

A CASE STUDY OF PERCEPTION OF INTEGRITY IN THE
COMPETENCY-BASED PERFORMANCE ASSESSMENT
SYSTEM (CBPA) IN THE NORTHEAST POLICE
DISTRICT, ROYAL MALAYSIA POLICE (RMP), PENANG

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by

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LIST OF ABBREVIATIONS

NPM	New Public Management
NRS	New Remuneration System
MPS	Malaysian Public Services
MRS	Malaysian Remuneration System
SBPA	Public Service Remuneration Scheme
PMS	Performance Management System
CLA	Competency Level Assessment
PA	Performance Appraisal
AWT	Annual Work Target
CBPA	Competency-based Performance Assessment
CUEPACS	Congress of Union of Employees
PROSPEK	Integrated Competency Development Programme
PKP	Potential and Competency Assessment
BKP	Competency Development Programme
KPI	Key Performance Indicators
SPSS	Statistical Package for Social Sciences
MBO	Management by Objective
BARS	Behaviourally Anchored Rating Scales
MSS	Mixed Standard Scales
MSS	Matrix Salary Schedule
PMRS	Performance Management and Recognition System
NSSB	National Skill Standards Board
NCVQ	National Council for Vocational Qualifications
CBM	Competency-Based Management
WLP	Workplace Learning and Performance
BPS	British Public Service

HCPM	High Commitment Performance Management
NIP	National Integrity Plan
HRM	Human Resource Management
OJT	Organizational Justice Theory
KMO	Kaiser-Meyer-Olkin
SD	Standard Deviation
VIF	Variation of Inflation
RMP	Royal Malaysia Police

LIST OF SYMBOLS

α	Cronbach's Alpha
n	Number of Cases
\pm	Plus / Negative Sign
r	Pearson Correlation Coefficient
$<$	Less Than
$>$	More Than
$\%$	Percentage
R^2	The Coefficient Determination
R	The Multiple Correlation Coefficient
F	F-Ratio
t	t-test

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Norhaslinda bt Jamaudin. *An Exploratory study of Integrity in the CBPA Practices in the Malaysian Public Sector*. Paper Published in the Proceedings of the SSPNS 2012.

**SATU KAJIAN MENGENAI PERSEPSI INTEGRITI DI DALAM SISTEM
PENILAIAN PRESTASI BERASASKAN KOMPETENSI DI DAERAH
TIMUR LAUT, POLIS DIRAJA MALAYSIA (PDRM), PULAU PINANG**

ABSTRAK

Kajian ini mengukur persepsi pekerja mengenai integriti di dalam konteks sistem penilaian prestasi berdasarkan kompetensi. Dilaksanakan di bawah Sistem Saraan Malaysia (SSM), mekanisme ini memainkan peranan yang penting dalam sistem saraan berasaskan prestasi. Prestasi dan kompetensi pekerja dinilai untuk menentukan kenaikan gaji dan pangkat. Walau bagaimanapun, selepas beberapa tahun, pelaksanaan sistem penilaian ini telah dikritik disebabkan proses pelaksanaan yang lemah, kaedah penilaian yang kurang sesuai dan ketidakadilan pengagihan ganjaran. Situasi ini menyebabkan integriti di dalam sistem penilaian turut dipersoalkan. Persepsi perkerja dari kalangan anggota Polis Diraja Malaysia yang terletak di daerah Timur Laut, Pulau Pinang telah dikumpul melalui temuduga dan soalselidik. Instrumen yang digunakan ini telah dirangka dengan menggunakan dua teori iaitu keadilan organisasi dan karakter etika kerja. Dengan kaedah triangulasi, pengumpulan data daripada 26 anggota polis yang ditemuduga dan 412 soalselidik telah disusun pada peringkat analisis. Dapatan kajian menunjukkan persepsi keadilan organisasi dan etika kerja mempengaruhi persepsi integriti di dalam konteks penilaian prestasi berasaskan kompetensi. Hubungkait yang positif di antara pembolehubah menunjukkan bahawa perspepsi yang lemah mengenai keadilan prosedur, interaksi, pengagihan dan etika kerja menyumbang kepada persepsi yang lemah mengenai integriti dalam sistem penilaian. Persepsi yang lemah mengenai integriti di dalam sistem penilaian turut dikupas dengan lebih mendalam melalui analisis temuduga. Kajian turut mendapati 56.8 peratus perubahan di dalam

persepsi integriti sistem penilaian dapat diterangkan oleh empat faktor pembolehubah ini, dengan etika kerja menjadi faktor terkuat mempengaruhi persepsi integriti di dalam sistem penilaian. Oleh itu kajian merumuskan bahawa persepsi integriti di dalam sistem penilaian prestasi berasaskan kompetensi mampu dibangunkan melalui standard keadilan dan etika kerja yang bersesuaian.

Kata kunci: Sistem Penilaian Prestasi, Kompetensi, Keadilan, Etika dan Integriti

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ABSTRACT

This study seeks to measure employees' perception of integrity in the competency- based performance assessment system (CBPA). Introduced in 2002 under the Malaysian Remuneration System (MRS), the CBPA played an important role in pay-for-performance system. Employees' performance and competency were measured to determine their eligibility for salary increment and promotion. However, after years of implementation, the CBPA received heavy criticism due to poor implementation, inappropriate method of assessment and unjust distribution of rewards. Such apprehension had raised concern on integrity. Guided by organizational justice theory and work character ethics theory, employees' perception were gathered through survey questionnaire and semi-structured interview with police officers based at the Northeast police district, Royal Malaysia Police (RMP), Penang. Using the triangulation method, interview responses from 26 police officers and questionnaire feedback from 412 police officers were integrated and corroborated at the data analysis stage. It was evident that justice and ethical perception influenced perceived integrity in the context of the CBPA. Positive correlations among variables demonstrated that poor perception of procedural justice, distributive justice, interactional justice and work character ethics was associated with poor perception of integrity in the CBPA. The poor perception of integrity in the

practice of CBPA was further discussed through interview analysis. Indeed, the research showed that 56.8 percent of change in the perception of integrity could be explained by these four predictor variables with perceived work character ethics as the strongest predictor which influenced perceived integrity of CBPA. Significantly, increased perception of integrity is possible through proper justice and ethical practices implemented in the CBPA.

Keywords: Performance Appraisal System, Competency, Justice, Ethics and Integrity

INTRODUCTION

1.1) Introduction

The emergence of New Public Management (NPM) has brought tremendous changes in the public sector. These changes have initiated a range of reforms with the aim of transforming the public sector into an efficient, dynamic and market-driven administration. To strategically improve public sector performance, the implementation of NPM was consolidated with Performance Management System (PMS). PMS is the process of setting performance objectives and measuring performance at organizational, group and individual levels (Winstanley, 2000, p.191). Thus, merging individual performance with organizational objectives has become one of the key features of PMS. This practice has become prominent in the Malaysian public sector since the late 1990s. Major highlights on the PMS continue in recent government-reform agenda as outlined in the Government Transformation Program (GTP).

Since its inception, the practices of PMS has deeply penetrated into the human resource field. This can be seen through the selection, recruitment, training and development as well as remuneration practices. Managing employees' performance has indeed become the government's priority. The attempt to develop knowledgeable workers by cultivating performance-oriented culture in the civil service can be seen in the last two remuneration policies, notably the New Remuneration System (NRS) and the Malaysia Remuneration System (MRS).

Historically, efforts undertaken to intensify bureaucrats' performance can be seen since 1990s through compensation practice. Embedded in pay-for-performance system, the NRS, which was introduced in 1992, started a new form of performance

appraisal system. Under this system, employees' pay level was dependent on their job performance. Performance was measured and subsequently, appropriate rewards were granted. However, the NRS failed to achieve satisfactory results after ten years of implementation. This was due to lack of motivation, weak implementation, absence of appropriate feedback and biased assessment (Halim, 1996; Ambikapathi, 1998; Shukran, 2006; Siddique & Mohd Zin, 2007, & Siddiquee, 2010).

In response to this, the government scrapped the old system and introduced the Malaysia Remuneration System (MRS) in 2002. As an improved version of the previous system, the MRS had initiated a new assessment tool, namely the competency level assessment (CLA). Competencies were defined as measurable clusters of knowledge, skills and abilities that were critical in determining how results would be achieved (Aguinis, 2007, p. 96). Key highlights on competency led to the integration of competency and performance in personnel assessment. The CLA was implemented together with the Performance Appraisal (PA) and Annual Work Target (AWT). Known as competency-based performance assessment system (CBPA), these three components assessed employees' skills, knowledge and abilities to determine their performance. Those who passed the examinations and courses were eligible for salary increment or promotion. In this regard, the implementation of CBPA was expected to encourage staff development and enhance employees' performance.

However, after several years of implementation, the CBPA elicited a great deal of criticism. A massive number of complaints were made due to poor implementation, rater error, inaccurate measurement and inconsistent procedures (Dev Kumar, 2005; Siddique, 2010; Haslinda & Abraham, 2012). Such apprehension led to the abolition of CLA by the government, but the other two components were

retained. Problems in the CBPA remained despite the government's consistent effort to improve it. Such situation happened across many government agencies. Strong reaction and complaints among employees were closely associated with issues of fairness and justice. Perceived unfairness was strongly related to the instrument used, the process, as well as the outcome received by employees. This scenario has captured the researcher's attention, specifically the issue of erosion of integrity in CBPA. The integrity of CBPA has indeed been downplayed and compromised.

Concern on integrity of the CBPA is vital because integrity is at the forefront of a successful organization (Verhezen, 2008). This research sees this issue in a new light by analyzing employees' perception of integrity in the practices of CBPA. This is essential in order to instil trust into a system that seems to wane. Looking from justice and ethical perspectives, a research in this context is in line with the government's strategy to uphold integrity in human resource management. As clearly outlined in the National Integrity Plan (NIP), a more effective, fair and objective evaluation system will be introduced to strengthen integrity in the appraisal system (NIP, 2005, p.151).

As far as appraisal system is concerned, little is known about the employees' perception of integrity on the CBPA. Concern on ethical issues has been sparse and a research in this area is timely to produce a high-quality competency-based performance assessment system in the Malaysian public sector. This case study therefore, seeks to analyze employees' perception, specifically police officers based at the Northeast police district, Royal Malaysia Police (RMP), Penang.

Employees' perception matters since they are the end-recipient of the system. Their perceptions signify their affective reaction to the system, which in turn can be translated into their behaviour. According to Mazlan (2012) the

implementation of appraisal system is a major determinant of job satisfaction among the police force. Police force is highly affected by the implementation of CBPA, so their perception on the implementation is therefore vital. As such, the present research paper aims to analyze employees' perception of integrity in the context of competency-based performance assessment system (CBPA).

1.2) Background of Study: Historical Development of Performances and Competencies in the Public Sector

1.2.1) Performances and Competencies Development in the US Civil Service

Historically, the implementation of merit system in the US Federal Government has started since 1800s (Wiese & Buckley, 1998). Initially, it was known as efficiency rating. The practice could be traced back to 1813 when a General in the US War Department applied the system for the assessment of his subordinates. It was part of the administrative procedure.

Later, the execution of the Pendleton Act in 1883 brought a major transformation in the US Public Service. The enforcement of this act was part of the government's reaction towards employees' performance. Poor performance in the public service raised massive criticism about the quality of employees hired. The recruitment policy, which was based on political patronage appointment, led to the personalization of bureaucracy. Merit system therefore, was introduced as a means to limit political intrusion in the recruitment and selection of public employees. Here, the demarcation lines between appointed and elected officers were drawn.

Since its inception, admission into the US public service was done on the basis of qualification and competitive examination. The appointment through partisanship, however still continues in limited number. Initially, the merit system

was used to serve several purposes, such as recruitment and as a formal record of employee performance. The inclusion of merit aspect in employee performance was not related to the pay system. Simultaneously, the practice of merit system was consolidated in the implementation of the Civil Service Reforms Act in 1978. This Act led to the execution of merit pay and individual performance appraisal. The utilization of the appraisal system was extended to determine employee pay level. These efforts were crucial as part of the government's attempt in making the system more objective and systematic.

Transformation towards a meritorious government led to the establishment of the Performance Management and Recognition System (PMRS) in 1985. The PMRS was responsible in reviewing the merit pay system to ensure that outstanding employees were rewarded and unsatisfactory employees, penalized (Sylvia, 1994, p. 33). Here, the objective and systematic performance assessment were designed in line with the merit pay system. Realizing the difficulties in identifying reasonable performance indicators, the National Skill Standards Board (NSSB) was established. As an agent of the government, the NSSB is responsible for the development of skill standards required for excellence in job performance. Practically, those who performed effectively were considered to have a superior set of competencies, thus in possession of the right competencies, which led to high performance (Guravan & McGuire, 2001).

Early works on performance appraisal were on the development of assessment methods. This included global rating, global essay, man-to-man rating system, judgmental rank-order procedure, trait rating scales, force-choice method and critical incident methods. Efforts to reduce assessor and assessment errors somehow prompted practitioners to come up with different tools of assessment.

Later, the emergence of Management by Objective (MBO) gave a new dimension to performance assessment. Improvising the old system, the MBO advocated an effective way of assessing performance. This was done by setting clear objectives for task accomplishment. In addition to that, new methods of performance appraisal, called Behaviourally Anchored Rating Scales (BARS) and Mixed Standard Scales (MSS) were introduced later. Embedded in behaviour-based assessment, these mechanisms became the preferred method in performance assessment.

The emergence of PMS had led to the advancement in performance assessment method. The new approach called for the integration of performance and competency in the appraisal system. Hence, employees' performance was closely associated with their competencies (Spencer & Spencer, 1993). This was part of the government initiative to bolster employees' performance, and enhance workforce quality in response to global demand. Instead of focusing on employees' actual performance, this approach took one step further by focusing on possible ways to improve employees' performance. Here, employees' skill, knowledge and ability were assessed and developed incrementally. The assessment outcome provided essential information about skill and knowledge needed for task accomplishment. Accordingly, Spencer and Spencer (1993) discussed in detail five types of competency characteristics. This can be categorized into two dimensions, namely visible and hidden competencies. Knowledge and skill competencies tend to be visible in nature. Meanwhile characteristics of people and self-concept, traits and motive competencies are hidden in nature. It is clear that competency features were made visible under the PMS.

Conceptually, the development of competencies in US is generic in nature. It focuses on distinguishing behaviours of excellent performers from poor performers.

This worker-oriented approach appears to identify the right type of behaviour that high performers may display at the workplace. As such, the US approach is viewed as input-based, which focuses on variables that individuals bring to a job. It should be noted that this behavioural approach is combined with elements of work standards and demands of a particular job (Hood & Lodge, 2004). However, in many cases, behavioural attributes are often blurred with specific knowledge, skills and the requirements of a particular job. Recent development of US competency model has demonstrated a significant shift from 'input' to 'output'-oriented approach. This individualized approach to competency can be flexibly changed from time to time in response to a rapidly changing environment.

To note, US as a role model country, had initiated the performance and competency movement. It started with the execution of a merit system and a civil service reform act which brought significant transformation into the US public sector. Gradually, performance and competency were largely included into personnel management. These approaches were expanded incrementally. Originally implemented in the public sector, the ideas were transposed to the private sector later. Through policy transfer, these ideas were disseminated to other parts of the world. Remarkably, the US has successfully demonstrated a vast experience in searching for ways of effective human resource management.

1.2.2) Performances and Competencies Development in the British Civil Service

Extensive reforms in the UK public sector were carried out under Margaret Thatcher's leadership in the 1980s. With the aim of performance management, Thatcher introduced structural and procedural changes in the public sector. Her aim

was to eliminate waste in government resources. Notably, widespread adoption of performance management frameworks in Britain was the result of US-UK policy transfer. This concept was popularized by the private sector when many firms in the UK had American parent companies. Thus, reforms in the public sector were inspired by managerial virtues in the private sector. The imitation of private sector management activities were highly supported by Thatcher.

In light of this, PM practices were introduced into every segment of management. In personnel areas, several changes were made. Recruitment plan, promotion strategy and pay practices were done on the basis of performance. Correspondingly, in compensation practice, the assessment of individual competencies was implemented. Such practice was enunciated through the implementation of pay-for-performance system. This new structure reviewed individual performance and linked performance with financial rewards. As such, management of employees was significantly improved.

In the UK public sector, the Cabinet Office is a central body responsible in navigating the implementation of the merit pay system. However, due to the decentralized nature of personnel management in the British civil service, non-standardized framework of pay policies is applied. In this regard, the Cabinet Office is responsible in providing guidelines to all government agencies. As such, the staff appraisal should consist of two elements: performance review and potential review and the procedure should be useful in identifying poor performance (Farnham & Horton, 1993, p. 141). With regard to competency framework, the importance of this practice was addressed in the Fraser Report, published in 1983.

In the beginning, this notion of competency was meant for career management and management training. Here, individuals were required to assess

themselves against a list of competencies needed for effective performance (Farnham & Horton, 1993, p. 116). Gradually, the competency idea was expanded and this led to the development of Competency Based Management (CBM). These approaches were developed in the private sector and transposed to the public sector during the 1990s (Horton, 2000). This competency movement was crucial to support the government drive for better performance. The CBM had been applied to selection and recruitment process, appraisal system, training and development. With regards to the appraisal system, the competency facets were integrated with performance assessment. This led to the implementation of CBPA. The assessment outcome was useful, hence the appraisal system had been perceived as a tool that stimulates training and development and facilitated cultural change in the organization (Corbett & Kenny, 2001). However, it should be noted that due to the decentralization of personnel management in the British public sector, the implementation of appraisal systems were varied. There was no standardization or common framework in use.

The commitment of the national government towards effective implementation of competency management continued with the formation of the National Council for Vocational Qualifications (NCVQ). This body was responsible for the development of skill standards aligned with national competency frameworks (Guravan & McGuire, 2001). UK competency approach clearly emphasized on “output” that focused on work-orientation. Basically, it was about the ability to perform tasks within an occupation. This individualized approach to competency identified variables needed in performing a specific job function. Gradually, in the late 1990s and early 2000, the UK competency framework began to embrace both behavioural and job standard approaches. This shift however, still emphasized on an “output”-oriented approach.

Competency development in the British civil service was largely influenced by private sector management practices. Emulating US experience, the UK version of competency-based performance assessment was output-based. Unlike the US, competency framework in the UK was focused on work standard for the accomplishment of specific tasks. This non-behavioural approach became a cornerstone of government policy since its adoption in the 1980s. In practice, there was no single ideal approach to competency. Behavioural and non-behavioural approaches were often blurred in practice.

In recent years, the ideas of competency in both countries tend to converge as part of the governments' efforts in designing a better appraisal model. On one hand, the US perceives competency as related to the individual and the skills and knowledge possessed by employees to perform specific jobs. Meanwhile, the UK version of competency is broader which includes not only attributes of job-holders but also personal characteristics required for job performance (Guravan & McGuire, 2001). Despite the differences, both approaches are useful to determine an individual's eligibility for promotion, monetary rewards, training and other career development plan. Thus, the application of this instrument helps the organization to achieve efficiency and effectiveness in human resource management.

1.2.3) Performances and Competencies Development in the Malaysia Civil Service

In the beginning, competency was not the core aspect in compensation reforms. After Independence, efforts were mobilised towards finding an equilibrium between salary paid and cost of living, as well as establishing salary levels that

commensurated with duties and qualification. This was evident with the formation of more than ten salary commissions or committees. The Commissions / Committees, mostly known by their respective Chairman's name, were as follows: The Trusted Commission, 1947, The Benham Committee, 1950, The Bain Commission for Sabah and Sarawak, 1956, The Watson Commission for Sabah and Sarawak, 1962, The Suffian Commission, 1967, The Tun Aziz Committee on Judges' Remuneration, 1971, The Aziz Commission for Teachers, 1971, The Sheikh Abdullah Committee for the Armed Forces, 1971, The Harun Commission on Statutory Bodies and Local Authorities, 1971, The Ibrahim Ali Commission, 1975, The Special Cabinet Committee on Public Sector Salaries, 1976, The New Remuneration Salaries (NRS), 1992 and The Malaysia Remuneration System (MRS), 2002.

Early formation of pay plan searched for a standardized framework that was applicable to various government agencies. Reviews and recommendations were done on salary scale and terms and conditions of services in the public sector. From 1947 to 1962, four main salary structures were constructed namely by the Trusted Commission, the Benham Commission, the Bain Commission, and the Watson Commission. Generally, different statutory authorities adopted different salary structures, where the basic or clean wage, as well as increment had been modified to suit the nature of the jobs and entry qualifications (Government of Malaysia, 1973, pp. 96-106). Overall, the construction of the first four salary structures were concerned with the need to keep up salary levels with inflation. In this regard, no attentive consideration was given to the importance of competency in job performance.

Continuous attempts to develop a uniformed framework of salary spectra could be seen with the formation of Suffian Commission in 1967. The Suffian

Commission recommended five principles in salary formulation. These are the principles of fair comparison, the rate for the job, the clean wage principle, the level of salaries and the advantage of government employment. Salary points enjoyed by each employee were determined by the principle called “rate for job”. (Government of Malaysia, 1973, p. 107) Here, duties and responsibilities or the complexities of the job carried more weight on the salary scale. Despite government efforts to produce a uniformed remuneration policy, separate salary frameworks were still in place to meet various expectations from various groups.

The salary structures that came later were based on the Suffian report. The Tun Aziz Committee on Judges’ remuneration was set up in 1970. The Aziz Commission for teachers was put forward after an industrial unrest among teachers occurred. In addition, a separate salary structure had been formed for the armed forces under the Sheikh Abdullah Committee in 1971. In the same year, the Harun Commission was established for different statutory authorities and local bodies. As a newly-independent country, the formation of these local bodies was important to navigate the country’s development. These fragmented salary structures were necessary because the government had created various agencies to specifically manage and control each sector within the economy. Roughly, the designed salary structure under the Suffian report was acceptable with a few modifications.

Later, the establishment of the Public Service Department (PSD) in the 1970s led to the centralization of personnel administration. As such, a standardized salary framework was formulated for effective personnel management. In support of this, the Ibrahim Commission had devised a completely new set of salary scales as well as terms and conditions of service for employees in the public service, except for police, armed forces and judges. The Commission’s report was focused on five principles,

namely the rate for job, fair comparison, qualification and training, economic factor and real wage (Government of Malaysia, 1975). Years of training were given due emphasis in salary determination, besides academic qualification. As a matter of principle, academic qualification was given due emphasis along with point allocation in order to determine the entry point for a particular scheme of service. Here, the number of years spent studying was given major emphasis in which three points were allocated for each academic year. Full time training carried two points, all technical examination and experience carried one point (Government of Malaysia, 1975). In contrast to the Suffian Commission recommendations, the Ibrahim Commission heavily weighed in on qualification and years of academic training as determinants in salary scale instead of duties and responsibilities.

Several inherent weaknesses in the Ibrahim Commission were income disparity and high cost of implementation. This led to the establishment of a special cabinet committee under the chairmanship of Mahathir Mohamad. The cabinet committee believed that the rate of pay should be relevant to the duties and responsibilities of the job with particular emphasis on technical and professional work. In addition, several irrelevant criteria as proposed by Ibrahim Commission were rejected. Few were modified and alternative recommendations were made to improve the entire system. Introduced in 1976, the special cabinet committee lasted almost 15 years before the New Remuneration System (NRS) was formulated.

The evolution of salary revision in the Malaysian public sector has witnessed incremental development of merit rating, performance and competency. Initially, competency and performance were not major criteria in salary formation. These elements have been adopted and adapted through an incremental approach. Increasing concern on performance standards has led to the implementation of

probationary periods, probationary examination, efficiency bars and performance ratings. Different procedures, however, were applied by each Commission when it comes to the length of probation and probationary examination. In order to increase productivity and quality of services, later, the Special Cabinet Committee suggested that employees must sit for examination bars under the respective scheme of service after confirmation. This uniformed procedure was applicable for all scheme of service.

The purpose of assessment, however, was slightly different compared to the current performance appraisal practices. Previously, the application of performance rating was merely part of the procedure to identify employees' strengths and weaknesses. Moreover, the assessment processes were highly confidential (JPA, 1973). Employees, in a sense, did not receive feedback regarding their performance and achievements. Moreover, performance evaluation was not associated with rewards and salary progression. Seniority was the key factor when it comes to promotion and salary progression. All officers enjoyed annual and automatic salary progression on a seniority basis.

Overall, the implementation of performance rating serves as an important tool for decision-making in various management dimensions. These include promotional aspects, training needs, employee placement and assignment of duties and responsibilities (JPA, 1973, pp. 1-2). As stated in "Perintah Am 50", promotion of any officer was based on the basis of his/her ability (Jabatan Perkhidmatan Awam, 1973). Ability here refers to the competency shown in job accomplishment and personal characteristics, including his/her qualification and experience. In short, ability denotes merit that must be manifested by employees who are eligible for promotion. As clearly defined in the promotional policy, merit refers to an officer's

ability to carry out duties, good academic qualification and general competency such as the ability to control, manage and supervise his/her subordinates, to assign task accordingly, to gain support and co-operation from subordinates, to demonstrate leadership quality, etc (JPA, 1973). Though no correlation exists between performance rating and pay increment, performance standard is still a relatively important factor in employee assessment for various purposes.

In terms of competency, the importance of skill and knowledge is highly regarded since the very beginning of salary revision. This can be seen in the requirement made for selection and recruitment. In this context, academic qualification, years of training, duties and responsibilities formed the main criteria for admission into public service and subsequently, salary scale. As such, an officer who possesses good academic qualification is expected to demonstrate better skills, knowledge and ability in job performance. This aspect of competency, however serves as the foundation to determine salary level including the complexities of task. In practice, competency dimensions are applied indirectly and in a less formal way. The demonstration of competency in job performance remains important but is not measured objectively for reward and development.

In the late 19th century, the notion of competency, merit and performance had gained currency. Due emphasis on these criteria were highly expected to produce a competent workforce and outstanding performance in the public sector. Under the influence of PMS, a new dimension of merit pay system known as the NRS was introduced in 1992. The NRS advocated a formal procedure known as performance appraisal and annual work target. This mechanism was designed to measure employees' performance in an accurate and objective way. Employees' performance determined their eligibility to receive horizontal, diagonal, vertical or static salary

progression (PSD, Service Circular 4, 1992, p. 1). Based on the quota system, this Matrix Salary Schedule (MSS) was imposed on all service groups except for those in the premier grade post and special grade (JPA Pekeliling Perkhidmatan Bil 9, 1991, p. 4).

As far as performance appraisal is concerned, the formulation of five types of appraisal forms was designed in accordance with the officers' roles and responsibilities. The assessment was based on various categories, namely personal and service particulars, awards and commendation, language proficiency, training and seminar, discussion and guidance, suitability of placement, the setting of annual work targets, activities and contribution, work output, knowledge and skill, personal qualities, inter-personal relationship and cooperation, potential and finally, total marks (PSD Service Circular 4, 1992). Apart from performance appraisal, annual work target was implemented to set an annual job planning with specific goals and objectives. Similar to the UK approach, the framework of performance appraisal in Malaysian public sector emphasized more on output by focusing on job functions. This approach indeed helped to identify variables needed for successful job accomplishment.

Table 1.1 represents data summary of performance and competency development in three different countries, namely US, UK and Malaysia. It is worth noting that the approach adopted by each country is flexible and changes accordingly. Indeed, many countries have implemented a mixed method in personnel assessment, combining both performance and competency elements.

Table 1.1: Performance and Competency Development in Three Countries

Reform Styles/ Countries	United States of America	British	Malaysia
1. Formal application of performance appraisal in pay practices	1970s	1980s	1990s
2. The existence of competency framework in public sector management	Late 1970s	Late 1980s	Late 1990s
3. Origin of Ideas	Public Sector	Private	Private
4. Areas included in the application of Competency-Based Management (CBM)	Pay and reward, promotion, training and development	Pay and reward, promotion, training and development	Pay and reward, promotion, training and development
5. Approach Adopted	Input-Based (Behavioural)	Output-Based (Non-behavioural)	Mix of both approaches

1.2.4) Competency-Based Performance Assessment System under the Malaysian Remuneration System (MRS), 2002-2010.

Year 2002 heralded a significant shift in compensation practice with the implementation of Malaysia Remuneration System (MRS). The MRS retained the old structure, with some new features. This reform and improvement comprised of four important components. Firstly, it introduced improvement of service conditions; secondly, modification to the salary structure allowance and prerequisites, thirdly, improvement of career development, and finally, assessment of competency levels (CLA). Overall implementation of the MRS was aimed at improving the ability of the public service in attracting, developing and retaining employees with the right calibre, inculcating a culture of continuous learning and developing knowledgeable workers in the public service (JPA, Pekeliling Perkhidmatan bil.4, 2002).

A significant increase in the usage of competency framework can be seen in the implementation of CLA. Development of knowledgeable workers is possible through the application of this framework. Employees' performance, in turn, was contingent upon competency assessment. In this regard, the CLA was expected to produce a fair, transparent and objective assessment, to encourage continuous self-improvement through knowledge and skill acquisition. The CLA was developed and implemented along with the PA and AWT. All these three elements worked hand in hand in the process of evaluation. This was to determine the employees' eligibility for salary progression, promotion, training and development.

The performance appraisal system is an assisting tool in competency assessment. It serves several purposes. Firstly, it helps employees on career advancement. Secondly, it offers more opportunity for promotion. Thirdly, it determines the eligibility for salary movement. Finally, it establishes a just system that acknowledges the staff by giving out awards. In addition to that, the performance assessment is also important for identifying the needs for training and providing counselling services for those who want to improve their job performance (JPA Pekeliling Perkhidmatan 4, Lampiran A2, 2002). In this regard, some basic principles have been reformulated for a transparent, just and objective evaluation system.

The refined version of MRS introduced a new format of performance appraisal. The new form of annual performance appraisal was designed in accordance with different service groups. This new format has standardized criteria for assessment and is the combination of both formats of annual work target and performance report (JPA Pekeliling Perkhidmatan 4, Lampiran A2, 2002). The format of performance assessment consisted of five different forms, based on the

civil service group classification. The performance appraisal was applicable to all service groups including the premier and special grade. The assessment used likert-scaling method from one until ten and is divided into five sections.

The whole process of performance appraisal involves two assessors. Both assessors must have work relations with the person appraised to ensure an objective and close supervision. The strength of performance appraisal depends on the vital role played by the first and second assessor. Since annual work target has been incorporated with the performance appraisal, each division must design specific activities and projects as benchmarks to evaluate an employees' performance. The first assessor must identify the job scope, programme and division strategy for goal attainment, which is significant for mutual expectation from both sides. Subsequently, the work adjustment between the first assessor and appraisee should be observed by the second assessor in accordance with the annual work target (JPA Pekeliling Perkhidmatan 4, Lampiran A2, 2002). Careful observation and even closer scrutiny are essential in order to build an accurate and objective performance assessment. Therefore, the annual work target which is next to the performance appraisal must be realistic, specific and evaluative. The setting should at least contain one quantifiable performance indicator such as quantity, quality, time or cost.

Annual work target is important for annual planning and systematic work accomplishment at the end of the year. Head of division, the appraised, first and second assessors must pay attention in the preparation and process of execution of annual work target. There are several stages in the implementation of annual work target. These are division annual planning, branch and unit work planning, the setting up of performance appraisal and annual work target, the implementation, mid-year

review and finally, the actual work accomplished at the end of the year (JPA Pekeliling Perkhidmatan 4, Lampiran A3, 2002).

The last component of assessment is CLA. As a core component of the MRS, the implementation of CLA is meant to upgrade the quality of human resource management. Instructively, CLA is aimed to encourage and enhance integration between knowledge and skill, to inculcate positive personal character in work ethics, to encourage self-development by continuous learning and to realize the vision in becoming a 'learning organization' in the public sector in order to reach the objectives of a 'knowledge-worker' (Abdul Wahab, 2003, pp. 2-4). The assessment of competencies is done on the basis of job analysis and task analysis. National courses, examination, and other courses are designed based on employees' service schemes. For examination purposes, assessment methods such as essays, multiple choices questions, observation and oral examination are conducted.

There are two types of competencies, namely generic competency and functional competency. Generic competency is concerned with the level of knowledge, skill and personal attributes. Here it consists of two divisions, namely core-competency and professional competency, and each one has its own specific elements. Core-competency encompasses all personal attributes and values such as discipline, integration, transparency, justice and accountability. Professional competency is based on knowledge and skills such as leadership quality, effective team work, communication and individual credibility. Likewise, functional competency focuses on comprehensive criteria in carrying out duties, such as the job scope, such as, specialization in economic management or human resource management (JPA Pekeliling Perkhidmatan 4, Lampiran A1, 2002).

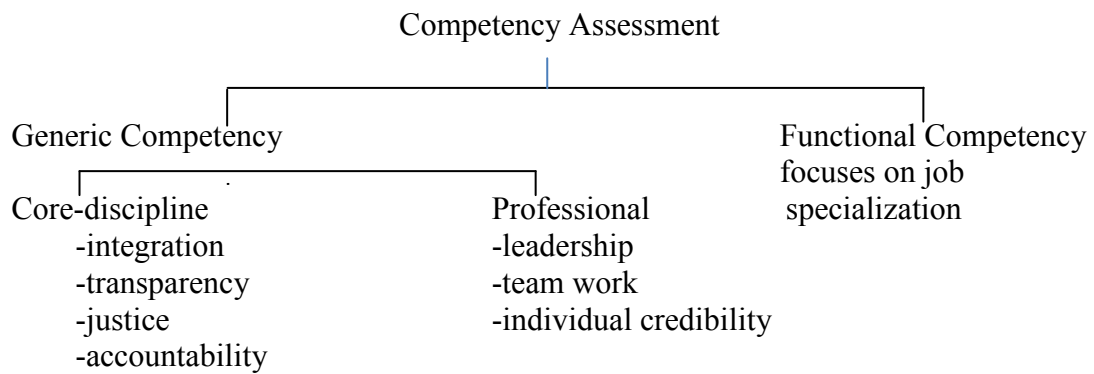


Figure 1.1: Competency Framework. Sources from Public Service Department (PSD)

Generic competency focuses more on motives, traits and self-concept. Meanwhile, functional competency concentrates more on knowledge and skill assessment. According to Spencer and Spencer (1993), generic competency is difficult to be instilled. Instead it's easier to teach knowledge and skills required to do a specific job. Since the Malaysian competency framework seems to focus more on assessment than development, the implementation therefore has become more difficult. Increasing grievances and dissatisfaction among employees has forced the government to improve and modify the structure of competency assessment. The amendment was done in 2009 with the implementation of assessment methods that were more flexible and less exam-oriented. Such improvements, however, failed to produce the desired results. Subsequently, the government abolished CLA after eight years of implementation.

From the performance management perspective, the Malaysian public sector has adopted a mixed model, which combines both performance and competency in its personnel assessment system. It looks at what employees had actually delivered in the past year and how they fare. This type of assessment therefore, embraces both aspects of being result-oriented and development-oriented (Spencer & Spencer, 1993). Credit therefore should be given to the government's consistent effort to

develop and improve the competency framework. Admittedly, this competency development framework has more or less contributes towards a competitive public service. Bureaucrats' performance is much better than they were in the 1980s. In general, this approach is successful in bringing about changes in the public services.

Aside from the positive changes, the drawbacks of the system were also apparent. In practice, the CBPA was more result-oriented rather than development-driven. This explained why problems occurred in the first place. Massive criticism on the system manifested underlying problems that need to be critically addressed. This research therefore is essential to generate a better understanding of the system and produce useful information for future implementation.

1.2.4 (a) The Implementation of Competency-based Performance Assessment System for the Royal Malaysia Police (RMP)

A separate service circular was issued by the PSD on the implementation of MRS for the Royal Malaysia Police (RMP). The service circular number five laid down in details, the execution of MRS in general and personnel assessment in particular, for the police force. Basically, the RMP followed a similar framework of compensation practices as outlined in the service circular 4, 2002. Separate circular for the RMP however, was needed since this federal government agency has a unique structure, job position, scope and duties.

Similarly, the practice of CBPA in the RMP comprises of three related components, namely the AWT, performance appraisal and CLA. The combination of annual work target and performance appraisal in one form is seen as a strategic attempt for accurate and objective performance measurement. The flexibility in the implementation of performance appraisal is ensured, so the criteria for assessment is

subject to change in line with the roles and duties of different units in the police forces.

The competency of the police force is measured based on the CLA. The CLA is one of the methods used to determine annual salary increment and career enhancement of the police forces (Pekeliling perkhidmatanbil 5, PSD, 2002). There are two competency assessment levels; one and two are for appointment grade and three and above are for promotion grade. Table 1.2 presents the competency level assessment assigned in accordance to the position/rank in the police force.

Table 1.2: Competency Level Assessment for RMP

Grade	Position	Competency Levels
Appointment Grade	Constable Inspector Assistant Superintendent of Police	CLA 1 CLA 2
Promotional Grade	Lance Corporal Corporal Sergeant Sergeant Major Sub-Inspector Inspector Chief Inspector Assistant Superintendent of Police Deputy Superintendent of Police Superintendent of Police Assistant Commissioner of Police Senior Assistant Commissioner of Police II Senior Assistant Commissioner of Police I	CLA 3 and above

Sources from, Public Service Department (PSD) Service Circular 5, 2002

Similar to other service schemes, the execution of CLA in RMP follows several methods such as examination and course. Method of assessment for the CLA 1 is examination and national courses. CLA 2 for assistant superintendent of police is

in the form of examination. Meanwhile, the assessment level for assistant superintendent of police to senior assistant commissioner of police I is CLA 3 and above. The format for this is attending course, instead of a paper-based examination. Lower group officers from constable to chief inspector are eligible to sit for competency assessment level two and three which are in the form of examination. The course is available once they reach CLA 4 and above.

Though separate service circular was issued for the RMP, the overall goals of personnel assessment system remained the same. The implementation of CBPA was aimed to encourage continuous self-development and career improvement through knowledge and skill acquisition. On top of all this, it is highly hoped that personnel assessment system induces better job performance among police force.

1.3) Statement of the Problem

The practice of CBPA suffered criticism after years of implementation. The CLA in particular, has produced unintended outcomes, frustration and demoralised government employees at large (Savarimothu, 2004 & Siddique, 2010). Moreover, undesired feedback on the implementation of AWT and performance appraisal were also evident. Employees' resentment is worrisome since compensation practice largely influences employees' behaviour in a variety of ways (Wallace & Fay, 1998, p. 20).

Perceived unfairness was noticeable since the MRS established a weak relationship between pay and performance (Norhaslinda, 2012, p. 98). Basically, the implementation of AWT, performance appraisal and CLA suffered from unjust distribution, inconsistent procedure and inaccurate method of assessment (Ambikapathi, 1998; Savarimothu, 2004; Dev Kumar, 2005; Rusli and Surena, 2006;