

RATER/RATEE PERCEPTIONS OF ACCURACY OF PERFORMANCE APPRAISAL SYSTEM IN INDIAN RAILWAYS: A STUDY

Sandhya Pal

Abstract: Evaluation of effectiveness of Performance Appraisal system has attracted the attention of researchers across the world for its inherent potential to activate the human resources in all type of organizations. The effectiveness of performance appraisal system will be jeopardized if the appraisal system fails to focus the true picture of performance of the employees. This study postulates that the performance appraisal system will be effective to the extent that the managers and subordinates have shared perceptions about the accuracy and satisfaction of the appraisal system. The purpose of this study is to evaluate the perceptions of both the raters and ratee about the accuracy of performance appraisal system in Indian Railways. Indian Railways follows a structured performance appraisal system where the employees are evaluated by his direct officer and reviewing officers belonging to higher grade. This is studied based on the perception of 272 supervisors (ratees) and 53 officers (raters) that the appraisal system is not accurate enough. The mean responses of the rater and the ratee relating the items that the appraisal system is satisfactory and helps to improve superior- subordinate relationship significantly differ at 5% level of significance.

Key words: Performance appraisal, Raters/ratees' role in Performance Appraisal, Rater/Ratee's perception and Performance appraisal accuracy.

INTRODUCTION

For decades performance appraisals have been a much discussed and studied organizational practice. An effective performance appraisal system can provide the organization, the manager, and the employee with a plethora of benefit. But formulating objective performance measures that are both valid and reliable is not an easy task. As a result, the researchers concentrate more on performance appraisal procedures rather than the performance measurement. An appraisal system to be effective must be reliable, practical, acceptable to both the raters and ratees, and capable of discriminating effective from ineffective performers (Cascio 1987). The participants' acceptance of an organization's performance appraisal system is considered as an important factor for evaluating the effectiveness of an appraisal system. According to Keeping and Levy (2000) employee reactions toward performance appraisal may be considered important for a number of reasons. First, reactions are of great interest to practitioners. Second, while reactions have been theoretically linked to determinants of performance appraisal success and acceptance they have been overlooked in the research.

So researchers have started to investigate factors which influence employee reactions to performance appraisal

systems because if the ratees are dissatisfied with the appraisal system or perceive it as unfair, they will be less likely to use evaluations as feedback to improve their performance and such dissatisfaction with appraisal procedures could potentially lead to decreased motivation, and feelings of inequity. Landy, Barnes, and Murphy (1978) showed that supervisors' knowledge of subordinates' performance level and job duties are significantly related to subordinates' perceptions of fairness and accuracy in the appraisal process. As the user of performance appraisal feedback the perception of the raters is also one of the key factors of an appraisal system. Government organizations are typically run at the highest levels by the elected officials; as a result the organizations move slowly and are less innovative than the private sector. But it is understood that in a competitive and globalize market, organizations can only compete with their rivals by innovating and organizations can be innovative by managing their human resources well. The human resource system can become more effective by having a valid and accurate appraisal system used for rating performances of the employees. Unfortunately, the number of public organizations using a good performance appraisal system is narrowly bordered.

LITERATURE SURVEY

A. Performance Appraisal :

Performance Appraisal is increasingly considered as one of the most important human resource practices (Boswell and Boudreau 2002). It is also stated as one of the most problematic components of human resource management because if performance appraisal is not designed properly it may have negative influence on the employee-supervisor relationship. In spite of the problems associated with the appraisal process being well documented, they continue to frustrate both academics and practitioners alike (Bernardin & Klatt, 1985). This is because of the facts that the appraisal process can provide managers with a useful communication tool for employee goal setting and performance planning, increase employee motivation and productivity, facilitates discussions concerning employee growth and development, provide a solid basis for wage and salary administration and provide data for a host of human resource decisions (Mohrman, 1989). Employee performance ratings serve as inputs to performance-based feedback and administrative decisions relating to promotion, training, and salary increases (Pearce and Porter 1986; Erdogan, Kraimer and Liden 2001). So proper attention must be given on designing an effective appraisal system as it is characterized as the most widely debated, talked and written about and confused research area in human resources in the history of people management (Wright, 2002). Designing an effective performance appraisal system is one of the most difficult tasks as there is no such thing as an "ideal" appraisal format and system. So every organization needs to design an appraisal instrument and process that supports the organizational goals that it wishes to accomplish (Greenberg, 1986). It is studied that having a technically sound appraisal system and procedure is no guarantee that an organization's appraisal process will be effective (Wright, 1985). If employees and raters do not accept the appraisal system, the system will be ineffective irrespective of its degree of technical soundness. Therefore, there is a general consensus among performance appraisal researchers and practitioners that assessment of appraisal reactions is important (Keeping and Levy, 2000).

B. Raters/Ratees' role in Performance Appraisal

Managers' and subordinates' attitudes toward performance appraisals and expectations play a significant role in achieving effectiveness of performance appraisal (Daley, 1990). Rater and ratee understanding of the appraisal process has been shown to be essential to the successful implementation of a performance appraisal system (Casio 1987, Landy and Trumbo 1980; Martin and Bartol 1986). Another research also supports the view that participants' acceptance of an organization's performance appraisal system is perceived to be a critical factor in appraisal effectiveness (Ash, 1994). As the user of performance

appraisal feedback the perception of the raters is one of the key factors of an appraisal system. Top officials must publicly commit to the program by devoting sufficient resources to it and by modeling appropriate behavior, and managers need to be convinced that the system is relevant and operational (Berman et al., 2006).

Raters' knowledge about the performance of their subordinates is considered as a necessary precondition for improving the rating accuracy. Subordinates' perceptions of fairness and accuracy in the appraisal process are significantly related to that officers should have knowledge of subordinates' performance level and job duties. Folger et al. (1992) studied that the participants emphasized the need for raters to be familiar with their ratees' work responsibilities and to frequently observe and record their performance during the appraisal period. Whitla and Tirrell(1954) and Guion(1965) cautioned against the use of raters from distant organizational levels: ". . . an immediate supervisor is better qualified to accurately appraise performance than is his superintendent or department manager, they are too far removed from the person being rated". The wisdom of this caveat has been empirically verified by several studies (Berry et al. 1966, Borman 1974, Gunderson et al. 1966) which report unsatisfactory inter-rater agreement on performance ratings assigned by raters from different organizational levels. Raters from different organizational levels may have different perceptions of the implications of the same ratee behavior for job or organizational outcomes or respond to different aspects of the same ratee's behavior (Borman, 1974).

RESEARCH ISSUES

Indian Railways is one of the largest public sector organizations in the world. It is the largest public sector employer of our country. The Railway management is accountable to parliament for achieving the financial targets envisaged in the budget for realization of revenues and restricting the disbursement of moneys and adjustment of expenditure within the authorized limits. Although Indian railways enjoy monopoly in railway transport are now facing challenges from road- ways traffic. The organization also facing the problem of continuous rise in employee cost in spite of decrease in total employee strength. To meet these challenges Indian Railways need to improve the efficiency of the organization by attempting to mobilize the best possible efforts from individuals employed in it. The implementation of an objective and purposeful performance appraisal procedure should help to fulfill the purpose of optimizing the crucial human element aspect. Performance Appraisal is a year-end exercise in Indian Railways which provides vital input for further advancement in career. The reporting officer puts his comments on various items in the appraisal form and

finally gives the grading like “outstanding”, “Very Good”, “Good”, “Average”, “below average” and which is finally reviewed by the reviewing officer who is not a direct supervisor of a ratee. A performance appraisal system may fail to serve its purposes irrespective of its technical soundness unless the participants are satisfied with the appraisal system. Hence participants’ acceptance is perceived to be a critical factor in appraisal effectiveness. The objective of this study is to evaluate the perceptions of both the rater and the ratees about the performance appraisal system in Indian Railways and to hypothesize whether there is any significant difference between the perception of the raters and ratees about the accuracy/ effectiveness of present appraisal system followed in the organization.

RESEARCH METHODOLOGY

Data were collected through questionnaire from 272 supervisors who are the ratees and 53 officers who give rating to the supervisors both direct officers and reviewing officers. Data were collected from the head quarter and

some divisions of South Eastern Railway due to time constraints. In the first part of the questionnaire, demographic data such as age, gender, and educational qualification, number of years in the present post and in the organization were collected. In the second part of the questionnaire respondents were asked to state their opinion on eight items related with the accuracy and satisfaction with performance appraisal system. The perceptions were measured on a five point likert scale ranging from 1(Strongly agree) to 5(strongly disagree). The Cronbach Alpha is .869 which reveals that scale is highly reliable. The data are analyzed with the statistical tool using SPSS 17.

RATER/RATEES’ PERCEPTIONS

The table 1 represents the perception of both the rater and the ratees on the questionnaire items. The table shows the reactions of the respondents in percentage. It is observed that majority of both the raters and ratees do not fully agree with most of the items in the questionnaire.

Table No. 1

items	Strongly agree+ Agree (%)		Neither Agree nor Disagree (%)		Disagree+ Strongly disagree (%)	
	rater	ratee	rater	ratee	rater	ratee
All the raters have good knowledge of ratees’ performance	55	46	19	10	26	44
The raters are properly trained about how to evaluate the performance	47	49	21	27	32	24
Raters are made accountable to justify the rating given in the appraisal	49	38	19	29	32	33
Raters spend sufficient time on appraisal interview while discussing performance feedback	39	48	21	17	40	35
Raters are open and honest in discussing the performance with employees	40	29	17	16	43	55
The appraisal system is satisfactory	43	37	24	21	33	42
The appraisal system is worthwhile	45	33	30	29	25	38
Performance appraisal system helps to improve superior- subordinate relationship	73	29	4	36	23	35

The perception of the ratees about accuracy of appraisal system is lower than the raters. It is to be noted that only 39% raters fully agreed that raters spend sufficient time on appraisal interview while discussing performance feedback and only 29% ratees fully agreed that the appraisal system helps to improve superior- subordinate relationship. It is studied that Appraisal satisfaction and effectiveness from the perspective of the ratee in an international context has been found to increase when the ratee has regular communication and a positive relationship with the rater (Milliman, Nason, Zhu & De Cieri 2002).

Palmer and Feldman (2005) found that accountability increase the appraisal accuracy by reducing magnitude

of appraisal errors. Here only 38% ratees and 49% raters fully agree that raters are made accountable to justify the rating given in the appraisal. Only 46% ratees and 55% raters fully agree that raters have good knowledge about their performance. But the rating given by a rater without knowledge of ratees' performance can not reflect the true performance of a ratee.

Table No. 2 represents the summary of means and standard deviations of both the raters and ratees.

Table No. 2

items	mean		Standard deviation		Sig. (2-tailed)
	ratees	raters	ratees	raters	
All the raters have good knowledge of ratees' performance	2.64	2.76	1.076	1.012	.437
The raters are properly trained about how to evaluate the performance	2.77	2.93	1.050	1.083	.334
Raters are made accountable to justify the rating given in the appraisal	2.85	2.90	1.045	1.139	.743
Raters spend sufficient time on appraisal interview while discussing performance feedback	3.04	3.35	1.126	1.114	.061
Raters are open and honest in discussing the performance with employees	2.92	3.08	1.141	1.167	.360
The appraisal system is satisfactory	2.83	3.11	1.014	1.037	.068
The appraisal system is worthwhile	2.70	3.08	.952	1.042	.014
Performance appraisal system helps to improve superior- subordinate relationship	2.32	2.95	1.123	1.217	.001

To test whether the difference between mean values of raters and ratees are significant an independent-t test was done at 5% level of significance. The sig (2-tailed) values are also shown in table 2. The mean values of most of the items are greater than 2.5 implies that the respondents think the present appraisal system is not highly accurate. This is studied that regarding most of the items in the questionnaire both the raters and the ratees do not fully

agree that the appraisal system is accurate as there are no significant difference in the mean values of the respondents. The mean values of the rater and the ratee relating the items that the appraisal system is worthwhile and helps to improve superior- subordinate relationship significantly differ. But an appraisal system will not be effective unless both the raters and ratees are satisfied with the appraisal system.

LIMITATIONS AND CONCLUSION

This scale could be used to diagnose the effectiveness of performance appraisal systems in other public sector organizations. The limitation of this study is that the study considered eight items to evaluate the accuracy of the existing performance appraisal system. Another limitation is that it considered the perceptions of the staff of South Eastern Railways only. The researchers may contribute various other factors which are related with effectiveness of performance appraisal system. In conclusion, this study revealed that the present appraisal system should be improved by increasing the rater- ratee interaction to get the optimum benefit from the existing performance appraisal system. As per the order of the court as the annual confidential report is no more confidential so raters should spend sufficient time to the ratee while discussing the performance feedback explaining how and why a particular grade is given to a ratee. In Indian railway the rating is given by the immediate officer and finally reviewed by the reviewing officer who is not a direct officer of the ratee. This is very much required that all the raters should openly and honestly discuss with the ratees about their performance irrespective of the grade given to a ratee. This may improve the relation between the rater and the ratee and accuracy of a performance appraisal system.

REFERENCES

1. Ash, A. (1994). Participants' Reactions to Subordinate Appraisal of Managers: Result of a Pokot, *Public Personnel Management*, 23, 237-256.
2. Berman, E., Bowman, J., West, J. & Van Wart, M. (2006). *Human Resource Management in Public Service*, Thousand Oaks, CA: Sage
3. Bernardin, H. J. & Klatt, L. (1985). Managerial appraisal systems: has practice caught up to the state of the art? *Personnel Administrator*, November 79-86.
4. Berry, N. H., Nelson, P. D. & McNally, M. S. (1966). A Note on Supervisor Ratings, *Personnel Psychology*, 19, 423-426.
5. Borman, W. C. (1974). The Rating of Individuals in Organizations: An Alternate Approach, *Organizational Behavior and Human Performance*, 12, 105-124.
6. Borman, W. C. (1974). The Rating of Individuals in Organizations: An Alternate Approach, *Organizational Behavior and Human Performance*, 12, 105-124.
7. Boswell, W. R., Boudreau, J.W. (2002). Separating the development and evaluative performance appraisal uses, *Journal of Business and Psychology*, 16, 391-412.
8. Cascio, W. F. (1987). *Applied Psychology in Personnel Management*, 3rd ed, Englewood Cliffs, NJ: Prentice-Hall.
9. Cascio, W. F. (1987). *Applied Psychology in Personnel Management*, 3rd ed, Englewood Cliffs, NJ: Prentice-Hall.
10. D.M. Daley, (1990). The Civil Service Reform Act and Performance Appraisal: A Research Note on Federal Employee Perceptions. *Public Personnel Management*, 19 (3), 245-251.
11. Erdogan, B., Kraimer, M.L. & Liden, R.C. (2001). Procedural Justice as a Two-Dimensional Construct: An Examination in the Performance Appraisal Context, *Journal of Applied Behavioral Science*, 37(2), 205-222.
12. Folger, R., Konovsky, M.A. & Cropanzano, R. (1992). A Due Process Metaphor for Performance Appraisal, *Research in Organizational Behavior*, 14, 129-177.
13. Greenberg, J. (1986). Determinants of perceived fairness of performance evaluations, *Journal of Applied Psychology*, 71, 340-342.
14. Guion, R. M. (1965). *Personnel Testing*, New York: McGraw- Hill.
15. Gunderson, E. K. E. & Nelson, P. D. (1966). Criterion Measures for Extremely Isolated Groups, *Personnel Psychology*, 19, 67-82.
17. Keeping Lisa, M. & Levy Paul, E. (2000). Performance Appraisal Reactions: Measurement, Modeling, and Method Bias. *Journal of Applied Psychology*, 85 October, 708-23.
18. Keeping, L.M. & Levy, P. E. (2000). Performance Appraisal Reactions: Measurement, Modeling and Method Bias, *Journal of Applied Psychology*, 85(5), 708-723.
19. Landy, E. F., Barnes, J.L. & Murphy, K.R. (1978). Correlated of Perceived Fairness and Accuracy of Performance Evaluation. *Journal of Applied Psychology*, 63, 751-754.
20. Landy, F.J. & Trumbo, D.A. (1980). *Psychology of Work Behavior*, Homewood, Ill.: Dorsey,
21. Martin, D.C. & Bartol, K.M. (1986). Training the Raters: A Key to Effective Performance Appraisal. *Public Personnel Management*, 15(2), 101-109.
22. Milliman, J., Nason, S., Zhu, C., & De Cieri, H. (2002). An exploratory assessment of the purpose of Performance Appraisal in North & Central America and the Pacific Rim, *Asia Pacific Journal of Human Resources*, 40(1), 87-107.
23. Mohrman A.M., Resnick, Jr. S.M.-West & Lawler, E.E. (1989). *Designing performance Appraisal System*, San Francisco, Jossey Bass, Inc.

24. Palmer, J.K., & Feldman Jack, M. (2005). Accountability and Need for Cognition Effects on Contrast, Halo, and Accuracy in Performance Ratings. *Journal of Psychology*, 139(2), 119-137.
25. Pearce, J. L. & Porter, L.W. (1986). Employee Responses to Formal Performance Appraisal Feedback, *Journal of Applied Psychology*, 71(2), 211–218.
26. Whitla, D. K. & Tirrell, J. E. (1954). The Validity of Ratings of Several Levels of Supervisors,” *Personnel Psychology*, 6, 461-466.
27. Wright, D.T. (1985). The Split Role of Performance Appraisal, *Personnel Administrator*, 30 (5), 83-87.
28. Wright, R. (2002). Perceptual Dimensions of Performance Appraisal Management Systems in the Eyes of Different Sample Categories, *International Journal of Management* 19(2), 184-193.



Assistant Professor in Commerce
Prabhu Jagatbandhu College (Affiliated to University of Calcutta), Andul- Howrah
E-mail: sandhyaghosh@rocketmail.com