




Implementation of Performance Appraisal System in Public Sector: New Line Managers' Perspective

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Abstract. Performance appraisal in an organization is a way to measure the actual achievement of performance compared to targets or goals that are determined regularly. Performance appraisal affects employment prospects, educational possibilities, compensation, and interpersonal interactions. This study employed a qualitative method with a case study as a research design. In-depth interviews with 14 newly promoted first-line managers in one of the Indonesian government agencies yielded the research data. The goal of this investigation is to identify how new line managers interpret the applicable performance appraisal system, interpret the performance appraisal process that has been carried out, and interpret objective performance appraisals for subordinates. Interview data were processed and analyzed using thematic analysis. The research findings reveal that new line managers interpret the performance appraisal system as a complicated performance appraisal system, as a safe way to minimize complaints from subordinates, and as an objective perception that is still partially understood. The objective of the discussion is to explore the factors that form the three themes that represent the perspective of the new line managers when implementing the performance appraisal system. The impact of this study is that the perspective of complicated performance appraisal needs to be a concern for policymakers to formulate policies that could accommodate improving employee performance but are quite simple and easy to implement. Furthermore, this could encourage that performance appraisal is not only a “formality” to abort administrative obligations but is an important process for developing, motivating, and evaluating employees.

Keywords: Force Distribution Rating System · Discretion · Objective · Performance Appraisal · Public Sector

1 Introduction

Managers evaluate employee performance through the performance evaluation process, which involves evaluating and providing feedback [1, 2]. Performance appraisal is also one of the most efficient methods for developing, motivating, and evaluating employees so that their effectiveness and efficiency can be measured [3]. Within the organization,

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performance appraisal is done by measuring the actual performance achievement compared to the targets or objectives that are determined periodically. However, performance appraisal is a complex process in organizations that occurs contextually in a rich environment and affects employment prospects, educational possibilities, compensation, and interpersonal interactions [4].

In addition, performance appraisal is an important process in an organization since it plays a role in increasing the productivity of individual performance and improving the performance of the organization as a whole. This process involves analyzing and assessing how well a person has performed his or her job or role [5]. All organizations, including public-sector organizations, conduct performance appraisals that are part of the management of their human resources. The performance of civil servants is often in the public spotlight because civil servants are public servants whose wages are allocated from the State/Regional Revenue and Expenditure Budget. Therefore, civil servants should be able to account for the use of that budget funds by showing optimal performance through the provision of excellent public services to stakeholders.

The object of this research focuses on a new line manager in an echelon I unit in a ministry in Indonesia who is in charge of managing state finances. This is because the first experience of serving in a managerial position often experiences what is called the impostor syndrome. Research [6] noted that this phenomenon occurs more frequently among people who are just starting in business, so it is not surprising that many novice managers fall victim to this mental war, doubting their leadership abilities and the skills that managers deserve. Therefore, organizations need to capture and understand the point of view of new line managers in implementing the applicable performance appraisal system, to meet the expectations of the performance appraisal objectives that have been set. In addition, this research can also be used as an evaluation material for civil servants' policymakers in Indonesia and for echelon I units in ministries that deal with state finances, specifically on how the performance appraisal system is implemented and can provide suggestions and input in the context of continuous improvement.

The performance appraisal given by the manager will determine the value of the employee's performance. According to Park [7], the public sector has not investigated the subject of managers' motivation in performance appraisal in further depth. The research by Whisler shows the drawbacks of performance reviews, namely the rater's skepticism about the validity of the evaluation because he is concerned about its likely adverse effects [2]. Furthermore, performance rating tasks get complicated when they are not impartial and objective but rather take place in a setting with pressures, expectations, and repercussions [4]. This research attempts to identify how the new line manager interprets the applicable performance appraisal system, how the performance appraisal process has been carried out, and how the new line manager interprets the objective performance appraisal for subordinates. In addition, this research will also fill in the gaps in the literature on how managers in the public sector provide accurate employee performance appraisals [7], how managers motivate in changing appraisals [8] and also follows up on the scarcity of studies on manager perceptions in performance appraisals compared to studies on subordinate perceptions [9].

1.1 Literature Review

Performance Appraisal

Performance appraisal is one of the most efficient methods for developing, motivating, and evaluating employees so that their effectiveness and efficiency can be measured [3]. Additionally, managers can review employee performance and offer comments as part of the performance appraisal process. [2]. This process involves analyzing and assessing how well a person has performed his or her job or role [5]. According to Erdogan [10], performance appraisal refers to the entire procedure, including setting performance standards, evaluating employee behavior in the performance appraisal period, determining performance ratings, and communicating ratings to the person being assessed. In practice, performance appraisal is a planned interaction process between managers and subordinates to conduct a performance assessment [11].

One of the central and main tasks in organizations is performance appraisal because the results of this process are used for some important purposes [12, 13]. The fundamental goal of performance evaluation is to act as a center of attention for performance and development issues and as a foundation for updating performance agreements [5]. Furthermore, these objectives include assessment; setting goals; employee development plans; motivational tools; communication facilities; awarding/rewarding; talent management; and identifying low-performing employees [5, 7, 12, 14].

Characteristics of Performance Appraisal

Rating Scale

One of the methods commonly used in the performance appraisal scale is the Forced Distribution Rating System (FDRS). Moon [15] described FDRS as a performance evaluation method that requires managers to divide a set percentage of employees into groups based on how well they perform in comparison to other employees. In short, Armstrong [5] stated that FDRS means that raters must adjust to the distribution of ratings assigned to different levels or categories. According to him, this method is a less popular option because it requires more refinement of the assessment than might be possible by creating the lowest class and forcing employees into that category.

Another method that is frequently used is graphic rating scales. This method guides ratings by anchoring the rating scale with a statement describing the outcome or type of behavior, indicating that a certain rating level is justified [5]. Furthermore, it makes this anchor easier for level selection and provides consistency in the assessments made by different raters. One type of graphic rating scale is a behavioral rating scale based on critical incident techniques known as Behaviorally Anchored Rating Scales (BARS) and Behavioral Observation Scales (BOS).

BARS consists of a description of certain behaviors that define points against each scale (behavioral anchors) that represent dimensions, factors, or work functions that are considered important for performance [5]. There are various reasons for implementing BARS, one of which is that, according to DeNisi & Murphy [16], it is generally considered that using anchor behavior gives the dimensions to be evaluated, as well as different degrees of performance, a clear definition, and a consistent frame of reference. In addition, the BARS is believed to be because the description of behavior on such a

scale can prevent the tendency to judge based on general assumptions about personality traits subjectively by focusing on work behavior [5]. However, he mentioned that BARS is also considered to have a weakness, namely that there is still room to make subjective judgments based on different interpretations of the definition of behavior levels concerning how they relate to employee behavior. In addition, behavioral-based rating scales can be manipulated because this method is transparently visible to raters who know how their responses to behavioral items will affect the final assessment [5]. Furthermore, he said BARS takes time and difficulty to develop and is not commonly used except in a modified form as a dimension in the distinguishing competency framework.

Appraiser Training

Training in performance appraisal or general performance management process is aimed at increasing the accuracy of assessments, improving perceptions of fairness, and also improving the way superiors communicate assessment results and records to subordinates [17]. In line with this, the study conducted by Bowman, Martin & Bartol [18] asserts that to ensure that performance ratings are free of systematic errors, raters must be trained to be competent in evaluating the performance of subordinates and must be made aware of the cognitive bias that is characteristic of human nature. As a consequence, Lin & Kellough [9] indicated that one of the most significant initiatives that can be made to improve the implementation of performance appraisal is the provision of systematic training in that area.

Submission of Rating Feedback

According to Elicker [19], the process of managers and employees offering formal feedback is a crucial part of the performance review system. The ideal performance management system is described as continuous performance management throughout the year where managers monitor performance and provide needed feedback as soon as it occurs through an informal approach, without waiting for a formal performance review process, this is typically completed after the period [5]. This is done to detect immediately if an error occurs, and employees can make corrections without waiting for the end of the assessment period.

Cognitive Process Assessment

Examining how raters acquire, process, and retrieve performance-related information is how cognitive processes in performance evaluation are studied [16]. Furthermore, DeNisi & Murphy [16] demonstrate that determining the reasons for doing the assessment and how the organizational climate, culture, norms, and beliefs impact the assessment process and findings are key to understanding how or why the assessment is successful.

2 Method

The researcher employs a case study methodology with a qualitative approach, which aims to obtain more in-depth information and analysis of the phenomena that occur as well as to achieve an in-depth understanding of the situation. Participants in this study involved 14 line managers who were selected based on the consideration that the authors would obtain relevant information (purposive sampling) and the participant's willingness

Table 1. Characteristics of the respondents.

No.	Characteristics	Total Participants
1	Work location	Sumatera: 8 Kalimantan: 3 Nusa Tenggara: 2 Papua: 1
2	Gender	Male: 11 Female: 3
3	Age	35 – 40 years old: 9 41 – 45 years old: 3 46 – 50 years old: 2 > 50 years old: 0
4	Job function	Core: 9 Supporting: 5
5	Tenure	1 – 2 years: 4 > 2 – 5 years: 9 > 5 years: 1
6	Number of subordinates	1 – 5 people: 4 6 – 10 people: 9 10 – 15 people: 1
7	Ethnic group	Javanese: 10 Sundanese: 1 Batak: 1 Minangkabau: 1 Lampung: 1

to conduct data collection interviews (convenience sampling) [20]. The characteristics of the participants can be described in the following Table 1.

The data collection method was done through individual depth-interviews using a structured interview guide and a literature study. Furthermore, at the stage of data processing and analysis, the author uses a thematic analysis approach. Braun and Clarke claim [21], thematic analysis is a way of conducting qualitative data analysis that aims to identify, analyze, and convey patterns or themes through the data that has been collected.

3 Result and Discussion

Based on the thematic analysis used in qualitative research, the author has formulated 3 main themes as the findings of this study. The research findings are arranged into 3 major themes, namely “Complicated Performance Appraisal System”, “Safe Ways to Minimize Complaints”, and “Objective Perceptions Are Partially Understood”.

The first finding, the performance appraisal system as a complicated mechanism, was formed by the sub-theme that the Key Performance Indicators (KPI) are very dynamic and are often published late. Besides that, the current qualitative behavior assessment

mechanism is still difficult for employees to understand, and the e-KINERJA application is only reporting, so it is difficult to be sure of the validity of the entries' performance achievement.

Participants highlight things related to the KPI that is considered to be changing very quickly, which makes employees have to adapt every year to the new KPI. Moreover, the design of the KPI formula, which is considered by employees to be increasingly complicated to understand, and the publication of the current year's KPI were only delivered in the third or fourth month of the current year, making this an issue that is always voiced by employees in the operational unit. This is consistent with the findings of a study that was done [9] that found one of the problems that occur in the public sector in the United States is flawed standards. In practice, the KPI becomes a reference for employees as a measure of performance during the period. The very dynamic changes in KPIs, complicated formulas and publishing deadlines make it difficult for employees to find performance measurement guidelines.

Furthermore, the behavioral assessment mechanism, which has been implemented since early 2021 and is qualitative, has drawn a lot of controversy from employees. This behavioral assessment represents the contextual performance aspect through the implementation of behavior using a 360-degree mechanism. Behavioral assessment combines the BARS and BOS methods, where managers prioritize and sequence the keywords that appear most often from subordinates. The change in the method from quantitative to qualitative has caused a lot of complaints from most of the employees. The participants considered that this qualitative behavior assessment method could not map the actual behavior of employees because the assessors did not understand the description of the behavior to be assessed so managers judged according to their respective perceptions. In addition, managers cannot predict the final result of the assessment that has been given. Not only that, the lack of comprehensive socialization causes managers to feel worried about the outcome of the assessment carried out. These things ultimately led to managers adopting an informally circulated appraisal formula to help make it easier to conduct appraisals in this new way.

The issues that arise in the behavior assessment mechanism are in line with what Armstrong [5] conveyed the weakness of BARS is that there is still room for making subjective judgments based on different interpretations by each manager. In addition, another drawback is that behavior-based rating scales can be manipulated because this method is transparently visible to raters who know how their responses to behavioral items will affect the final assessment. So, the managers use the circulated appraisal formula because it is seen that it can convince them to get better results than if they fill it in their way.

Another important thing is the provision of training for appraisers to properly assess subordinates. The findings of this study reveal a lack of socialization as a form of training on behavior change assessment that is currently used. One of the most crucial actions that can be made to enhance the implementation of performance appraisal is the provision of systematic training in it [9]. Training in this context is provided to accommodate changes in behavior assessment methods from quantitative to qualitative forms. Thus, the training is expected to provide a common perception among raters and reduce concerns so that

managers feel confident in giving assessments according to the actual conditions of their subordinates without worrying that the final result will be as expected or not.

The second finding of this study is that the assessment carried out by the new line manager is seen as a safe way to minimize complaints from subordinates. This is supported by understanding the profiles of subordinates through the “know your employee” program; how new managers understand their roles; how to monitor subordinates’ performance on an ongoing basis; and the motives of managers in assessing. The participants conveyed that the existence of an employee ranking mechanism encourages managers to be accountable for the assessment given. This is because managers must provide judgment arguments in a rating session forum that is attended by other managers and unit leaders.

Based on the research findings, the participants realized that one of the roles of managers is to carry out two-way communication with subordinates. This is done as an early warning for subordinates to complete the targeted work on time. The participants also said that he was ready if he had to accept complaints or objections from subordinates because the managers already believed that the assessment process carried out was by relevant evidence and the daily behavior of employees. This is following Armstrong’s [5] states that an ideal the a performance management system is described as continuous performance management throughout the year where managers monitor performance and provide needed feedback as soon as it occurs through an informal approach without waiting for a formal performance review process, it typically takes place at the end of the period.

The third finding is that objective perception is still partially understood. This theme is described by how managers interpret objectives in the assessment, how managers determine criteria that can distinguish the assessment between one employee and another, and how managers view the practice of rating mechanisms in their work units. The participants agreed that the determination of the performance of subordinates is based on objective principles, which, according to them, are represented by the existence of supporting evidence that is relevant to the work results. This is in line with what was conveyed [5] that rather than relying solely on managers’ judgment, this employee performance analysis must be supported with precise, widely accepted criteria and pertinent data.

The rating mechanism is a consequence of the implementation of the Forced Distribution Rating System, it requires managers to divide a predetermined percentage of workers into categories according to how they perform in comparison to workers in five different categories. In this rating method, there is a process called discretion where the head of the work unit has the authority to provide additional value for those who are deemed worthy of it. This mechanism is considered to still consider seniority and personal closeness. This relates us to the cognitive process of conducting an assessment, whereby performance appraisal is carried out by considering how the rater obtains, processes, and retrieves information about performance [16]. Correspondingly, performance appraisal is also possible depending on how the rating distribution system is designed by the organization [7]. Thus, the application of FDRS by dividing it into 5 rating categories is possible be one of the contributors to how unit leaders apply discretionary mechanisms as employees in their work units.

4 Conclusion

Based on these first findings, this study can answer the first research question that new line managers interpret the current performance appraisal system as a complex performance appraisal system. This is supported by the statements that the KPIs are very dynamic and late in release, the qualitative behavior assessment mechanism is difficult to understand, and the performance application is only reporting. The second finding is the answer to the second research question, namely that the new line managers interpret the performance appraisal process that has been carried out throughout the assessment period as a safe way to minimize complaints from subordinates. The third finding represents the perspective of new line managers that they interpret objective performance appraisals to subordinates as objective perceptions that are still partially understood. This is related to the new line managers who have interpreted objective assessments with relevant supporting evidence and can distinguish the assessments between one employee and another. However, on the other hand, unit leaders or middle managers still use seniority and personal closeness as one of considerations for granting final judgment discretion. This research took place in a COVID-19 pandemic situation, so the entire process was carried out online. Therefore, the author has limitations in understanding the speaker's feelings through body language and the environmental situation during the interview.

Author Contributions. The findings of this study contribute to the performance appraisal literature, especially for the implementation of the performance appraisal system in government institutions. The first contribution, the perspective of complicated performance appraisal, needs to be a concern for policy makers at the level that oversees civil servants nationally to formulate policies that can accommodate improving employee performance but are quite simple and easy to implement. This can encourage that performance appraisal is not only a "formality" to abort administrative obligations but is an important process for developing, motivating, and evaluating employees.

The second contribution is that the application of a qualitative behavioral assessment method, namely BARS or BOS, may not always produce the desired outcomes. The goal of policymakers to improve the previous method of assessing behavior, which tends to be "right-aligned" and subjective, has actually created a new problem: the confusion of employees with this new method. Therefore, this should be a concern for policymakers to review and evaluate the application of the BARS method so as to minimize existing weaknesses.

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