

PERFORMANCE APPRAISAL - THE FOCUS

David Landa*

[Editorial note: This article was published originally in *AIAL Forum No 2*. It was incorrectly attributed to Alan Cameron, Chairperson of the Australian Securities Commission. It is now republished with the correct attribution. The Institute apologises to Mr Landa and Mr Cameron for any embarrassment or confusion.]

Now that the public sector is becoming familiar with performance measures and appraisal, it is perhaps time to reflect on the measures whereby performance is appraised. Can we rely on set standards or must we always continually re-appraise those standards to examine outcomes, I will explain

In September 1993, I was invited to be a key note speaker at a conference in Singapore. My topic was 'Complaint Handling in the Public Sector' a current and recurring theme in my Office for the last two years. I prepared my paper and equipped myself with overheads to demonstrate amongst other points the point that it was profitable for organisations even in the public sector to identify complaints and handle them, rather than to allow them to blow out. I usually demonstrate this point with charts from the private sector and research from

the United States indicating for example, that for every person that vocalises a complaint, seven nurture a grievance silently and simply take their business elsewhere, and that each unsatisfied customer will speak to 10 people about their dissatisfaction. If one accepts these statistics as being near the mark, clearly the message gets through that it is important to identify grievances and to handle them before they blow out.

I arrived at Singapore Airport at 10.00pm after 8½ hours journey from Sydney, tired and ready for a shower and sleep. I entered the customs hall at the airport to find that another plane had landed, and that the two planes emptying, however, were being filtered through two customs points for non-Malaysians, one custom point for aircrew and another for Malaysians. The crew customs point emptied quickly as did the Malaysian entry point. The visitors from elsewhere waited in a queue, hand luggage in hand, for in my case in excess of 1 hour and 10 minutes, in a temperature that can only be described as tropical steamy. I found the custom officers surly, I was annoyed that the queue was handled badly and that adequate resources had not been invoked for what was a simple problem, that is, dealing with two planes landing at once. It happens all the time in Sydney and you never see queues that last an hour and ten minutes. I wondered why there were no announcements. I protested to a tour guide that I thought that was very poor, he said it happens all the time. Next morning when I read the Singapore Times an article said that business travel magazines voted

* *David Landa is the immediate past Ombudsman (NSW).*

Singapore the best airport in the world. I revolted. I decided that I would conduct my own survey because I was not going to let this matter go unnoticed. I was clearly very angry still, and affronted that they should claim for themselves something which truly I could vouch for was a lie.

By the time I had arrived to deliver my paper to a group of senior executives from Singapore, Malaysia, Thailand, Hong Kong, I had kept tally of the people I had told this story to. I found that I had already spoken to 17 people. I had also learned that Singapore is a population of 3 million. It achieves a great deal of its prosperity from the inflow of 6 million visitors through its airport per annum.

Clearly, the airport is an important part of the economy. Equally clearly was the fact that my grievance had reached more than 10 ears because by the time I had finished speaking at the conference I had reached 70 ears, and I have used this example on a number of occasions and have now lost count of how far my grievance has carried. I don't know if it has any effect on others but each time I tell the story I feel a sense of satisfaction, a sense of making up for the discomfort that I was caused, and in the retelling I certainly have determined never to go to Singapore, except for the utmost pressing reason.

What has this got to do with performance appraisal? I will explain, I had the recollection of visiting Singapore a number of times in the past and indeed I had thought the airport and its services to be outstanding. Why then could this incident occur, an incident that tour guide operators say that it is a common occurrence? Gradually the truth began to dawn on me.

1. Why was the air conditioning inadequate? Had somebody turned the air conditioning down, so as to save expenditure to meet budgets?
2. Why were there inadequate crews manning the customs point? Had management of that shift or that section of the airport determined to meet performance standards or increase efficiency on a budgetary basis by reducing crews? If so, this would not only account for the discomfort of the passengers, but perhaps the surliness of the customs people who themselves felt pressured in performing a task that overburdened them. Also of course, they were affected by the humid conditions. Their surliness was surely the lasting memory that they gave to each and every passenger. Yet would not the person responsible for management in that area perhaps have achieved praise rather than condemnation? Praise for having lived within budgets or below budget.

Performance appraisal in economic terms can, as this example demonstrates, be indeed a dangerous practice. How far down the track have we gone in assessing performance purely in economic terms? How much attention has been paid by organisations, public and private for appraising customer satisfaction as an ingredient to be added into the equation for measurement? Indeed, how is customer satisfaction information ever gained? To my knowledge, very few if any, performance appraisals call for such information. If my suppositions in

the Singapore airport case are correct, clearly indicators that are positive do not disclose very costly mistakes, the cost of which cannot be measured. The cost may not be great but it certainly carries a cost that arguably may exceed any savings for which performance is assessed positively and praised.

One crucial performance measure in the public sector which I hope will be incorporated into reporting requirements is the measure of how agencies resolve their own grievances. Examination of reasons for failure will produce meaningful performance indicators.

The Ombudsman's Office has for more than two years been changing its direction from an organisation reacting to complaints to one that is actively promoting change through education. The object is to send back grievances for resolution by the agencies from which the complaint originated. In principle public agencies as in private enterprise should be aware of the needs of its customers and be able to identify grievances and have in place the means to resolve conflict. This has led my Office into a field of training and accreditation of public sector personnel in alternative dispute resolution methods, particularly mediation and negotiation. A continual battle is being fought to make conciliation a focus of police complaint handling and this has been ongoing for over five years and through two Parliamentary Inquiries. Complaint identification and complaint handling, therefore, have been raised in profile and brought forward as important issues to be understood and managed in the public sector no less than in the private sector.

Discussions are presently taking place that will, I hope, culminate in the

formation of a Public Sector ADR association. The function will be to provide training, accreditation, information and even manage mediator panels for use within the public sector. My Office so far this year has already been involved in the training and accreditation of 120 public sector mediators.

Currently the Ombudsman's office is trialing customer satisfaction counselling in selected agencies. This involves the assessment of the agency's performance through analysis of the complaints its customers make to my office. The outcome we are seeking to achieve is the containment of customer management within the agencies - ie to have complaints treated as management issues wherever possible.

I do not think the move to proactive counselling will result in the elimination of an Ombudsman. Rather it will free up the office to use resources more effectively in helping administration uncover and rectify poor practices.

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