Rater Competency and Compliance to Accuracy in Conducting Performance Appraisal in the Malaysian Public Sector

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Abstract – This conceptual paper proposes that raters’ competency and compliance to accuracy are not just a function of raters’ personal factors but they are also influenced by a host of other contextual factors in conducting a good performance appraisal. Rater personal factors identified are appraisal-related experience, amount of appraisal-related training received and rater personality. The contextual influences on raters’ performance are: raters’ perception of their ability to appraise (PASE) and Perceived System Knowledge (PSK) and Performance Appraisal Discomfort (PAD). It is further argued that a competent rater is more compliant to achieve rating accuracy. The researcher aims to test this model in the Malaysian Public Sector.

Keywords – Compliance to rating accuracy, contextual factors, performance appraisal, personal factors, rater competency

I. INTRODUCTION

Globalization and rapid technological change have brought implications for human resource departments and performance appraisal in the new business context. The competitive advantage of an organization rests with its ability to develop particular organizational competencies or core competencies (Lawler, 1994). Competencies have become the new mantra for the human resource departments aiming to effect change within organization (Rajadhyaksha, 2005). The concept of competency in human resource management (HRM) provides the means for integrating all aspects of the human resource (HR) system so that employees are selected, evaluated, developed, promoted and rewarded based on competencies that support organizational success.

II. LITERATURE REVIEW

The competency-based approach and the capabilities that individuals need to acquire and develop means that the reward systems, selection systems, and the structure of organizations need to change to focus on competencies. The concept of rater competency refers to a cluster of related knowledge, skills, and attitudes that affects a major part of an individual’s job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development (Lucia and Lepsinger, 1999). This implies that a competent rater has the content knowledge, cognitive and behavioral skills of an individual who can differentiate significantly between superior and moderate performers (Mitani, Danziel, and Fitt, 1993) and thus be more compliant to rate accurately.

Vast literature on performance appraisal have studied on rater errors (Murphy and Margulies, 2004), the influence of organizational context on raters’ behavior (Cleveland and Murphy, 1992; Murphy and Cleveland, 1995; Tziner, Murphy, Cleveland, Yavo and Hayoon, 2008) and rating inaccuracy (Tziner, Murphy and Cleveland, 2005). Various rater-related factors influence performance ratings: raters’ self-efficacy (Kim, Kim, and Mone, 2008; Kurdisch, Fortunato, and Smith, 2006), self-monitoring [7]; [8]; (Murphy and Cleveland, 1991; Tziner and Murphy, 1999; Jawahar, 2001); and rater trust or confidence in the appraisal system [8]; (Dobbins, Platz, and Houston, 1993; Robinson, Fink, and Allen, 1996). A frequently studied factor is rater orientation to performance appraisal such as performance appraisal discomfort (PAD) [8]; (Villanova, Bernardin, Dahmus, and Sims, 1993; Smith, Harrington, and Houghton, 2000), Tziner, Murphy, and Cleveland, 2001, Tziner, Murphy, and Cleveland, 2002). Others have focused on accountability [10]; (Wood and Marshall, 2008); perceived system knowledge (PSK) (e.g. Williams and Levy, 1992); perceived use of PA (e.g. Longenecker and Goff, 1992), perceived effectiveness of performance appraisal (e.g. Chandra Sekhar, 2007). The amount and level of training received and experience on the task are also said to be factors that influence rating accuracy (e.g. Woehr and Huffman, 1994).

The importance of rater competency, specific skills, motivation, positive attitudes in conducting performance appraisal effectively has also been the focus of many studies (Longenecker, 1989; Rusli and Azman, 2004; Rusli and Azman, 2007; Fink and Longenecker, 1998; Norehan, Zaitun and Zawiyah, 2007; Malakolunthu and Malek, 2008). Competent appraisers require both skills and the motivation to be able to conduct appraisals effectively [7]. Communication skills, observation/work-sampling, counseling skills and decision-making skills are among some necessary rater skills to effectively conduct formal performance appraisals [29].
Compliance to accuracy means trust/confidence and a sense of accountability towards the appraisal system [16]. Organizational climate characterized by low trust, either between raters or across organizational levels, can lower the effectiveness of an appraisal system (Hackman and Lawler, 1971). Trust in the appraisal context refers to the extent a rater believes that fair and accurate appraisal will be made in the organization (Bernardin and Orban, 1990). Trust is said to affect the quality of rating outcomes and the acceptance of the appraisal system [7]. Trust in the appraisal process accounted for 32% of the variance in ratings [30]; (Bernardin, Orban and Carlyle, 1981). Raters manifesting a high level of trust in the appraisal system appear to be more prone to produce accurate ratings and to be less swayed by political consideration [13]. Thus, trust in the appraisal process may be an important predictor of distorted ratings.

Accountability refers to the specific expectations and mechanisms by which raters are called to account for their conduct and outcomes of appraisals [21]. Accountability has been shown to influence performance appraisals by distorting performance evaluations when assessments were made in anticipation of having to provide feedback to ratees (Ilgen and Knowlton, 1980; Ilgen and Feldman, 1983) and in the evaluation of poor performers (Klimoski and Inks, 1990). Other studies (e.g. Mero and Motowidlo, 1995) suggest that situations in which a supervisor anticipates face-to-face feedback sharing with a subordinate will promote greater accountability to the subordinate, than situations in which feedback is not transmitted in a face-to-face meeting.

Consistent with accountability theories (Tetlock, 1985), when raters are held accountable for their rating decisions, they should consider the views of those to whom they are accountable such as supervisors, subordinates, and researchers [12]; (Mohrman and Lawler, 1983; Longenecker, Sims and Gioia, 1987).

III. CONCEPTUAL FRAMEWORK

This conceptual paper identifies several variables from literature review which impact rater competency in conducting performance appraisal. The theoretical framework of this study proposed is developed from the works of [21]; [8]; [9]; [7] and [16]. This model argues raters’ competency is not just a function of rater personal factors but contextual factors also influence raters’ competency to conduct a good performance appraisal. Rater personal factors identified are appraisal-related experience, amount of appraisal-related training received and self-monitoring. The contextual influences on raters’ performance are: raters’ perception of their self-efficacy to appraise (PASE), Perceived System Knowledge (PSK) of the performance appraisal and Performance Appraisal Discomfort (PAD). The dependent variables are rater competency and rater compliant to accuracy. The researcher is keen to test this model in the Malaysian Public Sector. The current Malaysian Remuneration System has been subject to so much criticism by CUEPACS (Congress Workers Union in the Civil Service) and grievances raised by civil servants over the incompetency of raters [27]; [28]; [30]; [31]; (Kumar, 2005).

IV. HYPOTHESES

RATER PERSONAL FACTORS

The length of a rater's experience is a key factor affecting rater competency. Raters who have more rating experience can perform their job better than raters with less experience [24]. McEnrue (1988) differentiated among three different measures of work experience: length of time with the organization, length of time holding that specific position, and length of time managing the current department. Researchers have different perspectives to defining work experience. Schmidt, Hunter and Outerbridge (1986) suggested that it is experience on a specific job that increases employees' performance because it provides the opportunity to acquire job knowledge and skills. Thus rater experience in conducting the performance appraisal rating gives them the job knowledge and skills, i.e. competency. Based on these arguments, it is hypothesized that

H1a: Raters’ experience will relate positively to raters’ competencies.
H1b: Rater’s experience will relate positively to rater compliance to accuracy.

Training increases the overall quality of the rating experience for employees and managers alike while improving rating accuracy (Cardy and Dobbins, 1994; Fink and Longenecker, 1998). Training managers on the relevant procedures and guidelines of the appraisal system ensures that managers will consistently evaluate performance in the proper frequency and time intervals required for effective appraisal. In addition, it ensures that each manager will have a common reference point in terms of what the standards of outstanding, adequate and inadequate performance are for each job duty [46] Thus, it is hypothesized that

H2a: Rater training will relate positively to rater competencies.
H2b: Rater training will relate positively to rater compliance to accuracy.

The construct „self-monitoring” is thought to be especially relevant to understand the behavior of raters when evaluating, rating, and giving feedback about job
performance [8]. Individual differences in self-monitoring are related to differences in rating behavior [13]; [8]. Individuals who are able to monitor and control their own behavior successfully (i.e., high self-monitors) typically manifest a strong desire to maximize social approval and minimize social disapproval [14]. In the appraisal context, high self-monitors can attain this end by inflating ratings and by discriminating less among ratees and performance dimensions than low self-monitors. One method of projecting a positive image as a manager is to inflate performance ratings [12]; [7]. This not only enhances relationships with subordinates, it also increases the likelihood that this particular manager will be perceived as effective by his or her superiors (i.e., managers who supervise high performers are also seen as high performers). In addition, individuals who score high on self-monitoring appear to be more easily deflected by the appraisal context (because they are more sensitive to environmental cues) than are those who score lower on self-monitoring [8]. Thus it is hypothesized that:

H3a: High self-monitors will rate positively to raters’ competencies.
H3b: High self-monitors will relate positively to rater compliance to accuracy

CONTEXTUAL FACTORS

It is suggested contextual variables be considered to understand how an organization’s social system influences the quality of performance ratings [38]. Bretz, Milkovich and Read (1992) proposed that a great deal more research attention must be paid to the effects of the performance appraisal context in order to gain a better understanding of the appraisal process and if research is to better inform appraisal practice.

Levy and Williams (2004) concur it is logical to assume that these factors affect raters’ commitment to accuracy. Little can be accomplished by changing the rater or the rater’s task if the context influences the rater to be inaccurate [12]. Rater behavior is influenced not only by characteristics of the rating process itself but also by raters’ perceptions of and attitudes toward the organizational context in which performance appraisals occur [6] and [7].

Contextual factors here include raters’ beliefs and perceptions about the performance appraisal system, raters’ perceived knowledge of the performance appraisal system and rater orientation towards the appraisal process. In this proposed conceptual framework, the contextual influences are discussed as follows:

Successful transfer of knowledge acquired from training depends upon raters’ self-efficacy in implementing the procedures and techniques learned [25];
H6b: Rater comfortable with giving feedback will relate positively to rater compliance to accuracy.

Finally, it is hypothesized that raters who are competent will be compliant to rate accurately as they trust the appraisal system and have a sense of accountability.

H7: Competent raters will be compliant to rate accurately.

V. CONCLUSION

Raters’ competency in conducting an accurate performance appraisal continues to be a complex issue much debated among researchers and HR practitioners alike. Appraisal reliability and validity still remain major problems in most appraisal systems, and new (and presumably improved) appraisal systems are often met with substantial resistance by employees in the private and public sectors. This conceptual framework does not claim it has the panacea to all appraisal problems. These factors are by no means conclusive. However, the conceptual framework addresses some critical personal and contextual factors which have important implications to HR practitioners keen to ensure an effective and successful performance appraisal. Specifically, the framework can be used as input to better overcome some of the perennial weaknesses of the current Malaysian Remuneration System especially raters’ competencies.

REFERENCES


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