress on output, from orderly hierarchies to an intentionally more competitive basis for providing services, from fixed to variable pay and from a uniform and inclusive public service to a variant structure with more emphasis on contract provision" (p.129).

The two main theoretical bases for NPM are economics and private sector management (Hughes 1994: 74-77). The former refers to economic rationality. The latter includes ideas such as placing "focus on results" and controlling performance through "assessment of success in achieving goals" (Hughes 1994: 257). These NPM perspectives are based on a number of assumptions, an account of which follows.

Market Philosophy, Economic Efficiency and Competition

Market values underpin the need for the public sector reform. The market philosophy questions public regulation in an all-out manner. Returning to the free market was considered the fundamental solution to all the problems faced by public organizations. While the bureaucracy operates according to set rules, the market adjusts services simply and quickly on the basis of supply and demand. The market mechanism is regarded as superior and more efficient in resource allocation, given that the market is more cost-conscious as it is basically concerned with profit-making.

The emphasis on efficiency pre-supposes the operation of the market mechanism with competition, which offers the best solutions in the economy (Lane 1994). Competition is encouraged as it keeps costs down while pushing standards up. In addition to promoting efficiency, it also enhances consumers' sovereignty, as the winner will only be rewarded when the services or products are efficiently delivered to the consumers' specification. Responsiveness to consumers is considered important, as the main job of government is to give people what they choose to "buy". The public service as a whole will achieve better results and greater public accountability. Since individual decision-making is preferable to collective decision-making, individuals and family rather than "society" should be the "center of responsibility" (Flynn 1990).

It is the managerialists' belief that the main route to social advancement is through continuing increases in economically defined efficiency, made possible through the application of increasingly sophisticated technologies by a labour force "disciplined in accordance with the productivity ideal" (Alvesson 1987: 158). The focus shall no longer be placed on input or the process. Achievement of results becomes the main aim at both organizational and individual levels. More emphasis is placed on output control under the guidance of an overall strategy with clear objectives set. The stress on measuring output is evident in the Financial Management Initiative in the United Kingdom (UK Treasury and Civil Service Committee 1982) which states that managers at all levels should have:

(a) a clear view of the organizational objectives; and means to assess, and wherever possible, measure, output or performance in relation to those objectives; and

(b) well-defined responsibility for making the best use of their resources, including a critical scrutiny of output and value for money.

One major criticism against NPM is that fundamental values are taken as given and unquestioned. While NPM insists on more efficient use of resources, it does not deal with the questions of efficiency for whom, and accountability to whom. It also does not examine whether efficiency and consumer responsiveness should be the only values and goals in the public sector. It does not concern itself with resource allocation and their distributional effects. The managerialist approach is dominated by the market values, emphasizing economy, and efficiency, with effectiveness a poor third; other values including fairness, justice, or representation are either not on the agenda or are regarded as constraints on the strive for higher productivity (Pollitt 1990). Many other important values, such as impartiality, probity, equity and participation are neglected (Bayne 1989; Bryson 1986; Yeatman 1987). Doubts are also cast on guarantees of honesty and fair dealing and of security and resilience (Hood, 1991). Generally speaking, market justice over-rides political and social justice (Lane 1986).

Output Control Rights Exercised by Managers

Increased managerial control over the workforce and efficiency in resource allocation are the essential components of NPM. The return to the market mechanism necessitates the devolution of decision-making to the local levels, in order to be responsive to the market forces. To maintain control, managers must be given greater discretionary power, so that their powers are no longer confined by rules. Such a change has re-defined the balance of power between the managers and the workforce in favour of the former. Public administrators are now managers who have the right to manage. They wield great discretionary power through shaping corporate cultures and setting and measuring output.

A model of management replaces the old model of administration. Management evolved as a separate and distinct organizational function as a result of mass production in industrial capitalism, where people believed that more efficiency could be achieved if the functions of strategic planning, coordination and control were separated from the routine operations. Specialist managers were created who were supported by systems of surveillance to monitor the work performance of the workers. Managers possess the right to decide resource allocation, and to resolve conflict. While there may be variations in management styles, such as between Fordist/Taylorist "scientific management" and post-Fordist human relations, all managers assert the right to manage their subordinates, and to impose ultimate authority by virtue of their position with delegated authority from owners or shareholders. As they assume personal responsibility for results and organizational success, naturally they must be granted reasonable discretionary power in order to perform a critical role in planning, implementing and measuring the required improvement in efficiency.

Managerialism believes in this model of private sector style management (Hood 1990). "Managerialism is a set of beliefs and practices, at the core of which burns the seldom-tested assumption that better management will prove an effective solvent for a wide range of economic and social ills" (Pollitt 1990: 1). It is a movement towards applying business type, scientific management skills in the public sector (Hood 1991), assuming that better management can offer a more logical, rational and orderly approach to improve performance in the public sector. It also assumes that all problems can be solved merely by improved management for efficiency. Since management skills are generic, applicable equally to both public and private organizations, the practices of the private sector, particularly those of leading companies, can be transplanted to the public sector. There is no distinction between running a factory and running a hospital. Indeed Hughes (1994) considers that the main functions of general management listed by Allison (1982) are things "public managers now do in the course of their work" (p.63). Public servants are now managers instead of administrators, and the work they do is now managerial rather than administrative. Higher priority is given to the "management of people, resources and programmes" compared to the "administration of activities, procedures and regulations" (Aucoin 1988: 152). With delegated authority, they are now answerable to the public for completing agreed tasks according to agreed criteria of performance (Day and Klein 1987).

The managerialist approach sees politics as external to the public manager's job (Alford 1993). It believes in the politics - administration dichotomy and assumes that politicians rather than public servants make policy decisions. Critics of new managerialism argue that in practice it is extremely difficult to separate politics from administration. Given the political dimension of the public services, there are limitations to focusing on efficiency in managing the operations.

Predictability, Quantification and Calculability

Control is repeatedly emphasized under NPM (Hood 1991; Hughes 1994; Pollitt 1990). To maintain ultimate control at the central level, quantitative performance measurement becomes important to ensure compliance (Scott 1994). Hood (1991) highlights as key elements of the doctrine of NPM: explicit standards and measures of performance by defining goals, targets, indicators of success, preferably in quantitative terms. Performance measurement helps to exercise output control by linking rewards to performance.

In order to measure efficiency and exercise control, it is assumed that all public sector activities are products which are "definable precisely without ambiguity" (Considine 1988: 11). An emphasis is placed on "discipline, order, systematization, formalisation, routine, consistency, and methodical operation" (Ritzer 1993: 83) to ensure predictability which allows control. Quantification and calculability constitute the second dimension of "McDonaldization", the term coined by Ritzer (1993), in additional to efficiency, predictability and control. Quantitative measurement is considered more acceptable than human judgment as it is perceived to be more objective and scientific. Everything is measured and costed. Quantity has become equivalent to quality. "Quantification allows for comparability and, therefore, for competition, which rewards the winners and shows up the losers" (Hartley 1995: 411).

To ensure that efficiency is achieved, organizational and personal objectives are set clearly to enable systematic measurement of achievement; and performance indicators are used to denote explicit standards and measures of performance. Successes of the managerialism depend on an initial process of defining a set of clear, mutually compatible objectives (Pollitt 1990) which are translated into sets of operational targets. Public services are now perceived as businesses with mission statements defined as clear statements of goals and objectives which are quantifiable and measurable.

Importance of Extrinsic Rewards

Given its focus on output and control, NPM emphasizes extrinsic rewards, almost to the complete exclusion of intrinsic rewards. It is much easier for the managers to control by passing out extrinsic rewards than to rely on the individuals to derive intrinsic satisfaction from the jobs. For example, critics have argued that the Civil Service Reform Act in the United States was based on a model of management which has relied on manipulation of extrinsic incentives such as pay.

NPM believes that "individuals will not perform to their fullest unless an appropriate system of incentives is in place" (Hughes 1994: 71). Therefore, in addition to a change of focus to output there are also changes to input (people who carry out the job) by improving incentives and thereby performance. "There is a change in the (positive and negative) incentives to which public servants respond, often with the introduction of material rewards" (OECD report, 1991: 11). Weak linkages between performance and pay, promotion, and discipline are thought to have weakened motivation in the public services (Rainey 1991: 120). To correct the weak linkages, incentives used to improve performance. More flexibility in hiring and firing is adopted, with greater emphasis on appraising performance to differentiate the higher achievers and the under-performers, so as to reward those who are doing the work and to sanction those who fail to do it. Furthermore, the change from life-time career employment to contract terms intensifies the impact of performance appraisal on the public servants. The result is "greater managerial control of staff, with appraisal as key element in achieving these goals" (Elliot 1987: 173).

Performance Appraisal Introduced under New Managerialism

It has been shown that performance management is a particularly important part of NPM. "Performance management has at its heart the belief that organizational effectiveness can be heightened through systems which can identify and measure key performance criteria and reinforce these through the more selective application of rewards". (Bright and Williamson 1995: 73). The objective is to support the corporate objectives through the management of performance towards these objectives.

Managerialism is associated with the introduction of performance appraisal on a more formal and extensive basis, and of contingent pay schemes linked to performance appraisal. Informal methods of appraisal were considered to be ineffective, resulting in inferior organizational outcomes. Performance of individual staff is to be measured more systematically than before. Staff are rewarded or sanctioned according to progress towards agreed objectives. The general aim is to "monitor and improve the progress of staff towards achieving objectives" (Hughes 1994: 206). Instead of exercising control by rules and hierarchical authority, control is now maintained through imposing strict performance targets and improving management of human resources through introduction of contingent pay (OECD, 1991: 11).

In the traditional model of public administration, "controlling performance is rather weak" (Hughes 1994: 62). However, controlling performance through performance appraisal is an important function of the management (Allison 1982), assisting it to measure progress towards the organizational goals and to make decisions. Control is necessary for co-ordination and integration purposes under the managerialist model where objectives and goals are set at the top while managers at the local levels do implementation. If the central authority "is to maintain control over the implementation of policies while at the same time decentralising day to day responsibility, the performance indicators become an essential tool" (Carter, Klein and Day 1992: 179). "A battery of evaluation, measurement and reward systems" helps "steer them *(local managers)* in their work" (Considine 1988: 9). Staff performance appraisal appeals to the senior management as it gives the promise of improved control of the lower levels in the hierarchy.

In the United Kingdom, for instance, there was a continuous increasing emphasis on performance after the launch of the Financial Management Initiatives. A white paper of July 1984 suggested that: "More measures of achievement are needed to translate objectives for improved management into targets for individual managers who can then be held accountable for achieving an agreed level of performance". It called for "more performance-related staff appraisal and reporting procedures, performance incentives (including merit pay) and new procedures for dealing with inefficiency and poor performance". In education, most appraisal schemes were introduced as a result of implementation of national pay settlements, i.e., appraisal was a condition of the settlement. Developments occurring from the early 1980s included the appraisal of individual teacher performance which is linked with the idea of salary restructuring and contingent pay, and the assessment of the efficiency and effectiveness of particular schools and the local education authorities. The *Jarrett Report* (1985) proposed specific performance indicators for universities funded by the University Grants Committee. It recommended that consideration be given to staff development, appraisal and accountability (Elliot 1987: 172).

While performance appraisal has been extensively used as a management tool in the private sector and the government, its systematic application in higher education is relatively recently (Imrie 1996). Appraisal was externally imposed by government on institutions and their staff as a test of efficiency and competence under a climate of doubt over the efficiency of public services, as perceived failures in public service programmes by a variety of professional groups including doctors and teachers had weakened public confidence in these groups. The purpose was to manage and control performance. Naturally the imposition generated suspicion and resentment among the institutions and their staff (Hughes 1998). The schemes were seen as procedures which were to fulfill compliance but which would not generate enthusiasm.

During the period of reforms in both the United Kingdom and the United States, morale in the public service was said to be extremely low (Lee 1986; Wildavsky 1988). Pollitt (1990: 178) argues that "while indicators may show significant improvements in economy and efficiency, there is much less information available concerning the overall effects of these changes on the effectiveness or quality of services. On the contrary, such evidence as there is points towards a widespread demoralization of those working in the public services". There were specific events which were thought to have demotivated public servants. Contingent pay schemes were a focus of discontent (Brighhouse 1987) and have led to widespread perceptions of unfairness in both the federal service (Perry and Pearce 1985) and in teaching (Hughes 1994). Even "if performance pay is a good idea in the abstract, it has been hard to implement it in a fair and reasonable way" (Hughes 1994: 209). The Civil Service Reform Act in the United States has not convinced public managers of its merits, as they perceived no particular improvement in the relationship between performance and incentives.

Various studies on the effect of appraisal of academic staff in different universities in the United States, United Kingdom and Australia (Blackbum and Pitney 1988; Smith 1996; Haslam *et al* 1992; Hutchinson 1995; Lonsdale 1990) suggest that the overall impact of the appraisal schemes was negative. Most academics found appraisal costly and time-consuming. Consequently, some appraisal schemes had degenerated into useless paper exercises, their only purpose being to comply with the procedures (Suffolk Education Department 1995). At best appraisals were regarded as irrelevant and at worst they were considered as having a negative effect (Hughes 1998). Many schemes were subsequently neglected as institutions were busy coping with other changes required of them (Hughes 1998).

In Hong Kong, the traditional performance appraisal scheme in the Civil Service which focused more on personality traits was replaced by a more rigorous scheme which emphasizes objectives setting and the alignment of personal and work-related goals to those of the organization (Hayllar 1997). As for the universities, attempts have been made to implement appraisal schemes of one kind or another (see Chapter Five). The effects of all these moves have yet to be fully evaluated.

Validity of Assumptions under New Managerialism

The concept of measuring and appraising performance is based on the assumption from economics that "organizations and individuals will not perform to their fullest unless an appropriate system of incentives is in place" (Hughes 1994: 71). It is based on the belief that "viable systems of reward and recognition are a key ingredient in the success of any organization" (Bright and Williamson 1995: 71). It will be worthwhile to examine whether these concepts and beliefs are applicable to academia. The purpose is to find out whether performance appraisal of academic staff, which distributes rewards according to performance, is an effective tool to motivate staff towards enhancement of performance.

According to Stumph and Rindova (1997: 270), most assessment techniques treat individuals in organizations as objects of evaluation, and the administrative representatives of the organization as an authoritative source of correct judgment, based on the following assumptions *which have their roots to the NPM perspectives*:

- External appraisals are more valid than internal ones because people tend to overrate their own effectiveness.
- Appraisals are based on standardized information that ensures comparability and objectivity.

- Appraisals measure outcomes relative to clearly defined goals and performance standards.
- People derive value from knowing how well they fulfill organizational expectations because organizations control future outcomes that individuals value.

Economics is one of the two main theoretical bases for new public management (Hughes 1994: 74); the other one being private sector management, which is itself based on economics. With its roots in public choice, agency and transaction cost theories, economics assumes individual rationality, that is, individuals will prefer more of something than less. It offers "precision, prediction and empiricism, backed by a motivational theory of how people acted". (Hughes 1994: 75). This thesis investigates the validity of the motivational and psychological assumptions behind performance appraisal. In particular, it examines whether the assumption of economic rationality is valid in its application to motivate academic staff by means of performance appraisal. The key research question was whether performance appraisal can motivate academic staff, and under what conditions. A case study of the Performance Planning, Appraisal and Development Scheme introduced in the City University of Hong Kong for academic staff in 1995 was conducted. In the process of examining the validity of the assumption of the importance of incentives, other assumptions that underpin new public management are also examined, including the role of efficiency, quantification, calculability and predictability of public products, as well as the merits of managerial control.

The Expectancy Theory of Motivation has been used as the framework of analysis, given its base on economic rationality. The theory predicts that a person will perform some kind of cost-benefit analysis for his/her own behavior at work, and if the estimated benefit is worth the cost, then he/she is likely to apply more effort (Newstrom and Davis 1993). The theory posits that a person considering an action sums up the values of all the outcomes that will result from the action, with each outcome weighted by the probability of occurrence. The higher the probability of good outcomes and the lower the probability of bad ones, the stronger the motivation to perform the action.

An analysis using the expectancy theory helps focus the analysis on key components of the motivation process. The analysis will shed light on implications on managerial practices as it may help identify the points in the model where motivations (expectancies) are low (Walker and Symons, 1997) and attempts can then be made to find out ways to enhance the motivations (expectancies). In particular, the findings will reveal whether and how appraisal and reward systems will affect the motivation of academic staff, so that improvement could be made. More importantly, further analysis on the reasons why the motivations (expectancies) are high or low will provide useful perspectives for examining the validity of the assumptions underlying performance appraisal and NPM doctrines as they are applied to the universities.

Summary

The new public management doctrines are built on concepts of market values, managerial control supported by performance appraisal, performance measurement and extrinsic reward structures. Market values emphasize competition, consumer sovereignty and economic efficiency. Managerial control relies on the quantification, calculability and predictability of the public service. Given these focuses, the motivation to work is necessarily biased towards the use of externally – mediated rewards, which are more readily controlled by the managers. While such an approach may be effective in enhancing performance in private organizations, its applicability in public organizations, such as in higher education, may not be equally relevant.

The thesis examines the validity of the assumptions underlining new managerialism, particularly in respect of performance appraisal centering around extrinsic rewards, based on the case study of the Performance Planning, Appraisal and Development Scheme of the City University of Hong Kong. To draw up a suitable framework for conducting the inquiry, literature on relevant concepts of performance appraisal and staff motivation has been reviewed (see following chapter and Chapter Three). Particular attention has been paid to the Expectancy Theory of Motivation which has been used as the main framework of analysis of the data.

CHAPTER TWO

Literature Review

Performance Appraisal and Work Motivation

Literature on relevant concepts of performance appraisal and staff motivation is reviewed, with a view to drawing up a suitable theoretical framework for examining the validity of the assumptions underlining performance appraisal, and thus its effects on staff motivation. The review focuses on finding answers to the question of whether performance appraisal of academic staff should be conducted, structuring around the possible effects of performance appraisal on extrinsic and intrinsic motivation. The use of punishment as a kind of negative incentive is also covered.

Purposes of Performance Appraisal

Appraisal is defined as "a method of reviewing and monitoring performance within a given time period and agreeing courses of action for the future" (Bright and Williamson 1995: 73). It may serve a variety of purposes (Beach 1985; Comstock 1987; Haslam *et al* 1992, 1993; Klingner and Nalbandian 1985; Randall 1989; Shafritz *et al* 1986). The most common ones are:

(a) motivate employees to maintain and improve work performance;

(b) highlight needs and opportunities for growth and development;

(c) facilitate mutual understanding between the supervisor and subordinates;

(d) aid personnel decisions, including promotions, transfers, layoffs;

(e) define the specific job criteria against which performance will be measured;

(f) accurately measure past job performance;

(g) distribute and justify the rewards by discriminating between high and low performance;

(h) provide a profile of the organization in terms of its human resources capital;

(i) place the right person in the right job;

(j) clarify goals, matching employee goals with those of the organization;

(k) provide some form of accountability;

(l) aid succession planning.

"Most performance evaluation systems have not been very successful" (Shafritz *et al* 1986: 430). In those systems they studied, Shafritz *et al* (1986) found that "almost half of the employees said their performance ratings are not useful in assessing their strengths and weaknesses, improving their performance or determining their contribution to the organization" (p.431). Haslam *et al* (1993) found that 50% of staff in both the pre- and post-appraisal surveys conducted among universities in the United Kingdom felt that appraisal had not improved efficiency nor staff motivation. The lack of impact reflected some problems with performance appraisal. What follows gives a review of the most critical and common problems, particularly those in relation to academia.

Major Debates about Performance Appraisal of Academic Staff

Judgmental or Developmental Purposes

The variety of functions of performance appraisal can be grouped according to two main purposes, one focusing on judging performance to maintain managerial control and accountability, the other one focusing on professional development of individual staff (Beach 1985; Bright and Williamson 1995; Comstock 1987; Duke and Stiggins 1990; Elmuti, Kathawala and Wayland 1992; Hutchison 1995; Kearney 1977; Lopez 1968; Lovrick 1990; Poster and Postor 1993; Ramsden 1992; Schweiger and Sumners 1994; Webb 1994). There is a growing consensus among personnelists that these two main purposes represent "two very different –

and in many ways antithetical – phenomena" (Lovrich 1990: 99). On the one hand, the appraisal process is used by employers in a summative way to differentiate good and bad performance to support personnel decisions; on the other hand, it is intended as a formative evaluation to help staff members identify strengths and weaknesses so as to plan appropriate professional development activities (Suffolk Education Department 1995).

It is not surprising to find that many educational institutions have got trapped in the polarity of purpose of staff appraisal. In the appraisal scheme implemented in Local Education Authorities and Schools in England and Wales during 1990-94, "teacher appraisal was, from the outset, conceived of as a positive developmental process" (McMahon and Bolam 1989: 31). The Advisory, Conciliation and Arbitration Service Working Group Report (ACAS Report 1986) states that appraisal is not "a series of perfunctory periodic events, but a continuous and systematic process intended to help individual teachers with their professional development and career planning". At the same time the information gathered in the process will help "to ensure that the in-service training and deployment of teachers matches the complementary needs of individual teachers <u>and</u> the schools". The intention of the teacher appraisal was "to raise the quality of education in schools by providing teachers with better job satisfaction, more appropriate in-service training and better planned career development based upon more informed decisions" (McMahon and Bolam 1989: 31). Thus it transpires that the policy makers were concerned with the managerial function of monitoring and controlling the performance of the staff in terms of the quality of education delivered, in addition to the professional development of the teachers.

The teacher evaluation policy developed by the Alberta Education (the provincial department of education) in 1984 was also designed to achieve two purposes: to inform personnel decisions and to develop staff. However, the reality as revealed by a comprehensive review of the policy conducted by the Alberta Education in 1991 is that the "predominant purpose of teacher evaluation is to monitor and control teacher performance in order to discharge the legal responsibility of the school boards and administrators" (Bosetti et al 1996: 155).

The tension between the summative (controlling) purposes and the formative (developmental) purposes of appraisal constitutes part of the reason for the negative perception of staff appraisal schemes. The second purpose which facilitates "the development of professional competence and careers" would naturally be welcomed by staff as it can "professionally empower them" (Elliot 1991a: 95). However, staff would be resistant to the first purpose, as it uses "appraisal as a strategy of hierarchical surveillance and control" (Elliot 1991a: 93). It is a common perception among employees that "performance appraisal is directed toward technical and management goals but rarely toward employee aspirations". (Klingner and Nalbandian 1985: 213).

There appears to be "a tension between corporate needs for control and individual needs for freedom and fulfillment" (Hendry 1995: 15). The universities' wish to give academic staff the latitude to decide for themselves how to improve and develop may have to give way to their obligation to "control education in order to respond to public demands and economic realities" (Bosetti et al 1996: 157). Both the organization and the individual staff want the performance appraisal to meet particular objectives to serve their own needs. These objectives may or may not be compatible. The organization's objectives are at least two-fold: seeking information from the staff to assist judgment in deciding rewards and other personnel issues; and developing staff through counselling, coaching, career planning, etc. On the other hand, while the staff want to seek valid feedback on their performance and what management values, they are really looking for feedback in order to satisfy their ego for success and to maintain self-image (Beer 1986).

The two organization's objectives are in conflict within themselves. When the managers conduct performance appraisal to meet a judgmental purpose, the scheme is a tool by which the managers make difficult judgments that affect the staff's future. When the managers communicate their judgments to their subordinates, "they may well have to justify their appraisal in response to, or in anticipation of, subordinates' disagreement. The result can be an adversary relationship, faulty listening, and low trust. None of these are conducive to the coaching and development objectives of performance appraisal" (Beer 1986: 143). The individual's own objectives are conflicting too, as they would tend to avoid accepting failure and negative feedback although these would be useful to their future development. The greatest divergence is between organizational and individual objectives. "The individual desires to confirm a positive self-image and to obtain organizational rewards, such as promotion or pay. The organization wants individuals to be receptive to negative information about themselves in order to improve their performance and promotability" (Beer 1986: 144).

It was believed that the predominant form of teacher evaluation was a deficit model of performance, based on "presumption of incompetence" (Bosetti and

O'Reilly 1996: 156). The debates about appraisal of academic staff in universities have also revolved around the poles of "professional autonomy versus managerial control" (Elliot 1987: 172) with the university academic staff displaying "a great(er) disdain towards appraisal by management" (Elliot 1987: 172). The academic staff supported professional appraisal which "embraced the aim of improving performance through self-and peer appraisal and rejected any linkage between the appraisal process and management decisions about promotion and salaries" (Elliot 1987: 172).

The focus on the managerial aspect of performance appraisal has led to great misgivings in the many universities that practised it. Such appraisal has "a negative feel, because it was geared toward checking up on people rather than promoting development" (Clandinin *et al* 1996: 172), resulting in a "negative effect upon faculty members' feeling of autonomy, responsibility and opportunity for creativity and innovation" (McKeachie 1997: 34). The academic staff felt demoralized as appraisal connotes distrust of their professional integrity.

Academics prefer a model of growth rather than a deficit model. Smyth (1996: 185) contends that "there is a good deal of intrinsic appeal and widespread support for the notion of teacher evaluation for development and growth, as distinct from conformity, compliance and control"; teaching staff are "more favourably disposed towards models that respect them as competent professionals, that allow them to identify professional goals, that are based on trusting relationships, and that make provision to construct a continuous learning culture". Academics wish to have control over their own performance. They emphasize professional learning and career development as the primary purposes of appraisal (Elliot 1991a: 95).

Universities have to account to the public for the performance of its staff. At the same time they should help staff develop for the long-term benefits of the universities. A judgmental staff appraisal scheme may immediately serve the accountability function; however, it may inhibit staff growth in the long run rather than develop it. As Hall (1996: 152) asserts "the potential of appraisal systems in education for identifying development needs is muddied by their accountability purpose of performance, potential and reward review". Shall the universities adopt a judgmental appraisal and abdicate its responsibility for staff development, or is there a possibility of getting the best of both worlds?

Assessment Criteria

Any attempt to reinforce good academic work by rewarding it is a difficult endeavour because of the problems in defining good academic work and measuring it (Schuster and Zingheim 1992). Measurement of performance is often associated with quantification, which "has been considered the necessary and sufficient criterion for an objective evaluation" (Braskamp and Ory 1994: 7). Very often, the management believes that reward systems that tie rewards to "hard" criteria (such as quantity of output, profits, or sales) will "stand a much better chance of succeeding" (Lawler 1994: 176) since such measurements appear to be objective and verifiable. However, for academic work such as teaching, hard criteria of measuring performance are not readily available. Consequentially, the giving of rewards differentially to academic staff may not serve to motivation staff. On the contrary, it may even be dysfunctional if it neglects good performance in an area that is difficult to measure and yet important for the effectiveness of the universities (Lawler 1994). Moreover, many aspects of performance which are quantifiable "may not be very important in the long run" (Porter and Lawler 1968: 26), for example, the number of hours taught irrespective of the student's learning.

The criteria for measuring successful performance of academic staff are "diffuse and qualitative", and some academic work "does not bear immediate fruit" (Suffolk Education Department 1995: 3) since "to research effectively or to teach successfully requires long-term planning" (Bright and Williamson 1995: 72). The performance criteria "are not easily measurable, as is the case with industrial or commercial employment, in market terms" (Bright and Williamson 1995: 72). Although some quantitative measures have been developed, for example, research output and teaching evaluations, those are "not subtle enough to distinguish the qualitatively different levels of performance of different groups of academics". As a result, "there is the danger that neither the potential high fliers nor the serious underachievers will be adequately managed" (Bright and Williamson 1995: 72).

For instance, it is "impossible to isolate and measure the singular effect of teaching" (Walker and Symons 1997: 6) along "any single dimension of quality" (Trow 1997: 390). Teaching is an inherently ambiguous and non-standardized technology because outcomes are often complex, multifaceted and non-specified (Stumph and Rindova 1997). It involves both the teacher and the students and thus it cannot be assessed as an attribute or skill of the teacher, independent of the students. "Teaching is not an action but a transaction, not an outcome but a process, not performance but an emotional and intellectual connection" between the teacher and the students, and "the quality of teaching is not a quality of a teacher but of a relationship" (Trow 1997: 390), and is affected by the character, talents, and motivations of the students. Teaching can hardly be assessed at all in the short term, as the impact on the students may take years to emerge. Indeed, it is difficult to know what the effect of teaching will be on the students over their lifetime (Trow 1997).

The educational process should not be confined to the learning of the subjects: students should learn to enhance problem-solving ability, to prepare for their career, to develop independence, to recognize their increasing competence and to become more constructive and responsible members of the society. "Much of these educational objectives are difficult to measure" (Suffolk Education Department 1995: 2). Furthermore, there are "factors other than the individual's efforts" (Porter and Lawler 1968: 26), for instance, "student achievements are influenced by home environment, peers, level of ability, class size, and other factors that complicate the assessment of teachers based on student performance" (Klingner and Nalbandian 1985: 216).

There are some generally accepted characteristics of good teaching (Goodwin and Stevens 1993): enthusiasm, knowledge of the subject area, stimulation of interest in the subject matter, organization, communication clarity, concern for students, use of higher cognitive levels for discussion, encouragement of active learning and student participation, and provision of constructive feedback. However, it is also generally agreed that it is difficult to measure teaching effectiveness, and the difficulty is still a major concern that is unresolved today (Goodwin and Stevens 1993; McKeachie 1963). Furthermore, performance appraisals are often loaded with problems of invalid assessment due to inconsistency between supervisors, and many of the common mistakes made by evaluators, such as halo effect, central tendency error, recency error, and personal bias, etc. Consequently, good performance may not result in good ratings. There is also the question of equity as not every staff member is given equal opportunity to demonstrate individual merit.

Minimum Competencies

An organization justifiably exists if it serves its purposes. In order to survive, it has to exercise control over the quality of its products or service. However, when quality control resorts to the form of managerial control from the top, the quality is often defined in terms of minimal competencies, confining to the most generic of technical skills (McLaughlin and Pfeifer 1988; Haughey and Howard 1996).

The managerialist form of appraisal inhibits staff's commitment to both the task and the organization (Hutchinson 1995). When teacher appraisal schemes are concerned primarily with managerial control, the results will also be minimum competencies (House and Lapan 1989). "Some teachers will learn to perform certain tricks in order to pass examinations in subjects they do not understand. They will not become qualified to teach better, but to hide their inefficiencies better" (Ramsden 1992: 226).

Appraisal systems which stress control will demotivate competent staff, as they are "rewarded by being ignored" (Haughey and Howard 1996: 168). A system of judgment based solely on the achievement of pre-determined targets presents too much risk. "The greater the challenge the greater chance of failure" (Duke and

Stiggins 1990: 128). The risk may make competent staff choose to "play it safe" confining themselves to goals that they can easily exceed. Eventually, no one is willing to take up new initiatives beyond the terms of the contract. The resulting fixed-term "performance contract" stifles innovation.

The managerialist form of appraisal fosters an unhealthy dependence on the supervisor for quality control, it also "denies any generative component in the teaching profession. The evaluation process is not used to generate a new or deeper understanding of teaching and learning" (Bosetti and O'Reilly 1996), especially when there is no follow-up action to assist the staff to develop in accordance with the agreed action plans arising from the appraisal (Smith 1996).

Other Common Appraisal Problems

The focus of managerialist form of appraisal on getting good results may lead to sub-optimization, manipulation or dishonest report of performance data. For those staff who perceive that they have received a rating lower than they deserve, it may be extremely demoralizing. In order to maintain a harmonious working relationship, supervisors may be pressured by their subordinates to give undeserved good ratings. Suspicion of manipulation may lead to mistrust. Many staff may feel that their performance ratings are not accurate or fair; and thought that "their superior gave the same rating regardless of performance" (Shafritz *et al* 1986: 432). Furthermore, rivalry may cause bitterness, and damage solidarity among the staff members.

When appraisal systems are designed to stimulate competition among staff for personal acquisition of scarce resources, their longer-term effect will be to deter rather than to develop staff. At the end of the day, they will "encourage mediocrity, foster brooding resentment, and dampen the desire to excel" (Ramsden 1992: 220). However, there are appraisal schemes which were found beneficial.

Benefits from Appraisal

Bryman *et al* (1991) found that for most people in universities, their experience of appraisal was more positive than they had expected; while some were skeptical about the motives behind the introduction of appraisal schemes, many "value the specific contribution that appraisal makes to staff development" (Lewis, 1993a: 13). Hughes (1998) also identified a range of benefits for both individuals and their institutions despite numerous shortfalls in the appraisal schemes. Individuals benefited from better communications, planned training, clearer work objectives, and a sense of being valued. The greatest benefit to the institution seemed to be the improvement in departmental planning, aligning individual goals and departmental/institutional goals. These potential benefits give some reasons why performance appraisal should be conducted. To a closer examination of how these benefits can be brought about we now turn.

Should Performance Appraisal be Conducted?

What constitutes the main purpose of an appraisal scheme affects its acceptance by staff, and thus the impact of the scheme on staff motivation. It is believed that performance appraisal which is based on the new managerialism doctrines has the main purpose of controlling (motivating) staff's behavior towards increased performance, so that the organization's productivity can be increased as a whole. The means to achieve such a purpose is by defining and measuring performance and linking it to rewards, assuming that the rewards are wanted by the employees. The question is "Will such means achieve the purpose?" To make an appraisal and reward system effective, it must be formulated with an understanding of why people work. The rest of the chapter is devoted to a review of the literature on the reasons that make people work.

Why People Work?

The list of reasons why people work can be organized in terms of extrinsic and intrinsic motivation. The term motivation derives from the Latin word for *move*, as do the terms *motor* and *motif*. Here, work motivation refers to a person's desire to work hard and work well, and is defined as "the conditions and processes that activate, direct and sustain behavior" (Walker and Symons 1997: 4). It does not refer to the motivation to join and stay in an organization. Extrinsic motivation refers to the performance of an activity in order to attain external rewards, whereas intrinsic motivation is the internal feeling and is derived from the performance of the job. A person is intrinsically motivated if he/she performs a task for no apparent rewards except the activity itself (Deci 1971).

Extrinsic rewards are those rewards that come after successful completion of an activity. Pay, fringe benefits, awards or titles, decreased workload, letters of commendation, prestige, recommendation for tenure and promotions are extrinsic rewards that bring extrinsic motivation because they provide satisfaction that is independent of the task itself, and are controlled by someone other than the person himself/herself, for example, supervisors, co-workers, the organization's rewarding system. Intrinsic satisfaction is an integral part of the task itself and over which the person has a high degree of self-control. Self-esteem, personal growth, a challenging task, feelings of accomplishment for a job well done, feelings of using and developing one's skills and abilities, delight in satisfying curiosity and the pleasure from participating in a stimulating discussion are examples of intrinsic rewards.

Extrinsic Motivation – the Psychological Assumption of Performance Appraisal

Scientific management (Taylor 1911) assumes that workers are indolent, lazy and need to be told what to do and how to do it. Theory X Management (McGregor 1960) contends that careful controls have to be set up to ensure that the workers will do exactly what the management has planned for them to do. Economic drive is the only firm rational basis for work (Mills 1951). People do not have intrinsic motivation and their behaviors are entirely under the control of the external rewards, which serve as a reinforcer. People will only do their best when the rewards are made contingent upon performance. Behaviors which are reinforced will be strengthened and those which are not reinforced, or which are punished, will be weakened, as stipulated by the Law of Effect. It has been firmly established in the experimental literature of psychology that "extrinsic rewards (reinforcement) motivate behavior (increase the likelihood of a response). Further, the introduction of extrinsic rewards often improves performance although the introduction of extrinsic rewards impaired performance in a study by Kruglanski *et al* (1971)" (Deci 1975a: 207).

The importance of extrinsic motivation is supported by the Expectancy Theory of Motivation, which stresses heavily on extrinsic rewards although intrinsic motivation is also recognized as a kind of motivation (Porter and Lawler 1968:

163). The theory assumes that human behavior is goal-directed such that people will engage in behaviors which they believe will lead them to desired end states.

Expectancy Theory of Motivation

Expectancy theory constitutes one of the two basic motivation theories together with the drive theory (Porter and Lawler 1968). Drive theory emphasizes physiological motives while expectancy theory stresses psychological motives. It is a process theory of motivation which attempts to explain "how behavior gets started, is energized, is sustained, is directed, is stopped and what kind of subjective reaction is present in the organism" (Jones 1959 as quoted in Porter and Lawler 1968: 7). The Expectancy Theory of Motivation was chosen as the framework of analysis in this thesis given its basis in rationality, as it covers non-physiological motives such as status, achievement and power. It was chosen also because it has been "the most promising theory yet proposed and has had the most important applications in public organizations" (Rainey 1991: 136).

The theory is a cognitive choice theory that focuses attention on how people make decisions about where to allocate their effort (Mowday and Nam 1997: 112). It helps to explain individual differences in motivation and behavior. It predicts that a person will perform some kind of cost-benefit analysis for his/her own behavior at work. If the estimated benefit is worth the cost, then he/she is likely to apply more effort (Newstrom and Davis 1993). The person considering an action adds up the values of all the outcomes that will result from the action, with each outcome weighted by the probability of occurrence. The higher the probability of good outcomes and the lower the probability of bad ones, the stronger the motivation to perform the action.

The theory was based on two main assumptions. First, people have expectations about the outcomes of their behavior, in the form of beliefs relating to the probability that a particular action will be followed by a particular outcome. Second, people have preferences among the different outcomes of their behavior. The theory was stated by Vroom (1964) formally with algebraic formulas. A person's motivation to perform effectively, i.e., the force acting on a person to exert a particular level of effort is a function of the <u>sum of the products</u> of:

V: The perceived desirabilities (values) of the outcomes (rewards) that might be obtained by performing effectively; people learn to place a value on the rewards and to develop expectancies through experience and observation;

E: The "expectancies" for the outcomes (rewards).

Later on, the concept of expectancies was broken down into two types:

EI: Expectancy (perceived probability) that *performance* depends upon *effort.*

EII: Expectancy (perceived probability) that *reward* depends upon *performance.*

Some authors refer EI as expectancy and EII as instrumentality.

Effort (Motivation) refers to the amount of energy an individual expends in a given situation. It does not necessarily correlate with *performance* (the end result of effort), although "increased effort can be expected to lead to increased performance, at least under most conditions" (Porter & Lawler 1968: 32).

Expectancy is the person's subjective estimates of the effort-reward probability, i.e., the probability that directing a given amount of effort towards performing a task effectively will result in obtaining a positively valued reward. Motivation is proportional to the sum of each value of reward multiplied by the perceived probability that the reward depends on effort. A higher sum reflects higher expectancies for more positive valued rewards and should predict higher work motivation.

$$\text{Motivation} \propto \sum_{r=1}^{n} V \times EI_r \times EII_r$$

[$\propto$ means in proportion of; Σ means summation; r refers to the n items of reward valued by the person]

The value of reward and effort-reward expectancy interact to produce motivation (effort), and the interaction is multiplicative (i.e., the product of two variables) (Porter and Lawler 1968), i.e., each of the two is a necessary but not sufficient condition for effort to be expended in a job. Because of this multiplicative relationship, highly valued rewards will not lead to high motivation if the person expects no chance of obtaining them; nor will a high expectancy of obtaining rewards produce high motivation if the rewards are regarded as unimportant.

At the same time, the two expectancies also work multiplicatively to influence motivation. If either is low, the probability that reward depends upon effort must also be low. One may expect to perform well enough to get a high performance evaluation (EI), but the good performance may not necessarily result in a high probability of getting a significant reward (EII). EI is within the control of the person, as it depends on the person's ability; EII may be influenced by managerial practices. Performance appraisal may serve as a means to enhance the probability that performance will lead to rewards by reflecting and rewarding good performance. The more the valued rewards "can be tied to effective performance, the higher will be the motivation to perform effectively" (Porter and Lawler 1968: 97).

While the Expectancy Theory of Motivation was used as a framework of analysis in the thesis, it was noted that some studies found that the theory failed to predict effort and productivity (Rainey 1991: 137). Critics (Behling *et al* 1973; Connolly 1976) pointed out that the theory does not accurately represent human mental processes because human beings do not make exhaustive lists of outcomes and their probabilities and add them up systematically. "People don't have full knowledge either of all possible behaviors or of all outcomes. They are not capable of highly complex computations" (Lawler 1994: 75), and so they "don't consider all alternatives and they satisfy rather than optimize" (Lawler 1994: 76). Many human behaviors are not analytical or rational. As a response to these critics, the more recent versions of the theory has relaxed the algebraic formulas, and it simply states that "motivation depends generally on the positive and negative values of outcomes and their probabilities, in ways that we cannot precisely specify" (Rainey 1991: 137).

Porter and Lawler (1968) refined Vroom's theory by examining two variables that affect the relationship between effort and performance: abilities and role perception which interact multiplicatively with effort to produce performance. Ability is the person's power to perform, including intelligence, manual skills, personality traits, etc, which are relatively stable and are composed of long-term characteristics of the person. Although they can be modified, they rarely change very much over the short run. Role perception refers to the kinds of activities and behavior the person feels he/she should do in order to perform the job effectively. It can be affected by immediate cues from the environment. Higher effort will lead to higher performance, the greater the extent to which the person possesses abilities that are relevant to the task, and the greater the extent to which his/her role perception is congruent with that held by the one who will be evaluating the performance.

A diagrammatic presentation of the model is given below:

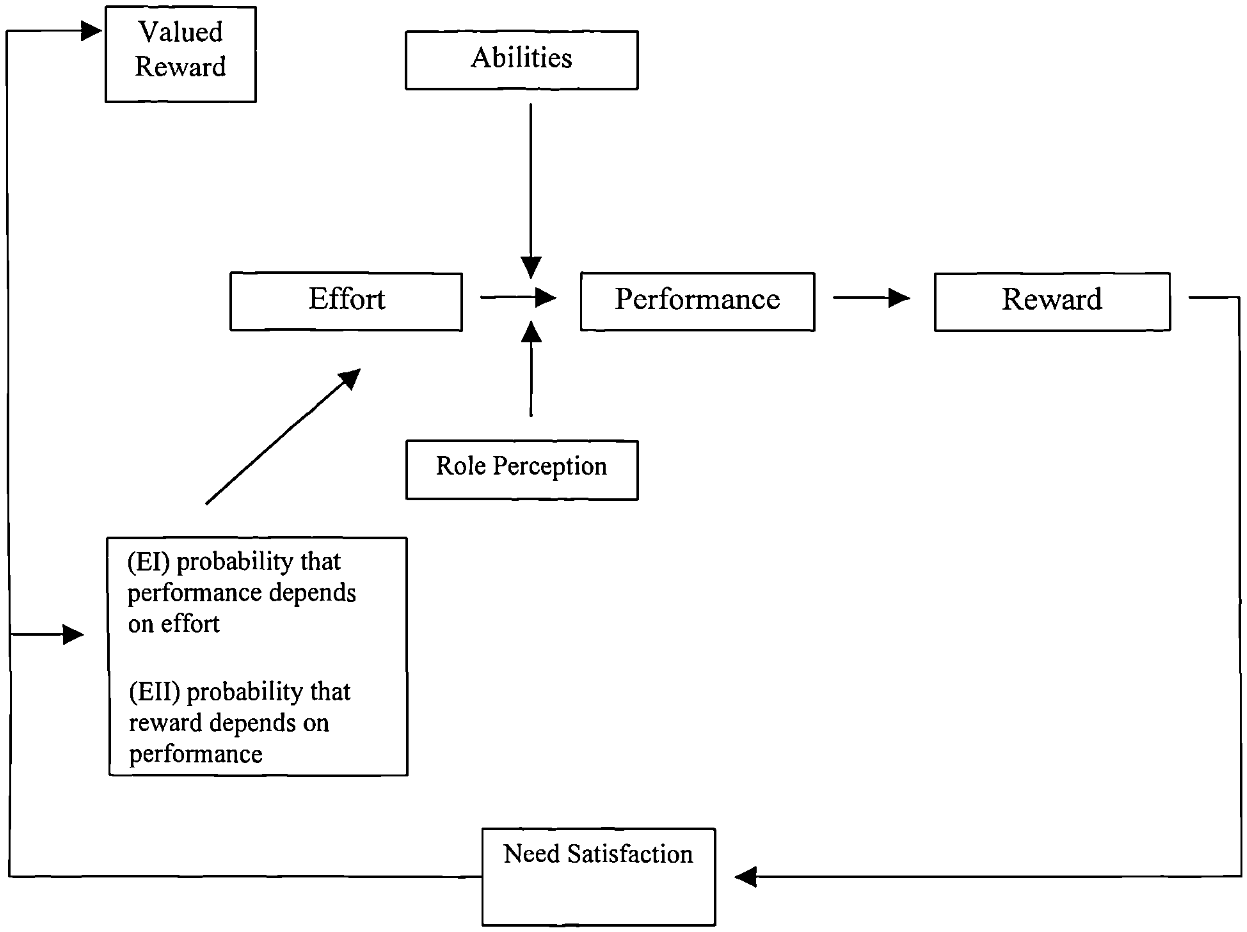

Diagram 1: A Motivational Model (*adapted from Porter and Lawler 1968: 165*)

As can seen from the Diagram 1, in order for any performance appraisal scheme to serve motivational purpose by allocating rewards, it must fulfill certain conditions:

(a) It must address the kinds of rewards which are valued by the staff members whom the scheme intends to motivate. In another words, the management must know what kinds of rewards are valued by staff, so as to bring need satisfaction to them.

(b) The scheme must be clear enough for staff members to believe strongly that substantive consequences (not necessarily pay) will follow performance (Bright and Williamson 1995). Clarity of linkages between valued rewards and high performance will lead to the work efforts or increase in the efforts (Ilgen, Nebeker and Pritchard 1981) and increased productivity (Neider 1980). The link is important as the stronger the performance-reward relationship, the higher the work motivation for the organization as a whole. In organizations where rewards are largely unrelated to performance, many staff members will exhibit little work motivation (Kopelman 1983).

(c) To link reward to performance, there must be effective measurement, so that the actual performance can be measured against pre-determined objectives. The management has to define objectives that are "realistic and capable of being measured" (Bright and Williamson 1995: 79). The standards of performance need to be very precise, so that the organization can discriminate among individual staff members in terms of performance.

The behavior must be monitored so that the rewards can be administered consistently.

(d) Clarity in roles is crucial if the reward system is to contribute to the overall strategic management of the organization. The system should enable individuals to integrate their goals with those of the organization.

Intrinsic Motivation

McClelland (1962) holds the view that people do not work for external rewards alone. His Need for Achievement Theory argues that people have an intrinsic need for achievement, which refers to the desire to do something better than it has been done before. According to Deci's (1975a) cognitive approach to motivation, people make choices about what to do by processing information obtained from the environment, memory, or "personal knowledge" which consists of people's attitudes, feelings, and other internal states. People will choose to engage in behaviors which are motivated by a person's need for feeling of competence and self-determination in dealing with the environment. Intrinsic motivation is spiritual and "has to do with life itself: It is vitality, dedication, transcendence. It is what one experiences at those times that Robert Henri called 'more than ordinary moments of existence'" (Deci and Flaste 1995: 45). It is a state of "flow" where "one is so carried away by what one is doing and feels so immersed in the activity. In a state of flow, a person knows precisely how well he or she is doing. In flow, a person usually does not worry about the consequences of his or her performance" (Csikszentimihalyi 1997: 82). "Time seems to collapse and disappear, when intensity in the process takes over and the thrill is so great that one hates seeing it end and can't wait to get back to it. Experiences like these ennoble life, make it vastly more enjoyable and ultimately result in greater self-understanding and self-honesty. They give us the opportunity to observe what real, deep interest feels like – the joy of it – as opposed to the drudgery that external control tends to bring" (Deci and Flaste 1995: 45-46).

The experience of intrinsic motivation is its own justification. Intrinsic motivation is "associated with rich experience, better conceptual understanding, greater creativity, and improved problem solving, relative to external controls" (Deci and Flaste 1995: 51). Thus performing effectively is rewarding in its own right. People will be committed to doing their jobs well when they derive satisfaction from seeing that they are being effective (Deci 1975a). Morse and Weiss (1955) concur with this view, thinking that for most people working does not simply function as a means of earning a livelihood; it means "having a purpose, gaining a sense of accomplishment and expressing himself" (p.56). Even if there were no economic necessity for them to work, many people would still work. It is through such a producing role that most people tie into the society, and maintain their sense of well-being. Porter and Lawler (1968) found that "the most statistically significant findings for need fulfillment and need satisfaction attitudes occurred in those need areas most directly reflecting the intrinsic rewards available in jobs" (p. 150).

According to Herzberg's (1964) Two-factor Theory, *Motivators* (achievement, recognition, the work itself, responsibility, growth and advancement) which are intrinsic to the job produce high levels of job satisfaction. Intrinsic rewards satisfy higher-order needs such as self-esteem and self-actualization; whereas externally mediated rewards satisfy only lower-order needs (Lawler 1969; Lopez

1968). It is believed that the intrinsic rewards of achievement and satisfaction stimulate work performance, whereas extrinsic rewards are not significantly related to job satisfaction (Drummond and Stoddard 1991) although productivity may be enhanced (Lawler 1971) in the immediate terms. Many theorists believe that if one is concerned with long-term effects than the immediate performance, "the appropriate route becomes the intrinsic one" especially "if one is seeking more creative work" (Deci 1975a: 208, 228).

Expectancy Theory of Motivation supports the view that people should be given greater freedom to do the job, so that the challenge will elicit their intrinsic motivation. The role of management is to create conditions within which the staff members will motivate and reward themselves. The kind of work should be one the staff members delight in doing, so that they can attain satisfaction from the expression of their own abilities, the exercise of their own decisions, and their achievement (Katz 1964). For the job to be intrinsically motivating it must be challenging enough for the person (Danner and Lonky 1981). Work will be more motivating when it is meaningful, allows autonomy, provides feedback (Hackman and Oldham 1980), and is of a variety (Morse 1953).

Deci (1975a) pointed out the primacy of intrinsic motivation as an *ongoing* motivator of behavior, as distinct from primary drives which may extinguish after extrinsic rewards have been obtained (Maslow 1943, 1954, 1970). A person's intrinsic needs are potentially operative all the time. "With intrinsically motivated behavior, the goal will be attained and the behavior will be rewarded, but the need will not be reduced. Rather, the need is ever-present, so it will remain, and other goals will be set, unless the process is interrupted by a drive or an emotion" (Deci

1975a: 101). Rewards that satisfy lower-order needs, such as monetary rewards, will have "a reduced value for at least a limited period of time" (Porter and Lawler 1968: 40), but intrinsic rewards which are associated with "higher-order needs – such as esteem, autonomy, and self-actualization needs – become more attractive the more a person is rewarded and feels satisfied with a given level of rewards" (Porter and Lawler 1968: 40). Indeed, the need for self-actualization and competence is not "satisfiable" (Lawler 1994: 44).

Those who are intrinsically motivated are more likely to have lasting satisfaction (McKeachie 1997: 29) because factors leading to intrinsic motives are within the person and are relatively stable, whereas factors relating to extrinsic motives, such as budgets or administration, are more uncertain as far as the person is concerned. Lawler (1969) considers intrinsic rewards "excellent motivators" since the connection between the reception of the rewards and the performance is more direct, as the individuals reward themselves. In the terminology of the Expectancy Theory of Motivation, there is a higher-effort reward probability.

The most effective motivation in the work place is believed to be intrinsic motivation. Lawler (1969) has defined intrinsic motivation as the degree to which feelings of esteem, growth, and competence are expected to result from successful task performance. Theory Y Management which advocates management by objectives (Argyris 1957; Likert 1961, 1967; Maslow 1965; McGregor 1960) focuses on intrinsic motivation. Prominent motivation theorists argue that "employees at all levels can be motivated by higher-order motives" (Rainey 1991: 127). All people want appreciation, recognition, influence, a feeling of accomplishment and a feeling of being liked by other people (Likert 1961). Those who are deprived of opportunities to attain these needs will display indolence, passivity, resistance to change, lack of responsibility, readiness to follow the demagogue and will make unreasonable demands for economic benefits (McGregor 1960).

The Effect of Extrinsic Motivation on Intrinsic Motivation

The new managerialism doctrines place heavy emphasis on externally mediated rewards, under the assumption that " individuals will not perform to their fullest unless an appropriate system of incentives is in place" (Hughes 1994: 71). Incentive systems assume that extrinsic rewards affect people's behavior more than intrinsic rewards do (Lawler 1981). The main purpose of performance appraisal schemes is to distribute extrinsic rewards by measuring performance and linking it to those rewards. Assuming that the administration of extrinsic rewards does motivate staff performance, it will still be necessary to find out whether these external rewards will reduce intrinsic motivation to perform a task, resulting in an overall reduction of motivation. On the other hand, will extrinsic rewards create or enhance intrinsic motivation?

Most theories of work motivation have assumed that the effects of intrinsic and extrinsic rewards are additive (Deci 1972a; Lawler 1971; Porter and Lawler 1968; Vroom 1964). Satisfaction is regarded as a function of the sum of the effects of both kinds of rewards. Porter and Lawler (1968) thus suggest that extrinsic rewards should be made contingent upon performance to maximize the effect of the extrinsic rewards on motivation; *at the same time* work should be structured in such a way that intrinsic rewards will accrue to the person who performs effectively. However, it has been reported in many psychology books that external rewards decrease intrinsic motivation (Atkinson 1964; deCharms 1968; Murray 1964).

The early Michigan leadership studies (Katz *et al* 1950; Katz *et al* 1951) indicate a low positive relationship between job performance and satisfaction with pay. Kruglanski *et al* (1971) found that extrinsic rewards undermine performance. The study by Daniel and Esser (1980) concurs with McGraw's (1978) conclusion that rewards improve performance on relatively routine tasks but adversely affect performance on more complex tasks. Doubts were cast suggesting the possibility that extrinsic rewards would inhibit other powerful and pleasurable motives for working, such as the pleasure of work for its own sake and the solidarity of the working group (Davis 1948). Deci and Flaste (1995) show that "people perform less well at problem solving when they are working for an extrinsic reward than when they are intrinsically motivated" (p. 50). The conclusion is that "not only do controls undermine intrinsic motivation but they also have clearly detrimental effects on performance of any tasks that require creativity, conceptual understanding, or flexible problem solving" (Deci and Flaste 1995: 51).

Based on a self-perception theory, deCharms (1968) explains why extrinsic rewards may decrease intrinsic motivation. The distinction between intrinsic and extrinsic motivation lies in the perception of personal causation. "Whenever a person experiences himself to be the locus of causality for his own behavior, he will consider himself to be intrinsically motivated. Conversely, when a person perceives the locus of causality for his behavior to be external to himself (that he is a Pawn), he will consider himself to be extrinsically motivated" (p. 328). Satisfaction derives from an intrinsically motivated task when a person feels a sense of personal causation for his/her action. However, when external rewards are administered for an intrinsically motivated task, the person perceives that the feeling of personal causation or the locus of causality of the knowledge *shifts* to an external source, leading him/her to become a "pawn" to the source of external rewards. The behavior will then be motivated by the external rewards, rather than by the intrinsic satisfaction. The person's perception of self-control, free choice, and commitment degenerates and motivation dies down. Festinger (1967) also predicts that external rewards should decrease intrinsic motivation as the rewards will affect the person's concept of why he/she is working, thus changing his/her attitude towards the work. Both deCharms and Festinger cited the Harlow (Harlow *et al* 1950) studies which used monkeys to support the hypothesis that extrinsic rewards decrease intrinsic motivation. [*However Deci (1971) listed several factors which weakened that conclusion: there were very few subjects used; periods of observation were only 5 minutes each; and the effect might be short-term. Deci (1971) also pointed out that a third study in the Harlow series (Davis, Settlage and Harlow 1950) actually found an increase in performance.*]

deCharms' theory postulates that withdrawing and reducing an extrinsic reward may enhance intrinsic motivation. This hypothesis is supported by two experiments (Staw 1974; Weick 1964): intrinsic motivation was liberated after the withdrawal or reduction of extrinsic controls over the behavior; the perceived locus of causality shifted from the extrinsic reward to the self. However, it is unclear "what conditions must be satisfied before these paradoxical effects will emerge. It may be that substantial interaction will occur only if the extrinsic rewards are expected or are administered contingently upon performance. Or, alternatively, it may eventually turn out that both of these conditions must be met before the interaction will occur" (Notz 1975: 890).

No Definitive Answer

Many earlier studies uniformly indicate that extrinsic incentives or constraints tend to impair the experience of autonomy and undermine intrinsic motivation (Deci 1971; Kruglanski, Alon and Lewis 1972; Kruglanski *et al* 1975; Lepper, Greene and Nibsbett 1973; Pinder 1976; Pritchard, Campbell and Campbell 1977). Subsequent research has shown, however, that although extrinsic rewards do often reduce intrinsic motivation, they sometimes enhance or leave it unchanged (Ryan, Mims and Koestner 1983). Woodworth (1918) contends that many activities, regardless of the initiating motive will become intrinsically interesting. Allport (1937) refers this notion as "functional autonomy". Through the continued reinforcement of the desired behavior, internal control of behavior will develop. Some psychologists suggest that external rewards will enhance or create intrinsic motivation through the process of internalization. Aronfreed (1968) assembled a large number of studies (primarily with animals) which reported the persistence of behavior after the external rewards have been removed. Ferster and Skinner (1957), Morse (1966) and Uhl and Young (1967) have demonstrated that animal behavior strengthened by intermittent food rewards persists after the food is removed. The third study in the Harlow series (Davis, Settlage and Harlow 1950) also seems to support the hypothesis that external rewards enhance intrinsic motivation.

It seems that there is no definitive answer to the question of the effects of externally mediated rewards on intrinsic motivation. Deci (1975a) suggests that different kinds of external rewards would have different effects on intrinsic motivation. Tangible rewards (e.g. money) may affect intrinsic motivation in a way different from that of non-tangible rewards (e.g. verbal reinforcement, social approval). The allocation of tangible rewards suggests to people that they should probably not do the work without the rewards and so they should NOT be so intrinsically motivated. This could lead to a process of cognitive reevaluation of the work, and the once intrinsically motivated work would become one which is motivated by the expectation of external tangible rewards. As the perceived locus of causality shifts from an internal source to an external one, the extrinsic rewards will decrease the intrinsic motivation (deCharms 1968; Heider 1958). On the other hand, non-tangible external rewards will less likely be perceived as a controlling device, and thus the process of cognitive reevaluation will less likely take place. If the perceived locus of causality still rests with an internal source, the person will continue to be intrinsically motivated; and the behavior will persist even after such non-tangible rewards have been removed (Deci 1971).

Deci (1972a, 1975a) further explains the predictions using Cognitive Evaluation Theory which assumes that intrinsically motivated behavior is behavior which allows a person to feel competent and self-determining (deCharms 1968; White 1959). The theory asserts that there are two processes by which extrinsic rewards can affect intrinsic motivation: a change in perceived locus of causality and a change in one's feeling of competence and self-determination. Rewards that strengthen the feelings of competence and self-determination enhance intrinsic motivation, and punishment that weakens these feelings decreases intrinsic motivation. Any extrinsic reward possesses two aspects: a "controlling" aspect and an "information" or "feedback" aspect. While extrinsic rewards can control behavior, they can also provide information to people about their effectiveness. The controlling aspect will decrease intrinsic motivation by changing the perceived locus of causality to an external source while the feedback aspect will increase intrinsic motivation by increasing the person's sense of competence and self-determination. Which of the two processes will be invoked depends on which aspect of the reward is more salient. When tangible rewards are given, the controlling aspect is salient; when non-tangible rewards are given, the feedback aspect will be perceived as more salient.

Intrinsic motivation theories view information as a motivating factor. When feedback is positive, the perceived competence will enhance intrinsic motivation (Deci and Ryan 1985; Pinder 1976; Ryan, Mims and Koestner 1983; Stumpf and Rindova 1997). Negative information is however demotivating, as it reduces one's sense of competence (Deci and Ryan 1985). Positive verbal feedback increased the intrinsic motivation of males, while for females the opposite effect was produced (Deci, Cascio and Krusell 1975). For males, the change in feelings of competence and self-determination was set in train. For females, the locus of causality changed to an external source when they were told by their supervisors that they had done very well on a task; they lost intrinsic motivation since the task became dependent on the praise.

Contingent Pay

The inconclusive effect of extrinsic rewards on intrinsic motivation is evident in the continuing debate about contingent pay. Some researchers found that contingent pay resulted in higher performance (Ayllon and Azrin 1965; Burnett 1925; Lawler 1981; Opsahl and Dunnette 1966; Roethlisberger and Dickson 1939;

Taylor 1911; Viteles 1953; Wyatt 1934). "Even the most conservative results from these studies seem to suggest that individual-incentive plans can increase productivity by 10 to 20 percent" (Lawler 1994: 151). Atkinson and Reitman (1956) found that the offer of a financial reward led to increased performance in general, especially among people who had low achievement motivation. Lawler (1994) concludes that compared with "systems in which raises are not merit based", contingent pay systems "do achieve some success in relating pay to performance" (p. 147). On the contrary, some researchers found that contingent pay did not result in improved performance (Perry and Pearce 1985; Perry 1997), while others contend that contingent pay might even harm productivity (Meyer 1975). Gabris and Mitchell (1988) reported that although good performers under a contingent pay system continued their good performance, the average to low performers became more alienated as a result of the negative feedback associated with contingent pay. Deci and Flaste (1995) insist that rewards should be used as a way to express appreciation; in order to bring positive effects they should not be given contingently. There is also a widely held view that appraisal should not be linked to pay (Randall *et al* 1984; Fidler 1989b; Pennington and O'Neil 1988; Poster and Poster 1993).

Some theorists consider that extrinsically mediated reward systems often threaten the intrinsic feeling of self-esteem (Perry 1997). When staff members are recognized with rewards that fall short of their definition of their worth, the threat may lead to rejection of the system. Meyer (1975) found that everyone thinks that they should get at least the average amount of reward and 75% think they should get more than the average. He concludes from the General Electric Company experience that as the vast majority of staff will get the average award, contingent pay award will cause a harmful effect on morale and motivation. The majority of staff members will feel that management does not recognize their true worth. The effect is to damage staff members' self-esteem, resulting in lower productivity. Although such a negative effect may be avoided by adopting criterion-referencing evaluation, there may be a pressure to use norm-referencing method, for example, when the limited budget allows only a limited number of staff to be rewarded with pay raise despite the good performance of all staff.

While contingent pay may lead to an incremental effect on quantity of performance, it will have a detrimental effect on quality (Vecchio 1982: 452). There are numerous studies which demonstrated the negative side effects on linking performance to extrinsic rewards, such as lack of cooperation among peers, competing for the same promotion, manipulation of performance data with a view to report invalid data (Lawler 1994), and separation of staff members into different categories, resulting in dysfunctional competition (Perry 1990).

Deci (1972b) found that the introduction of contingent monetary rewards for an interesting task decreases people's subsequent desire to work on the task, while that of non-contingent monetary rewards will not. Pinder (1976) contends that people receiving a non-contingent pay award derive more intrinsic satisfaction from work than people who are paid according to a contingent pay schedule. Deci (1975a) asserts that the "important factor leading to a decrease in intrinsic motivation is the person's perception that the reward was the cause of his behavior" (p. 152). Thus contingent rewards are more likely to decrease intrinsic motivation (Deci 1975a) as the person will perceive the rewards as the cause of doing the work. Although Calder and Straw (1975a) pointed out a number of methodological problems that rendered Deci's (1975a) work very difficult to interpret, further studies provided firmer evidence to show that salient contingent rewards decreased intrinsic motivation (Kruglanski *et al* 1972; Kruglanski *et al* 1975; Lepper, Greene and Nisbett 1973; Pinder 1976; Pritchard *et al* 1977). Several researchers, however, have not been able to replicate the findings that contingent pay decreases intrinsic motivation (Farr 1976; Farr, Vance and McIntyre 1977; Hamner and Foster 1975).

On the other hand, it has been shown that even non-contingent rewards could decrease intrinsic motivation (Calder and Staw 1975b; Kruglanski, Friedman and Zeevi 1971; Notz 1975). Such a situation will occur, if the "controlling" aspect of the reward appears more salient than the "feedback" aspect, such that the person perceives that the locus of causality to be outside of himself/herself (Deci 1975a). Therefore, non-contingent rewards could decrease intrinsic motivation although the decrease would be smaller and less likely to occur than in those cases when the rewards are contingent upon performance (Deci, Cascio and Krusell 1975). On the other hand, if contingent rewards provide "signals of competence that are more salient then their signals of control, intrinsic motivation may not be decreased and could even be increased" (Phillips and Lord 1980: 211). In summary, it has been established that whether extrinsic rewards will decrease intrinsic motivation depends essentially on whether or not the controlling aspect of the reward is salient (Deci 1975a), and not simply on whether the rewards are contingent upon performance.

Kopelman (1983) considers that contingent pay based on outstanding performance will still serve a motivational purpose even for staff who are already satisfied with their level of pay. According to the Expectancy Theory of Motivation, if people value pay, then tying pay to performance will enhance motivation and thus productivity. The theory supports contingent pay, since it postulates that rewards which are obtained as a result of one's performance will have more psychological value than (the same) rewards obtained for non-performance reasons (Kopelman 1983). Contingent pay does not only satisfy the basic physiological needs, but also self-esteem and self-fulfillment needs as it is an indication of recognition by the management.

Another Intrinsic Satisfaction: Social Satisfaction

The results of the Western Electric Company studies (Roethlisberger and Dickson 1939) show that factors other than financial ones influence a person's productivity too. As people derive satisfaction from their social relations with groups, the greater the extent to which workers are members of integrated work teams on the job, the higher the level of job satisfaction (Blauner 1967). These social relations on the job (Mayo 1945) will, however, affect the level of performance which often depends on a group norm (Brayfield and Crockett 1955), for members who do not conform to the group norm face disapproval (Tannenbaum 1966). Installation of contingent pay schemes does not necessarily result in greater output. Groups may direct their members' efforts in opposition to organizational goals just as readily as they can direct the efforts to support these goals (Schachter *et al* 1951; Seashore 1954; Tannenbaum 1966). Group pressures frequently make workers perform considerably below their potential (Opsahl and Dunnette 1966) in order to protect the group's interest. While a group member can obtain financial gains by enhancing productivity, he/she may choose to give up the gain if it will be a block to social acceptance.

Punishment and Negative Feedback

Workers can be motivated for good and bad reasons. They can be induced to work hard, or they can be constrained to do so (Bess 1997). Kopelman (1983) argues that evidence indicates that the most powerful motivational systems are those that provide rewards for good performance, and take rewards away for poor performance. Goode and Fowler (1949) also support the use of negative incentives. They described a group of workers who, although most dissatisfied with their jobs, produced at a very high rate because of the difficulty they would face in finding another position should they be dismissed. "Performance can also be motivated by punishment. Significant negative outcomes can be attached to poor performance, making it less attractive than good performance. If dismissal is believed to result from poor performance, it can be a significant motivator" (Lawler 1994: 169). McGregor (1957) advocates the use of punishment which will arouse uncertainty with respect to continued employment as they "can be powerful motivators of the safety needs in the employment relationship at every level from worker to vice-president" (p. 311). Some university managers expressed the opinion that while staff appraisal should primarily be used to encourage individuals to discuss their problems and to help them do a better job, it should also be backed up by sanctions against the poor performer and rewards, such as contingent pay, for the good performers (Haslam *et al* 1992).

On the other hand, many theorists object the use of punishment and negative feedback. Threats of punishment, the imposition of deadlines, competition, and evaluations were found to have detrimental effects when made salient to motivate people (Amabile *et al* 1976; Deci and Cascio 1972). Emphasizing weak points is unlikely to produce change (Richards 1960). The more the criticism, the less the evidence of improvement in performance (Becker and Klimoski 1989; Meyer *et al* 1965) since defensiveness on the part of the subordinates in the face of criticism leads to deteriorated performance. Furthermore, when the subordinates perceive evaluation to be punitive, they exhibit an adaptive response: in an attempt to find safety and protection, they become defensive, try to hide errors, and minimize risk-taking (McLaughlin and Pfeifer 1988). Growth will be inhibited "as a result of evaluation that is overly threatening" (Duke and Stiggins 1990: 119).

Deci and Cascio (1972) reported that punishment and negative feedback for poor performance would decrease intrinsic motivation. They believe that if monetary rewards, a kind of extrinsic rewards, will decrease intrinsic motivation because of the change in the perceived locus of causality, then other kinds of extrinsic rewards will decrease intrinsic motivation too, provided that the rewards have a strong controlling aspect. The performance behavior will become dependent on an external control. Given that the punishment and negative feedback will weaken the feelings of competency and self-determination, intrinsic motivation will diminish. Punishment will not improve performance as it often tells the staff what not to do, but not what they should do (Lawler 1994).

Summary

The Expectancy Theory of Motivation stresses the importance of the linkage between valued rewards and performance. The theory predicts that if a person performs an action and this action is followed by a valued reward, be it extrinsic or intrinsic, the probability that the action will be repeated increases. On the other hand, if the person performs an action which is ignored or followed by a punishment, that action is less likely to be repeated. According to the theory, for a given reward the person's motivation to perform an action is determined by the value of the rewards, expectancy and instrumentality multiplicatively (i.e., V x EI x EII). People will decide how their efforts should be expended to get the best combination of all kinds of valued rewards.

The Expectancy Theory of Motivation suggests that in order for any performance appraisal scheme to serve a motivational purpose by distributing rewards, the management must:

(a) Make use of information about staff members' preference to select those rewards which will have a predictable effect on their behavior (Newstrom and Davis 1993). In another words, the management must know what kinds of rewards are valued by the staff members, in order to bring need satisfaction to them. The management should also be aware of the effect of administering one type of rewards in relation to other types, such as the possible detrimental effect on intrinsic motivation as a result of offer of extrinsic rewards. The Cognitive Evaluation Theory predicts that extrinsic rewards will reduce intrinsic motivation if they are perceived as a controlling device. However, extrinsic rewards will enhance intrinsic motivation if they are perceived as a kind of recognition which gives a signal of one's competence and self-determination rather than of control by management (Deci 1971).

(b) Structure the rewards in a way that staff members can perceive a direct relationship between the rewards and required performance (Katz 1964).

The appraisal results must be linked to some rewards by means of some effective measurements, which measure the actual performance against pre-determined objectives. Standards of performance need to be explicit, precise, quantifiable and measurable so as to discriminate among individual staff members in terms of performance.

(c) Define objectives that are capable of being measured and specify clearly the roles of the staff. Clarity in objectives and roles is crucial if the reward system is to contribute to the overall strategic management of the organization. The system should enable individual staff members to integrate their goals with those of the organization.

As discussed earlier in this chapter and in Chapter One, performance appraisal schemes introduced under the doctrines of new managerialism are based on the belief that the management can motivate staff members towards improved performance by allocating extrinsic rewards for good performance. To find out whether such performance appraisal schemes will actually achieve these aims, and to gain a better understanding of what will make performance appraisal schemes effective, a case study on the Performance Planning, Appraisal and Development Scheme of the City University of Hong Kong was conducted. Based on the Expectancy Theory of Motivation and the Cognitive Evaluation Theory as summarized in the previous paragraphs, the following research questions have guided the analysis:

Question One

To what extent do academic staff of the City University of Hong Kong value intrinsic rewards, such as satisfaction from teaching and research; as compared with the extent to which they value extrinsic rewards, such as job security, pay, promotion, etc. used by the management? Do they wish to avoid punishment and negative feedback?

Question Two

What kind of a performance appraisal scheme do academic staff of the City University of Hong Kong prefer or resist?

Question Three

Under what conditions will extrinsic rewards reduce intrinsic motivation in relation to academic work?

Question Four

How far do academic staff of the City University of Hong Kong believe that their performance will be rewarded? How much do they consider that academic performance is quantifiable, measurable or predictable, and that it can be assessed objectively?

Question Five

In what ways do academic staff of the City University of Hong Kong consider that their ability to perform will be affected by a clear understanding of the goals of the University and of their role in helping to attain these goals?

Further Literature Review

Search for answers to the research questions has guided the investigation on whether performance appraisal of academic staff should be conducted in order to motivate staff; and if so, under what circumstances will the appraisal be successful. The results of the investigation are given in Chapters Six and Seven. Based on the findings, some implications on the assumptions underlying the new managerialism doctrines have been accounted for in Chapter Eight. As the investigation is structured around extrinsic and intrinsic motivation, a further review of the literature on some common rewards and their values as assigned by academic staff has been made and is given in the next chapter.

CHAPTER THREE

Literature Review

Rewards and their Values as Assigned by Academic Staff

An account of the literature on some common rewards and their values as assigned by people particularly academic staff is given in this chapter.

Valued Rewards to Satisfy Needs

The term "Valued Rewards" refers to the attractiveness of possible outcomes to people. A given person differentially desires different positively valued rewards and the same reward may be differentially desired by different persons. Potential rewards acquire value because of their ability to satisfy various needs of the individual persons.

Maslow's (1943, 1954, 1970) Theory of Motivation posits that people seek to satisfy five categories of needs arranged in a "hierarchy of prepotency": lower order needs for physical comfort and safety followed by higher order needs such as social needs, esteem needs, needs for autonomy and self-actualization. *Physiological needs* include the needs for relief from hunger, thirst, and sleepiness and for defense; *safety needs* include the need to be free from the threat of bodily harm; *social needs* include love, affection, and belongingness; *esteem needs* include the need for a sense of achievement, confidence, recognition and prestige; *self-actualization needs* involve the desire to become everything that one is capable of becoming, to achieve self-fulfillment. These needs guide people to seek fulfillment in a particular role. Lawler and Porter (1967) share a similar view, believing that rewards will be valued by a person to the extent that he/she believes that they will give satisfaction of his/her security, social esteem, autonomy and self-actualization needs. According to the theory, a certain need takes precedence until satisfied to an acceptable level, then the person will concentrate on the next higher level of needs, and so on. Once the lower order needs are satisfied, they become unimportant as motivators. Thus giving more of the same reward (especially those which satisfy lower order needs) may have a diminishing impact on motivation (Newstrom and Davis 1993).

Maslow's theory has been much criticized. Research has not supported the presence of all five levels of needs. There is little evidence to support that "a hierarchy exists above the security level": employees may first seek to satisfy the lower order physiological and security needs, but "in which order they (higher-order needs) will come into play cannot be predicted" (Lawler 1994: 43). There is no real empirical evidence to show that needs influence behavior in this hierarchical manner (Locke 1976) and for every individual. People have many competing needs, the mixture, strength, and priority of the needs vary among them and may also change over time. Different individuals may append different values to different needs. Some satisfied needs may stimulate the desire to obtain more of them.

Alderfer (1972) agrees that work motivation can be gauged according to a hierarchy of needs but disagrees (with Maslow) that a satisfied need will diminish. He stresses that when higher order needs are frustrated, lower order needs will return, although they have already been satisfied. Rainey (1991: 124) reported that some researchers have found that Maslow's hierarchy does not hold (Campbell and Pritchard 1983), but the evidence indicates a two-step hierarchy: lower-level staff show more concern with material and security rewards, while higher-level staff place more emphasis on achievement and challenge (Lawler 1973; Pinder 1984). Nonetheless staff "at all levels can be motivated by higher order needs" (Rainey 1991: 127).

Despite the many criticisms it has attracted, Maslow's work is significant as it portrays a conception of the range of human needs, differentiating intrinsic from extrinsic stimuli. Maslow's hierarchy of needs as a content theory of motivation attempts to examine what it is that motivates people, and the specific things within people that initiate, direct, sustain and stop behavior.

Research shows that there is "significant individual difference among employees in the importance of different needs" and the importance is influenced by "organizational factors and personal characteristics" (Lawler 1994: 48). Management must find out the needs of their employees. In terms of this study, the most common needs expressed by academic staff are work satisfaction, recognition and self-esteem, autonomy and academic freedom, creativity and achievement, exercise of talents and growth, positive feedback, prestige, pay, security and tenure, promotion, social harmony and decreased workload. These needs will be discussed in the remaining part of this chapter, with particular focus on those needs as perceived by people in academia.

The thesis is devoted to examining the perspectives on satisfaction and motivation of academic staff who work in a university in Hong Kong. However, there are only a few studies on satisfaction of members of the teaching profession in Hong Kong, let alone on university academic staff. In order to structure a suitable theoretical basis for the thesis, reference was made to the numerous studies on satisfaction of school teachers and university faculty members conducted elsewhere. "No research findings are context-free" (Elliot 1987: 153). It was recognized that the differences in culture and other contextual factors that differentiate the various types of academic work across different countries or even across institutions may cause different perspectives regarding satisfaction and work motivation among the staff members. It was, nonetheless, considered useful to draw reference to those studies.

It should also be pointed out that despite the differences as described above, there are similarities in different types of academic work across cultures. Other than the observation that "university teachers inherit a stronger tradition of professional independence from regulations by management" (Elliot 1987: 172), "the array of studies extending over several decades and with differing samples reveals a good deal of commonality in the motives that characterize academicians" (Mckeachie 1997: 24). The teaching profession, in schools or in universities alike, is relatively "unstaged" (Lortie 1975: 82); except in some special cases, salary is predictable, salary gains may be steady but stable; members with long service earn only little more than beginners. Given that efforts will not make much difference in attaining extrinsic rewards in the short run (Lortie 1975), those who remain in the profession hold "a present-oriented rather than future-oriented point of view" (p.101). They emphasize rewards that can be earned in the present, that is, the immediate psychic rewards from the work. People "tend to prefer those occupations that they perceive as offering outcomes that are attractive to them" (Lawler 1994: 120). It thus can be inferred that academics in general put up with relatively low pay and hard work, as compared with those who choose other occupations requiring similar qualifications, mainly because of their intrinsic interest in academic work. *[It was recognized that academics in Hong Kong are highly paid by the world standard, their salary gains are nonetheless steady.]* It was with this approach that the relevant literature as follows has been reviewed.

Intrinsic Job Satisfaction

It has been shown in Chapter Two that intrinsic job satisfaction is crucial for many people. For university academic staff, most of the motives to work are intrinsic (Hutchinson 1995; McKeachie 1997; Olsen 1993). Studies of motivation suggest that when teachers or faculty members report satisfactions, they emphasize intrinsic motives; when they report dissatisfaction, they mention extrinsic factors such as pay, administrative policies, and working conditions (McKeachie 1997; Sergiovanni 1967). Teaching at the university level involves many features that can make it intrinsically rewarding. The task of fostering the development of conceptual understanding, aesthetic appreciation, interaction with students, a sense of making a difference, seeing students develop and grow; seeing students respond with enthusiasm and excitement about new ideas, a sense of competence in skill and knowledge, and autonomy (Mowday and Nam 1997) can all be a source of great satisfaction. The task provides them opportunities to satisfy their fundamental psychological needs – for competence and autonomy (Deci, Kasser and Ryan 1997).

For academic members of staff, a significant motivating factor has been "the right, within course boundaries, to develop and deliver lectures, conduct research programmes and to engage in scholarly work with other members of the academic community through seminars and conferences" (Bright and Williamson 1995: 80).

They value the work itself, colleagues and the work environment. They see as important intrinsic features such as "having independence and freedom, doing challenging work and using initiative" which are crucial in sustaining the creative commitment of academic staff (Bright and William 1995: 81).

Lortie (1975) contends that a major attraction to the teaching profession is a secular form of the service ideal and a special mission traditionally given a level of respect and occupational prestige. He argues that teachers have essentially underplayed the importance of material rewards because of normative views of teaching as pursued by "dedicated" individuals. This view is shared by Bess (1982, 1997) who re-iterates that the desire to teach well among faculty members has long been closely associated with intrinsic rather than extrinsic motivation. Given that the work is exceedingly difficult, teaching well and liking it requires extremely high energy, focus, total commitment, and dedication that is initiated and sustained by strong motivation.

A survey of 3000 academics in the United Kingdom conducted by Pearson *et al* (1990) show that most respondents attached great importance to intrinsic features related to their work such as job satisfaction, doing challenging work, having independence and freedom and using one's own initiative (Kogan 1995). In a study among secondary school teachers in Hong Kong (Wong 1980), using Sergiovanni's (1967) method, it was found that the perceived degree of importance of intrinsic factors was higher than that of the extrinsic factors in bringing job satisfaction.

Teach and Work with Students

The love of teaching and reinforcement from students are cited as the characteristics of teaching most valued by teachers (Lortie 1975; Peterson and Martin 1990). Academic staff typically have a strong professional commitment to their subjects and to their students (Bright and Williamson 1995: 72) which provides the impetus for attempting to improve the efficacy of practice (Hutchinson 1995; McKeachie 1997). They have a sense of responsibility for other persons and a desire to serve students forms the base of professional incentives (McLaughlin and Pfeifer 1988). Many faculty rated teaching as more rewarding to them personally than scholarly work although they felt that their universities reward scholarly activity more than teaching (Cook, Kinnetz and Owens-Misner 1990). Despite their knowledge that promotion would depend upon research, the new faculty devoted tremendous amount of time to preparation of classes and other aspects of teaching (Olsen 1993). This suggests that they are motivated by a desire to do a good job in teaching.

A major attraction to teaching as an occupation is the interpersonal theme (Lortie 1975), the attraction of working with young people. The majority of Lortie's 1964 sample (86%) revealed that teachers derived the greatest satisfaction from reaching students (p.105). In the small interpersonal world of the classroom rests the potential, although without guarantee, the most potent rewards from work that teachers may reap (Lortie 1975). They operate with assumed although not legally grounded autonomy (Lortie 1969). The intrinsic rewards "consist entirely of subjective valuations made in the course of work engagement" (Lortie 1975: 101). While reasons for staying in the profession are relationships with students, and seeing students grow (Holdaway 1978; Metropolitan Life 1985a), a lack of motivation among students is ranked behind low salary and working conditions as a cause of leaving the teaching profession (Metropolitan Life 1985a).

In Hong Kong, teaching itself was found to be a significant predictor of job satisfaction among secondary school teachers (Cheng 1994). Sun (1996) found that while the secondary school teachers were dissatisfied with the ability and achievement of their students, their main concern remained that of their students; achievement and growth of their students were cited as satisfaction factors.

Research

The ability to conduct research is often quoted as something faculty members treasure (Noser *et al* 1996). Clark (1987) contends that many teaching members were attracted to teaching by intrinsic interest in the field of study and research and not by the opportunity of teaching. Mowday and Nam (1997) believe that faculty members are often socialized to believe that research and scholarship are the most critical components of their professorial role.

As Webb (1994) pointed out, the personal satisfaction which faculty members "experience from taking on a particular research project and seeing it through to publication is obviously of immense satisfaction", it takes the faculty "close to the values of academic freedom and autonomous inquiry which are at the heart of higher education" (p.80). In a survey conducted among faculty members at colleges and universities in the United States (Noser *et al* 1996), 75% of the respondents revealed that they enjoyed the challenge of producing quality research, while only 25% claimed that they conducted research because it was required for tenure, promotion, and pay raise purposes. In another survey conducted by Startup (1979), the main reason given by respondents for doing research was 'because one enjoys doing it'. Some faculty members engage in research so as "to enliven their teaching" (Webb 1994: 80).

Startup (1985) found that junior academics felt themselves to be under more pressure to publish (although many senior academics still feel the pressure too, in order to maintain their reputation and as an example to junior colleagues), and the pressure "derives from the failure of the university to accept other criteria for promotion" (p. 72). In these cases, the driving force is one of motivation for extrinsic rewards. Other extrinsic reasons given by academics for doing research and for feeling the pressure to publish include needs for "personal prestige, to attract funding or for financial reward" (Webb 1994: 80).

Recognition and Self-esteem

Many studies of staff motivation have suggested that most staff are stimulated to higher performance level by recognition of their efforts (Lopez 1968), as it will boost their self-esteem. Locke (1976) identified recognition as one of the single most frequently cited factor causing either satisfaction or dissatisfaction at the work place, and pointed out that those using Herzberg *et al*'s (1959) theoretical framework frequently found recognition as a major source of satisfaction.

Stornich (1986) while recognizing the importance of pay as a motivator maintains that people's psychological needs often go beyond pay. Promotion, organizational placement, recognition, title, or even simple visibility within the organization can be an extremely powerful motivator, as these rewards often come together with power. McGregor (1957) accords prominence to self-esteem needs, because unlike the lower order needs, self-esteem needs are rarely satisfied. People seek indefinitely for more satisfaction of these needs once they consider them to be important.

Such a shift towards higher order needs is predicted by Maslow's (1943, 1954) theory. When the physiological needs are reasonably satisfied, needs at the next higher level begin to dominate people's behavior – to motivate them. But the higher level needs will not appear in any significant way until physiological, safety and social needs are all reasonably satisfied (McGregor 1957).

In the teaching environment, "academic staff are particularly concerned to secure their professional recognition among academic peers" (Bright and Williamson 1995: 70), and recognition and approval from supervisors (Chapman 1983). Recognition was found to be important among secondary school teachers in Hong Kong (Sun 1996) as respondents in a study indicated dissatisfaction with the recognition they obtained from the job.

Autonomy and Academic Freedom

More job satisfaction will be generated if staff are given greater potential for personal development in terms of exercising creativity and responsibility (Miskel, Glasnapp and Hatley 1975). The correlation between job satisfaction and autonomy is higher for those with higher order needs than those who focus on lower order needs (Hackman and Lawler 1971). The freedom to innovate, to select the knowledge to teach and to teach in their own way (Deci, Kasser and Ryan 1997; Holdaway 1978; Kydd 1997) is what attracted many academic staff, who often perceive themselves as "experts who value academic and professional freedom, and who have considerable autonomy in setting their own goals, priorities, and rewards" (Stumpf and Rindova 1997: 272). Ip's (1982) study of secondary school teachers in Hong Kong revealed that autonomy and growth were key job satisfiers.

However, excessive autonomy may be considered an alienating work characteristic for young faculty who may prefer guidance from experienced colleagues and concrete feedback on performance (Hall 1996). It should, however, be noted that while some theorists contend that various extrinsic rewards will have differential appeal to academics in different life stages (Peterson and Martin 1990), others found that "little demonstrable evidence exists to support predictable phases for academics" (Blackburn 1982: 20).

Creativity and Achievement

Creativity, challenge and achievement are among the strong needs for people (Morse 1953) as they foster job satisfaction (Miskel, Glasnapp and Hatley 1975). Faculty members are high in need for achievement (Finkelstein 1984: 27). They like to feel that their abilities are utilized. Teaching successes are the most frequently cited source of satisfaction and self-esteem (McKeachie 1997: 30) of the faculty. These needs are also desired by secondary school teachers in Hong Kong (Sun 1996).

Exercise of Talents and Growth

Great satisfaction is obtained from opportunities to exercise talents and skills, to learn and grow (Renwick and Lawler 1978). Jarvinen and Kohonen (1995) view an academic staff as an autonomous person who feels ethically responsible for his/her work assuming the responsibility for his/her personal growth and learning. "Teaching addresses some critical human developmental needs not only of the students but also of the academic staff" (Bess 1997: xi). Growth was found to be one of the key factors that brought job satisfaction in a survey conducted among secondary school teachers in Hong Kong (Ip 1982).

Positive Feedback

People like to receive positive feedback, which has the effect of increasing the self-esteem of the individuals. People with high order needs for achievement seek "concrete information on how well they perform" (Rainey 1991: 135). Academics, with their inclination for high order needs for achievement, prefer to receive feedback which tells how one is progressing. The more positive feedback is given to the teachers, the more they will be committed (Reyes 1990).

Status and Prestige

Status and prestige are intangible rewards of egoistic values pursued by many people who derive satisfaction from status and/or prestige associated with the job (Thorndike 1922). Teaching attracts some people as a service occupation traditionally accorded a particular kind of respect and status (Kottkamp 1990; Lortie 1975). The occupation of a university professor is seen by many as "high in public prestige" (Bess 1997: ix).

Pay

Views on the effectiveness of pay as a motivator are divided. Prior to the emergence of the human relations school and the Western Electric Company studies (Roethlisberger and Dickson 1939), people are regarded as "economic men" who are rational and creative, using reason primarily to calculate exactly how much satisfaction that may be obtained from the smallest amount of effort (Brown 1954). "Satisfaction" here does not refer to the feeling of accomplishment; it refers mainly to money. Many theorists thus regard pay as the most important single motivator in an organized society (Haire *et al* 1963; Kopelman 1983). Some found that pay, together with promotion "are the two most important extrinsic rewards that most organizations have to offer" (Lawler 1994: 167). Others consider that pay is at least the most obvious and tangible means of reward (Stonich 1986) although not the only useful one (Vough 1979). On the other hand, "for some people money is not very important" (Lawler 1994: 168). Some theorists have argued that pay has a limited role in motivating employees once immediate basic human needs are met. Many contend that there is no definitive relationship between performance and satisfaction with pay (see Chapter Two). Porter and Lawler (1968) insist that the failure to find a positive relationship is NOT because pay is NOT an effective motivator, rather the results "reflect the failure in practice to link differential rewards closely to differences in performance" (p. 179).

Many opponents of incentive systems consider pay as an unimportant reward as far as higher order needs are concerned, since pay primarily satisfies lower order needs. Lopez (1968), however, thought it an over simplification to assert that pay is unimportant, although he accepts that increased pay is less attractive once the lower order needs has been satisfied. "No matter how ideal and uplifting it is to assert that employees are motivated more by an opportunity to serve and to achieve self-realization rather than by cash rewards, it simply is not true" (p. 96). Lawler (1994) found that pay is a very important motivator, as it is able to satisfy both lower order physiological and security needs as well as higher order needs such as esteem and recognition. Pay serves as a proxy for other incentives; it can indicate successful achievement and recognition by the organization. Higher pay is a cultural symbol of success. Employees care about their rates of pay, not only because it can meet physiological needs, but also because it is a visible index of accomplishment and self-worth. When they see that their pay compares favorably with that of others, they are more likely to be satisfied with themselves, their job, and the organization. Since pay can satisfy also the higher order needs, such extrinsic rewards can be used to motivate the "self-actualizing" man described by Maslow (1943, 1954).

These results are consistent with the earlier findings of Herzberg *et al* (1959) that pay appeared about equally as a satisfier (which can contribute to job satisfaction) and dissatisfier (which can contribute to job dissatisfaction if it is particularly poor). Unlike Herzberg *et al*, Lawler (1971) places more importance on pay as an incentive. Disagreeing with Herzberg *et al*'s ranking, he maintains that a wider review of research suggests that people rate pay much higher, being "ranked closer to third" (Lawler 1994: 144).

Teachers have largely underplayed the importance of material rewards (Lortie 1975). Redeffer (1984) found that pay is not a key factor affecting the morale of teachers. Faculty members are less motivated for money than are members of other professions (Matthews and Weaver 1989) as the desire to teach well has long been closely associated with intrinsic rather than extrinsic motivation (Bess, 1982, 1997). Teachers in general hold negative attitudes towards contingent pay systems (Kottkamp 1990) and many faculty members are against pay flexibility, regarding it as divisive, leading to low morale.

McKeachie (1997: 30) maintains that new faculty members show greater concern about extrinsic rewards (promotion and pay) as compared with tenured faculty members. Money is found to be important if pay levels are low compared with those at other comparable institutions. Money is a more important concern for the more junior faculty and those with lower pay. However, it should again be noted that there is no definite conclusion of whether academics in different life stages have different preference for the various extrinsic rewards (Blackbur 1982; Hart 1990; Peterson and Martin 1990). A few studies in Hong Kong suggest that the secondary school teachers are not particularly concerned about pay. Wong's (1988) sample of secondary school teachers expressed great satisfaction with their pay, while in two other studies (Sun 1996; Wu 1993), the teachers were neither satisfied nor dissatisfied with their pay.

Security and Tenure

Security is one of the basic needs of people, as can be seen from the fact that job security is an important pursuit of many people. When one is unemployed, one will not have the opportunity to find satisfaction from job, not to mention that prestige and social status will be low. All these deprivations will undermine the person's overall well-being. For some people, security satisfaction may compensate for low satisfaction from financial rewards (Salinas 1964). It may be possible that some teachers choose the teaching profession because it offers better security when compared with other occupations (Metropolitan Life 1985a).

Promotion

As discussed earlier, promotion and pay are considered the two most important work motivators by some (Lawler 1994; Stonich 1986; Vough 1979). Promotion is associated with better pay, it signals achievement and enhances responsibility and status. Like pay, it is both an economic and prestige incentive, satisfying both lower and higher level needs. Bright and Williamson (1995) consider that of all extrinsic rewards, "none are as significant as promotion" (p.81). Lopez (1968) explains that promotion is potentially the most important motivator because of its ability to satisfy a variety of needs of different orders. "It represents recognition of the employee's efforts; it is the most tangible and sincere expression of management's appreciation for the effort made; it provides a chance for further growth and development; it always is accompanied by a higher salary; and it usually implies more tenure in the organization"; and "it raises his prestige in the eyes of his peers, his family and his friend" (p. 101, 102). However, Gardner (1945) pointed out that it would be a mistake to assume that strong desire for advancement provides a strong incentive in all individuals. For some people "promotion is something to be avoided" (Lawler 1994: 168).

As for faculty members, since pay is not normally structured to provide an incentive to greater efficiency, the main incentive for the academic staff is the hope of promotion. Promotion was found to be an important value pursued by some secondary school teachers in Hong Kong. They were dissatisfied with their promotional opportunity in general (Wong 1988; Wu 1993) although those in government schools reported great satisfaction in promotion (Wu 1993). Another study (Sun 1996), however, indicated apathy among secondary school teachers towards promotion. They were neither satisfied nor dissatisfied with their promotional opportunities.

Social Needs

People derive satisfaction from their social relations with groups (Chapter Two). Family and social relationships are important for most faculty members and have an impact upon motivation for teaching (Braskamp, Fowler and Ory 1982).

Workload

Many academic staff would like to see lighter teaching load. "Too much to do" was the biggest concern of about two-thirds of the respondents of Eble and McKeachie's (1985) study, mostly in the lower academic ranks. The way faculty members are evaluated for contingent pay and promotion has a major motivational impact upon faculty's preferred allocation of time. As faculty members perceive research as the predominant factor determining rewards, they desire to reduce time spent on teaching and increase time for research (Dornbusch 1979).

Summary

There are individual differences in various kinds of needs. Everyone has a different mix of extrinsic and intrinsic needs. The Expectancy Theory of Motivation postulates that a person will behave in a way to maximize the expectancies of all those rewards he/she values. Academics will behave in a similar way. They value intrinsic rewards such as opportunities to undertake research or develop teaching, to enjoy the freedom in doing their work, to satisfy their own growth needs, to search for recognition and enhancement of prestige and self-esteem. They also place importance on extrinsic rewards such as pay, promotion and job security, etc. Each one will look for "a precarious balance" (Bright and Williamson 1995: 70) among these intrinsic and extrinsic rewards according to their values. An organization must design reward systems that influence staff motivation (Perry and Porter 1982). In search for the rewards valued by staff, the organization should recognize the range of contextual factors – the types of individuals attracted to the organization, the job itself, the work environment, and influences of the external environment.

CHAPTER FOUR

The Research Methodology

The methodology used in conducting the research and the reasons for choosing a qualitative approach are explained in this chapter.

The Methodology

The main aim of the research was to find out the differing perspectives of various categories of academic staff of the City University of Hong Kong about the effect on staff motivation to perform, as a result of extrinsic and intrinsic rewards, consequent upon the adoption of an appraisal scheme. The key research question was whether performance appraisal and reward systems should be conducted for academic staff. The investigation aims at finding out WHY such systems may or may not serve to motivate staff. In-depth interviewing was used as the main data collection method to facilitate a deeper investigation of the issues involved, in order to explore and identify respondents' attitudes, to search for meaning and causes, similarities and differences.

21 interviews were conducted from February to May 1999, including one pilot interview. The respondents consisted of five academic staff members from the senior management group, five heads of academic departments, five appraisers and five appraisees (six including the pilot interview) from a cross section of five (six including the pilot interview) academic departments such that there was a good spread between science and engineering disciplines and non-science or engineering disciplines. In addition, as a means to triangulate the data collected during individual interviews, views expressed by participants at nine discussion group meetings were also analyzed.

Rationale for Choosing Qualitative Research

Purposes of Qualitative Research

Qualitative research is concerned with "understanding behavior from the subject's own frame of reference" and with "how people.... think....and how they came to develop the perspectives they hold" in the "hopes of finding some intersection in perspectives" (Bogdan and Biklen 1992: 2, 30). Thus qualitative research is interested in investigating how individuals construct their social reality. "The mode of understanding implied by qualitative research involves alternative conceptions of social knowledge, of meaning, reality and truth. The basic subject matter is no longer objective data to be quantified, but meaningful relations to be interpreted" (Kvale 1996: 11). Humans give meaning to situations and qualitative research aims at understanding the process, unfolding and interpreting the meaning from the subjects' point of view rather than trying to know the facts. An inductive approach is normally used to analyze the data and to draw abstractions from the data.

The positivists posit that there is a reality 'out there' in the world which is rational (Bassey 1990). So the purpose of research is to describe and understand the phenomena of the world and to share this understanding with others. Understanding enables prediction to be made. The interpretive researcher, however, cannot accept the idea of there being a reality 'out there' which exists irrespective of people, for reality is a construct of the human mind. Because of differences in perception, in interpretation and in language, it is not surprising that people have different views on what is real. Human actions are based on social meanings which change through social exchange. The purpose of research is to describe and interpret the phenomena in attempts to get shared meaning with others. Interpretation may, however, offer possibilities but no certainties as to what may be the outcome of future events.

In-depth Interviewing

Interviewing, as a form of conversation, is a basic mode of human interaction. A qualitative research interview is defined as "an interview whose purpose is to obtain description of the life world of the interviewee with respect to interpreting the meaning of the described phenomena" (Kvale 1996: 5). The respondent's lived meanings may be communicated not only by words, but also by tone of voice, facial expressions, and other gestures (Kvale 1996). The conversation has "a structure and a purpose"; it is "a careful questioning and listening approach with the purpose of obtaining thoroughly tested knowledge. It is, however, not a conversation between equal partners, because the researcher defines and controls the situation. The topic of the interview is introduced by the researcher, who also critically follows up on the subject's answers to the questions" (Kvale 1996: 6). Here the researcher will be part of a research instrument, interpreting the response made by the respondent as the conversation goes on.

In-depth interviewing enables a rich description of the issues under study. It permits an exploration of the reasons WHY a particular phenomenon happened. It "probes beneath the surface, soliciting detail and providing a holistic understanding of the interviewee's point of view. Interviewing allows the evaluator to enter another persons' world to understand that person's perspective. Interviews add an inner perspective to outward behaviors. In this way interviews are a source of meaning" and "we (the researchers) learn about things that we cannot directly observe" (Patton 1984: 108-9).

Conduct of the Study

Sampling

As qualitative in-depth interviews are necessarily labour and time consuming, most studies have small samples (Bogdan and Biklen 1992). In this thesis, a small sample of three members from each of the five academic departments selected was used for practical reasons. A purposive sampling approach was used to select the departments to ensure a good mix of people from different disciplines and with different experience in going through the various stages of the appraisal scheme.

Two forms of samples are commonly used in the social sciences: the probability sample eliminates the judgment or bias of the investigation so that the findings can be generalizable; the judgment, purposive or quota samples achieve "a degree of representativeness without the use of random sampling" (Foster 1996: 21). In using either form of sampling, due consideration should be given to the representativeness of samples (Shipman 1981).

Random sampling is often used to select the subjects as it "eliminates any systematic bias that might occur in the selection of cases. This maximizes the chances that sample will have similar characteristics to the population as a whole" (Foster 1996: 20). However, for qualitative research, "the sample will be chosen to be appropriate for the purposes of the study, rather than randomly" (Simpson and Tuson 1995: 27), as it does not aim to collect representative data or to claim that the findings are widely generalizable. Furthermore, random samples do not guarantee representativeness. As the aim of the study is to explore the variety and range of views, a limited extent of representation is considered adequate. The more usual procedure to ensure some representation without excessive size is through stratification; ensuring representation without this stratification would otherwise take a much larger sample (Shipman 1981). In the case study of the Performance Planning, Appraisal and Development Scheme (PPAD) introduced in the City University of Hong Kong to appraise its academic staff, the progress made by the various departments in completing the first cycle of the PPAD by October 1997 (the date by which the first annual cycle of the PPAD should have been completed) is used as the indicator to stratify, as the progress gives some indication of the motivation to engage in the PPAD.

Thus the five departments were chosen purposively in the following way, to ensure that there is representation from different groups of people with different experience in going through the appraisal cycle:

(a) Two departments (offering degree courses) which had completed the first annual appraisal cycle by October 1997;

(b) Two departments (offering degree courses) which had completed a portion of the annual appraisal by October 1997;

(c) One division (offering associate degree courses) which had completed a portion of the annual appraisal by October 1997.

To ensure that there are a good mix of people from different disciplines, a science and engineering department and a non-science or engineering department were chosen under each of the stratum (a) and (b).

In order to explore similarities and differences among different categories of staff, the head of department, an appraiser (who is at the same time the appraisee of another person) and an appraisee from each of the five departments were purposely invited as respondents to the in-depth interviews. An appraisee from a sixth department was invited to participate in the pilot interview. To compare the views of the staff with those of the management, five senior management staff were also interviewed. They included the President, two Vice-Presidents and two Deans, all of whom are members of the Management Board (the supreme body governing management matters of the University, which is chaired by the President and comprises five Vice-Presidents, six Deans/Directors, the Registrar and the Director of Human Resources). The following table depicts the distribution of the respondents across the departments/disciplines:

Disciplines	**Department**	**Head**	**Appraiser**	**Appraisee**
Science and Engineering	A	Chair	Prof	ASP
	B	Chair	Chair	ASP
Non Science or Engineering	C	APA	Prof	ASP
	D	Prof	APA	ASP
College of Higher Vocational Studies	E	Prof	APA	ASP
Pilot Interview	F	-	-	ASP

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		President	**Vice-President**	**Deans**
Senior Management	Science and Engineering	Chair	Chair	Chair
	Non-Science or Engineering		Chair	Chair

Chair: Chair Professor   Professor: Professor (Scale A)

APA: Associate Professor   ASP: Assistant Professor

Table 1 : List of Interviewees

The sampling of appraisers and appraisees is mainly opportunistic, depending on existing contacts with people and successful approaches made to people who were willing to discuss the issues. For qualitative interpretive research, the interplay between the researcher and the interviewees is of vital importance. It is essential to draw on "people who would be willing" to discuss things about their institutions (Ball 1987: ix) as they will be the key informants about the issues. It turned out that some of the respondents are known to the researcher, some were approached through connection with people known to the researcher, others are people with whom the researcher has no connection one way or another.

The In –depth Interviews

Research interviews vary in degree of structure, from open interviews which do not have a predetermined sequence and questions to rigidly structured ones. Interviews also differ in terms of openness of purpose (whether the purpose is revealed at the start). Interviews can differ further in their emphasis on exploration versus hypothesis testing, and on description versus interpretation. In this study, semi-structured interviews were used. An interview guide (Appendix 1) was used to provide a checklist of questions and issues to be explored during the interviews. While the sequence will vary depending on how individual interviews go, the guide will help to decide "how best to use the limited time available in an interview situation. It helps make interviewing different people more systematic and comprehensive by delimiting the issues to be discussed" (Patton 1984: 111) while at the same time allowing flexibility. Respondents were asked to:

(a) describe their experience of and their feeling about the PPAD scheme;

(b) account for the functions achieved by the Scheme; and to compare the achievement with their expectation of the Scheme;

(c) describe the process;

(d) discuss the criteria and standard used;

(e) discuss the people involved in the appraisal process and their competency in conducting appraisal;

(f) evaluate the impact and value of the Scheme on them;

(g) recall what has had the greatest impact on them;

(h) evaluate the effect of the Scheme on the achievement of the University's goals, and the reason why such results were attained;

(i) suggest improvements to be made to the Scheme;

(j) recall their experience in other staff appraisal schemes.

Ethical Considerations

A number of significant ethical issues occurred throughout the entire research process. This is particularly the case in qualitative research where the researcher is the main instrument for obtaining the knowledge. The researcher must be well aware of the sensitive issues that may turn up in the process and has to draw up a set of ethical guidelines to enable normative decisions to be made.

Informed consent was obtained from all those who participated in the in-depth interviews. The intention and purpose of the study were made known to them at the beginning. "Informed consent entails informing the research subjects about the overall purpose of the investigation and the main features of the design, as well as any possible risks and benefits from participation in the research project. Informed consent further involves obtaining the voluntary participation of the subject, with his or her right to withdraw from the study at any time, thus counteracting potential undue influence and coercion" (Kvale 1996: 112).

Confidentiality of the identity of the respondents was strictly enforced. "Confidentiality in research implies that private data identifying the subjects will not be reported. If a study involves publishing information potentially recognizable to others, the subjects need to agree to the release of identifiable information" (Kvale 1996: 114). As the project aimed at finding the general perception of the management and staff about appraisal and reward systems through consolidating views, no data subject would and needed to be identified individually by name or other recognizable features. The raw data collected were not released to anyone for any other purpose than for the submission of the thesis.

The Discussion Group Meetings

As part of the consultation process relating to the introduction of a Merit-based Reward Scheme in the City University of Hong Kong (see Chapter Five), the researcher, in her official capacity as Associate Director of Human Resources, has visited nine academic departments selected randomly to collect staff's views about the proposed reward/sanction scheme from April to May 1999. The departments visited span across different disciplines. The participants in these meetings represent staff members at various levels of academic rank, and the number of those staff members who were present at each session ranges from 15 to 30. It should, however, be noted that it was not made known to the participants that their views would be used for the purpose of this study. In fact, that had not been the intention at that time. It is also because of these circumstances that no record of "who said what" was made except for a reference to the disciplines they belong to. A consolidated official report of the deliberation made by all the discussion groups was prepared by the researcher, and submitted to the University's Council via the Management Board in July 1999. The same report was subsequently circulated openly to members of the two Staff Consultative Committees of the University, as a public document of the University.

Some Features of the Study

Generalizability of the Findings

While a small sample can still make sound research, for one can adjust the nature and scope of the claims appropriately, a question regarding generalizability is often raised in small-scale studies. "Any tool for data-gathering provides only one picture of the social world, and matches and mismatches between data gathering by different techniques help to enrich understanding of what is going on" (Simpson and Tuson 1995: 17). Thus the views expressed by about 200 staff members who participated in the nine discussion group meetings were analyzed to supplement the data collected through the small sample of in-depth interviewing. The inclusion of data collected by other means will contribute to the ability to generalize the findings although still to a limited extent, in addition to serving as a means of validation or triangulation.

The study, being a qualitative research, focuses attention on *analytical generalization* (Kvale 1996: 233), as distinguished from *naturalistic or statistical generalization* (Stake 1994: 240). Provided that the researchers make the arguments explicit, readers will be able to judge the validity of the claims on generalization based on an analysis of the similarities and differences of the various situations.

Validity and Reliability

The analysis was based upon "the views, experiences, meanings and interpretations of the social actors involved" which "actors are the basic constituents of the organization" (Ball 1987: 26-7). The respondents were asked to reflect generally upon the experience with the appraisal scheme. The information elicited reflects the different perspectives of the respondents. The form of research knowledge is subjectivist. This method of analysis is strong on validity in terms of giving a genuine representation of the nature of a phenomenon. On the other hand, the work is weaker on reliability mainly because the opportunistic sampling of a small-scale study. However, given the aim to generate "theory, description or understanding" (Bodgan and Biklen 1992: 42), this minor deficiency is considered acceptable on balance. Indeed, "qualitative researchers do not share exactly" the expectation that "there will be consistency in results of observation made by different researchers or the same researcher over time"; and they "view reliability as a fit between what they record as data and what actually occurs in the setting under study, rather than the literal consistency across different observations" (Bogdan and Biklen 1992: 44).

Objectivity

Qualitative research is often criticized as not being scientific or objective. However, the "automatic rejection of qualitative research as unscientific reflects a specific, limited conception of science, instead of seeing science as the topic of continual clarification and discussion", for "quantified data are not given; social facts are social constructions arising from a specific, chosen technological perspective on the social world" (Kvale 1996: 61, 63). A broader definition of science is "the methodological production of new, systematic knowledge" (Kvale 1996: 60). In-depth interviewing is an excellent way to "produce scientific knowledge in the meaning of methodologically secured new and systematic knowledge" (Kvale 1996: 61). It can capture the multitude of subjects' views of a theme and portray a multi-faceted real world provided that sufficient safeguards are built in to ensure objectivity defined as *freedom from bias* to the extent possible. The data collected should be systematically cross-checked, controlled and verified; and ideally they should also be *intersubjectively testable and reproducible*, that is, different interviewers may come up with closely similar interviews from their subjects, when similar interview procedures are followed.

Subjectivity

No one will disagree that the integrity of the researchers is critical to the quality of any qualitative research study. They must engage in an independent and unbiased investigation as far as possible. Researchers must not be co-opted either from 'above' or 'below'. This is particularly true for researchers who use in-depth interviews as they may become closely identified with their subjects.

It is recognized that the position of the Associate Director of Human Resources (who served as the Executive Assistant to the President prior to that posting) may give rise to a role conflict as a researcher to conduct the study relating to the effectiveness of the University's appraisal scheme. Thus she must be aware of her being prone to co-optation by those 'above' which may lead to a tendency to ignore some findings and stress others in the interest of those 'above' but to the detriment of an independent enquiry.

On the other hand, the dual role of the Associate Director of Human Resources and of the researcher can present some advantages. Her involvement gave more ready access to the research participants. She herself possesses an insider view to the issues too. In social sciences where educational research is concerned, subjectivity is not only inevitable but also desirable. Here subjectivity refers to "the meanings that people give to their environment". As the central interest in research is focused upon "people's understandings and interpretations of their social environment, our sense of belonging to a society and the techniques which we use for understanding are not now impediments to our studies. The procedures through which we understand and interpret our social world are now necessary conditions for us to undertake research" (May 1993: 6). "Whatever picture of social life the scientists present is the outcome of selective observation and interpretation, because his theory determines not only how the 'data' are explained but also what are to count as data in the first place" (Furlong and Edwards 1977, as quoted by Ball 1987: 26). "Good researchers are aware of their theoretical base and use it to help collect and analyze data" (Bogdan and Biklen 1992: 30).

Subjectivity will serve as the starting point upon which the researcher will base the enquiry, but subjectivity must not be allowed to influence the course of enquiry. The research design and methods must be structured in a way to ensure objectivity in the process of data gathering and analysis. The researcher should attempt to "objectively study the subjective states of their subjects", and "constantly confront his or her own opinions and prejudices with the data" to "guard against their own biases" (Bogdan and Biklen 1992: 42). It should also be acknowledged that biases can only be limited but not eliminated. "All researchers are affected by observers' bias", "qualitative researchers try to acknowledge and take into account their own biases as a method of dealing with them" (Bodgan and Biklen 1992: 43).

Truthfulness of the Responses

As the researcher is the Associate Director of Human Resources (and formerly the Executive Assistant to the President), "how far the responses from the interviewees are genuine?" presents a fair question. However, one can only trust the integrity of the respondents and not let speculation hinder the research. Indeed, in qualitative research, the mutual trust between the researchers and the respondents is crucial to the success of the research. In most cases, the researchers are "known and trusted" by the respondents (Bogdan and Biklen 1992: 2). As things turned out in the present study, there is evidence to suggest that the views expressed by the respondents are credible: many responses collaborate with what were expressed during the discussion group meetings, as well as those collected through similar research conducted elsewhere.

Summary

The thesis aimed at investigating the different perspectives of various categories of academic staff of the City University of Hong Kong about the effect of an appraisal scheme on their motivation to perform, through the mediation of extrinsic and intrinsic rewards. Given that the main purpose was to explore WHY a phenomenon may happen, that is, WHY performance appraisal may motivate staff, a qualitative approach was considered the most appropriate for the conduct of the research.

In-depth interviewing was chosen as the main data collection method to facilitate a deeper investigation of the issues. 21 interviews were conducted with senior management people, as well as heads of academic departments, appraisers (who are also appraisees of other appraisers) and appraisees from five (six including the pilot interview) departments. A purposive sampling approach was used to select the departments to ensure a good mix of people from different disciplines and with different experience in going through the various stages of the appraisal scheme. In addition, views expressed by participants, spanning various academic ranks, at nine discussion group meetings were collated as a means to triangulate the data collected during the in-depth interviews.

The data were analyzed in Chapters Six and Seven using the theoretical framework constructed in Chapter Two. As the data centred on staff's perception about the performance appraisal scheme of the City University of Hong Kong, a review of the introduction of the scheme has been made in the following chapter, prior to data analysis, to ensure the investigation of the issues in the appropriate context.

CHAPTER FIVE

Performance Appraisal in the City University of Hong Kong

The introduction of the Performance Planning, Appraisal and Development Scheme in the City University of Hong Kong is described, together with a brief account of the appraisal schemes in other local institutions. The chapter begins with an account of increasing adoption of managerial practices in Hong Kong's public sector.

New Managerialism in Hong Kong

The public sector in Hong Kong is subject to rising pressure for improvement. There is rising aspiration from the better-educated public. They are becoming more conscious of their rights as citizens. As a result, there is increasing pressure on the government to become more open, accountable and responsive to public demands, and more efficient in its overall operations. The Public Sector Reform in Hong Kong was launched in 1989, based on the concept of new public management (NPM) or new managerialism that emerged in the 1980s and early 1990s. Given the financial prosperity of Hong King in those years, the main motive of Hong Kong's Reform was not to roll back the government, although the government also faces some financial pressure because of expenditure needed for major infrastructure programmes, such as the new airport. The main focus was to achieve value-for-money, long term productivity gains and better public accountability, to ensure that the public get the best possible service for what they pay.

The Efficiency Unit was set up in 1992 in response to the concern expressed by the Legislative Council on the efficient use of public money and the quality of services delivered by public organizations. Government departments were asked to formulate policy to achieve better control in the use of resources. Standards of service, complaint and suggestion procedures have to be published by each department. Consequently many departments established performance pledges which set out performance standards, as an indication of their determination to be accountable to the public for the quality of services. The public are regarded as clients and public services are to be open and accountable to the clients. The hierarchical structure was replaced by a flatter structure with more power devolved to the local units, and with their performance monitored by users' committees.

Higher Education in Hong Kong

During the past 20 years as the society became more affluent, Hong Kong saw rapid expansion in education, especially in the higher education sector. The age participation rate for undergraduates (proportion of the 17-20 year old age group for whom first year first degree places are available) has grown from 2% in the 1970s to 18% in 1994, almost tenfold within 20 years. Government expenditure on higher education as a percentage of GDP rose from 0.5% in the 1970s to 1% in 1994. In 1995-96, education accounted for some 21% of total recurrent public expenditure, and cost the Hong Kong taxpayers about HK$30,000 million, about 35% of this can be attributed to higher education (*University Grants Council Report on Higher Education, October 1996*). The number of first year first degree places is now capped at 18% of the relevant age group, i.e., 14,500 places. Concomitant with rising public expenditure is greater demand of public accountability. The taxpayers are more concerned with whether they are getting value for money. Are the tertiary education institutions producing graduates who can meet the manpower needs of the society? Or are they producing more graduates than the society wants, thus constituting a threat to social order? Some means of control seem to be pertinent.

The University Grants Council (UGC) is a public body appointed by the Hong Kong Government to advise on the development and funding of the higher education institutions. The UGC is an advisory body with membership from overseas and local academics, local professional and business people. To meet the increasing demand for provision of degree places, the number of institutions funded by the UGC has increased from 2 to 8 in the last two decades. In addition to the two long established universities, namely the University of Hong Kong (1912) and the Chinese University of Hong Kong (1963), a new Hong Kong University of Science and Technology (1988) was built, two former polytechnics (Hong Kong Polytechnic established in 1972; the City Polytechnic established in 1984) and the Hong Kong Baptist College (established in 1956) were upgraded to become the City University of Hong Kong, the Hong Kong Polytechnic University and the Hong Kong Baptist University in 1994; the former Lingnan College was upgraded to Lingnan University in 1999; and the Hong Kong Institute of Education is seeking to attain university status.

The UGC is the major funder of the institutions. Its funding formula separately identifies funding for teaching and research. For the teaching portion, budgets are allocated mainly based on its discipline weighting, level weighting (i.e., whether the course is at degree, sub-degree or postgraduate degree level), study mode and planned student enrollment as allocated by the UGC. No additional funding will be given for student enrollment beyond the UGC target. For the research portion, the budgets are allocated mainly based on the number of active researchers as determined at the latest Research Assessment Exercise conducted by the Research Grants Council (RGC). In addition, there is an element of funding on a fixed per capita basis calculated on the number of academic staff in each institution, to take account of the time they may spend in professional activities.

To monitor and enhance the quality of higher education, the UGC adopted a variety of efficiency monitoring measures, in the form of regular reviews of the institutions, including sectoral reviews, Research Assessment Exercises, Teaching and Learning Quality Process Reviews, and Management Reviews. The UGC also requires from institutions triennial academic development proposals and other regular reports and statistical returns covering various aspects of their functions.

While funding is provided by the Government upon advice from the UGC, each of the UGC-funded institutions is an autonomous body with freedom to manage its internal affairs under the directives from its governing Council. The UGC's mission statement stresses the institutions' academic freedom and institutional autonomy, but it also incorporates a concern for promoting efficiency and cost-effectiveness in the activities of the institutions (*UGC of Hong Kong Facts and Figures 1995, April 1996*):

> *"Recognizing the merits of, and the need to preserve, academic freedom and institutional autonomy subject to appropriate financial and public accountability as well as the different and complementary roles of the UGC-funded higher education institutions, University Grants Committee will:*

- *promote efficiency and cost-effectiveness in the activities of the institutions; and*

- *avoid undue intervention in the affairs of the institutions, subject to this being commensurate with the need for the Committee and the institutions to be publicly accountable."*

The rising level of expenditure allocated to the universities has raised public concern on the cost-effectiveness of the higher education system. Education Panel members of the Legislative Council had been critical. Miss Emily Lau remarked, "although Hong Kong universities pay first-class salaries, they don't seem to be able to attract many first-class scholars" (Frank-Keyes 1996). Some other members of the Legislative Council had openly criticized the university academic staff for making too little contribution, despite their high pay. The Government admitted that the unit cost per student of the UGC-funded institutions is high, both in relation to the other local education sectors and to the higher education sector overseas. The UGC thus became concerned about the cost-effectiveness of the local universities. Its concern is aggravated by its recognition of decline in quality of university students, in terms of their language proficiency and communication skills. In 1996, the UGC stressed that higher education as a whole was entering a period of consolidation and the focus should now be shifted from "quantity" to "quality" and "efficiency" (*UGC Annual Report 1996*). In April 1996, the Government announced a target of real funding cut of 10% for the 1998-2001 triennium (with 5% ploughed back to support research or other new initiatives). At the time of writing of the thesis, the Government has sounded out the possibility of a further cut of 7% for the 2001-2004 triennium.

In response to increasing external scrutiny from both the Government and the public, local universities have adopted new strategies, such as quality assurance, re-engineering and re-structuring, setting up of self-financing units, and above all, performance management measures.

The City University of Hong Kong

The City University of Hong Kong (CityU) was chosen as a case study for the thesis partly because the researcher, being a staff member of the University, has access to an insider view of the issues, but more importantly because the University is seen as a pioneer among local universities in the introduction of performance appraisal for academic staff. CityU's vision is to aspire "to be internationally recognized as a leading university in the Asia-Pacific region". Its mission, formulated in 1997, is:

(a) *to provide its students with quality higher education;*

(b) *to contribute to the advancement of knowledge;*

(c) *to interact with other institutions of higher education and professional bodies;*

(d) *to cooperate with industry, commerce and community;*

(e) *to offer access to the University's human, physical and technological resources for the benefit of the society.*

Anticipating and responding to local and regional needs and the effects of rapid social and technical change, City University of Hong Kong emphasizes professional education and practice, and applied research.

The student population for 2000-2001 is approximately 16,000 full-time equivalents (11,000 full-time and 5,000 part-time). There are seventeen academic departments grouped under three Faculties – Faculty of Business, Faculty of Humanities and Social Sciences, and Faculty of Science and Engineering – each being responsible for a full range of research degree, postgraduate and undergraduate degree programmes. Two Schools, namely School of Law and School of Creative Media, are also offering a portfolio of programmes at various levels. Associate degrees are offered in the College of Higher Vocational Studies. There are also a School of Graduate Studies and a School of Continuing and Professional Education. The University has some 800 full-time academic staff members and 1,800 full-time non-academic staff.

The President is the chief executive officer. The principal sections of the University are Education, Research, Planning and Information Services, Institutional Advancement, and Business and Finance. Each section is headed by a Vice-President who has functional responsibility for particular areas of activities. The University's management structure has three major elements: the external governance committees that report to the Council, the academic committees that report to the Senate, and the administrative committees that report to the Management Board.

Staff of the City University of Hong Kong are appointed either on contract terms or substantiable superannuable terms. Re-appointment for those staff on contract terms is not automatic or guaranteed, and naturally is subject to satisfactory performance. Staff appointed on superannuable terms are subject to evaluation for substantiation within a specified period of time (normally spanning three to six years for academic staff). Substantiation is a concept different from tenure. There is, however, no official or legal definition for the term. It is the general perception as well as expectation of staff that a substantiated staff can reasonably expect continuation of employment unless he/she is found to have breached the disciplinary guidelines, or judged to have failed to perform up to the required standard. There are so far no systematic check-points to assess the substantiated staff for the purpose of continuous employment.

Staff members, irrespective of the terms of employment, are appointed to a relevant salary scale according to their rank. Each scale spans a range of incremental salary points, starting from the minimum entry point to the maximum salary point beyond which no further increment will be awarded. A fundamental drawback of the existing system is the almost automatic progression along the salary scale, particularly for substantiated members of staff. Although provisions exist in the employment contract enabling the President to withhold the otherwise automatic annual salary increment, this has rarely been exercised even in extreme cases. This is perhaps why there seems to be a widely held view among staff members that the increment is an "entitlement" under the existing organizational culture. To take it away may be regarded as an infringement.

The City University of Hong Kong adopts academic titles generally used by North-American universities. The titles reflect the status and standing of the academic staff and are determined according to the individual's experience and academic achievement:

Academic Titles adopted by City University	Comparable ranks in most Commonwealth Universities	Remarks
Lecturer	Assistant Lecturer	This is a career grade. The appointee is expected to have advancement to a higher position upon completion of a contract.
Assistant Professor	Lecturer	-
Associate Professor	Senior Lecturer	-
Professor	Reader	-
Professor (Chair) of a subject/specialty	Professor	A Professor (Chair) is at the top academic rank in the University

Table 2: Academic Titles Adopted by the City University of Hong Kong

Staff of the College of Higher Vocational Studies are appointed to a different set of academic titles which, nonetheless, bear some equivalence to those used for staff members in the Faculties or Schools. For simplicity sake, they will be referred to by the equivalent academic titles in the study.

Strategic Plan of the City University of Hong Kong

The City University of Hong Kong has a *Strategic Plan 1997-2002 Towards an Era of Excellence,* which is consistent with the University's mission. It is the University's first strategic plan, and the President played a key role in the development of the plan since his appointment in 1996. The plan captures six components of the University's goals as given in the acronym AURORA:

(a) *Ambiance (for intellectual and personal growth)*

(b) *Undergraduate Education (as the University's core competence)*

(c) *Research (excellence in selected areas)*

(d) *Outreach (to enhance the University's standing and to contribute to the community)*

(e) *Reward (to realize the University's goals)*

(f) *Accountability (for effectiveness in the management of the University)*

The plan accords equal emphasis to teaching and research, as it stresses that "our fundamental strategy must be to improve the quality of both our teaching and research programmes". Therefore the plan is often referred to as the "Walking with Two Legs" strategy. It states that:

> *"The mission of a full-fledged university is two-fold: teaching – the transmission of knowledge; and research – the creation of new knowledge. For the University to fulfill its Mission,* ***our fundamental strategy must be to improve the quality of both our teaching and research programmes****, strengthening teaching as our core competence and research as our leading edge."*
>
> *"A strategy of giving teaching and research* ***equal emphasis*** *has several benefits. First, achievement and recognition in either area improves the image of the University. Second, the current funding methodology of the UGC strongly suggests that superior performance in both teaching and research will be rewarded. Third, the presence of both excellent teachers and researchers on campus enhances the intellectual life of the University."*
>
> *"The policy of an equal emphasis on teaching and research is meant to apply* ***at the University level, not at the level of individual staff or at the departmental level.*** *Individual staff members of academic units cannot be expected to be equally proficient in both transmitting and creating knowledge. In many cases, to demand superior performance in both is unrealistic and unproductive."*
>
> (bold face in original text, italics added)

As observed by the UGC Management Review Panel, "in developing the plan, the senior management drew extensively upon both internal and external contributions. Internally, the development of the plan was based on the work of seven institution-wide Task Forces whose recommendations were considered at an open forum with all senior staff and the President. The plan was also informed by external consultations, for example, via the Departmental Advisory Committees (made up of senior industry representatives), a survey of secondary school teachers and discussions with community leaders, alumni and Council members". The UGC considered the approach successful in "generating a strong sense of ownership of the plan across the institution" (*UGC Management Review Report, January 1999*).

It seems quite clear from the *Strategic Plan* that the pursuit of educational values is the primary goal of the University, with undergraduate education and research supported by ambiance being put foremost as the leading components. As stated in the Plan, teaching and research represent the core of the University's operations, the provision of an appropriate physical environment and ambiance is to support these core functions in bringing successful learning and creative research. An effective reward system and attention to accountability are thought to be crucial to ensure effectiveness in the management of the University in achieving its goals.

The *Strategic Plan* describes the reward system as one with the aim "to enhance quality and superior performance of both academic and non-academic staff" and as such "the University requires an effective evaluative system and the ability to reward outstanding performance with accelerated salary advances. It must also be possible to reflect consistent poor performance by barring further salary advances. Such a system will need to be backed up by comprehensive human-resource management, including annual performance appraisals that are objective and substantive." At the same time, the reward system is one in which staff "are allowed to develop their careers in the light of their talents and interests". Public accountability is also a key component of the AURORA strategy. The Plan states that the University has to demonstrate a significant increase in cost-effectiveness of management and accountability. Incentives should be set up to encourage units to use resources economically and to increase productivity.

Introduction of the Performance Planning, Appraisal and Development Scheme

The introduction of performance appraisal in the City University of Hong Kong pre-dated the drawing up of the *Strategic Plan*. It was introduced "in the context of a strong policy of quality assurance" (Imrie 1996) which was prompted by the UGC institutional visit in 1993. The unfavorable comment of a lack in commitment and shared sense of ownership towards quality assurance triggered a series of measures to address UGC's concern, including the set up of a Quality Assurance Committee to install quality assurance mechanisms, establishment of a system of internal teaching and learning quality audits, instigation of a comprehensive system of teaching evaluation, re-engineering work processes, and drawing up of performance pledges by various departments. A pilot Performance Planning, Appraisal and Development Scheme (PPAD) for academic staff was also introduced in 1995-96 as one of those initiatives. The scheme, incorporating performance planning, appraisal and staff development into one process, aimed at enabling staff performance to contribute to departmental development, culminating in the achievement of institutional objectives. It also aimed at helping to satisfy the University's accountability to the taxpayers. The scheme was fully launched in 1996-97.

The stated aims of PPAD for academic staff are:

(a) *establishing a culture in which individuals and departments take responsibility for continuous improvement of their own performance and contributions;*

(b) *assisting staff to optimize their professional capabilities which in turn enhance the capabilities and organizational effectiveness of the University;*

(c) *clarifying and reinforcing the mission, values, goals and objectives of the University in general and the departments in particular through communication and shared understanding between the appraiser and the appraisee.*

The appraisal cycle starts in September each year with the performance planning stage for goal setting and outcome planning. The appraiser and the appraisee sign the agreed plan, which is a part of a standard PPAD Report proforma (Appendix 2). The plan then becomes the reference point for performance. During the year the appraiser is expected to discuss progress and development with the appraisee. An appraisal meeting will be carried out from June to August after which the appraiser and the appraisee will sign the PPAD Report. The Heads of academic departments (henceforth referred to as Heads) may assign senior staff as appraisers to assist in the process but the ultimate responsibility remains with the Heads. The appraisers will normally have at least 3 years of service with the University. A staff member can, with good reason, make a request for an alternative appraiser subject to agreement by the Head.

The ultimate purpose of the PPAD is to enable staff to contribute to the achievement of the University's mission "to provide its students with quality higher education; to contribute to the advancement of knowledge; to interact with other institutions of higher education and professional bodies; to cooperate with industry, commerce and the community". To support this mission, the main goal of the University is to excel in teaching and research by means of a "Walking with Two Legs" strategy as specified in the University's *Strategic Plan.* On this basis, four main areas of work are identified for appraisal purposes:

- *teaching*
- *research or applied work*
- *service to the profession*
- *administration*

Some criteria are suggested for each of these areas. However, to cater for departmental differences, the standards may vary across departments and thus staff members are not expected to compare standards across departments. On a fair and equitable basis, the appraisers are asked to duly communicate the criteria and standards to staff. Although the scheme was a developmental one, the appraiser had to assign a grade to each of the four areas of work, as well as an overall grade (see Appendix 2). The grades were to be arrived at by comparing the staff member's performance against the targets the staff set for himself/herself and agreed with the appraiser through mutual agreement. There was no requirement on what the "expectation" should be, whether it should be norm-referencing to that of other staff members in an equivalent position, or whether it should be drawn up with reference to some acceptable absolute standard.

A Committee on Staff Performance and Development was set up by the Management Board (which is the University's supreme body on managerial matters chaired by the President and comprising Vice-Presidents, Deans/Directors and Heads of major administrative departments), to administer and monitor the scheme. The Committee comprises:

- *a Vice-President (Chairman)* *[academic]*
- *a Dean* *[academic]*

- *a head of an academic department* *[academic]*
- *a head of an administrative department*
- *an academic staff* *[academic]*
- *an administrative staff*
- *the Director of Human Resources*

As success in the scheme depends to a large extent on how well the staff understand the aims, objectives and process, briefing sessions for all academic staff were conducted prior to its introduction. A series of training workshops for appraisers were also conducted although attendance was not compulsory. Two Guidebooks, one for Heads and one for staff, were prepared for consultation purposes.

In October 1997 when the PPAD had completed one cycle, the Committee on Staff Performance and Development conducted a review of the scheme. It showed that of the 27 departments which participated in the scheme in 1996-97, the number of cases where performance planning had or had not yet been completed by the end of October 1997 are as follows:

Number of Departments	Number of Outstanding Cases
8	0
2	2-3
5	7-13
3	20 or over
3	all
4	figures not available
2	figures not available due to re-organization

There appeared to have been a mixed reaction to the PPAD. Some departments had successfully implemented it, others had only done a proportion, and some had not even started at all. It was a common feeling that there was reluctance in some departments to practise the scheme. Quite a number of staff, including Heads, advocated that the PPAD should be made optional. The situation highlighted some problems with the scheme.

When the City University of Hong Kong first introduced the PPAD, it decided to adopt a non-judgmental approach as it was considered more readily acceptable by staff. However, the developmental nature of the scheme appeared to be the most confusing feature. The Guidelines state that "PPAD is a process which is primarily developmental for the benefit of staff and departments" and that "the criteria for appraisal in this process are based on the staff member's individual performance and developmental needs, which may be different from those criteria for personnel decisions". The PPAD was indeed intended for developmental purpose as a staff member was appraised against "expectation previously agreed between the staff and the appraiser, not norms". The scheme was expected to be a formative means for staff developmental purpose instead of a summative means to assist personnel decision. It emphasized a two-way communication spanning the entire process, instead of the Head evaluating the staff at a particular point in time.

However, it was the belief of many staff that evaluations for personnel decisions were made under the guise of staff development. On the other hand, staff would consider the effort spent on a non-judgmental appraisal superfluous as they were already subject to a variety of other appraisals and evaluations, for example, upon expiry of contract, substantiation of appointment on superannuable terms, crossing of efficiency bar, promotion, etc. Even some Heads thought that it was difficult to use PPAD primarily for developmental purposes, as it was not practicable to disassociate the results from assessment for personnel decisions. The Heads would have formed an impression on performance while appraising staff. Furthermore, Heads were not keen to go through the time-consuming exercise, as they could not see any tangible outcome: there is no tooth in the scheme since they could not get rid of non-performers or reward good performers.

On the basis of the some staff feedback, the Management Board saw that there was support for adapting the PPAD for judgmental purpose. In February 1998, the Management Board asked a Task Group, comprising two Vice-Presidents, a Dean and two academic members from the Committee on Staff Performance and Development, to examine the matter and make recommendations to the Management Board. The recommendation from the Task Group made in April 1998 was, however, that the PPAD should retain its primary objective of being a developmental review. The Task Group considered that if the PPAD was adapted as a self-contained judgmental exercise, the scheme had to be modified to incorporate more detailed evidence and documentation on performance, which might make the system more elaborate and create duplication of efforts with other formal performance assessment at major personnel decision junctures.

While the Management Board was considering the Task Group's recommendation, the UGC conducted a management review of the University in August 1998. In its report, the UGC Management Review Panel commended the University's management practices. In particular, it applauded the existence of the PPAD to appraise the performance of staff. It stated, however, that "the Panel has some serious concerns about the absence of an on-going appraisal system for academic staff which is both judgmental and developmental....while performance is appraised at the end of the probationary period and on application for a promotion, there is no mechanism for identifying and managing poor performance at other times". It urged the University to work towards introducing an on-going and "judgmental" appraisal scheme as a matter of priority. In its response to UGC, the University agreed to modify the current PPAD to add a judgmental component. Since many staff members have criticized the "toothless" feature of the PPAD, the University considered it a good opportunity to devise an appraisal scheme which would have consequences on personnel decisions.

Proposal of a Merit-based Reward Scheme

The University has also proposed a Merit-based Reward Scheme (MBRS), predicated on an appraisal scheme, with the purpose of motivating and encouraging staff to optimize their professional capacities and talents at the individual level, thereby culminating in the achievement of the departmental and instrumental goals. Henceforth, the appraisal scheme will serve both judgmental (i.e., the evaluation results will inform personnel decision making) and developmental purposes. Salary increment will no longer be "automatic", but must be earned on performance. All staff members will be subject to a major review every three years. Staff members assessed not to have attained the required standard will be barred from progressing along the salary scale. For staff members who are on the top point of their salary scale (i.e., no more salary increment unless they are promoted to a higher salary scale), they will also be required to pass the triennial review, although the result of the review will have no effect on their salary. Assistance will be given to enable those staff who fail the review to achieve the standard while their ensuing performance will be assessed again in the following year. Salary increment will be awarded only when their performance has attained a satisfactory standard. Under-performers who fail to achieve the requisite standards over a reasonable period of assistance and guidance will receive appropriate warnings or punishment.

In tandem, two levels of merit awards – departmental and University – will be set up to reward outstanding performance. Staff members with outstanding performance will be nominated by the department for consideration to receive awards. Staff members are eligible to receive both categories of awards in any year. The departmental and the University awards will be equivalent to the value of six times and 12 times respectively the difference between the current salary point and the immediately preceding salary point of the staff member selected. Each year, funding will be allocated to support a small fraction of total staff members for the departmental awards. The University awards are seen as an exceptional honour, with the number limited to about six each year. However, should the number of deserving staff be higher than expected, additional funding will be considered. Criteria for assessment will be drawn up at the departmental level and will be linked to the departmental and University goals as driven by the University's *Strategic Plan*. The criteria for crossing salary bars will correlate with those used for other crucial personnel decisions and merit awards.

A consultation paper inviting comments and suggestions on a preliminary MBRS proposal was sent to staff members in April 1999. The Human Resources Office staff (including the researcher) visited nine academic departments selected randomly, to listen to views and ideas and to answer queries. Some departments as well as the Staff Association and individual staff members have also written to the Human Resources Office. A second draft of the consultation paper, which was revised taking into account the views expressed by staff in response to the first draft, was produced in August 1999. Three consultation forums were held in September 1999. Views and suggestions were also collected from the two Staff Consultative Committees. All views and suggestions made were collated and presented to the Management Board in October 1999. The proposal was subsequently approved by the University Council in November 1999 for implementation with effect from January 2000, upon recommendation from the Management Board.

At the time of writing of this thesis, the University has (in October 2000) decided to modify the MBRS, as a result of concerns expressed by staff. "Feedback from staff at all levels suggests that the workload involved in the implementation of the scheme may not be proportionate to the possible benefits. There has also been a growing feeling that the scheme, in its present form, may not be effective in promoting a spirit of collegiality amongst staff and may, in fact, have a negative impact." (*The President's letter to all staff, 10 October 2000*). A major change was not to apply the triennial review to those substantiated staff who are on the top point of their salary scale, accepting the fact that it would simply not be fruitful to apply the review to those who are not subject to salary increment. At the same time, the monetary merit awards (both the departmental and University levels) component of the scheme was removed as the process of selecting the awards recipients was seen as divisive to many staff members.

The annual appraisal will be maintained for all staff, substantiated and otherwise. The process will, however, be refined to make appraisal more effective in maintaining and setting standards of performance. At the same time, a comprehensive and strengthened staff development scheme is being studied, with the aim of creating an environment in which staff can perform to their fullest potential. Consideration will also be given to enhance or install various forms of recognition.

Problems of Appraisal Arising from Confusion and Contention in Purpose

The PPAD was introduced in the University under a climate of increasing managerial control as necessitated by rising external scrutiny. The original intention was to measure and control staff performance more systematically, to enhance efficiency, and to direct all efforts towards the achievement of organizational goals. It was only because some signals of resentment from staff members were detected that the scheme was eventually experimented as a non-judgmental one. A number of problems arose in such kind of appraisal scheme, a brief account of which is given below.

Fundamental Problem with Purpose

The main problem with the PPAD was the lack of clarity in purpose. This ambiguity reflected the ambivalence felt by the University at the time when the scheme was first introduced in 1995. The University was somewhat " indecisive" in choosing between a developmental and a judgment appraisal scheme. The requirement of grading highlighted the contention between the judgmental and developmental functions of appraisal, which was the root of the debate on the more fundamental issue of managerial control by means of externally mediated rewards based on appraisal results. As pointed out earlier in this chapter, most staff suspected that the evaluation would in one way or another constitute an input affecting personnel decisions.

Controversy Over the Criteria

Concerns were expressed by staff members about the criteria against which the performance was evaluated under PPAD. As the scheme was designed for a non-judgmental purpose aiming at improving performance over a staff member's past achievement, the issue of inter-personal comparison has not been taken into account. Staff members were evaluated against the targets they set for themselves, and so conceivably it would be possible for some staff members to set the minimum acceptable standard, so that they could be rated as having "achieved or even exceeded the expectation". However, problems arose when some staff members perceived that the evaluation results had affected critical personnel decisions, such as promotion, which involved comparison at an inter-departmental level. The debate on whether the criteria should be discipline-based or whether there should be an absolute university standard began. Were the assessment intended to form a judgment on a comparative basis, this "competing with oneself" design represented a fundamental flaw.

Insignificant Impact on Staff Performance

It was reported that some staff members did not make use of the PPAD process to map out plans to improve upon their performance. While many staff members suspected that the appraisal would serve some judgmental purposes, paradoxically they did not want to pay serious attention to it, as they were not convinced that the results would definitely be linked to personnel decisions. At the same time, many appraisers were not under any "pressure" to give an assessment which would discriminate between achievers and non-performers. They would not consider it necessary to discriminate staff performance, as a non-judgmental appraisal would not have teeth anyway.

Disappointment as a Result of Wrong Expectation

It was the feeling among most staff members that the PPAD could not serve developmental purpose. "Development" may mean different things to different people. In the minds of many Heads, "development" meant the self-development of staff towards the attainment of a higher standard of performance in areas identified of importance by the department. They saw the PPAD as a guide to assist staff members towards upgrading the standard by adjusting their original performance targets, which in turn would help staff members in their career progression eventually. On the other hand, some staff members expected that some form of tangible assistance would be provided by the Heads to help them "develop" in the weak areas identified. For example, where they were advised to brush up their research performance, they would expect the Heads to give them a reduced teaching workload. However, most Heads thought that there was little scope for them to adjust the workload, especially as staff strength was stretched under stringent budgetary situation. As staff members did not see "follow-up" action as a consequence of the PPAD, they no longer took it seriously.

Appraisal Schemes of Academic Staff in Local Institutions

All the eight UGC-funded institutions, except the "oldest" University of Hong Kong, have installed an appraisal scheme of one kind or another for their academic staff. Only the City University of Hong Kong has declared its scheme as a judgmental (as well as a developmental) one which will inform personnel decisions. As for the Chinese University of Hong Kong, Hong Kong Polytechnic University and the Lingnan University, their schemes are described as a developmental one, aiming to help staff improve performance. However, these institutions will not refrain from referring to the appraisal results to assist personnel decisions when the institutions consider it appropriate; in most cases, the appraisal results will be used to the staff member's advantage. The appraisal schemes used in the Hong Kong Baptist University and the Hong Kong Institute of Education are said to be purely for developmental purposes.

The evaluation criteria used are broadly similar across all institutions, covering mainly teaching, research, administrative duties, service to the profession and the community. Other than the City University of Hong Kong which requires a grade to be given to the appraisee, both the Hong Kong Polytechnic University and the Hong Kong Baptist University also require a specific descriptor, chosen among a few possibilities be given, for example, "Unacceptable", "Threshold", "Good" or "Excellent". In most cases, the regular appraisal cycle spans a year, while some major reviews affecting personnel decisions will be conducted at some intervals, normally once every three years.

Summary

The problems identified in the process of implementing a non-judgmental appraisal scheme in the City University of Hong Kong for its academic staff, and the development of appraisal schemes in other local universities prompted the researcher's interest in conducting some in-depth inquiry into the issue of performance appraisal as a means to motivate academic staff. Given that the judgmental purpose (or the lack of it) of the appraisal scheme was the major contention, the inquiry has centered around the impact on staff motivation brought about by an appraisal which has an aim of managing staff performance through the use of extrinsic rewards. Possible effects on intrinsic motivation were also part of the study. Its aim was to find out whether performance appraisal should be conducted in order to motivate staff; and if so, under what circumstances would the appraisal be successful. Findings are reported in the following chapter and Chapter Seven.

CHAPTER SIX

Rewards Valued by Academic Staff of the City University of Hong Kong

This chapter and the following chapter present data collected from academic staff of the City University of Hong Kong in the study about the University's Performance Planning, Appraisal and Development Scheme. This part focuses on rewards valued by the respondents.

Framework of Analysis

The Expectancy Theory of Motivation seems to suggest that performance appraisal which aims at distributing extrinsic rewards in order to motivate staff will be effective, based on the assumptions that:

(a) the management knows what rewards are valued by the staff members; the management should be aware of the effect of administering one type of rewards in relation to other types;

(b) staff can see clear links between the rewards and their performance; and there are explicit, precise, quantifiable and measurable criteria to assess performance;

(c) the organization can set clear objectives so that staff members know exactly what their roles are.

Using the study of the Performance Planning, Appraisal and Development Scheme (PPAD) of the City University of Hong Kong, this chapter is devoted to exploring the following questions:

Question One

To what extent do academic staff of the City University of Hong Kong value intrinsic rewards, such as satisfaction from teaching and research; as compared with the extent *to which they value extrinsic rewards, such as job security, pay, promotion, etc. used by the management? Do they wish to avoid punishment and negative feedback?*

Question Two

What kind of a performance appraisal scheme do academic staff of the City University of Hong Kong prefer or resist?

Question Three

Under what conditions will extrinsic rewards reduce intrinsic motivation in relation to academic work?

Collection of Data

Data about staff's views towards intrinsic and extrinsic rewards were collected mainly through in-depth interviews. As described in Chapter Four (on Research Methodology), the head of department (henceforth referred to as Head), an appraiser and an appraisee from each of the five academic departments selected by a purposive sampling approach were interviewed, in addition to one pilot interview conducted with an appraisee of another department. Data were also collected from five senior management people.

All six appraisees are junior staff members at the rank of Assistant Professor (or equivalent). While three of them have been substantiated, the other three are on contract terms. All the five appraisers (who are also appraisees of other appraisers) are substantiated staff at the rank of Associate Professor (Scale A) (or equivalent) or Professor (Chair/Scale A). The five Heads represent the middle management. All of them are substantiated; four are Professor (Chair/Scale A) (or equivalent) while one is an Associate Professor (Scale A). The five senior management people are all Professors

(Chair/Scale A). Three of them are substantiated while two are on contract terms. In reporting the respondents' views, the appraisees will be referred to as junior staff, the appraisers and Heads as senior staff.

In addition, views expressed by staff members during the nine discussion group meetings in relating to the proposed Merit-Based Reward Scheme (which have some features similar to a contingent pay scheme, for details see Chapter Five) were also included in the analysis, to provide some form of triangulation. There were about 15 to 30 participants for each session, spanning the various academic ranks.

Summary of Responses to the Research Questions

The following table gives a summary of the responses in relation to the research questions:

Aspects	Unsubstantiated Appraisee	Substantiated Appraisee	Appraiser	Head of Department	Management	Discussion Group
Teaching		Yes	Yes	Yes	Yes	
Research				Yes	Yes	
Autonomy and Choice between Teaching and Research	Yes	Yes	Yes/No	No	Yes/No	
Innovation/Creativity			Yes			
Variety of Work	No				Yes	
Staff Development and Growth	Yes	Yes		Yes	Yes	
Contract Renewal/Substantiation	Yes	Yes	Yes	Yes	Yes	
Promotion	Yes	Yes	Yes/No	Yes	Yes	Yes
Pay	Yes/No	Yes	Yes	Yes	Yes/No	Yes/No
Recognition	Yes		Yes	Yes	Yes	Yes
Collegiality		Yes		Yes		
Communication, Mutual Trust	Yes	Yes	Yes	Yes	Yes	
Punishment and Negative Feedback	Yes/No	Yes/No	Yes/No	Yes	Yes	No
Judgmental Performance Appraisal	Yes/No	Yes/No	Yes/No	Yes	Yes	Yes/No

"Yes" means at least one respondent/participant indicated support to the item.

"No" means at least one respondent/participant expressed reservation about the item.

Table 3: Summary of Responses in Respect of Valued Rewards

Question One: Intrinsic Rewards as Compared with Extrinsic Rewards

During the interviews, respondents were asked specifically what they considered most important to them, and what has had the greatest impact on them. There was no limit on the number of items raised, and most respondents gave one to three items. In addition, some matters of importance to them were also discerned during the discussion of the performance appraisal scheme of the City University of Hong Kong. Both categories of items raised were analyzed below.

Intrinsic Rewards

Job Satisfaction

Job satisfactory was cited as one of the *most* valuable things by one Dean, two Heads and one substantiated appraisee. One Head disclosed that he/she treasured work achievement, a kind of recognition different from monetary reward or promotion. One appraiser was concerned with having a job which could utilize his/her talents to give job satisfaction; he/she wanted to find going to work as a pleasure.

Teaching

The ability to teach in a university was one of things considered *most* valuable to six respondents, including senior and junior staff members. They regarded the quality of education provided to students of crucial importance. One of them was concerned about how students performed after graduation, another found it very encouraging to see a change in students' learning attitude from passive to proactive. One Head revealed that he/she enjoyed teaching because that was one way of doing something for the next generation and for the society. A reduction in teaching load to make time available to do research, enhance teaching skills, or brush up administrative capability etc. was one of the possible outcomes of the PPAD expected by three junior staff.

Research

The opportunity to engage in research was cited as the *most* valuable thing by two senior staff because the pursuit of scholarship would bring them self-actualization.

Autonomy and Academic Freedom

One Dean contended that the freedom to engage in academic work of one's interest was the "real recognition" which the academic staff looked for, in addition to substantiation of employment and promotion. This view was echoed in a discussion group meeting, where one participant revealed that academic staff desired satisfaction from intrinsic things such as opportunity to work in a free academic environment.

One unsubstantiated appraisee considered academic freedom to be important, acknowledging at the same time that academic staff should be accountable to the public for their results. He/She saw performance appraisal as a kind of managerial control to dictate how academics should do teaching or research. However control would be ineffective since the inspiration for academic work, especially research ideas, could not be demanded at a particular time.

Innovation, Creativity and Variety of Work

One appraiser considered innovation and creativity important, as he/she expressed disappointment with the PPAD which had not encouraged the development of these attributes. One unsubstantiated appraisee asked for freedom to choose to focus on teaching or research because he/she considered it difficult to be "*part-timers*" in both major endeavours. Two Vice-Presidents held a contrary view, and one of them maintained:

> *"Academics are part-timers by the nature of their work, it is the variety of work which makes academic work so stimulating."*

Staff Development and Growth

Staff were keen to have opportunities to develop their potential and to seek continuous improvement. Intellectual development was considered valuable. Seven respondents, including senior and junior staff, thought that the PPAD should serve developmental needs. One of them pointed out that academic staff in a university must keep themselves at the frontier of knowledge.

Other Values

This thesis focuses on rewards at work and not outside. It, however, is worthwhile to note that a few respondents found the most valued rewards outside work. These include a happy family, wisdom, a happy life, health, contribution to the society and being responsible for oneself.

Extrinsic Rewards

Contract Renewal/Substantiation of Employment

Job security with a stable work environment appeared to be a very strong work motivator. All respondents, including managerial and junior staff, shared the same observation that the appraisers and the appraisees would take the PPAD seriously only in those cases where the appraisees were subject to consideration for contract renewal, substantiation of employment or promotion. One Dean contended that substantiation of employment and promotion were the "real recognition" which the academic staff looked for, other than the freedom to engage in academic work of one's interest. All the three appraisees who were under contract terms of employment revealed that they would put up their best effort to satisfy the requirement for continuous employment. The substantiated appraisee felt some effect of the PPAD as he/she was actively seeking promotion. The other two substantiated appraisees did not see any significant impact of the PPAD on themselves. The five appraisers who have been substantiated did not think the PPAD would affect them as appraisees.

Such apathy towards performance appraisal among the substantiated staff could be explained since the results from the non-judgmental PPAD would not affect their job security or their stable income. Indeed their employment was essentially protected unless they committed any disciplinary offences. A different position towards the PPAD could be expected if their continuous employment was made contingent upon performance. Such a position was evident from the strong opposition expressed by staff during the consultation process relating to the Merit-based Reward Scheme (see Chapter Five) that the PPAD could in some way lead to termination of service. This strong sentiment was expressed clearly by a statement made by the Staff Association in its petition to the University Council's Staffing and Conditions of Service Committee:

> *"Although we have been told that the MBRS is not intended to provide a new mechanism for the termination of "poor performer", management continues to link the MBRS to decision to terminate staff. This linkage is the source of most staff concern."*

Promotion

Promotion seemed to have a significant place among the list of valued rewards of the academics. "Promotion" was mentioned without prompt, at least once during the conversation by nine respondents spanning senior and junior staff. Promotion was specifically quoted as an objective of top priority being actively pursued by one junior staff. Two Heads regarded promotion as a kind of recognition. One of them, however, said that while he/she would welcome promotion as a kind of recognition, he/she would not place too much emphasis on it. Another one said specifically that he/she would not actively pursue promotion: "If it comes, it comes". He/She would rather be happy with his/her job, enjoying a stable working environment with a stable income. One appraisee believed that for those substantiated staff, only those who were seeking promotion would be concerned about the PPAD. Managerial staff believed that promotion was a powerful tool for work motivation. Two senior management people and all five Heads expressed strong support to using the PPAD results to inform major personnel decisions, including promotion.

During the discussion group meetings, promotion was raised as an important issue in four of the nine meetings. One participant suggested that promotion was the most powerful motivator. Another one thought that NOT getting promotion was a kind of negative incentive. Two participants voiced that the appraisal results should be taken into account in major personnel decisions, such as promotion.

Pay

Pay was cited as an example of rewards by four respondents, including senior and junior staff. A stable working environment with stable income was the most important thing treasured by three other respondents. Although it appeared to be secondary in importance relative to other tangible rewards such as substantiation (or termination) of employment and promotion, the three of them agreed that the appraisal results should be reflected in the pay such that increment along the salary scale should not be automatic. Even a Head who received a high salary felt strongly that his/her salary should be adjusted according to the performance. One appraisee originally thought that the appraisal should not be linked to any material rewards, he/she later came to recognize that if the appraisal was pay related, it would give positive incentive to staff. The linking of pay to performance was also supported by three participants in two of the focus group meetings.

One the other hand, there was objection to using contingent pay as an incentive. One Dean insisted that academics did not need any extra material reward, other than substantiation and promotion, given that they already received a handsome pay. One appraisee found it demoralizing and demotivating when he/she was given a rating lower than the expected one. Five participants from four discussion groups held the philosophical viewpoint that pay, as an extrinsic monetary reward, would not satisfy their needs for intrinsic rewards, that is, satisfaction from the job which they have valued more. Another participant found it distasteful if other people thought that a few more dollars could make him/her do the job well. They maintained that they work because they are intrinsically motivated. As professionals, they did not need and should not be told what they should do. They pointed out that outstanding performance would be rewarded anyway through other means, for example, publications recognized in international journals. Objection to the concept of linking performance to pay was particularly strong from discussion groups involving academics from the humanities and social work disciplines.

The proposed introduction of the Merit-Based Reward Scheme (see Chapter Five) in the University indicated that the senior management staff believed that pay was a reward valued by staff members. However, the study revealed that the junior staff did not necessarily value pay as a motivator, as indicated in this remark made by one participant in a discussion group meeting:

> *"The assumption that giving cash is the best way to motivate staff is WRONG."*

Recognition

Recognition of achievement and contribution by other people, including peers and the management, was cited as the *most* important thing by one appraiser. Three respondents pointed out that recognition was important, however, it needed not be in the form of material rewards: a record of number of papers published, high Research Assessment Exercise scores or teaching evaluation scores on the curriculum vitae, etc. are already a form of recognition. Respect earned from students and a good relationship with them were regarded the most valuable things by three senior staff. Another Head suggested that the management should also provide other visible forms of recognition, including a facilitating working environment with the freedom to do work, grants to hire helpers in research pursuits, and support for conference attendance. The discussion groups also suggested alternative forms of recognition. Examples included more facilities to do work, conference attendance, money to hire helpers and additional funding to the department. One participant suggested that a variety of rewards should be available as some might prefer cash, some might prefer other forms.

Collegiality and Social Harmony

A harmonious working environment and good working relationship with colleagues were considered the *most* important matters to three respondents. They found colleagues' help, encouragement and collaboration having a great impact on them. Effective communication, mutual trust and understanding were also considered beneficial.

Punishment and Negative Feedback

No appraisees expressed support for the use of sanctions, although one of them appreciated the reason why the management would wish to use sanctions as a tool to get rid of non-performers. The punishment of non-performers as a means to help staff improve was supported in four discussion group meetings. One participant contended that academic staff should be accountable for their performance; another one expected that the negative rewards in the form of demotion would give the "space" for the staff member to pick up and get integrated again to the normal track. There was some support from four senior staff to the use of punishment and negative feedback to motivate staff. They thought that non-performers should not be tolerated. Three of them suggested termination of employment as the kind of sanctions, while salary deduction was suggested by the remaining one. Negative feedback was also considered useful by two Heads as it would give peer group pressure to motivate staff.

While these staff members indicated a desire to use sanctions as an incentive, they did not intend to take light decisions. They thought that appropriate sanctions should be given after sufficient warning. The President insisted upon well-informed decisions based on evidence:

> *"The appraisal scheme will enable something to be done with under-performers. It will assist the University to make decision based on well-documented records, even though the choice may be unpleasant and painful. Such a function is needed especially in face of expected cut in UGC funding."*

On the other hand, four junior staff had reservation in using punishment or negative feedback, maintaining that it would be an unpleasant feeling to be told that one was not up to standard. Reservation about the use of sanctions was raised by four discussion groups, for the reason that the punitive element was de-moralizing. The participants speculated that the proposed contingent pay scheme would fail if the punitive aspect were more salient than the reward aspect. One participant was adamant that the University should not punish a staff member unless he/she still could not perform after assistance had been given to help him/her. Moreover, if a staff member did not perform, it might be due to institutional reasons, or due to factors beyond his/her control, for example, the results of Research Assessment Exercise are unpredictable.

Conclusions about Question One

Intrinsic Rewards as Compared with Extrinsic Rewards

To what extent do academic staff of the City University of Hong Kong value intrinsic rewards, such as satisfaction from teaching and research; as compared with the extent to which they value extrinsic rewards, such as job security, pay, promotion, etc. used by the management? Do they wish to avoid punishment and negative feedback?

The study indicated a desire for intrinsic rewards among the academic staff. Many of the respondents wanted to seek satisfaction from their job, whether in teaching, research or intellectual development to enhance their overall capability. While most respondents found pleasure in doing either teaching or research or both, they might have different priorities for either component at a different point of time, depending on factors such as their stage of career development, preparedness for one type of work or another, etc. Some staff members considered that they had not been able to enjoy the intrinsic rewards from teaching, as they were not given the flexibility to choose between teaching or research. It is implicit from their responses that only when such a choice, free from managerial control, is allowed can one speak truly of the satisfaction of the higher order intrinsic needs to engage in meaningful work.

The academic staff have also valued extrinsic rewards to a greater or lesser extent. They have placed particular importance on job security (substantiation). In the study, pay was found to be important, but secondary to substantiation and promotion. Although pay was thought to satisfy basically physiological needs, while substantiation and promotion the need for job security, no conclusion could however be drawn to infer that safety needs should be satisfied before physiological needs. The phenomena has more to do with the University's pay structure which is based on a fixed salary scale with fixed incremental points, and its pay scale which is considered modest or handsome by many. Indeed, pay can satisfy both physiological and safety needs. As for promotion, while most managerial staff thought that linking appraisal results to promotion would be an effective motivator, promotion might not be regarded as so important by some staff members. Staff re-iterated that they work because they are intrinsically motivated, and that extrinsic monetary rewards would not satisfy those intrinsic needs. Furthermore, other forms of intrinsic values, such as collegiality and social harmony, are also valued by the academic staff.

The responses suggested that it was the perception of some staff members that the management might not know exactly what staff members need or prefer. The desire to seek promotion and pay raise were two examples. The management allegedly neglected the need of the staff members to reduce teaching load to find more time to do research, enhance teaching skills, etc. The numerous suggestions made by staff on others forms of tangible recognition also reflected a possible low usage of those rewards by the management.

As to whether a punitive appraisal and reward system should be used, there were divided views. There was some support from senior staff for the use of sanctions against non-performers. On the other hand, almost all staff members did not want to see an appraisal and reward scheme which would facilitate reduction in salary, let alone the termination of their employment. Thus punishment and negative feedback were valued by the academic staff too, but only in a negative sense; i.e, something the academic staff would wish to avoid.

The needs expressed by the respondents can be categorized into the five kinds of needs postulated by Maslow (1943, 1954, 1970), namely physiological needs (in the form of salary award), safety needs (in the form of secured employment with decent pay), social needs (in having a collegial working environment), esteem needs (promotion, sense of achievement, independence, freedom, recognition and prestige) and self-actualization (needs for self development). However, the responses did not reveal any order in which one would pursue these needs (see Chapter Three for discussion on hierarchical order of needs). On the other hand there appeared to be some support for a "Two-step Hierarchy": lower level needs for material and security rewards, and higher level needs for achievement, challenge and self-esteem. Staff appeared to first follow the physiological and security pattern (a stable income, substantiation and promotion) before targeting on any of the remaining three types of needs. While all categories of staff, whether substantiated or unsubstantiated, junior or senior, expressed a need to seek intrinsic rewards by engaging in work that they would find meaningful, all of them were concerned with the goal of getting substantiation and promotion in the first place.

As reported in Chapter Three, junior staff may be more concerned with the lower level needs; higher level staff may be more concerned with the higher level needs (Pinder 1984; Marsden and Richardson 1992). The study of the City University of Hong Kong showed that the relative importance placed on the two levels of needs hinged very much on the employment status of the person. Unsubstantiated staff members were more concerned with substantiation and promotion. As they are mostly likely newcomers who join the University at a junior grade, the pattern is in congruence with what Pinder (1984) and Marsden and Richardson (1992) suggest.

To the Head who received a handsome salary and who asked for adjustment in his/her salary according to his/her performance, the main satisfaction from the attainment of pay raise was not to meet physiological or safety needs, but to "help satisfying one's ego" as he put it. Two other Heads also considered promotion a kind of recognition. This suggested that extrinsic rewards such as pay and promotion might satisfy multiple needs: the lower level of physiological and safety needs, as well as the higher level of esteem and self-actualization needs (Lawler 1994; Lopez 1968).

Question Two: Performance Appraisal

There appeared to be overwhelming support from both the management and staff to link the performance appraisal results to personnel decisions so as to distribute rewards according to performance, if the appraisal scheme was to have any concrete effect at all. It was a general perception that the non-judgmental appraisal scheme which served developmental purpose alone had not been useful to motivate performance. 15 respondents including senior and junior staff accorded the lack of "teeth" as the cause to the slow progress of the PPAD. Two appraisees, while they did not consider any appraisal scheme necessary for academic staff, saw the potential benefits of a judgmental scheme. They observed that the non-judgmental PPAD failed because both management and staff were not determined to work towards the purpose of attaining a certain standard of performance.

An appraiser observed that almost all staff have preferred the Head to be the appraiser, a phenomena which reflected that the effect of the appraisal on personnel decisions was the prime consideration of most staff. One Head asserted that most staff members would look for tangible rewards as a consequence of the appraisal process, although the rewards needed not be monetary. Another Head summarized the situation, as he saw it, succinctly:

"People plan their work according to what is appraised and rewarded."

Five senior staff concurred that an appraisal scheme, which distributed rewards for performance in accord with University goals, would steer the University in the direction it wanted to go. However, the PPAD could help consolidate every staff's effort towards that direction, only if the University stated the direction clearly and explicitly. One appraiser noted that, since the appraisal of performance focused mainly on research, the University attained improvement in research, but not in teaching. One of them insisted that high achievers ought to be rewarded, if the University is to benchmark itself with international standards.

There was, at the same time, discomfort among staff arising from the adoption of the PPAD. Three senior staff and four junior staff considered that the appraisal process gave a negative feeling and exerted unnecessary pressure on staff. One appraiser and two unsubstantiated appraisees voiced objection to external control which would infringe upon their freedom:

> *"I am disinclined to externally imposed process or standard to evaluate performance."*

> *"Academics prefer freedom and will be disinclined to a judgmental scheme."*

> *"Academics may not buy the idea of deciding one's future based on a mechanistic assessment. Subjecting academics to too much control may be counter-productive."*

Similar objection to the concept of linking performance to pay was raised at the discussion group meetings. The participants worried about the control that could be exercised by the management under a contingent pay scheme. They did not accept the need to prove to the administration outside their profession that they were good. They considered it a backward step to rely on managerial control. The following assertions were typical:

"It looks like a very business-oriented scheme. It is de-moralizing. It is too much of a cultural shock."

"The concept of monetary reward is NOT readily acceptable to academia."

One participant suspected that the true purpose of the contingent pay scheme was to answer managerial accountability rather than rewarding staff. Another participant asked the management to commit itself to involving staff members in the drawing up of the criteria, otherwise the scheme might become a means for the management to control staff. One participant thought that using pay-cuts to help staff overcome their deficiencies should only be used when all other efforts failed. To help improve performance, other means were more effective. Instead of having the contingent pay scheme, one participant asked if there could be different awards schemes, such as Teaching Excellence Award, Research Excellence Award, Service Award, etc. so that staff members could *choose* to participate on a voluntary basis. Contrary to the feelings of control associated with a contingent pay scheme, one participant accepted the need to prove their eligibility to the institution in the process of consideration for promotion, and did not regard such requirement a kind of control.

It should also be pointed out that staff began to realize that they could no longer enjoy the extent of "freedom" that university academics had so far enjoyed:

"We know there is no more 'iron rice bowl'."
["iron rice bowl" means that the University will hire a person for life, for the "iron" rice bowl can never be broken.]

"Triggered by Asia's economic turmoil, the civil service has been considering major reforms including reducing its benefits package. We began to realize that we are not free to do whatever we want. After all we are using public money. The trend of asking for value for money will extend to universities."

"If we don't get ourselves prepared, then someone else from outside will come and tell us what to do."

Conclusions about Question Two

Performance Appraisal

What kind of a performance appraisal scheme do academic staff of the City University of Hong Kong prefer or resist?

There was both support and objection from staff for the adoption of a judgmental appraisal scheme which distributed extrinsic rewards according to evaluation results. Support came from both the management and staff, while objection was raised essentially by staff, particularly those at the more junior level. The main reason given for the objection was the academics' dislike of managerial control.

The study revealed the ambivalence felt by academic staff about the desirability of a judgmental performance appraisal scheme. Although many respondents did not see the need of an appraisal scheme, they indicated preference for some visible results arising from the appraisal scheme, should the University adopt one at all. On the other hand, a few of those respondents who advocated a judgmental appraisal under these circumstances expressed concern about the possible implications on managerial control, something that the academics would not embrace out of their own volition.

Question Three: Effect of Extrinsic Rewards on Intrinsic Motivation

While the academic staff have treasured intrinsic rewards, including job satisfaction, appreciation and recognition of their efforts, there was no specific mention that the offer of extrinsic rewards diminished their intrinsic motivation. On the contrary, there was a suggestion from an appraisee that extrinsic rewards might stimulate intrinsic motivation:

> *"When the PPAD was first introduced, I thought very ideally that the appraisal should not be linked to any material rewards, as I assumed that everyone is interested in developing oneself even without any extrinsic motivation. But the experience changed my mind. I realized that if the appraisal is not related to any tangible consequence, there is no incentive to urge the staff to achieve the developmental targets set. To appraise purely for developmental purpose is too idealistic, particularly in cases where the results can only be seen over a much longer timeframe. Some tangible results within a shorter time limit will be motivating. So I no longer object to relating the appraisal to pay. It will give positive incentive. It is a form of recognition."*

This appraisee's view was supported by the fact that almost all respondents, both from staff and the management, considered it appropriate to relate the appraisal results to major personnel decisions, in order to distribute externally mediated rewards. The extrinsic rewards need not be monetary. Visible recognition or consequence, in one form or another, was considered most important. Two appraisees admitted that they felt the pressure to work hard as they knew they would be watched, and be asked to account for what they had done at the end of the year. The attention paid by their Head to their progress would constitute some kind of visible consequence, and they considered that to have motivating effect. One of them speculated that the motivating effect would be greater should the performance results be linked to some material rewards:

> *"The PPAD did not achieve the effect to the extent it should because we were a bit lenient about achieving the standard. The scheme was said to be non-judgmental, so we didn't work hard to make people achieve that standard (as there was no incentive to do so)."*

One Head and one appraiser maintained that measuring and recognizing performance of staff and giving staff constructive feedback would provide motive for staff to continue develop. In a sense, the staff would internalize the extrinsic rewards and would become engaged in the pursuit of intrinsic rewards of self-development.

As reported earlier (see the discussion on pay in this chapter) strong objection was raised by discussion groups to a proposed scheme to award salary increment based on a systematic evaluation of performance. The main reason given was the academics' dislike of being told what to do. As intrinsic motivation was mentioned as the primary work motivation for academics when the issue of managerial control through the use of externally mediated rewards was discussed, it may be inferred that extrinsic rewards, given its association with managerial control, are likely to decrease intrinsic motivation.

Conclusions about Question Three

Effect of Extrinsic Rewards on Intrinsic Motivation

Under what conditions will extrinsic rewards reduce intrinsic motivation in relation to academic work?

There was some weak indication which suggested that the academic staff envisaged that extrinsic rewards might reduce intrinsic motivation, given their association with managerial control. Such a perceptive was more apparent among staff members from the humanities and social work disciplines. However, there was also the suggestion that extrinsic rewards might stimulate intrinsic motivation, as the tangible results would be interpreted as a kind of recognition. It is worthwhile to note (in the discussion on performance appraisal in this chapter) that the subject of promotion as an extrinsic reward presented another picture: there was no opposition to the need to be assessed in promotion cases. The difference lies probably in the perception that the controlling aspect is more salient in assessment for contingent pay, while the feedback aspect is more salient in assessment for promotion.

Overall Conclusions

The academic staff have a desire for intrinsic rewards, including teaching, research, autonomy and academic freedom, intellectual development, etc. They also value extrinsic rewards, to a greater or lesser extent. They place particular importance on job security (substantiation). Pay raise is of secondary importance. Collegiality and social harmony are also valued by the academic staff. While most managerial staff think that linking appraisal results to promotion will be an effective motivator, promotion may not be regarded as so important by staff members. The academic staff assign a negative value to punishment and negative feedback. As regards to the question of whether the appraisal and reward scheme should include a punitive component, views are divided. While a few managerial staff have expressed support to the use of appropriate sanctions against non-performers, most staff members do not wish to see a punitive appraisal and reward scheme.

A "Two-step Hierarchy" of lower level needs versus high level needs appeared to have emerged. The data have offered some weak indication that academic staff of the City University of Hong Kong value pay and promotion because they may satisfy both lower order needs and higher order needs. While intrinsic rewards satisfy higher order needs, extrinsic rewards may satisfy both lower and higher order needs.

The academic staff generally considered that they did not need an appraisal scheme. Their main objection arose from their rejection of managerial control which is usually associated with performance appraisal. However, should the University decide to practise performance appraisal, they would prefer to have a scheme which distributes extrinsic rewards according to evaluation results.

The academic staff envisaged that extrinsic rewards might reduce intrinsic motivation if the controlling aspect of the rewards is salient. On the other hand, extrinsic rewards may not reduce intrinsic motivation if the feedback aspect is salient; the former may even stimulate the latter under these circumstances. There is no opposition to the need to be assessed (controlled) in promotion cases. It is likely that the controlling aspect is perceived to be more salient in assessment for contingent pay, while the positive feedback aspect is more salient in assessment for promotion.

Next Step

As discussed in Chapter Two and recapitulated at the beginning of this chapter, in order to have an effective appraisal and reward scheme, staff must be able to see clear links between the rewards they value and their performance. The visibility of such links depends on whether there are explicit, precise, quantifiable and measurable criteria to assess performance. Having gained an idea of what the academic staff value through the inquiry reported in this chapter, the next chapter will search for possible answers to the research questions about assessment of academic work and the University's role in it, based on the data collected from the case study of the PPAD of the City University of Hong Kong.

CHAPTER SEVEN

Assessing Academic Work and the Institution's Role in It

Chapter Six presents data collected from academic staff of the City University of Hong Kong in a study about the University's Performance Planning, Appraisal and Development Scheme. This chapter presents data from the same study on issues about assessment of academic work and the University's role in it.

Framework of Analysis

It has been shown in Chapter Two that in order for any performance appraisal scheme to serve a motivational purpose by offering rewards, it must fulfill certain conditions including the following:

(a) The scheme must be clear enough for staff to see clear links between the rewards and their performance. The appraisal results must lead to some rewards. To link rewards to performance, there must be effective measurement, to compare the actual performance against pre-determined objectives to discriminate among individual staff members in terms of performance. The management has to define standards of performance, which need to be explicit, precise, quantifiable and measurable.

(b) Clarity in roles is crucial if the reward system is to contribute to the overall strategic management of the organization. The system should enable individuals to integrate their goals with those of the organization.

To investigate whether these conditions are met in an appraisal scheme that distributes extrinsic rewards, using the example of the Performance Planning, Appraisal and Development Scheme (PPAD) introduced in the City University of Hong Kong, the following research questions have been explored:

Question Four

How far do academic staff of the City University of Hong Kong believe that their performance will be rewarded? How much do they consider that academic performance is quantifiable, measurable or predictable, and that it can be assessed objectively?

Question Five

In what ways do academic staff of the City University of Hong Kong consider that their ability to perform will be affected by a clear understanding of the goals of the University and of their role in helping to attain these goals?

Summary of Responses to the Research Questions

The following table summarizes the findings:

Aspects	Unsubstantiated Appraisee	Substantiated Appraisee	Appraiser	Head of Department	Management	Discussion Group
Research given more recognition	Yes		Yes	Yes		Yes
Everyone must do both teaching and research			Yes	Yes	Yes	Yes
Diverse views about scholarship	Yes	Yes	Yes	Yes		Yes
Academic work quantifiable and measurable			No	No	No	Yes/No
Academic word performance predictable			No			No
Subjectivity is accepted			Yes	Yes	Yes	
Common elements in good teaching or research	Yes		Yes	Yes		Yes/No
Clarity of University goal needed	Yes	Yes	Yes	Yes		Yes
Performance appraisal helps consolidate staff's effort towards University goals			Yes	Yes	Yes	Yes

"Yes" means at least one respondent/participant indicated support to the item.

"No" means at least one respondent/participant expressed reservation about the item.

Table 4: Summary of Responses in Respect of Assessment of Academic Work and the University's Role in It.

Question Four: Measuring Academic Work

What Counts?

When the PPAD was introduced, the University paid particular effort to emphasizing that the scheme was non-judgmental, such that the appraisal results would not be linked to any personnel decisions. The intention was to minimize the resentment from staff. The fact that there was an overwhelming support to make the appraisal scheme judgmental (should the University determine to have any appraisal scheme at all), as shown in Chapter Six, confirmed that the link between expected valued rewards and the performance appraisal is essential in order to motivate staff. As staff did not see the link, the appraisal effort expended in the PPAD scheme lost motivational effect.

While staff attributed the lack of impact of the PPAD to the absence of the consequences arising from appraisal, they paradoxically did not believe that the appraisal results would not influence personnel decisions. Such a view was not only common among staff members, but was shared among the managerial staff too. Indeed three Heads of Departments (henceforth referred as Heads) admitted that the appraisal process would definitely affect their impression about the staff's performance, which would be taken into account when they were to make personnel decisions. Thus arguably the link did exist, it was only not clearly demonstrated to staff.

Staff members would be able to see the link only if they knew what was counted in performance assessment. They were not only concerned about how teaching and research would affect rewards separately, but also the relative weights to be attached to each. Six senior and junior staff observed that even though the University has declared in its *Strategic Plan* (see Chapter Five) that teaching was one of the two core functions of the University, in reality research was regarded as more important as evident in the reward system which has placed more emphasis on research than teaching. One Head maintained that the reward system should be modified to reflect the University's call for "Walking with Two Legs" strategy. Two appraisers considered research to be the primary factor affecting continuous employment and promotion:

> *"Teaching is important, but not for promotion purposes."*

> *"Research is regarded as the motivating factor, while teaching the survival factor. If your teaching is bad, you won't be promoted, but it won't affect your continuous employment. However, one may lose the job due to unsatisfactory research."*

An unsubstantiated appraisee was even more pessimistic:

> *"If you are good in research, but teaching is poor, you can survive. It does not work the other way round, good teachers will lose the job if they cannot keep up research."*

However, one Vice-President rejected this claim, contending that:

> *"There is a wrong perception among staff that we only focus on research. This is a fallacy. If that is the case, we will only end up with mediocre*

teaching. We do not wish the University to become a publication machine. Academics should engage in a variety of work, including teaching and research."

Staff members were particularly concerned about the requirement for substantiation and promotion. They asked the University to clarify whether one would be rewarded on the basis of good research or teaching alone, or was one required to be an all-rounder? Three senior staff were adamant that every academic staff must exert their best to do research while fulfilling the teaching duties as well. The academic staff's freedom was never unfettered, as they had to be accountable to the society. On the other hand, two junior staff thought that while all academic staff should "walk with *two legs*", they should be allowed to have "*one long leg and one short leg*". The University should set an institutional norm regarding requirement to do research and at the same time allow individual staff members to have a choice on how to satisfy or exceed the norm. The request for autonomy in deciding one's work priority was strong among junior staff, but the voice was not confined to them. There was support to it from the senior management staff too. They, however, insisted that all academic staff should engage in research.

One participant each from two discussion groups maintained that so far the assessment in personnel decisions had focused on research, and suitable criteria for teaching were badly needed. One participant of another group was of the view that both research and teaching, being the University's core functions, must be performed by every staff member.

Measuring Academic Work

As personnel decisions are made of measured performance, rather than performance itself, staff are naturally concerned about the criteria to be used to measure performance. While there was no argument about the need for criteria to be clarified and agreed in advance, there were divided views among respondents as to how accurately, objectively and comprehensively could academic work be assessed.

Senior and junior staff alike concurred that there were diverse views about scholarship. Eight respondents were of the view that different disciplines would have unique characteristics and requirement depending on their nature, and it was difficult to assess academic work even if one was in the same field. It was considered not appropriate to assess the performance simply by checking against pre-determined criteria, given that academic performance was "unpredictable" and would depend on factors beyond the academics' control. For instance, teaching had to be adjusted on the basis of student quality; research accepted for publication might not be in direct relation with the research quality. Should quantity be stressed at the expense of quality, the process might be vulnerable to manipulation by staff, for example, one could claim that he/she already taught so many hours a week, without making reference to the quality of teaching and of learning.

The use of qualitative criteria was not beyond controversy. Two junior staff raised the question about comparison of ratings between staff members if the appraisal was to serve judgmental purpose. Should qualitative criteria be the primary yardstick to measure performance, a practical problem of comparability would then arise. A solution was suggested by two senior staff: the appraiser should be explicit on what evidence one was to supply to demonstrate the achievement.

Almost without exception, the issue of assessment criteria was brought up in all the discussion group meetings. Questions were raised on objectivity, fairness and comparability across disciplines and individuals. But the major concern was related to the difficulty in drawing up assessment criteria for academic work which covers a range of aspects, some of which are more quantifiable and measurable than others. The use of peer reviews was suggested by a participant of one discussion group. A participant in another group, however, preferred quantifiable criteria: staff are clear about them and will strive to work towards the department's goals. Another participant from yet another group was ambivalent about the choice between quantity and quality as he/she found:

> *"A motivating scheme would be rendered demotivating if you quantify too much. But on the other hand, if you make the criteria too general, they will be subject to interpretation, resulting in misgivings and controversy."*

The issue of fairness among staff members was raised by four participants in three discussion group meetings, who felt that there should be some ways to enable inter-disciplinary comparison. Five participants concurred that it was possible to compare performance across similar disciplines as there are "core competencies". Five participants (all from the science and engineering disciplines) found it not difficult to arrive at the suitable criteria, as it was only acceptable to benchmark with the international, or at least regional, standard. They felt sure that there should be an absolute standard against which everyone's performance would be measured; otherwise it would not be fair to those staff in disciplines which have very stringent standards. Not everyone from the same discipline was united in the views about standards of measuring academic work. Two other participants (from non-science and engineering disciplines) doubted the desirability and practicability in having an absolute standard irrespective of disciplines.

All the five senior management staff and four senior staff admitted the impracticability in quantifying academic work which is often intangible. How could one describe, let alone assess, quality of research, research paper, teaching quality, devotion to students, and relationship with students, etc. No matter how precisely one tried to quantify, the measurements would remain debatable to some. A holistic approach using some broad criteria was considered good enough. The senior management seemed to have a shared view that it was not only *impracticable*, but also *undesirable* to restrict to measurements that are so quantitative, precise or predictable, since it would mean that performance would be mediocre, and not creative enough. As the President put it:

> *"Rigid measurement will make life easier, but it betrays the lack of quality or judgment."*

It appeared that one had to accept subjective judgment in assessing academic work, as asserted by eight senior staff, for they saw no better way to assess academic work. One Vice-President summarized:

"Quality is clear to people who know what quality is. It is just like beauty, which cannot be precisely defined or measured. But the fact that it cannot be quantified does not mean that it cannot be evaluated. It requires subjective judgment, but people will agree whether a person is beautiful. Subjectivity does not imply unfairness."

<u>*Assessing Teaching and Research*</u>

On the issue of how teaching should be assessed, the divergence in views seemed to be great. One appraiser was disappointed with the lack of generally accepted measuring instruments for teaching, and so different disciplines were using a variety of tools. He/She felt strongly that the University should develop better ways to assess quantity and quality of teaching to facilitate the recognition of teaching. Such a view was shared by one participant from a discussion group.

Three senior staff and two junior staff agreed that people in the field could tell what good quality teaching is. The two junior staff even went further to assert that there are common elements across disciplines as to what constitute good teaching. Two senior staff suggested that a portfolio approach should be used to assist a more holistic assessment, encompassing peer review, submission of teaching materials, teaching evaluation scores and student feedback, classroom observation, statements explaining the teaching philosophy and ways to interact with students, and innovation to teaching, etc.

There appeared to be less controversy in the assessment of research. Perhaps it is because there are well-established procedures to evaluate research modeling after the methods used for the Research Assessment Exercise (RAE). The criteria are largely quantitative, and the process involves independent peer review. Although the methods are not perfect, they are widely accepted among academics. Criteria found acceptable by five respondents included: RAE results, the amount of research grants obtained, quantity and quality of papers published and recognized internationally, quantity and quality of research projects, citation index, impact factor, and number of research students.

Conclusions about Question Four

Measuring Academic Work

How far do academic staff of the City University of Hong Kong believe that their performance will be rewarded? How much do they consider that academic performance is quantifiable, measurable or predictable, and that it can be assessed objectively?

While there are acceptable ways to evaluate academic work, including teaching and research, the limit to which the outputs can be quantified was acknowledged by both the management and staff. Academic work is intangible; scholarship is not something that is easily quantifiable. No matter how precisely one quantifies, the measurements will remain debatable to some. The academic staff found it particularly difficult to describe explicitly how the qualitative aspects of teaching and research can be adequately measured. There was reservation on assessing the performance simply by noting whether the pre-set goals were achieved, given that academic outputs are unpredictable. They worried that there is no way to guarantee results, for example, not all research can find its way to publications, student quality varies, research accepted for publication may not be in direct relation with research quality.

There was some divergence of views as to whether there should be an absolute standard to be attained irrespective of the disciplines, or whether the departmental/faculty norms should serve as the reference point. A few staff members, mostly from the science and engineering disciplines, considered that there should be an absolute (mainly quantitative) standard across all disciplines. For those non-science or engineering disciplines with outputs less amenable to quantifiable measurements, their staff members might see themselves disadvantaged if they have to attain an absolute standard. They would argue that if the criteria were to be quantitative, the "performance contract" would become too rigid, discouraging new initiatives. Whether quantitative or qualitative, many staff members requested more precise definitions of assessment criteria, believing that the criteria, if couched in excessively broad terms, would be subject to interpretation, possibly giving rise to controversies.

There was a consensus among the senior management staff that subjective judgment is not only "not a bad thing", but also indeed something essential, given that it is not possible to describe or measure quality precisely, comprehensively and objectively. While ranking among staff members is neither necessary nor desirable, it is possible to use subjective judgment to discriminate between good and bad performance. Rigid measurement may make life easier, but "it betrays the need of quality or judgment", as the President insisted. While quality cannot be quantified, it can be evaluated. Quality is clear to people who know what quality is.

Staff members felt surer that research would count, especially in decisions to recommend promotion. However, they were less certain about recognition for teaching. While it was clear to everyone that the University management has said that the University recognizes both teaching and research, staff members did not seem to have been convinced that the University management has demonstrated its commitment to excellence in both teaching and research. It appeared to many staff members that the University's goal was mainly to improve its research performance, as they perceived undue weights being given to recognize research performance in personnel decisions.

There seemed to be some confusion about the University's strategy of "Walking with Two Legs" which is stipulated in the University's *Strategy Plan.* This strategy is subject to the interpretation of members of the University. It is unclear to many staff members whether the strategy means that the University as a whole has to excel in both teaching and research, or whether it means that everyone should do both teaching and research with equal emphasis although not necessarily with equal proficiency. The wordings used in the *Strategic Plan* are partly attributable to the cause of the confusion, for it may be interpreted that since "equal emphasis" is not required of each individual staff, a staff member is not required to contribute (*equally*) to both teaching and research:

> *"The policy of an equal emphasis on teaching and research is meant to apply* ***at the University level, not at the level of individual staff or at the departmental level.*** *Individual staff members of academic units cannot be expected to be equally proficient in both transmitting and creating knowledge. In many cases, to demand superior performance in both is unrealistic and unproductive."*

(bold face in original text, italics added)

On the other hand, the senior management maintained that achievements in both aspects would be taken into account in a holistic way. In any case, it seemed clear, from the responses of the senior management members, that an academic staff in the University is expected to do both teaching and research. Also, they were referring to the quality of the work, and not mere quantity. Although some allowance could indeed be made to accommodate the special circumstances, it should be the exception rather than the rule. The requirement was confirmed by the President:

> *"The designation of people as teachers and researchers did work in some institutions. But this is not my original idea. I require everyone to walk with two legs. In the two core functions of teaching and research, one has to achieve a level acceptable in one and good in another."*

From the President's perspective, it will be possible for an academic staff to be promoted as a result of excellence in teaching, while achieving an acceptable level in research. It is crucial that this stance represents a shared vision of the University, and if so, it should be made explicitly known to all staff members. It is even more important that this vision is reflected in what counts in the University's appraisal and reward scheme, as advocated by many staff members.

Question Five: Clarity in Organizational Goals and Roles of Staff

As shown in the earlier part of this chapter (see discussion on What Counts?), many staff members seem to have received mixed messages about the University's goals regarding teaching and research. Some extent of role ambiguity has arisen from the different interpretation of the "Walking with Two

Legs" strategy. Some staff members have had difficulty in seeing clearly their roles in contributing towards the University's goals of pursuing excellence in teaching and research. Naturally, these staff members will have difficulty in identifying their goals with those of the University. If as perceived by some staff members, the University indeed cares about research only, then those staff members who prefer to specialize in teaching will have particular problem in their sense of identification and probably motivation to work too.

Eight senior and junior staff felt the need for the University to clarify its goals regarding teaching and research and the criteria it would use to assess staff in these aspects, so that staff could plan their work to match the University's goals. Such clarity was considered especially important if the appraisal scheme was to be made a judgmental one. Seven senior staff concurred that an appraisal scheme, which distributed rewards for performance in accord with the University's goals, would steer the University in the direction it wanted to go. One discussion group participant agreed that a reward system would help steering staff's efforts towards the University's mission. Once clear (quantifiable) criteria had been worked out, staff members would gear their efforts towards meeting the criteria. Another participant expected an absolute University threshold on standard of academic work on top of which the departmental threshold should be drawn up. However, one Vice-President considered it difficult to determine a University-wide minimum threshold for teaching, research or other aspects as the determination of the threshold itself would already be subjective and rigid.

The responses from some staff members revealed that they also felt a conflict in their role to teach and to engage actively in research. Three junior staff expressed that there was a need to reduce the teaching load of some staff given that the two functions of teaching and research competed for their time and resources. Two of them did not seem to be convinced of the value of themselves conducting research if it was merely for the purpose of enhancing teaching.

Conclusions about Question Five

Clarity in Organizational Goals and Roles of Staff

In what ways do academic staff of the City University of Hong Kong consider that their ability to perform will be affected by a clear understanding of the goals of the University and of their role in helping to attain these goals?

The University's goals, as directed by its management, are reflected in what the University recognizes in its reward system. To the extent that the appraisal is to serve judgmental purpose, most respondents from staff and the middle management felt that the University has the obligation to spell out its criteria clearly to staff, although the criteria can be in the form of some broad guidelines given the complexity and diverse nature of academic work. Departments and individual staff members can then plan how they can fit in the University's overall plan. Only when the University states that direction clearly and explicitly can the appraisal process help consolidate every staff's effort towards the direction the University desires.

Overall Conclusions

Academic work is not quantifiable, measurable or predictable particularly given its complex and diverse nature across disciplines. That is perhaps why many staff members were unclear about the standards to be used in assessing academic work.

However, there are ways to differentiate between good and bad quality, but one has to accept subjective judgment, which is considered both necessary and desirable by many academics in order to encourage innovation and creativity.

Staff felt surer that research would be rewarded, but less certain about teaching. Many of them expected to be rewarded (in substantiation or promotion) on the strength of good teaching alone, given the University's "Walking with Two Legs" strategy which states that "equal emphasis" in teaching and research is NOT to apply at the level of individual staff. However, the expected rewards for teaching did not materialize. On the other hand, the managerial staff interpreted the strategy to mean that everyone should do both teaching and research, but not everyone is expected to be equally proficient in both. The confusion caused by the lack of clarity in the University's goals as enunciated in the strategy is partly attributable to staff's perception that inadequate rewards were given to teaching.

The academic staff's ability to perform in contributing towards the University's goals depends upon their having a clear understanding of the goals and their roles the University expects of them. While it is impossible nor practicable to list out the criteria for measuring academic work quantitatively and comprehensively, many staff will find it beneficial for the University to spell out its direction and some broad guidelines, so that staff can direct their efforts towards achievement of the University's goals.

Towards the Final Step

Based on the data collected in the case study of the Performance Planning, Appraisal and Development Scheme of the City University of Hong Kong, as presented in this chapter and Chapter Six, an attempt has been made in the next chapter to investigate the possible effect of a judgmental appraisal scheme on staff motivation. The investigation has also shed some light on the validity of the assumptions held by new managerialism.

CHAPTER EIGHT

Putting the Parts Together to Examine the Impact of New Managerialism on Higher Education.

This final chapter of the thesis puts the findings together with an attempt to answer the question of whether a judgmental appraisal scheme, which distributes extrinsic rewards according to appraisal results, will serve as a means to motivate academic staff towards continuous improvement and development. Some general implications on the validity of the assumptions held by new mangerialism are also included.

Introduction

Performance appraisal serves a variety of purposes. The main objective commonly targeted by organizations is to motivate staff towards continuous improvement and development. With this requirement in mind, an attempt has been made to find out what kind of appraisal schemes will serve motivational purposes in respect of academic staff. The following research questions were explored:

Research Questions

(i) To what extent do academic staff of the City University of Hong Kong value intrinsic rewards, such as satisfaction from teaching and research; as compared with the extent to which they value extrinsic rewards, such as job security, pay, promotion, etc. used by the management? Do they wish to avoid punishment and negative feedback?

(ii) What kind of a performance appraisal scheme do academic staff of the City University of Hong Kong prefer or resist?

(iii) Under what conditions will extrinsic rewards reduce intrinsic motivation in relation to academic work?

(iv) How far do academic staff of the City University of Hong Kong believe that their performance will be rewarded? How much do they consider that academic performance is quantifiable, measurable or predictable, and that it can be assessed objectively?

(v) In what ways do academic staff of the City University of Hong Kong consider that their ability to perform will be affected by a clear understanding of the goals of the University and their role in helping to attain these goals?

To begin, it will be useful to recapitulate the main findings of the study:

(a) Academic staff enter and stay in the profession mainly because of their motivation to obtain intrinsic rewards from academic pursuits. Academic staff of the City University of Hong Kong enjoy teaching, research, autonomy and academic freedom, intellectual development, etc. They also seek extrinsic rewards, placing particular importance on job security (substantiation). Pay raise and promotion are of secondary importance, while collegiality and social harmony are also on the list. Punishment and negative feedback are valued too, but only in a negative sense; i.e., something the academic staff wish to avoid.

(b) It was the perception of some academic staff that the management may not know exactly what their staff members need. They had not been able to enjoy the intrinsic rewards from teaching and/or research, as they were not given the freedom to decide how to conduct their own work. Another example is the management's reluctance to reduce the teaching load of those staff members who experienced a need to find more time to do research, enhance teaching skills, etc. Promotion constitutes yet another example; while most managerial staff thought that promotion would be an effective motivator, many staff members did not put it on the top of their mind. The numerous suggestions made by staff concerning other forms of tangible but non-monetary recognition also reflected the existence of rewards valued by staff but neglected by the management.

(c) The greatest departure in the perception of needs between the management and the staff lies in the importance to be attached to teaching as compared to research. While the management's stance of requiring staff to do both teaching and research seems clear, quite a few staff members expected to be rewarded (in substantiation or promotion) on the strength of good teaching alone, relying on the University's "Walking with Two Legs" strategy which states that "equal emphasis" in teaching and research is NOT to apply at the level of individual staff. What they saw was, however, "undue weight" attached to research when substantiation and promotion decisions were made. Many staff wished to see more recognition of teaching. They also wished the University to allow them to choose to devote substantial efforts towards either teaching or research.

(d) There is the possibility of a "Two-step Hierarchy" in which many academic staff sought to satisfy the lower order extrinsic needs of physiological and security in the first place, before they concentrated on the higher order intrinsic needs of self-esteem and self-actualization. Under some circumstances, extrinsic rewards, such as pay raise and promotion were thought to be able to satisfy not only the academics' lower order physiological and security needs but also their higher order needs of self-esteem and self-actualization, as these extrinsic rewards would also signal success in work.

(e) The academic staff envisaged that extrinsic rewards might reduce intrinsic motivation, if the aim was to exercise managerial control. Such a perception was more apparent among staff members from the humanities and social work disciplines who maintained that they work mainly because of intrinsic rewards. However, there was also the possibility that extrinsic rewards might affirm or stimulate intrinsic motivation, as the tangible results indicated by the extrinsic rewards might be interpreted as a kind of recognition. Therefore, extrinsic rewards might not reduce intrinsic motivation; it might even stimulate the latter under these circumstances.

(f) Many staff members failed to see the link between performance and rewards because they were unclear about the standards used or to be used in assessing academic work which is not readily quantifiable, measurable or predictable. Academic work is particularly difficult to measure given its complex and diverse nature across disciplines. While there is general acceptance of subjective judgment in assessing academic work, the subjectivity adds to the "blur" in the link. The confusion caused by ambiguity in the University's goals as enunciated in the "Walking with Two Legs" strategy also attributed to staff's perception of lack of linkage between teaching performance and rewards.

(g) Some staff members have had difficulty in seeing clearly their roles in contributing towards the University's goals of pursuing excellence in teaching and research, given the lack of clarity in the University's goals. Naturally, these staff members might have difficulty in identifying their goals with those of the University.

(h) The academic staff generally considered that they did not need an appraisal scheme. Their main objection arose from their rejection of managerial control which is usually associated with performance appraisal. However, should the University decide to practise performance appraisal, they would prefer to have a scheme which distributes extrinsic rewards according to evaluation results.

Discussions

Powerful Intrinsic Rewards

As shown in Chapter Two, the most effective motivation in the work place is believed to be intrinsic motivation to satisfy a person's need for feelings of competence and self-determination in dealing with the environment. As opposed to extrinsically motivated behavior, intrinsic motivation will not be reduced even after the goal has been attained, but will even become more attractive the more a person feels satisfied. Intrinsic satisfaction will last longer since the control within oneself is more stable. There is also a more direct link between effort and intrinsic rewards as the person directly rewards himself/herself.

Conventional theory has advised management to rely on rewards, promises, incentives, threats and other coercive devices. It is true that management has the power to satisfy staff members' physiological and security needs by awarding employment, pay, benefits and working conditions. The staff members can be controlled so long as they are struggling for survival. But a satisfied need is no longer a motivator of behavior. Once a person has reached a satisfactory subsistence level, he/she will be motivated primarily by higher order needs. The person will then feel deprived if there are no opportunities at work to satisfy these higher level needs, and as a result undesirable behavior will occur. If management continues to confine its attention to the lower order needs, its motivational efforts will be in vain. "Management cannot provide a person with self-respect, or with the respect of his/her fellow, or with the satisfaction of needs for self-fulfillment" (McGregor 1957: 314), but it can create conditions to motivate the staff to seek such satisfaction for themselves.

Academic staff are people with high order needs to achieve. They are willing to work hard despite the absence of extrinsic rewards, so long as they can obtain intrinsic satisfaction. The overall performance of a university depends on the "inner motivation of teachers – their sense of pride, their intellectual involvement with their subjects, their professional commitment to the role of teacher, their love of students or of learning - the forces that lead teachers to bring their full resources to the teaching relationships" (Trow 1997: 391) and other aspects of academic work. It is therefore crucial for management to create conditions to make these intrinsic rewards available to the academic staff who possess higher order needs.

Extrinsic Rewards to Demonstrate Recognition of Contributions to University's Goals

However, management should not neglect the extrinsic rewards, as there is no way to guarantee that higher order needs do emerge. Extrinsic rewards "can still have very strong influences on motivation although many people choosing to work for a public organization do not emphasize making a lot of money as a goal in life." (Rainey 1991: 131). In societies in which the status of occupations and the achievements within them are hierarchically organized, it is difficult for individuals to be content with intrinsic satisfactions alone (Bess 1997: 432). While the worker *par excellence* is stimulated by the intrinsic challenge the job poses for them, by the opportunities it affords them for personal growth and development (Lopez 1968), there is also ample evidence to show that this worker *par excellence* is an "uncommon man" (p. 22).

The example of the City University of Hong Kong seems to suggest that it is not practicable to rely ONLY on the higher order needs of intrinsic rewards to motivate work performance. While intrinsic motivation is important and may be effective, its impact cannot last long unless the efforts expended by the staff members are recognized somehow in some form of extrinsic rewards or tangible results. In another words, intrinsic rewards will not be effective on their own. The feeling of intrinsic rewards may not sustain long if the staff members fail to receive visible signal from external sources to confirm internally with themselves that they are making contributions, and that the feeling of intrinsic motivation is real. The award of extrinsic rewards will give something tangible to confirm the intrinsic motivation, and in some cases, will accentuate the value of the intrinsic motivation. It will also help the staff members to visualize more clearly the link between performance and rewards. The confirmation needs *not only* be in the form of externally mediated rewards, *but also* it has to be visible or tangible. Verbal reinforcement, or even a pat on the shoulder, or attention paid to staff will suffice in many cases.

Motivation is "highest when people get feedback and are affirmed by others" that they are competent (Walker and Symons 1997: 17). This is particularly important for academic staff, as people with high order needs for achievement seek "concrete information on how well they perform" (Rainey 1991: 135). The recognition of and the appreciation for a person's efforts, as "expressed by his/her associates and supervisors", will provide the driving force (Lopez 1968: 21). Extrinsic rewards, despite their potentially negative effect on intrinsic motivation, are useful. Furthermore, when rewards are used as a means of conveying positive feedback as competence cues, intrinsic motivation may not be decreased, and could even be increased. Extrinsic rewards are important also because of the ability of some of this kind of rewards to satisfy multiple levels of needs. For example, pay, substantiation and promotion can satisfy the lower order physiological and security needs, as well as the higher order needs of self-esteem and self-actualization.

One may derive intrinsic satisfaction from working on a piece of work to which the organization may not accord importance. But the highest stage of self-fulfillment is the feeling of personal worth and importance towards the achievement of the organization's goals (Likert 1961). The reward system of an organization communicates its values and priorities. If the achievement is not recognized by some form of extrinsic rewards, staff may infer that it does not fit into the University's goals. As a result, the intrinsic satisfaction of working in the University will NOT last long. The giving of extrinsic rewards by the management will help sustain intrinsic motivation. For example, it is not enough to simply say that teaching is important, the value of teaching must be reinforced in tangible and visible ways. If the culture of the University supports good teaching by rewarding teaching performance, faculty members are more likely to place a higher value on teaching and derive more intrinsic satisfaction from it.

There may be concern about possible adverse effect on other forms of intrinsic satisfaction, such as collegiality and solidarity, as the award of extrinsic rewards may be potentially divisive. However, it should be remembered that academic staff emphasize self-control and self-regulation rather than organizational control. They view excellent performance as a goal in itself rather than as a means to compete for external rewards. Given their understanding that the external rewards will come naturally as a consequence of good performance, the negative impact on collegiality and solidarity can be minimized or eliminated.

Integrated Extrinsic and Intrinsic Motivation

However, extrinsic rewards tend to be less immediately satisfying than intrinsic job rewards, which bring personal satisfaction. Given the possibility of extrinsic rewards reducing intrinsic satisfaction, the University must create and preserve conditions which will help staff seek intrinsic satisfaction, while at the same time, offer extrinsic rewards that are directly related to performance. However only extrinsic rewards that will not diminish intrinsic motivation should be used.

If the University wants to live up to its promise, as outlined in the *Strategic Plan*, of achieving excellence in both core functions of teaching and research, it must set up conditions to help staff to seek intrinsic rewards in teaching and research, and at the same time give them the extrinsic rewards in cases of excellent performance in these areas. In order not to allow the extrinsic rewards to diminish intrinsic motivation, the extrinsic rewards must NOT be administered in a way such that the controlling aspect is made salient. Instead, the positive feedback aspect should be emphasized, so that staff can eventually internalize the intrinsic motivation. Behaviors that are extrinsically motivated can become autonomous through a process of internalization and integration (Schafer 1968). A regulatory process that is initiated externally may be taken in, and gradually the staff will begin to value the activity and self-initiate the process without the external prompt. Eventually, the regulation may become an autonomous extrinsic motivation. Allowing autonomy and minimizing pressures will facilitate internalization.

For the academic staff, the motivational bases for work are intrinsic motivation and extrinsic motivation in an integrated way. They are intrinsically motivated when they are interested in teaching and research and finding the work spontaneously rewarding. They are autonomously extrinsically motivated when they involve themselves fully in the activity, "having internalized and integrated the importance of the activity" (Deci, Kasser, and Ryan 1997: 68). The way to enable such a state of integrated intrinsic and extrinsic motivation is for the University to establish clear goals, to truly reward contributions towards the goals, and let staff have the freedom to decide how to direct their own efforts to attain the rewards by contributing towards the goals. This will enable staff to find for themselves the joy in the work.

Task Autonomy and Clarity of Roles

Intrinsic rewards are powerful work motivators, but only when people have sufficient autonomy to do the job. The tasks should be ones the staff feel delighted in doing, so that they can accrue satisfaction from the accomplishment, from the expression of abilities, and exercise of their own decisions. As perceived by many staff, the reluctance of the University to accept other criteria (other than research) for promotion made staff felt that they were "coerced" to conduct research despite their relative strengths on teaching. Such a driving force for research work is one of extrinsic motivation for rewards. Striving for intrinsic motivation from teaching, some staff asked that they should be given the freedom to choose whether to focus on teaching or research. It is only when such a freedom is allowed can one speak truly of the satisfaction of the higher order needs.

While recognizing the benefits in enhancing intrinsic motivation by giving staff the freedom to choose between teaching and research, it must be noted that personal freedom of staff is limited to the extent to which it meets the broader needs and interests of the whole organization. It is impossible for public servants, including university academic staff, to have absolute freedom in deciding what or what not to do in the jobs. The University has a legitimate necessity to decide its requirement upon its staff members, ideally with staff's participation. However, it should state its requirement explicitly, for specific goals, whether imposed or self-set, are preferable to vague goals

(Ivanecevich 1976). A decision relating to whether faculty should be allowed to choose between teaching and research has major implications as the way faculty members are evaluated for pay raise, substantiation and promotion has a significant motivational impact upon faculty's performance. Needless to say, detailed specifications are neither desirable nor feasible. It is, however, desirable and practicable to give a broad direction and the major requirement un-ambiguously, even though that may put pressure on or even upset some staff members who prefer to specialize in one particular aspect of the academic work. Within the confines of this broad direction, the management should allow staff the autonomy to decide how to satisfy the requirement, for example, by developing their relative strengths in teaching or research, while attaining an acceptable level in both. Such autonomy will serve in some way to enable the staff to seek intrinsic satisfaction from the jobs.

While the *Strategic Plan* of the City University of Hong Kong promises that equal emphasis is to be placed in teaching and research, such promise is empty if the appraisal and reward system reflects that teaching excellence has not been adequately and equally recognized. Many staff members at the University perceived an undue weight being given to the importance of research, in relation to teaching, as reflected in the extent of recognition given to these two aspects in major personnel decisions. This phenomenon is not unique to the City University of Hong Kong. Many academic staff elsewhere believe that "while promotion ostensibly can be achieved through high performance in research, teaching, administration and academic development, it is only the first of these factors that counts with most promotion committees" (Bright and Williamson 1995: 82). But if the University wishes to achieve its stated goals, the criteria it uses for reward must be consistent with the University's goals as reflected in its *Strategic Plan*. As the "Walking on Two Legs" strategy is an important component of the plan, its precise meaning should be clarified. What is more crucial for the achievement of the

University's goals is that the appraisal and reward system must reflect the correct interpretation of this strategy. If teaching is regarded as an important University goal, the scheme must recognize the teaching contributions of staff.

Assessment Criteria

Assessment criteria constitute a major area of contention in nearly all appraisal and reward systems. The managerialist approach to management requires the definition of objective and measurable standards to be used in the allocation of rewards, and surveillance to ensure that those standards are met. This approach is inconsistent with academic work which is not readily amenable to strictly objective or quantitative measurement. The case study of the City University of Hong Kong reveals that assessment of teaching and research performance is necessarily qualitative and subjective.

Subjective judgment is particularly important if teaching is regarded as an art (House and Lapan 1989). The techniques used in the process of teaching are personalized rather than standardized because the teaching situation is unpredictable, frequently requiring departure from set rules and techniques. As these departures are expressions of the personality and personal insight of the individual teacher, the assessment should be based on holistic judgments of the overall pattern of events rather than discrete behaviors. In all scholarly activities, "it is quality that counts, not quantity" (Lynton 1992: 73). Quality is difficult to measure as it includes the degree of expertise required, originality and degree of innovation, difficulty, scope and importance. Quality is indicated by the "qualities of mind" displayed, "not only in the products but also in the way it is executed. Quality cannot be judged from afar on the basis of numerical data" (Elliot 1987: 176).

Full Range of Rewards

Given the academics' dislike of managerial control, the management could help staff sustain their intrinsic motivation by making better use of non-tangible external rewards, for example, verbal reinforcement, and social approval. Since these extrinsic rewards are less likely to be perceived as a controlling device, the staff will continue to be intrinsically motivated; and the behavior will persist even after such non-tangible rewards have been removed.

While it may be possible to separate the various desires into intrinsic and extrinsic motivation, it is not necessary to adopt such a polarity. For example, "the reasons for doing research are often complex, intertwined, paradoxical and changeable" (Webb 1994: 80). Academic staff may conduct research for both extrinsic and intrinsic rewards. Those who are under the pressure to publish for the purpose of seeking pay raise, substantiation and promotion are motivated by extrinsic reasons; others may be motivated by intrinsic needs to satisfy "a blend of curiosity, creativity, ambition, pride, the need for recognition and for self-esteem, which together make the challenges and opportunities associated with research so important" (Webb 1994: 81). Motivation towards substantiation may be similarly mixed, satisfying both extrinsic and the intrinsic aspects. Many academics are "at least as interested in academic rank, reputation and status within the profession or the university, as are in money" (Webb 1994: 81).

Theory X and Y approaches to management are not mutually exclusive. In real life organizations rarely identify totally to either polarity of Theory X and Y. Research findings indicated that the highest-producing organizations did not rely solely on the economic motive to organize and coordinate the organizations (Likert 1961). Instead all motives were used fully, including self-fulfillment, status, recognition, approval, acceptance and power, the desire to undertake significant and important tasks, curiosity, creativity, security motives and economic motives. By tapping all the motives which yield favorable and cooperative attitudes, maximum motivation towards realizing the organization's goals as well as the individuals' goals will be achieved.

Thus it is advisable to make use of a range of rewards, both intrinsic and extrinsic. Indeed the responses from the academic staff of the City University of Hong Kong suggest that they would be receptive to a mix of intrinsic and extrinsic rewards. Academic staff have higher order needs as they found it intrinsically motivating in the job of teaching and research, provided that they have a reasonable extent of freedom in determining how they are to do the job. At the same time, they value extrinsic rewards both to satisfy their lower order needs, as well as to serve as a form of visualizing the intrinsic rewards. The society consists of people who are "complex man" (Schein 1965) with a variety of needs, ranging from the lower order physiological needs to the high order social and self-actualization needs. Furthermore, individuals differ in the extent to which they value the rewards. So in addition to financial and material rewards, the management should consider other substantive forms of recognition embracing promotion, increased job autonomy, opportunities for learning and development, praise, peer support, responsibility, empowerment and professional recognition which are largely under-utilized by organizations today.

Punishment and Negative Feedback

What about punishment and negative feedback? As discussed in Chapter Two, there are both supporters and opponents to the use of these means. Such a divisive view is also evident in the City University of Hong Kong. As expected while most staff members did not wish to see a punitive appraisal and reward scheme, most managerial staff expressed support for the use of appropriate sanctions against non-performers.

These managerial staff shared the same view as their peers elsewhere who felt that the universities have not been firm enough in dealing with unacceptable levels of staff performance (Haslam *et al* 1993). They suggested that while staff appraisal should be used for staff development purposes, the appraisal should be backed up by sanctions against the poor performers and rewards for the good performers.

Punishment and negative feedback are also valued rewards, but in a negative sense. As long as the employees see punishment and negative feedback as consequence to certain behavior, the punishment and negative feedback will serve as "extrinsic rewards" to motivate desired behavior. Therefore it is useful as a motivating tool. Under-performers may be satisfied with their job and will continue to stay. In addition to making efforts to help them seek higher order satisfaction, it may also be useful to disturb their "equilibrium" by introducing uncertainty of employment, pay raise, etc.

It will be de-motivating to staff members who perform if they see no action taken against non-performers. They will, however, see an intensified link between performance and rewards, if the appraisal results will bring both positive and negative incentives. Thus the tough measures against under-performers will serve as a motivator to those who perform, and will make the values of positive valued rewards more salient. However, there is the danger that given the overt controlling aspect of punishment and negative feedback, the intrinsic satisfaction associated with the work will diminish.

Taking all factors into consideration, it appears that if performance appraisal is concerned with performance improvement, it ought to have a punitive component. To motivate subordinates, managers must have authority to 'hire' and 'fire. However, staff must be clear that the punitive measure is a result of the poor performance. Given that academic work may not be objectively and un-ambiguously judged, as it is not readily quantifiable, measurable or predictable, the use of punishment and negative feedback to motivate academic staff should be proceeded with carefully.

Conclusions

The Need for a Judgmental Appraisal Scheme?

In order for rewards to serve as effective motivators, staff members need to see that high level of performance does lead to high level of rewards. The experience of the City University of Hong Kong shows that it is not possible to detach the judgmental element (i.e., rewards) from performance appraisal, contrary to the assumption the University made several years ago when the scheme was introduced. The responses collected in the study indicate that staff would take the matter seriously only if there is an apparent link between the appraisal results and rewards. This finding correlates with staff's request to exempt those who are substantiated on the top point of the salary scale from the Merit-based Reward Scheme (see Chapter Five) for the reason that the triennial review will not affect the salary of this group of staff. The exemption from the triennial review was interpreted by many staff as corollary to exemption from performance appraisal.

While the academics highly value intrinsic satisfaction from work, they would wish to see some forms of tangible rewards as a visible recognition of their efforts. It is difficult to convince them that appraisal will be beneficial if there is no prospect of realistic substantive outcomes. In the final analysis, "What You Test Is What You Get" (Broadfoot 1998). If the University does not use the appraisal results to reward and promote faculty, it is unlikely that the tremendous amount of time and energy expended in assessment can be sustained. Therefore, the appraisal scheme should be given some "teeth" by its ability to distribute rewards according to efforts and performance. An appraisal scheme must be supplemented by a reward scheme. However, rewards need not be confined to monetary ones. Furthermore, rewards made to those who contributed to the organizational goals will encourage more of those actions (Braskamp and Ory 1994; Suffolk Education Department 1995), since there will be sufficient incentives to promote positive risk-taking (Baker and Mezei 1988).

Indeed, the academic staff of the City University of Hong Kong know very well that their efforts should ultimately be geared towards the achievement of the University goals. They were not necessarily hostile to the idea of linking appraisal results to rewards, possibly as a sign of increasing realism (Hughes 1998). On the contrary, they considered that the use of appraisal results to inform personnel decisions covertly may lead to mistrust, thus undermining the usefulness of the whole scheme, let alone the developmental purpose. It is thus advisable to make the rewards explicit. However, the use of rewards must be carefully administered, so that the academic staff will not regard it as a means of control imposed by the management. The resistance to the management-led merit awards component of the Merit-based Reward Scheme (see Chapter Five) highlighted the need to minimize the controlling aspect of any appraisal and reward scheme. The desire to obtain the rewards as a form of recognition of performance must come from within the academic staff themselves.

It has been argued in this thesis that relying on control is not the most effective way to motivate staff. Even if it does motivate staff, the staff will lack initiative and adaptability. Moreover, control will not work in the academia, for people in education cannot be managed in exactly the same way as technical workers. Quantitative and calculative approaches do not fit the educational cultures. An attempt to control academics through external means ignores the importance of the meanings of work for most people working in education. Thus appraisal of academic staff should focus on the developmental element to enhance staff's perceptions of competence, which will in turn increase their intrinsic motivation and make the activity itself more enjoyable. Appraisal without development tends to be summative in nature, focusing on shortcomings and necessarily threatening. The developmental focus will be attractive to academic staff, as they prefer a development model of appraisal (see Chapter Two) which respects them as competent professionals. The purpose of appraisal should be to develop them to enhance their ability to educate students and to engage in scholarly activities.

The developmental component should draw reference from the "more enlightened and participatory paradigm of teacher evaluation" (Smyth 1996: 187). "A bottom-up model with self-evaluation and reflection will be more useful" (Clandinin et al 1996: 172). This does not imply the entire abandonment of control over the work of the academic staff, but a reliance on internal professional responsibilities as the ultimate guardian of excellence. Ideological control is even more powerful than external forces. The academic staff seek a high degree of self-control over setting their own goals and over defining the paths to these goals. Only if this condition exists will they feel the psychological 'success' resulting from good performance.

Professional development and growth of academic staff are critical to the success of university education for the next generation. Growth does not refer so much to promotion but means the academics' growth towards the realization of their full potential. It is a synergic process in which the academics increase the capability to make contributions to the organization's goals and consequentially obtain a deeper, more enduring and ego-enhancing satisfaction from work. It has been argued that a developmental focus towards growth is more conducive to generating commitment among academic staff who work under a collegial environment characterized by mutuality of interests. Such appraisal scheme is believed to be effective in serving the long-term benefits of both the University and the academic staff.

"Once individuals have exhausted their own mental and emotional resources, they are unlikely to be motivated to grow without the intervention of some external impetus" (Duke and Stiggins 1990: 119). Performance appraisal can provide that impetus. Evaluation feedback can provide the challenge which is vital to "stage growth" (i.e., advancing from one developmental level to another) (Thies-Sprinthall and Sprinthall 1987: 71). Staff should recognize that their self-development goals require them to be willing to accept feedback and ideas for alternative approaches to the job. This approach should be acceptable to the academia, for faculty are used to receiving criticism and feedback from their peers, as "the research enterprise is built on criticism and feedback" (Braskamp and Ory 1994: 25).

Individual improvement contributes to institutional improvement only when the institutional goals are congruent with those of the individual staff. Performance appraisal that distributes rewards according to appraisal results offers a process of reconciling conflicts between the two goals and brings them into harmony. The rewards will guide staff towards improvement that the institution recognizes as contributing to its goals. Motivation occurs when the staff member sees a meaningful involvement in the institution's achievement. Successful performance appraisal and attainment of rewards will stimulate the academics' desire for further improvement and growth. The University can gradually elevate its standard, thus moving up the pecking order. As the President put it:

> *"If everyone marches forward, the University will march forward."*

About New Managerialism

As outlined in Chapter One, the new managerialism doctrines are based on a number of assumptions:

(a) Better management can solve all problems; managerial skills are generic, applicable equally to both the public and private sectors.

(b) Economic efficiency is the main concern; the focus is on results and output control rather than on input or process.

(c) All public sector activities are products capable of being measured and controlled; the product is definable precisely without ambiguity. There are explicit standards and measures of performance which are quantifiable and measurable.

(d) Organizational and personal objectives can be set clearly to enable systematic measurement; the objectives are mutually compatible.

(e) Market mechanism is regarded as superior and more efficient in resource allocation; competition is encouraged as it promotes efficiency and consumers' sovereignty which in turn provide better results and greater public accountability.

(f) Managers have great discretionary power of control over the workforce; they assume personal responsibility for results with a critical role in planning, implementing and measuring the required improvement in efficiency.

(g) Individuals will not perform to their fullest unless an appropriate system of incentives is in place. Organization effectiveness can be heightened through the more selective application of rewards. As organizations control future outcomes that individuals value, people derive value from knowing how well they fulfill organizational expectations.

A major debate about whether new managerialism is good for the public sector centers on the question of whether the public sector management is the same as private sector management. The managerialists argue that they are the same, since both sectors produce goods and services for clients (Keating 1989). Thus managerialism is considered a plausible solution to the problems confronting the governments by applying the private sector managerial practices in carrying out the management functions in the public sector. However, the critics cast doubt on the usefulness of such approach since there are fundamental differences in the two sectors (Allison 1982; Considine 1988; Pusey 1991; Yeatman 1987).

The managerialists are correct in that the *task* of managing in the public sector is substantially similar to that in the private sector. Both should be concerned with results which can be achieved by using private sector management techniques. They both utilize resources to produce value for the clients. However, the critics are equally correct in highlighting that the two sectors differ in *context*. The public sector has unique political, social, constitutional and ethical dimensions which make it different from the private sector. Based on this perspective, many of the assumptions on which private sector management is based may not be equally applicable to the public sector.

There should be no objection to the need for public organizations including the public-funded universities to serve the economic needs of the society. Indeed, academic capitalism or the "Enterprise University" will offer good prospects for new ways to enable the universities to meet their aspirations under growing globalisation. The question is "the extent to which universities must mirror markets in order to serve the markets, must become corporations in order to treat with firms" (Marginson and Considine 2000: 5). Being useful to business does not necessarily means that universities have to be like business. In becoming entrepreneurial, the universities must NOT lose sight of their distinctive characteristics. The new spirit of "enterprise" should not be driven by the bottom line alone, for academic autonomy and prestige remain important. In this context, an attempt to examine the validity of the assumptions underlining new managerialism has been made, focusing particularly on their applicability to higher education.

Professional Values Incongruous with Managerial Control

Educational organizations are “loosely coupled systems” in which each person is able to maintain his/her own identity and separateness although their activities may be connected (Weick 1976). Unlike a private organization with a clear management structure, no one in a university has over-riding power of action. The cellular nature of the classrooms gives the traditional view of academia freedom, and the ideology of shared governance by a collegial group has dominated the academia. The uneven progress made in the completion of the first cycle of the Performance Planning, Appraisal and Development Scheme across the departments of the City University of Hong Kong illuminates this unique characteristic of a university. The discretionary power held by heads of departments mediates a university's capability to ensure total acceptance of policies the university seeks to impose, in contrast to the requirement of strict compliance in a private organization.

With the creation of managers possessing the right to control by prescribing what the academics should do, academic members become simply a kind of resources to be managed. The managers' concern for efficiency necessitates surveillance of the academics by the managers, setting into motion of growing distrust between the two parties. As professionals are "independent operators", monitoring, no matter how 'light touch', may be regarded as an intrusion on a private domain to undermine independence of thought and action. Also the system of competition conflicts with the academics' culture of collegiality. A single-purpose judgmental performance staff appraisal will not be effective in motivating staff as they will be resistant to such form of control. There were even some doubts on whether a university has the right to dictate how the academics should direct their efforts (Hughes 1998).

The universities do not have the means to award many of the rewards valued by the academic staff. Academics have strong loyalty to their profession and discipline, but weak bonds to their institution. They come to the possession of extensive and highly specialized knowledge after lengthy periods of education in order to meet the criteria of their profession. By custom and practice, their authority and loyalty are derived from and owed to the profession, rather than the university. Thus they value more those rewards that are derived from identification to external professional constituencies than rewards from identification to internal constituencies. Students too are in the position to distribute or withhold intrinsic work rewards. As many of these valued rewards are norm-referenced, it is all the more impossible for the universities to exercise control through manipulating these rewards.

Academics derive authority not from hierarchical positions but from the quality of academic work which is assessed in accordance with standard of the profession independent of the judgment of the universities. While academic staff are increasingly aware of their need to demonstrate their *worth* to the society, they know that *merit* (the quality of work by professional standard) remains the ultimate criterion for judging them. The driving force for them is therefore their professional status which cannot be detached from professional judgment, and the right to self-regulation. This poses further problems of control over the academic workforce, as control is mediated by claims for professional autonomy.

Public Service is Not a Product to be Controlled

The results of many kinds of work are difficult to quantify and measure. The study of the City University of Hong Kong has shown that it is particularly difficult to measure academic work against pre-determined objectives, given its complex and diverse nature across disciplines. While some quantitative measures may be used to assist judgment of the quality, the overall performance is not readily quantifiable, measurable or predictable. When the focus is put on quantitative aspects, the less easily measured activities will be accorded lower priority or even cut back. The efforts gearing to satisfy the quantitative criteria will divert resources away from achieving what is really desired, resulting in a dysfunctional impact on higher education. The universities may then reward the wrong behaviors and discourage desirable ones.

What distinguishes a public organization from a profit-making one is that while it should be concerned with economy, efficiency, and effectiveness, it should be more concerned with the outcomes and quality of the services. However, the pressure to demonstrate quick results will force public managers to put undue emphasis on quantitative measurement. Given that the choice of performance indicators is more often determined by how readily the data are available rather than their appropriateness (Borden and Banta 1994), the consequence is short-sightedness, tunnel vision, suboptimization and gaming, and negative impact on the quality of the process (Ritzer 1993).

In universities, performance of academic staff can be more easily assessed by means of hours taught, grades that students obtain, teaching evaluation scores, Research Assessment Exercise scores, number of publications, etc. than by a holistic assessment of their contribution to students' learning and the academic staff's achievement in scholarship. Quantification reduces the worth and quality of education as a process to some crude performance indicators or a product to be sold. For instance, reducing teaching performance to a set of competence restricts the outcome of learning to a defined range of behavior; as a result, the knowledge and qualities that underpin that learning may be ignored. Furthermore, too much reliance on quantification, standardization, calculability and predictability will not stimulate creativity required of scholarship, instead it will disempower those who are willing to innovate, since the greater the challenge the greater the risk of failure. Competent staff may become de-motivated, for people who are motivated towards the goal of quality, personal satisfaction and productivity may be negatively related.

The private sector managerial practices are based on a simple bottom line of productivity and profitability. But universities are providers of services rather than producers of standardized products. Services are intangible, and their outcomes are intangible too. The process of education is important, not only the products. Universities cannot be profitably standardized and coordinated to a rigorous time schedule. The achievement of the main educational objectives, i.e., the development and transmission of knowledge, cannot be subordinated to control based purely on financial consideration. As education and scholarship cannot be monetized, it is difficult to measure the performance according to standardized quantitative criteria.

Performance appraisal which assumes that teachers are "calculable, describable and comparable" (Ball 1991: 159) has ignored the unique individual contribution of teachers which has a direct bearing on students' learning, the ultimate purpose of education. Unless the appraisal and reward scheme can recognize the importance of the process in making teaching and other academic work effective, the scheme is not likely to motivate the desired behaviors.

Controls Reduce Intrinsic Motivation and Deprofessionalize Academics

Professionalism (autonomy, creativity, commitment to learning, novelty and discovery) refers to the dominant job context factors that attract academics to the profession. However, private sector managerial practices, with their undue emphasis on extrinsic motivation, shift the academic staff from internal motivation associated with professional work to external control. The requirement to produce a more or less standard "product" will limit the intellectual and emotional scope of the academics' work as they can no longer exercise discretion or create their own roles. Autonomy, at best, is restricted to means rather than ends.

The emphasis on control does not only infringe upon the professionals' rights of self-determination, but also necessitates the replacement of human technology with non-human technology (Ritzer 1993). In order to hierarchically monitor and control, performance appraisal will focus on "low-inference, observable performance skills" and academic work will be transformed from 'art' to 'labour'" (Elliot 1987: 177). The ultimate result may be deprofessionalisation of academics who are reduced to a mere de-skilled workforce whose judgement is no longer critical. The deprofessionalization will turn devoted people away from the academic profession, leading to a shortage of academics whose interest lies mainly in the ultimate goals of education.

Multiple and Conflicting Goals

The success of managerialist practices depends on the setting of clear and mutually compatible objectives. However, "clear and limited objectives, stable and explicit priorities are very seldom the experienced reality of public-service organizations" (Pollitt 1990: 121). Nearly all public organizations have multiple and conflicting goals. Public interests are more diverse, and there are pressures to set objectives that are vague and ambiguous, so that it is unclear as to which groups are likely to be satisfied. Broadly stated objectives will help to attain the maximum degree of agreement among the groups.

Universities have even more problems in building a common goal. Academics are pluralistic by nature and the work of the professorate is one of extreme differentiation. Universities have multiple, diffuse, vague, ambiguous, and frequently abstract goals (Peterson and Martin 1990) with a diversity of stakeholders. At best universities can identify a mission statement based on a few shared goals, but the strong tradition of professionalism actually encourages goal diversity. Given that universities are 'organized anarchies' (Cohen and March 1974), clarity of organizational goals is elusive.

The faculties are loosely connected, with conflicting interests segmented by department, school, rank, or discipline. The goals of the groups are frequently contradicting and sometimes competing. The case study of the City University of Hong Kong reflects such conflicts. For example, members from the science and engineering disciplines strongly support an absolute standard (more of a quantitative nature) against which everyone's performance should be measured; otherwise they would consider it not fair to those staff (themselves) from disciplines which have very stringent standards. On the other hand, members from the non-science or engineering disciplines doubt the desirability and practicability in having an absolute standard irrespective of disciplines. They may fear that they will be disadvantaged, given that their work is less amenable to quantitative measures. The study also reveals that academic staff from the humanities and social science disciplines are more philosophically resistant to the idea of subjecting academics to managerial control through extrinsically mediated rewards.

Market Failure

Private sector management focuses on market values based mainly on efficiency, sometimes at the expense of other important non-market values, such as fairness, justice, representation, impartiality, probity, equity and participation (see Chapter One). The public sector managers, on the other hand, have to cater for both market and non-market values. They have to take measures to remedy market failure in the interest of non-market values. The duty of the public sector managers is not merely to find out objectively what people demand and to use the most efficient means to satisfy those demands. They should provide the public with alternative perspectives of what is desirable and feasible.

The "provider/consumer transactions in the public services tend to be notably more complex" than those faced by the consumers in a normal market, and public service consumers "are never merely consumers, they are always citizens too" (Pollitt 1990: 125). There are occasions where the public service may have to be coerced upon the recipients against their will. On other occasions, a member of the public is not permitted to use a particular service even though he/she wants to. Very often the provision of public service is not to satisfy the consumers' current demands, but to encourage their preferences to change and develop. Education is a case in point. The maxim that "the customer is always right" is debatable for many public services. The consumers may not be able to evaluate the relative merits of the options for they may not have the information or expertise to do so. In education, students, parents, and employers may be ill-equipped to make well-informed decisions. Education is not only concerned with producing employable graduates to meet employers' immediate demands. If courses are all driven by their immediate practical utility, the fundamental aim of education in giving meaningful educational experience to students will be neglected. As a result, education will fail to achieve its goal of human capital development. Furthermore, the universities have the responsibility to lead the advancement of knowledge by anticipating future needs which may not be recognized by the "customers" at present.

Public organizations are concerned with solving not only economic problems, but also social, cultural and political ones which are complex and intertwined. Reducing all social issues to managerial ones will lead to social inequalities, undermining social harmony and neglecting human well-being. The public sector has a fundamentally different nature from that of the private sector, and thus its services should be based on a different set of values. The primary purpose of public organizations, including the universities, is to serve all members of the public equally irrespective of their ability to pay. "The most productive governments, the most efficient governments, and the most economizing governments can still be perpetuating poverty, inequality of opportunity and injustice" (Frederickson 1976: 39). Public accountability embraces financial accountability but does not stop there (Law 1995). While public servants should be rational and be concerned about efficiency, they should not forget their wider moral and ethical responsibilities in preserving social equity and harmony, which override financial considerations.

Limitations of the Study and Further Research

In this thesis, the impact of new managerialism on the motivation of academic staff has been explored, by using a case study of the performance appraisal scheme adopted by the City University of Hong Kong for its academic staff. However, given the defined scope of the study, this thesis has not devoted sufficient efforts to cover some relevant issues. It is desirable to extend the study in future, to address some of the limitations of the study as given below.

Motivation as a Perception

The study was not an attempt to measure the motivation of the respondents. Indeed, researchers have great difficulty measuring motivation and there are no conclusive measures of motivation (Rainey 1991: 123). Instead, the study aimed at finding how the respondents *perceived* the effect of extrinsic and intrinsic rewards, as influenced by an appraisal scheme, on their motivation to perform. The study of perception was considered relevant as "the crux of distinction between intrinsic and extrinsic motivation stems from the feeling or perception of causation" (deCharms 1968, as interpreted by Calder and Staw 1975b: 599). Likewise, the study did not attempt to measure the perceived effect of rewards on the *actual* performance or productivity.

Other Organizational Factors

The analysis has focused on the individual staff members' perception. No particular attention was paid to examine how the respondents' perception was influenced by the group factor. The study also did not give sufficient attention to other organizational factors, such as the ways the organization can influence the individual staff members to perform. While performance will depend on the ability of the individuals, even the most capable ones will achieve only if they are properly supported by the organization.

The study also took the overall value orientation of University as given, without examining the impact of organization culture on staff motivation.

External Factors

Motivation is not only an internal organizational matter. There are external influences, particularly on public organizations, that can affect motivation. The Hong Kong Government, for instance, would welcome the University to adopt a judgmental appraisal scheme for academic staff as a means to monitor and control the quality of staff performance in the University. Such a tendency was clearly transpired from UGC's urging the University to develop a judgmental PPAD in its Management Review Report (see Chapter Four). Indeed a judgmental appraisal could serve as a way to help the Government to shift universities in government-determined direction: through its funding methodology, the government could influence the setting of the University's goals, which in turn will determine how academic staff are to be appraised.

The public will likely think that effective organizations pay for performance; ineffective organizations do not relate pay to performance. The adoption of a judgmental appraisal in the University is also a way to communicate to the public that it is responsive to external constituencies and is concerned about how its staff perform. But this "political" factor has not been taken into account in the data analysis of this study.

Measurement of Performance

The study has shown that the issue of measurement of performance is important, as it will affect the extent to which staff perceive a link between performance and rewards. The necessity of subjectivity in assessing academic work and its acceptance by staff members were acknowledged, but no substantial efforts have been devoted to examine how such subjective judgment could be arrived at without its being rejected by staff as unfair or invalid. It follows that the study did not attempt to examine the way the University has in practice rewarded performance in teaching, research or other aspects of academic work.

Generalizability

The limitation in the generalizability of a qualitative research such as this one has been acknowledged in Chapter Four. As the study is based on data collected from one university, the limitation in generalizability across institutions, let alone the whole public sector, must be noted.

Cultural values and attitudes differ from one society to another and "faculty members at different types of institutions have different motivations" (Braskamp and Ory 1994). For example, reluctance to openly criticize someone is often quoted as a feature of Asian or Chinese culture. It will be of value to conduct further research in this direction, using a comparative approach involving some other institutions, public organizations as well as private organizations in Hong Kong and elsewhere.

Practical Issues

The thesis has argued for the *desirability* of an appraisal scheme for academic staff which has a developmental focus, supplemented by the reward of autonomous efforts that staff made towards professional growth. It contends that academics are willing and can afford to spend time and efforts to seek criticism and feedback as part of the appraisal process. However, there may be practical difficulties in carrying it out. The need recognized by the City University of Hong Kong to modify the Merit-based Reward Scheme (see Chapter Five) illuminates possible practical difficulties in implementing appraisal and reward schemes. Many academic staff of the University lamented that the need to expend sheer efforts in participating in the scheme is already de-motivating, as the work generated necessarily distracts the academics' time and energy from the core functions of teaching and research. It is worthwhile to conduct action research to explore the *feasibility* of a developmental appraisal for academic staff.

The Final Words

Despite the limitations of the study, it has been shown clearly that the private sector managerial practices must NOT be implanted to the public sector without regard to the characteristics of the public organizations. There are merits in many of the new managerialist practices, which can be adopted in the public sector, given the objective of ensuring efficiency and effectiveness in the public service. However, while the adoption of a managerial approach is *necessary*, the kind of management must be *specific* to the conditions of the public sector. The management system must be one that fits the specific organization, to eliminate any unintended consequences. The appraisal process should take account of the differing context in which the academics work.

In a profit-making organization, the management typically assumes that it alone has the prerogative to set the objectives and goals, provides the motivational rewards, and drives every staff towards the goals. Such a managerialist approach also has a tendency to underplay intrinsic motivation, as it is much easier for the management to give out extrinsic rewards than to help staff attain intrinsic rewards. Paradoxically the attempt to motivate staff through external means ONLY is often perceived by staff as a means of control. The consequence is the staff's resistance to the appraisal and reward scheme and a deterioration in their intrinsic motivation.

The most effective motivation in the work place is intrinsic motivation. This is particularly true for academics who have higher order needs of achievement, and who are willing to put up with relatively low pay for hard work in order to pursue the intrinsic satisfaction from academic work. Universities thus do not have all the means to award academic staff with what they value. Moreover, academic work is not readily quantifiable, measurable or predictable, and its assessment requires subjective judgment of quality. Appraisal focusing on control through external technical means will only work to deprofessionalize the academic workforce, turning devoted people away from the profession. On the other hand, it was found equally not practicable to rely ONLY on intrinsic rewards to motivate work performance. Intrinsic motivation cannot last long unless staff's efforts are recognized in some form of tangible results, so that the staff can confirm within themselves that they are contributing to the organization's success.

There may be a tension between treating a university as a community of scholars and as an entrepreneurial organization. A suitably designed appraisal and reward scheme can be a constructive avenue to discuss the tension openly in order to strike a healthy balance. The society has the right to demand academics to be accountable for the efficient use of public funds. However, managerial control based on distrust is not in tune with the values treasured by academics. Relying solely upon organizational control at best can guarantee minimum efforts of staff. So far as the academic staff are judged by the extent to which they attain pre-defined targets, rather than by the capacity to deal with the environment, the "learning capacities" of the universities will be limited and new knowledge cannot be generated.

It is true that universities should be accountable for the quality of education and advancement of scholarship. However, the ability to achieve this end depends heavily on the professional competency of the academic staff, whose personal development is crucial not only to their own success but also the success of students' learning. Universities need academics with high motivation, but whose jobs cannot be standardized and coordinated in a rigid way. In their attempt to use performance appraisal to motivate academic staff by linking appraisal results to extrinsic rewards, universities must take into account the academics' desire for intrinsic rewards, particularly in terms of autonomy and professional development, and their dislike of managerial control.

An appraisal scheme with a developmental focus, supplemented by a system of visible rewards to give recognition to autonomous efforts made by staff to enhance performance that contributes towards the organization's goals, can serve both professional development and public accountability purposes. The desire to obtain the rewards to prove their merit and worth comes from within the academic staff. The controlling aspect is minimized, as control is based on professional values and motivation; the feedback aspect is intensified as individuals attain personal satisfaction by developing themselves, and making their best contribution to the organization's success. The motivational bases are intrinsic motivation and autonomous extrinsic motivation combined in an integrated way to reach an enjoyable state known as job satisfaction.

Purpose of the Interview

I am currently enrolled on the Doctor of Education degree offered by the University of Bristol, United Kingdom. As partial fulfillment of the requirement, I have to conduct a piece of research with a view to submitting a dissertation.

I am interested in finding out staff perspectives on staff appraisal as an effective means to motivate and develop academic staff in City University of Hong Kong. I would like to interview you to learn of your understanding and expectation of the Performance Planning, Appraisal and Development (PPAD) scheme introduced at the University for academic staff, your perspectives on staff appraisal, motivation and development. Your suggestions on how the scheme could be improved would be useful. The consolidated results of the interviews, in the form of the dissertation, will be presented to the School of Education, University of Bristol, and to City University which is sponsoring my study for the EdD.

The interview will be conducted at a time and place convenient to you. It is expected to last for about one hour. Confidentiality of your identity will be strictly enforced. The project aims at finding ways to improve the PPAD through consolidating views and suggestions. No data subject will be identified individually. The raw data collected will not be released to anyone for any other purpose than those stated above.

About the Respondent, Appraiser and the Appraisee

Respondent's Background: (   )

Grade	
Expertise/Specialism	
Educational Qualifications	
Work Experience	
Employment Status at CityU	
Other factors	

Respondent's Appraiser's Background: (   )

Grade	
Expertise/Specialism	
Educational Qualifications	
Relationship with the Appraisee	

People the Respondent Supervises:

Interview Schedule

A. Experience in PPAD and Other Staff Appraisal Exercises

A1. General

How would you describe your experience in and your feeling about the PPAD scheme?

- Positive/negative
- Stressful/anxious/emotional
- Welcome/Reluctant
- Formality/legal aspect
- Technical aspect
- Comparability among staff

A2. **What are the functions achieved by the PPAD scheme?**

- Measuring performance
- Improving staff performance and productivity
- Enhancing staff professional capabilities
- Motivating staff
- Helping staff formulate development plans
- Facilitating staff training and development
- Enriching staff personal values
- Enhancing University's effectiveness
- Providing information and facilitating communication
- Clarifying/reinforcing mission/value/goals/objectives of the University
- Helping staff appreciate objectives/expectations of Department
- Helping Department to appreciate staff's expectations and views
- Promoting/destroying collegiality
- Answering University's accountability
- Controlling staff's behaviour
- Discriminating among employees' performance
- Linking to personnel decision, such as salary increment, promotion
- Getting rid of incompetent staff
- Recording for future reference

Are these the functions you expected of the PPAD scheme?

A3. About the Process

How would you describe the process?

- Clarity
- Transparency
- Structure
- Steps
- Frequency of cycle
- Appraisal Form
- Self-assessment
- Staff development plan
- Appraisal Meeting
  - Duration of the meeting
  - Content
  - Ways to allay anxiety
- Fair?
- Efficient?
  - How long did the whole process take?
  - How long did it take to fill in the appraisal form?
  - How long did the Appraisal Meeting take?
  - Was the time spent justified?
  - What was revealed in the process that would not be revealed through other means

A4. About the Criteria/Standard

What do you think are the criteria/standard used?

- Input indicators
- Output indicators
- Outcome indicators
- Generic skills
- Clear/Unclear
- Lowest achievable
- Observable
- Measurable
- Difficult to set

A5. People Involved

Who do you think should be involved in drawing up the criteria?
- Management
- Employee

Who do you think is the most appropriate person to appraise you?
- Head of Department
- Immediate supervisor
- Mentor

How do you consider the appraiser's competency?
- As an educational leader
- As an evaluator
- Roles of an educational leader and an evaluator
- Supportive
- Interviewing Skills
- Counseling Skills
- Listening Skills
- Interpersonal Skills
- Objective and balanced
- Concentrated on relevant aspects
- Advice on areas of improvement
- Assistance to help staff improve
- Continuous feedback/coaching
- Evaluator's error

A6. Other Logistics

What do you think about the Appraisal Form?

- Usefulness
- Standardization
- Addition
- Deletion
- Changes

What do you think of the Guidebooks?

- Made reference
- Usefulness

How would the data collected by used, in your view?

- Appraisee given a copy
- A copy kept in the departmental office
- Confidentiality

B. Perception of the Impact/Value of the PPAD Scheme

Please explain the impact of the PPAD scheme on you.

- Teaching/Effect on students
- Research
- Ambition/career
- Innovation/creativity
- Flexibility
- Commitment to work
- Teamwork
- Personal life/development

How would the PPAD scheme affect the University in achieving its goals? How would these factors affect your future?

C. Reasons for the Perception about the Impact of the PPAD

Why did the PPAD have such an impact on you?

What are important to you?

- Career progression
- Professional/academic achievement
  - Teaching
  - Research
- Personal values
- Working relationship with supervisors, colleagues

What has had the greatest impact on you?

- PPAD
- Other forms of appraisal
- Other forms of feedback/advice
- Others

D. Improvements to be Made

What are the factors which affect the realization of goals of the scheme?

- Resources
- Workload
- Understanding of the scheme
- Mutual trust
- Culture of the University

Do you think that the scheme should continue?

What are the improvements needed?

- Resources
- Workload
- Publicity about the scheme
- Training about the scheme
- Guidebooks
- Judgmental
- Frequency

Other suggestions?

E. Experience in Other Staff Appraisal Scheme

How would you describe your experience in other staff appraisal exercises?

What made the difference between the PPAD scheme at CityU and the other appraisal scheme?

F. **Any other comments and suggestions** (on staff appraisal, development and motivation)

Appendix 2

CITY UNIVERSITY OF HONG KONG

(FOR FACULTY USE)

PERFORMANCE PLANNING, APPRAISAL AND DEVELOPMENT REPORT

for the year

____

Particulars of Staff Member
(To be completed by the Department)

Name of Staff : ________________________________

Post Title : ________________________________

Department : ________________________________

Date of First Appointment : ________________________________

Particulars of Appraiser
(To be completed by the Department)

Name of Appraiser : ________________________________

Post Title : ________________________________

Part I **Performance Plan**
(To be completed by staff member and Head of Department stipulating agreed objectives to be used for attainment of results, where applicable)

A. Contribution to Teaching ______ % of workload

B. Contribution to Research ______ % of workload

C. Administration ______ % of workload

D. Service to the Profession ______ % of workload

Staff Member's signature	Head of Department's signature
Date	Date

Part II Appraisal

A. Appraisal on Performance Plan
(To be completed by staff member and appraiser)

1. Contribution to Teaching

Staff's Appraisal	Appraiser's Appraisal

2. Contribution to Research

Staff's Appraisal	Appraiser's Appraisal

3. Service to the Profession

Staff's Appraisal | Appraiser's Appraisal

4. Administration

Staff's Appraisal | Appraiser's Appraisal

B. Staff Member's Comments

(You may mention issues such as difficult parts of your job, obstacles for achieving the performance plan along with areas for improvement and any other comments that will help your appraiser to have a better understanding about your performance over the appraisal period.)

C. Appraiser's Comments
(To be completed by appraiser)

Standard of Performance :-

	% workload	Standard of Performance Achieved *
a. Teaching	______%	A B C D
b. Research	______%	A B C D
c. Service to the Profession	______%	A B C D
d. Administration	______%	A B C D
Overall	100%	A B C D
Intangible qualities: collegiality, commitment to the institution, work attitude etc.		A B C D

*Note : Please indicate the standard of performance achieved by :

A - very much above expectation
B - above expectation
C - at expectation
D - below expectation

Comments :-

_________________________ _________________________
Staff Member's Signature & Date Appraiser's Signature & Date

Part III Staff Development Plan Recommended
(To be completed by appraiser)

Appraiser's Signature & Date

Part IV Meeting between Staff and Head of Department
(To be completed if Head of Department is not the appraiser)

The outcome of the appraisal and the staff development plan were discussed.

Comments from staff member:-

Comments from Head of Department:-

Staff Member's signature	Head of Department's signature
Date	Date

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