

**A Study of Appraisers' Managerial Competencies
towards the Intentions of Appraiser to Practice the
Informal Performance Appraisal Process**

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By the time I started working on the study, I am hardly aware of the journey lying ahead of me. My supervisor, tried to warn me about being overambitious with my research intention. True, the work has been hard but I have been convinced by the synergy effect, which is involved with working as individual, surrounding with group of fellow supervisors guidance and friends. This ambition enables me to accomplish a quantitative research approach within a limited period of time frame.

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Sincerely,

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ABSTRAK (MALAY)

Selain daripada barangan dan modal, pekerja merupakan aset yang paling besar kepada sesuatu organisasi. Kumpulan pekerja memastikan barangan dan perkhidmatan yang dapat menarik perhatian pelanggan. Kepentingan bahagian sumber manusia menjadi semakin ketara berikutan dengan pertukaran keadaan perniagaan yang cepat dan peningkatan permintaan terhadap pekerja yang berpengalaman dan berkemahiran. Oleh yang demikian, penilaian prestasi pekerja telah menjadi satu cabaran pada masa kini. Dua konsep kepada Jabatan Sumber Manusia kini adalah membezakan syarikat atas dasar kumpulan pengurus, dan menyokong mereka dengan mengajar mereka cara untuk menjadi lebih berkesan. Konsep penilaian prestasi pekerja bertujuan untuk menaikkan motivasi pekerja supaya menjadi lebih berkesan. Persiapan sebelum penilaian prestasi pekerja yang mencukupi merupakan kriteria yang paling penting bagi mencapai tujuan tersebut. Akan tetapi, penilaian yang formal biasanya tidak akan menyatakan tatacara persediaan. Oleh sebab itu, cara persediaan dalam penilaian prestasi pekerja adalah lebih bergantung kepada seseorang individual. Sebenarnya, kemahiran pengurus yang tertentu mempunyai perhubungan dengan persediaan tersebut, dari segi perancangan, pelaksanaan dan penilaian. Penguasaan pengurus pada kemahiran berkait rapat dengan sistem penilaian prestasi pekerja. Tujuan pertama kajian ini adalah untuk memeriksa sama ada kumpulan pengurus melakukan persediaan yang tidak formal tersebut sebelum penilaian prestasi pekerja. Tujuan yang kedua adalah untuk memahami dengan lebih mendalam terhadap jenis keupayaan pengurus tersebut. Keputusan kajian ini boleh digunakan sebagai perancangan pembangunan kumpulan pengurus oleh Jabatan Sumber Manusia. Soal selidik telah dihantar kepada 170 orang pengurus sebagai pengumpulan maklumat dalam persediaan penilaian. Keputusan

yang diperolehi dari kajian mendapati bahawa, sebahagian daripada pengurus tidak mengamalkan proses penilaian secara tidak formal dan tidak bertulis. Hasil yang jelas diperolehi daripada konsep kajian ialah keupayaan pengurus mempunyai kaitan yang rapat yang boleh menyebabkan pengurus tersebut membuat persediaan atau tidak. Oleh sebab itu, keputusan tersebut memberikan gambaran yang jelas bahawa jenis kemahiran yang paling penting memainkan peranan dalam penilaian prestasi pekerja yang patut diberi keutamaan.

ABSTRACT

Apart from products, goods and capital, it is the employees who are the biggest asset of an organization. They are the human side of a company, which create products and services that attract customers. The importance of human resources gets even more apparent when talking into consideration of today's fast changing business environment, and the increasing demand of a skilled workforce with valuable competences and expertise, where the effectiveness of performance appraisal management has become a challenge. To this end, there are two fairly concepts in the key area of Human Resource Management, to differentiate companies on the managerial labor market and to support them effectively in their endeavor to approach, acquire and train up the most effective managers. The performance appraisal concept, on the one hand, creates, motivates and generates highly effective employees toward accomplishment of organization goals. Managerial competencies create an active relationship between organizations and in particular performance management, whereby effectively manage, develop and evaluate employees in order to be skillful and motivates direct employees in an organization is crucial in wining competitive advantages. A well prepared performance appraisal is the most crucial criteria to achieve this purpose. Unfortunately, most of the formal performance appraisal system does not specify in a formal procedure of the preparation prior in conducting the performance appraisal. Thus, the informal process is relying on each individual to practice. The two central research questions in this paper are: does appraiser practice the informal performance planning, execution and evaluation prior to conducting performance appraisal in reality, versus theories, as well as the relationship of managerial competencies played in the performance appraisal process. The first purpose of this study is to investigate the actual practice of the informal and

unwritten performance appraisal process. The second objective is to gain a deeper understanding of the influence of critical selected managerial competencies, which are positively related to the process in practice from the sample of study. The empirical findings should contribute to the development of the theory, as well as to derive practical implications for companies in order to extend and develop their organizational people manager training gaps analysis strategy. To this end, self-administration questionnaires among sample of 170 people manager were distributed through E-Mail to obtain empirical data collection about their perception of the performance appraisal process in practice and managerial competencies. The results indicate that half of the respondents do not practice the informal and unwritten performance appraisal process. While there is a clear opinion in favor of an extension of the concept, the managerial competencies should be one area that needs to be focused to develop a skillful people manager in this area.

Chapter 1 INTRODUCTION

1.1. Introduction

This chapter will introduce the background of this study with the aim to provide the reader with a broad overview of the chosen topic. Based on the problem statement and the research questions, the purpose of the study is then presented. The first chapter ends with demarcations and an outline of the upcoming chapters.

The objective of having staff performance reviews is supposed to motivate, develop, as well as to create meaningful communication between direct supervisors and the staff. However, according to Fletcher's study conducted in 1993, more than 80 per cent of the organizations surveyed in the United Kingdom express some dissatisfaction with their performance appraisal system, and ineffectiveness of achieving the objectives, perceiving that they fail as a mechanism to develop and motivate people. Besides, Kikoski's research in 1999 concludes that, line managers are under-prepared to handle the interview and reluctant to give negative feedback, leading to a situation where the people being appraised receive incomplete and inaccurate messages about their performances, during the feedback conducted on annual review basis (Cook & Crossman, 2004). An argument can be made that, there is a discrepancy between theory and actual practice in this area.

Managers failed to identify performance measures and criteria for evaluating performance, collecting factual evidence about staff performance, resolving conflict between reviewers and the staffs they review, and defensive behavior exhibited resulted by individuals in response to critics (Armstrong, 2000). This clearly shows

the importance of each manager going through a well performance appraisal process preparation.

In a continuously changing environment it has become impossible to manage successfully without sustained personal development. The managers of organizations face the globalization of business, rapid technological change, continual reorganizing and competence-based competition. These developments challenge the skills, competencies and capabilities of managers in organizations (Viitala, 2005). Management competencies are used to build a framework for analyzing the resources available to achieve business strategies and forecast areas of control risk, a key factor in business continuity planning. They are also the components of development programs to supply shortfalls in management competencies for the future (May, 1999).

This study, therefore, intends to find out the factors that impact the intention of managers under going informal preparation prior to the performance appraisal session, which in other words, self-initiative of practicing performance planning, monitoring and providing on-going feedback to their employees. The research framework is presented from the appraiser's point of view, and review strategies currently perceived by multinational organizations. The potential implications for the study will be useful across other local or multi-national organizations. This study sets out an approach for identifying a management competency framework capable of adaptation to meet an organization's specific strategies in making performance appraisal system successful. For training and development of current people managers, it would be more effective to use all competencies, so as to ensure that people managers have the full range of competencies required to do their job effectively. Applying this framework to these key human resource management

activities has the potential to improve the ways in which companies manage, develop and retain their key managerial resources. Notably, they should be able to encourage a more participative, developmental approach to the human resource management function, thereby helping to ensure sustained performance improvements in the future (Cheng, Dainty & Moore, 2006).

1.2. Background

Performance appraisal is the most important rating mode to a company's individual staff for the past performance, future development plan, and being the major impact for the employee's motivation factor. Most of the companies practice single and uniform performance appraisal evaluation system; however, as the company as well as employee's expectation are various, a single performance appraisal system may not work best for all staff. Each of the appraiser and appraisee, gain different perceptions from the practice. The need for skilled and professional managers is steadily increasing as more organizations are joining the global marketplace (Bartol & Martin, 2003).

According to Spangenberg (1994), performance appraisal is a deficient tool of managing employee performance. Performance management policies and practices appear very much to be a respond to the sorts of pressures and influences of appraisee and system itself. However, many researchers have proven the significant importance of appraiser perceptions and competencies required for performance management.

In the 1970s, research focused on (1) developing rating scales that were valid and reliable and (2) training those who performed the performance appraisals to reduce rating errors and improve observation skills. In the late 1970s, concentration

on reducing rater error had reached a point of diminishing returns – decreasing rater error resulted in increasing in rating accuracy. The focus shifted from improving psychometric properties to understanding how the rater processes information about the employee and how this mental processing influences the accuracy of performance appraisal. The best idea to come out of this line of research was the suggestion made in 1981 by Bernardin and Buckley, those that written diaries which contain critical incidents of performance be kept by supervisors and served as a basis for performance appraisal ratings. The result of this suggestion was a closer correspondence between the observation of behavior and the subsequent rating of observed behavior and thus, a decreasing reliance on the fallible memory of supervisors. Although rating scale formats, training and other technical qualities of performance appraisal influence the quality of ratings, the quality of performance appraisals is also strongly affected by the administrative context in which they are used (Buckley & Wiese 1998).

Effective managers recognize performance appraisal systems as a tool for managing, rather than a tool for measuring subordinates. They may use performance appraisals to motivate, direct and develop subordinates in the organization. A number of factors affect the accuracy of the ratings, such as the purpose of the appraisal, the extent to which the rating is shared with other employees, other comparison measures and the biases occurred by the manager's desire to be liked by the employee. Cognitive processing issues and concerns for rater error became secondary issues with the internal and external environmental factors which influence the performance appraisal process (Buckley & Wiese 1998).

Ideally, employees will come out of the performance evaluation process with a good understanding of what is expected of them, how they can improve, how they have met the goals they have set, and what new goals they can strive for. Though

managers and employees may see performance evaluation as formality and a chore; however, in the fast-changing and challenging environment, the system helps employees renew their commitment to the job and the organization. When a manager is under-prepared for the performance appraisal session, and then most likely the evaluation is going to face failure to meet its objective (Cross & Crossman, 2004).

The strong need for organizations to be able to identify excellence in management has led to the development of the competency approach to human resource management. The competency approach has been widely studied and significantly focused recently by researchers. The approach enables organizations to identify skills and behaviors which result in superior performance. The purpose of defining competencies is to improve human performances at work. The competencies also has been viewed as observable performance by Boam and Sparrow in 1992, standard or quality of the outcome of the person's performance by Rutherford in 1995, and the underlying attributes of a person by Boyatzis in 1990 (Brophy & Kiely, 2002). Given the significant importance of the competencies - approach, there is a need to identify applied research, whereby research is to be done in the real practice of the relationship between competency applications and how it impacts the performance appraisal system.

1.3. Problem Statement

The current economic landscape has changed dramatically. Apart from products, goods and capital, it is the employees who are the biggest asset of an organization. They are the human side of a company, which create products and services that attract customers. The importance of human resources gets even more apparent when talking into consideration of today's fast changing business environment, and the increasing demand of a skilled workforce with valuable competences and expertise, where the effectiveness of performance appraisal management has become a challenge.

While most company Human Resource Department designed the best performance appraisal system for their staff, the role of the appraiser theoretically should evaluate and plan appraisee's past and future performances (Bernardin, 2007). In practice, most appraisers perceive performance appraisal system as less important. Many of the managers tend to ignore the performance appraisal by having just a brief evaluation on the appraisee. The situation probably is due to the informal and unwritten workforce performance appraisal process, whereby most of the performance appraisal system does not require much of data and information to be collected (Cross & Crossman, 2004). In fact, there is a set of managerial competencies that is required to conduct of an effective performance appraisal with employees (Abraham, 2001). Managers tend to focus and use performance appraisal system more effectively, if they are equipped with those critical managerial competencies. As managers are lack of understanding and skill set in this area, they may unintentionally lead to the less effective of the performance appraisal. Thus, the objective of the performance appraisal may not able to meet, such as to identify individual strengths and weakness,

to motivates employee, as well as to give appropriate reward and recognitions (Mullins, 2005).

Therefore, it is crucial for organizations to possess highly effective managers to manage employee's performances, by identifying goals to accomplish, delegating, communicating and monitoring throughout the performance appraisal process. In the other words, profession and skilled managers with certain level of leadership, team building, communication and problem solving competencies could create the influence over the process in practicing the performance appraisal process.

1.4. Research Objectives

The motivation of the study is a result of personal observations in the working area, through many differences areas from the field of performance appraisal practice by the appraisers. The study interest in the topic became even more accentuated, after reviewing textbooks and scientific articles about the subject. Moreover, we discovered that there has been limited study on the practice of the informal process, and lack of empirical proven on the concept of managerial competencies influence towards appraiser intentions in the real industries.

This study intends to find out (1.) whether appraisers practice the informal and unwritten performance appraisal process and (2.) to assess the impact of particular managerial competencies (four identified managerial competencies: problem solving, communications, team building, and leadership). Specifically, we intend to identify appraiser's intention of practicing the informal performance appraisal process management in terms of planning, execution and evaluation, and the significant level of the competence required to have the informal process in place. By confirming the positive relationship, the study should be able to propose a prediction model to relate those variables, which should be given priority in developing Human Resource Management competency model, and most important, apply the model to the actual training and developing of managerial programs.

1.5. Research Questions

This research attempts to answer the following questions:

Q1: Do appraisers practice the informal and unwritten performance appraisal process (in terms of planning, execution and evaluation) in the manufacturing industrial environment?

Q2: Does set of the critical managerial competencies (problem solving, communications, team building and leadership) impact the appraiser's intentions to practice the informal and unwritten performance appraisal process?

Q3: To what extent does each managerial competency (problem solving, leadership, communications and team building competencies) influence the intentions of the appraiser to practice performance appraisal process?

1.6. Definitions of Key Terms

Before examining the model in detail, it is useful to formally define the terms used. The following terms are generally applicable:

- Performance appraisal is “the process by which organizations establishes measures and evaluate individual employees’ behaviors and accomplishments for a finite period of time” (Sinclair & Zairi, 1995).
- People manager is the immediate superior to one or more direct or indirect subordinates employee (s).
- Appraisee referring to the sub-ordinates employee whose performance was being evaluated.
- Appraiser referring to the people manager who conduct performance appraisal to their direct responsible employee (s).

1.7. Significance of the Study

This study discusses the impact of appraiser's managerial competencies which will lead them to emphasize in the performance appraisal process in practice, and towards arriving at employee peak performance. The study helps in a more in-depth understanding of the managers' intention in performing and operating performance appraisal system in organizations. This also helps to identify managerial gaps and thus, enable pre-emptive actions to be undertaken for immediate correction.

Although the general use of the terms "competence" and "competency" is fairly indiscriminate, there are important conceptual and practical distinctions to be made that fundamentally affect their application within modern organizations (Cheng, Dainty & Moore, 2006). There is a need especially in the challenging business environment whereby internal and external factors play a major part of an organizational performance. The study helps organizations gain insight into cause-and-effect relationships to understand the practice of the performance appraisal process and managerial competencies towards driving organizational performance. It helps human resource development to provide necessary tools and training program to improve managerial competencies, especially to manufacturing based companies, and may leverage to other industrials, which result in more effective employee performance management. In addition, the study gives in-depth review and guidance to people manager to gain insights of performance appraisal process management. Besides, the study also may assist Ministry of Human Resource Malaysia in developing skilled, knowledgeable and competitive workforce human resources.

2.1. Introduction

The literature review will focus on two primary areas. The review will first examine studies which discuss the performance appraisal process. Second, research will be examined to identify critical managerial competencies that are typically important and influence the performance appraisal process.

The process of management involves a continuous judgment on the behavior and performance of staff. One way in which to review the performance and potential of staff is through a system of performance appraisal (Mullins, 2005). As defined by Bernardin (2007), performance is referring to the record of outcomes produced on specified job functions or activities during a specific time period. In other words, performance appraisal is a subset to the overall performance management.

Performance appraisal represents a central function of human resource management and has remained an important topic of investigation among organizational researchers. Because the usefulness of performance appraisal as a managerial decision tool depends partly on whether or not the performance appraisal system is able to provide accurate data on employee performance, rating accuracy is a critical aspect of the appraisal process (Poon, 2003).

Devising more effective ways of managing the performance of key managerial employees has become a cornerstone of organizational development in recent years. As part of this movement, the establishment of the competence or competency of individuals, within both their general contribution to the organization and their specific contribution in the context of their occupational role, is central in defining the

necessary routes to further development within the organization. Indeed, as per described by Armstrong in 2003, the competency of management personal assessment has been seen as increasingly versatile and powerful tool to underpin many contemporary human resource management in practice (Cheng, Dainty & Moore, 2006).

In studying the effectiveness and the purpose of organizations having performance appraisal, most researchers used process, employee satisfaction and management approaches as the fundamental theory. Performance appraisal is a process which occurs over long time and is used to improve organizations overall performance.

In 2001, Abraham, Karns, Mena and Shaw (2001) conducted a study to survey two general questions concerning managerial competencies and performance appraisal. These two questions are: (1.) whether a set of managerial competencies currently being used by organizations to describe successful managers can be identified; and (2.) whether organizations are appraising these same competencies as part of their performance appraisal process. Six competencies most often identified as critical to managerial competencies are: leadership skills, customer focus, results oriented, problem solver, communication skills and team worker. The results show that, many of these same organizations are not practicing these competencies in their managerial – performance appraisal process. However, the study is only able to conclude that, these six competencies are needed for an effective performance appraisal.

There are four basic integrated stages in the performance appraisal process, each requiring the use of the skills identified by managers. These stages are: (1.) performance planning – required knowledge of rating forms and procedures, ability to

clarify and communicate expectations and delegation skills; (2.) performance management and on-going coaching- required observation skills, coaching skills, and conflict resolution skills; (3.) the written appraisal – required knowledge of rating forms, effective decision making and writing communication skills; and (4.) the appraisal review- coaching skills, problem solving, and employee development counseling skills. Failure by managers to properly develop and employ these skills results in a drastic reduction in the effectiveness of the appraisal process. Therefore, appraiser training must link the skills development with specific appraiser practices (Fink & Longnecker, 1998).

According to Kanungo & Menon (2005), there are three different research strategies employed to study the nature of managerial jobs. One line of investigation follows the classical management functions such as planning, organizing, coordinating, directing and controlling, which require technical, problem-solving, decision making and people-handling skills.

2.2. Review of Literature

2.2.1 The intentions of appraisers to practice informal performance planning

Successful performance appraisals within organizations depend on how effective people managers are able to plan. Managers are expected to plan effectively to ensure that things happen on time. Managers shall think ahead to pre-empt issues that could arise and ensure these areas are dealt with in advance. Managers shall be responsible to prioritize own and staff workload to reflect needs of the business (Brophy & Kiely, 2002).

Goal setting in performance planning should follow the completion of the initial competencies, although often this piece is not completed until the first annual performance evaluation. Goal setting is the last piece of performance appraisal to be implemented in many organizations, however, is very essential. Just like setting goals in one's career or personal life, it's important for employees to have something to work towards in their job. Staff members with stated goals are more effective in their work.

Planning process includes designing and organizing, developing subordinates, designing work, visioning, planning, and goal setting (McEnrue, 2002). Putterill and Rouse (2003) has proven the significance of advantages of the planning process to improve the performance management in terms of individual and organizational efficiency and effectiveness. If managers fail to plan, they plan to fail. Managers need to get ready and prepare what needs to be accomplished by their subordinates short term and long term.

During the performance planning stage, managers shall work with subordinates to set and clarify goals, performance expectations, and evaluation methods and criteria. The manager ensures that the subordinate will have the authority, knowledge, skills, and organizational resources to successfully complete delegated assignments. In addition, managers need to communicate potential performance rewards or outcomes associated with different levels of performance (Fink & Longenecker, 1998).

The majority of the research and study did not specifically identify the intentions of manager in performance appraisal planning. The specific skills and competency required at this stage shall be effective communication and leadership skills. Without these skills, the manager will tends to skip the performance planning

process. In addition, without a formal written plan required in the performance appraisal as well, many of the managers are believed to be unaware of its importance and therefore, will not put an effort to ensure the planning is been done in the performance appraisal process.

2.1.2. The intention of appraisers to practice informal performance execution and evaluation

Planning without proper execution and monitoring by people manager does not serve any purpose. During the performance execution stage, managers shall track the employee's performance through effective work observation and sampling procedures, and provide appropriate ongoing feedback. The manager also shall monitor subordinate behaviors and performance(s), record subordinate performance(s), and provide feedback to subordinates in order to help them successfully achieve delegated responsibilities (Fink & Longenecker, 1998).

While during the performance appraisal review, managers meet with subordinates to review performance ratings, deal with subordinate reactions (sometimes resistant or negative) towards appraiser ratings, problem solve with employees on how to improve performance (if needing improvement), and potentially deal with career counseling and career development issues (Fink & Longenecker, 1998).

Specific skills required for managers to successfully complete this process should include leadership skills, so that proper dimensions of worker behavior are observed using representative and non-biased sampling techniques and that a proper written record is kept of these observations. Manager also needs problem solving

skills, in order to provide negative feedback in a manner which overcomes resistance and avoids resentment, and to help subordinates identify the cause of their problems or generate a strategy for improvement. Besides that, good team building skills also required, so that to ensure collaboration and synergy creation among subordinates co-workers. Good written communication skills are also necessary to provide clear and unambiguous language to describe and document employee performance. The manager intends to monitor individual performance, manage collective performance, manage projects, delegate effectively and negotiate with these competences (McEnrue, 2002). Following this informal procedure, the formal performance appraisal system requires only a brief, but fair evaluation to the direct responsible employees. Without a proper execution and effective progress monitoring, the performance appraisal will likely less effective towards its purpose. Hence, many managers failed to have an effective performance appraisal when it relates to the process management as it is not been practiced throughout the year.

2.2.2 Managerial competencies influencing the practice of the informal performance appraisal process

Managerial qualities terms were including abilities, capabilities, competencies, effectiveness and performance (Crilley & Sharp, 2006). While for job competency as described by Klemp in 1980, is referring to an underlying characteristic of a person which results in effective and / or superior performance in a job. Bratton in 1998 defined a core (personal) competency is defined as any knowledge, skills trait, motive, attitude, value or other personal characteristic essential to perform a job. While Spencer & Spencer in 1993 defined competency as an underlying characteristic

of an individual, that is casually related to criterion-referenced effective and, or superior performance in a job or situation. In other words, competencies include panoply of the characteristics, behaviors and trait necessary for successful job performance (Abraham, Kams, Shaw & Mena, 2001). Hence, people managers need at least critical competencies to carry out performance appraisal and people management.

In literature review findings, there are four major key competencies that are necessary to effectively conduct formal performance appraisals which were affects managers intention in performance appraisal process.

2.2.3.1 Problem solving competence

Problem solving has been identified as one of the crucial managerial competency by Abraham *et al.* (2001). Further studies have been conducted on impacting the performance of an organization, process, management, and the latest performance appraisal process. However, the positive relationship has not been tested when it relates to the performance appraisal process.

Problem solving looks at the past with the purpose of understanding the causes of any problem that needs correcting (Stewart, 1992). Conflict resolution or problem-solving skills are especially critical to effective appraisal. It can be expected that many employees are resistant and resentful of the negative feedback or “less than stellar” evaluations they receive and resentful of the managers who provide them. Such resentment is more likely to lead to lower regard for managers providing the feedback than improvements in performance. Conflict can easily emerge especially if employees feel they have been unfairly evaluated. In these cases, employees are less likely to be open to attempts at “problem solving” because they perceive that no “problem” in their performance exists. Managers need to face this initial resentment and resistance to constructive criticism if they hope to improve performance in their subordinates. Even if an employee accepts a negative review and recognizes problems in his/her performance, he or she is often not able to adequately identify the cause of his/her problems or generate a strategy for improvement (Fink & Longenecker, 1998).

A competence manager deal effectively and calmly with difficult of unforeseen situations, as well as readily identifies solutions that are satisfactory for those concerned (Brophy & Kiely, 2002). An effective manager able to mediate conflicts between employees, present ideas to their employees, handles angry

employees, and thinks creatively (McEnrue, 2002). Other studies had identified problem solving as a critical managerial competence was Crilley & Sharp (2006) and Qiao & Wang (2008). These researchers found out that problem solving skills are critical for a manager in practicing the performance appraisal process.

2.2.3.2 Communication competence

Abraham *et al.* (2001) conduct a survey to investigate manager perception to identify managerial competency which is important to the performance appraisal process. 40.3 per cent from the study respond has suggested the critical managerial competency will be communication skills over the twenty organizations. Further study and confirmation was supported by Brophy & Kiely (2002), whereby effective communication is a crucial managerial competency in performance management.

Unclear or ambiguous language used by managers, too much criticism or negativism, and one sided discussions of employee development are all examples of ineffective communication skills that can kill the appraisal process (Fink & Longenecker, 1998).

Manager gives and receives feedbacks need effective listening communications competence. Managers handle angry employees and conflicts arising among co-workers. McEnrue (2002) had identified communication skills as one of the critical criteria for managerial skills training program gap analysis. Competence managers appreciate the need for communication to achieve results and maintain motivation. They convey messages persuasively, in ways that are acceptable to others. They listen attentively to what people have to say, to have a thorough understanding (Brophy & Kiely, 2002).

Managers shall be effective in presenting information, selling ideas, behavioral interpretation as well (May, 1999). Other studies had identified communications as critical managerial competences are Crilley & Sharp (2006), Qiao & Wang (2008) and Viitala (2005). However, none of these researches has proven studies on perception on people manager towards communication in performance appraisal process management intentions.

2.2.3.3 Team building competence

According to pool of researches, Abraham *et al.* (2001), McEnrue (2002), Crilley & Sharp (2006) and Qiao & Wang (2008), team work has been identified as critical managerial abilities of an organization towards achieving goal and accomplishment. Theoretically, team defines as groups which shares, a common purpose and recognizes that it need the efforts of every one of its members to achieve this. The evidence is that teams are much more than the sum of the individual parts. The existence of a team is liberating and enabling. A team building event is often the first real look at collective responsibilities. It is a fresh look at the work group as a team and is a thorough combination of the strengths, weakness and interactions of group members (Stewart, 1992). Managers need to ensure employees work effectively with their co-workers to achieve shared objective. Competent manager contributes to a sense of camaraderie and strengthens collaboration across department (Brophy & Kiely, 2002).

As explained, many studies had identified team building as a critical managerial competence. In today fast changing challenging business environment, team building have become more significant as many organizations have flatter

reporting structures, whereby staffs practice group work and project based working environment. This component of managerial competency is to be tested in this research, as it is of significance importance and expected to have influence in the performance appraisal process in practice.

2.2.3.4 Leadership

Leadership also has been identified as crucial competencies in Abraham *et al.* (2001) study. This has been confirmed and supported by McEnrue (2002). Crilley & Sharp (2006) relates the leadership as an important managerial quality related to operational performance. Therefore, leadership impact should be investigated in this study as well.

Numerous models of leadership suggest that candidates' characteristics may be used to predict future executive level performance. Research has proven on leadership relationship to individual and organizational performance. Researches such as Bass in 1985 and 1998, on transactional and transformational (or charismatic) leadership have shown encouraging results as evidence of construct leadership validities. According to Kirkpatrick and Locke's in 1996 laboratory study, two core components of charismatic leadership (vision and vision communication) directly influence subordinates attitudes and perceptions of charisma (Russell, 2001). The relationship results have again shown in Kuvaas (2007) study on perception of individual performance appraisal positively will increase work performance.

Managers shall get the best from their sub-ordinates, by encouraging them to take responsibilities for their own work. Managers provide regular feedback, deals with staff issues effectively. A competent manager is aware of his/her own impacts on

other members of staff and manages this effectively. Highly competent people managers proactively strive to retain effective staff (Brophy & Kiely, 2002).

Managerial leadership tasks include environment scanning, setting future goals, and influencing subordinates to achieve these goals. Such generic functioning requires generic competencies such as self-confidence, planning/causal thinking, diagnostic information seeking and conceptualization/ synthetic thinking (Kanungo & Menon, 2005).

The significant leadership styles, structured teams, delegations, counseling, meeting participations competence importance has been discussed by May (1999). Other studies conducted which have identified leadership as one of the critical managerial competence are by Crilley & Sharp (2006), and Viitala (2005). As known, great leadership leads to excellence in performance. Leadership competence shall further be assessed via its impacts on performance appraisal process.

2.2.3 Validity and reliability of the studies

The main focus in this study in terms of secondary data lies on books published, as well as scientific articles written by researchers. To a lesser extent Internet sources has been used, which have provided an additional valuable insight into the areas of performance appraisal process management relates to managerial competencies.

All past researches have agreed that performance appraisal is a useful tool to bring up individual and organizational level peak performance, if the information and system management has been used effectively.

A primary goal of using competency assessments to evaluate individuals is to improve job performance. Therefore, competencies are used for a variety of purposes, including selections, performance management, compensation, and succession planning. In the case of performance management, the use of competency assessments appears to be fairly widespread (Levenson, Stede & Cohen, 2006). Most studies, therefore develop the basic framework to identify managerial behavioral skills relates to performance management. The researches have contributed the basic of critical competencies factors which influence at individual performance level.

A well-trained, competent manager is critical to the success of any (public or private sector) entity. It's essential for employees to be able to integrate their knowledge and skills with their organization's core business processes in order to provide a competitive advantage (Naquin & Holton, 2006). Competency models shall be studied in order to integrate into human resource development training program and process.