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## New Public Management Model and Performance Appraisal System



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### Synonyms

[NPM model](#); [Performance appraisal system](#);  
[Public sector management](#); [Reforms](#)

### Definitions

1. **Performance appraisal system:** Is a human resource management system designed to evaluate the performance of the employees in an organization.
2. **Public sector reforms:** These are actions taken by the government to reengineer the public service delivery in order to bring efficiency and effectiveness in the operations of the public service.

### Introduction

Globally, the public sector in many developing countries has been under a great deal of pressure post global financial crisis period. Resultantly, most countries have embarked on public sector reforms so that the efficiency and effectiveness of the public sector can be significantly improved. In most countries, the public sector has gone restructuring, reorganization, rationalization, and optimization (Baruch et al. 2014). One aspect of the reform process is the improvement of the performance appraisal system to remove “dead wood” and encourage more hardworking civil servants to provide better public service delivery.

In the current competitive world of business, human resources is one of the key resources that can help to determine the success or failure of an organization (Mensah and Seidu 2012). Within the field of human resource management, performance appraisal system is an essential tool for effective evaluation, staff development, and management of employees. Performance appraisal system is the most debatable and detested field of human resource management studies (Dessler 2011; Pedrini 2016).

The paper is based on the primary survey of 112 civil servants who are currently working in Fiji’s public service and explores their perception

on the new performance appraisal system implemented in the public service after the year 2012. In order for any performance appraisal system to be perceived as “fair,” it must be free from bias. More specifically, this paper focuses on two issues of the performance appraisal system, namely, (1) “rater/supervisor errors” and (2) “ratee/employee expectation.” The New Public Management (NPM)-driven reforms in the Pacific Island countries seek to align the performance appraisal system in the public sector to meet the objectives of the performance appraisal system in the private sector.

There are two reasons why this study needs to be conducted. First, there are a number of studies conducted on performance appraisal system in the large developed and developing countries (Rego et al. 2010; Thurston Jr and McNall 2010). However, there is scant documentation on the performance appraisal system in the context of small island developing countries. This paper contributes to the existing literature on the performance appraisal system in the small island developing countries. Second, this study confirms that the New Public Management (NPM) tools of performance appraisal reforms have been ineffective in the case of the Fiji Islands because there are still evidences of biasness and errors in the performance appraisal system of the public service.

This paper is divided into seven subsections. Section “[Background of the Performance Appraisal System in Fiji’s Public Sector](#)” provides the background of the performance appraisal system in the public sector of the Fiji Islands. Section “[The NPM Model and the Performance Appraisal System Reforms](#)” outlines the theoretical background related to the literature on the performance appraisal system. Section “[Literature Review](#)” reviews the existing literature. Section “[Research Findings and Discussions](#)” presents and discusses the research findings. Sections “[Practical Implications of This Paper](#)” and “[Theoretical Implications of This Paper](#)” presents theoretical and practical implications of this paper. Section “[Conclusion](#)” presents conclusion and directions for future research. The next section will provide

background of the performance appraisal system in Fiji’s public sector.

## **Background of the Performance Appraisal System in Fiji’s Public Sector**

There are numerous areas where reforms have been implemented in the Pacific Island countries. Some of these areas include privatization of state-owned enterprises, tax reforms, human resource management reforms, policy reforms, and governance system reforms. One of the key aspects of reforms in the area of human resource management is the reform of the performance appraisal system. In the year 1980, Fiji government began to dismantle state control via public sector reform policies so that a sustainable future can be secured for all Fijians. These reforms were mainly aimed at improving the effective utilization of the public funds by improving the allocation of public funds between current and capital expenditures. Prior to the year 2012, the Fiji public service had used an old underdeveloped performance appraisal system, and this was known as the “annual confidential report” (ACR), whereby supervisors used to write a confidential report about the employee. Unfortunately, employees were not given a chance to participate nor see the report.

Moreover, the ACR was filled by the supervisors (raters) without any feedback from the employees who were being reviewed. In the old system, employees received automatic pay increments until they reached the top of their salary scale. In the year 2012, as part of Fiji’s public sector reform process, a new performance appraisal system known as “annual performance appraisal” (APA) was introduced in Fiji for the first time. This new annual performance appraisal system stopped the old practice of automatic pay increments and introduced a new system of merit-based pay.

Moreover, there are a number of objectives of implementing a performance appraisal system. The first objective is to ensure that the performance appraisal system is more transparent and employees can determine the areas

where improvements are needed. The second objective is to measure employee performance and implement measures to improve employee performance (Aguinis et al. 2011). The third objective is to compensate and promote employees based on merit. Employees who are committed to the goals and objectives of the organization should be promoted and recognized as compared to their counterparts. It is intriguing to know whether the new APA system meets this objective of a good performance appraisal or not.

The next subsection will review the NPM model and the performance appraisal system reforms.

### **The NPM Model and the Performance Appraisal System Reforms**

There are a number of studies that have applied the NPM model to the reform process, but there are only a handful of studies that have applied the NPM model to examine performance appraisal system reforms (Aguinis et al. 2011; Bednall et al. 2014). In the recent decade, performance appraisal system reforms have been one of the key components of the public service delivery. Employees are the core machinery behind the delivery of the public services, and the performance appraisal system captures their yearly or biyearly performance in one exercise that happens in a few hours' time (Grote 2002; Scholtes 1993).

To date, none of the existing studies has examined the procedure involved in reforming the performance appraisal system in different geographical settings. The New Public Management (NPM) model is a generic model that has been continually applied for reforming the public service in the developing countries. Some countries have effectively embraced this model and were flexible in applying this model, while the rest of the countries applied this model to public sector reform process to please the donor agencies (Lane 2002; Naidu 2018).

Taking a look at the history, the idea about the New Public Management was introduced by the academics in the UK and Australia (Pollitt and Bouckaert 2004). One of the distinguishing features of the New Public Management was to use the private sector management styles in the public sector with the aim of improving the public service delivery (Kaboolian 1998). For instance, in the case of the private sector, the production decisions should be capitalized on the customers, whereas in the public sector, these decisions should be capitalized on the citizens of the country as the government seeks to serve the citizens of a nation (Christensen and Lægread 2001; Green-pedersen 2002).

The term New Public Management was coined by Christopher Hood (1989) to extensively stress on the importance of implementing the private sector reengineering process to the operations of the public sector (Pollitt 1993). The sudden emergence of changing the operations of the public to more like private sector generated wave of discussions among the academics, policy makers, and practitioners. It has been noted that the term New Public Management is usually confused with the movements of New Public Administration that was evident in the USA during the 1960s and 1970s. A number of studies have noted that though there may be some similarities between the two approaches, there are evidences of significant differences, and these terms should not be used interchangeably (Hood 1991).

One of the basic premises of the NPM model is to adopt the private sector management style to the public sector (Diefenbach 2009). Surprisingly, most of the studies that have been conducted on the NPM model are mostly related to some of the elements of the NPM model with lack of emphasis on how these elements are applied to the management of public services. Slater (1998) and Daniels (1989) argued that the performance management system within the context of the private sector is a systemic data management approach that tries to implement synchronous procedures that link the performance appraisal to the factors that motivate employees and supervisors and encourage them

to improve their productivity. Applying the NPM model to the implementation of the performance appraisal system in the public sector implies that the adoption of the performance appraisal system in the public sector should be driven by the private sector principles of fairness and equity (Aucoin 1990; Radnor and McGuire 2004).

One of the primary objectives of driving the performance appraisal reform efforts based on the NPM model in the developing countries is to ensure that organizational outcomes of high employee motivation and morale, and growth in organizational productivity, could be achieved (Andrews and Van de Walle 2013). One of the common ways how the performance appraisal system can lead to the achievement of organizational outcomes is that it should be perceived to be fair and free from errors (Cappelli and Conyon 2018). The human resource managers in the private sector ensure that the performance appraisal system in the private sector is continually improved to ensure that both employees and supervisors feel that the performance appraisal system is free from bias and errors (Madison et al. 2018).

Most studies on performance appraisal in the private sector have applied eight criteria to determine the supervisor errors. These seven errors are (1) halo effect, (2) leniency error, (3) similarity effect, (4) horn effect, (5) behavioral effect, (6) mood effect, and (7) rater accountability. Similarly, studies have used four ratee expectations to examine the ratee reactions to the performance appraisal process. These include (1) employee participation level, (2) feedback, (3) merit based, and (4) financial rewards and promotion.

This study seeks to apply these criteria to assess whether the new annual confidential report (ACP) was able to achieve its objective of making the performance appraisal system fair and objective. One of the basic objectives of the NPM model is to implement the private sector management styles in the public sector in order to improve the employee performance and increase productivity and innovation of the public service (Hood 1991). This paper will shed light on whether the NPM-driven reforms related to enhancing the quality of the performance

appraisal system will make it error-free and remove the biasness from the performance appraisal system.

## Literature Review

Globally, in the last two decades, there has been a renewed interest by academics on the topics of performance appraisal system in most countries. As a result, there is extant literature on performance appraisal system in both developed and developing countries, though there is limited literature on the small island developing countries (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George 2001; Levy and Williams 2004; Posthuma and Campion 2008; Mensah and Seidu 2012; Naidu and Chand 2014a, b; Naidu et al. 2014). According to Mensah and Seidu (2012), there are possibilities of biasness and errors in the performance appraisal system. Two of the most studied aspects of the performance appraisal system are the “rater/supervisor errors” and the “ratee/employee’s expectation” (Levy and Williams 2004; Mensah and Seidu 2012). The aim of this paper is to examine the prevalence of errors and biases in the new performance appraisal system implemented in the public sector in Fiji. To answer this research question, studies that are based on these two aspects of the performance appraisal system will be thoroughly examined.

### Literature on Rater/Supervisor Errors

The “rater error” refers to the problems/biasness created by supervisors when conducting performance appraisal for their subordinates. In most cases, raters/supervisors are usually blamed for the errors and distorting the objectivity of the performance appraisal system. A lot of researchers have looked at the “rater effect” and how raters can affect the outcome of performance appraisal system (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George’s 2001; Levy and Williams 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These researchers have identified a number of rater errors and these are as follows:

### Halo Effect

The first common rater error is the “halo” effect (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George 2001; Levy and Williams 2004; Mensah and Seidu 2012). Halo effect is when a supervisor gives “good” rating to an employee albeit the employee’s performance is “bad.” This halo effect is normally present in cases where supervisors “like” and are “friend” of the employees (Mensah and Seidu 2012). Furthermore, Lefkowitz (2000) states that halo effect takes place when there is “good interpersonal relationship” between supervisors and employees. Moreover, Levy and Williams (2004) argue that halo effect may take place when a supervisor sees “one good characteristic” of employees affecting his/her perception of them, in which other possible bad qualities of employees are not taken into account. Furthermore, this halo effect can also occur when a supervisor does not assess all the tasks of an employee (Lefkowitz 2000; Mensah and Seidu 2012).

### Leniency Error

The second common rater error is the “leniency” error (Bernadin et al. 2000; Tziner and Kopelman 2002; Mensah and Seidu 2012). Leniency error is when supervisors are “lenient” and give “good” rating to employees although the employee’s performance is “bad” (Jawahar and Williams 1997; Bernadin et al. 2000; Tziner and Kopelman 2002; Mensah and Seidu 2012). These studies found that most supervisors give lenient rating to employees because they do not want to spoil their future working relationship with an employee. Furthermore, Jawahar and Williams (1997) found that performance appraisal ratings are more lenient when they are aimed at employee’s development purposes.

### Similarity Effect

The third common rater error is the “similarity” effect. The “similarity” effect is when supervisors give “good” rating to employees with whom they are able to associate with (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008; Mensah and Seidu 2012). The similarity effect occurs when raters tend to give

better rating to those subordinates to whom they are easily able to associate themselves based on behavior, personality, or background. For example, this occurs when supervisors and employees are of the same “race,” “gender,” and “religion,” go to the “same church,” and play the “same sports” (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008). Posthuma and Campion (2008) argued that employees might also contribute to this error when they make efforts to prove to their supervisors that their behaviors are similar to their superiors.

### Horn Effect

The fourth common rater error is the “horn” effect (Lefkowitz 2000; Forgas and George 2001; Levy and Williams 2004). Horn effect is the opposite of halo effect, whereby supervisors are “strict” and give “bad” rating to employees even though their performances are “good.” For example, Lefkowitz (2000) argues that some supervisors have tendencies to view negatively all behaviors or actions of employees because he/she dislikes a particular behavior or action of employees.

### Behavioral Effect

The fifth common rater error is the “behavioral effect” (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003). The “behavioral effect” is when a supervisor rating of an employee is affected by employees’ past behavior and not the current performance. Studies have found that some supervisors consider employee’s “past behaviors” and “past reputations” when drawing attributional inferences and deciding on their employee’s ratings. For example, on the one hand, past good behavior of employees tends to receive good rating. On the other hand, bad behavior in the past will taint their current rating even though an employee may have improved his or her performance (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003).

### Mood Effect

The sixth common rater error is the “mood” effect of supervisors (Lefkowitz 2000; Forgas and George’s 2001). On the one hand, supervisors in good mood tend to recall positive information and appraise employee performance, thus having a positive effect on their rating. On the other hand, supervisors in bad mood recall “negative information” and give poor rating to the employees (Lefkowitz 2000; Antonioni and Park 2001). Antonioni and Park (2001) found that “mood” of supervisors is strongly related to rating leniency as compared to traditional top-down ratings. In the past, some studies had assumed that raters were motivated to rate accurately, therefore contributing to “cognitive processing” errors (Levy and Williams 2004).

### Rater Accountability

Finally, the seventh common rater error is the “rater accountability” (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003). Studies by these authors found that supervisors are more likely to distort employee appraisal ratings when they are less accountable to employees for their ratings. On the other hand, supervisors are less likely to distort employee appraisal ratings when they are to be held accountable to employees for their ratings.

### Literature on Ratee Expectation

The “ratee expectation” is another most studied aspect of the performance appraisal system. There are a lot of studies on ratee’s expectation, motivation, and reactions to performance appraisal processes (Campbell et al. 1998; Goss 2001; Mani 2002; Levy and Williams 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These studies have identified what ratee’s expect out of the performance appraisal system and what are the key variables for the effectiveness and success of any performance appraisal system.

### Employee Participation Level

Firstly, the performance appraisal system will be more effective if the appraisal process is

transparent and allows an employee to “participate” in all the stages of the performance appraisal system. This would involve starting from setting the goals to the final stage of the result (Roberts and Reed 1996; Pettijohn et al. 2001; Roberts 2003; Armstrong 2003; Mensah and Seidu 2012). These authors have found that employees would be more favorable to a performance appraisal process which is transparent and allows employees to participate in the design and implementation of the performance appraisal system. Without adequate consultation, participation, explanation, and training, a performance appraisal system will not be effective and acceptable by employees.

### Feedback

Secondly, employees are more likely to support the performance appraisal system if they see the process as a useful source of feedback to help them improve their performance (Mullins 2005; Posthuma and Campion 2008; Mensah and Seidu 2012). These authors have found that in most performance appraisal system, employees are not given adequate or have no feedback on their performance on a regular basis. These authors suggest that in any performance appraisal system, there must be a quarterly (every 3 months) feedback given to employees, so employees are able to improve their performance (Mullins 2005; Posthuma and Campion 2008; Mensah and Seidu 2012).

**Staff Development** Thirdly, employees are more likely to support the performance appraisal system if they see the process as an opportunity for personal staff development and a chance to apply their skills and abilities at work (Posthuma and Campion 2008). An effective performance appraisal system in organizations is imperative as appraisals help develop employees and motivate employees to provide better service delivery to the public (Mensah and Seidu 2012). In other words, these authors argue that a performance appraisal system should be more geared to “staff development” rather than used as a “punitive” measure to punish those who are not performing at a satisfactory level.



### Merit Based

Fourthly, employees are more likely to support and accept a performance appraisal system if they see the process as “merit based,” “objective,” and “fair” (Roberts and Reed 1996; Roberts (2003), Pettijohn et al. 2001; Armstrong 2003; Bohlander and Snell 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These authors argue that a performance appraisal system can become more effective by having an objective, merit-based, and acceptable performance appraisal system. Unfortunately, only few organizations have effective performance appraisal system (Corbett and Kenny 2001; Hennessey and Bernadin 2003; Mensah and Seidu 2012). These authors argue that the performance appraisal system should not only be “fair” but has to be “seen” to be fair. Furthermore, Pettijohn et al. (2001) argued that employee perceptions of fairness are linked to employee motivation and productivity. Similarly, Roberts (2003) highlights that employee participation and acceptance of the performance appraisal system have impact on satisfaction which can lead to increased productivity. Hence, a good performance appraisal system has to be relevant, objective, fair, and satisfactory to both management and employees.

### Financial Rewards and Promotion

Finally, Posthuma and Campion (2008) and Levy and Williams (2004) found that ratees are motivated if the performance appraisal ratings are linked to financial rewards and promotion. Mani (2002) found that merit-based pay systems are acceptable to employees, and there is little evidence to show that all employees who deserve pay increase actually get a pay rise. While pay is linked to employee satisfaction and productivity, few organizations link the performance appraisal system to pay or bonuses in a clear and systematic manner. Furthermore, studies point out that the biggest complaint from employees is that the performance appraisal system is not always fair and does not lead to promotion (Gurbuz and Dikmenli 2007; Posthuma and Campion 2008).

These authors reveal that employees are likely to accept and support the performance appraisal system if they believe that this will lead to pay increase and promotion.

## Methodology

The main aim of this paper was to determine the presence of errors and biases in the performance appraisal system of the public sector. In order to answer this research question, this study used mixed-method approach to collect data for this study. A questionnaire was used to collect data for this study. Two-step procedures were used to identify the civil servants to be studied in this study. The first step involved determining the civil servants who had undergone the performance appraisal process under the new system. And the second step involved interviewing them by using the questionnaires.

Out of the 832 interviews conducted by the civil servants by using the questionnaires, 335 were males and 497 were females. There is one reason for using the questionnaire for collecting data for this study. Firstly, the questionnaire is not subject to interviewer bias and maintains a high degree of consistency during the interviews. A purposively sampling technique was used because purposive sampling technique allows for the selection of respondents who are more likely to provide the right and in-depth information for the study.

The semi-structured questionnaire was pilot tested before the actual interviews were conducted by using the questionnaires. The pilot testing of the questionnaire was essential in order to ensure that there is correct flow of information in the questionnaire. The data collected was cleaned and coded, and frequency tables were generated by using the Statistical Package for the Science Sciences (SPSS).

## Research Findings and Discussions

### Respondents' Perception of Rater Errors

The overall findings from this study show that the new performance appraisal system of Fiji is still subject to errors and biases. There are significant evidences of biases from the side of the raters and ratees.

#### Perception of the Halo Effect

The first common rater error is the "halo" effect which occurs when supervisors give "good" rating to employees though employees' performances are "not good" (Lefkowitz 2000). The research findings showed that the 60.7% of civil servants mentioned that supervisors "sometimes" give good rating to their subordinates even when their performance is bad (halo effect). Only 17.9% of the respondents believed that supervisors are not biased. Civil servants mentioned that biasness exists due to reasons such as "nepotism," "the old boys club system operates," "good boys/girls of supervisors," "giving gifts to supervisors," and "corruption." The basic premise of the NPM reforms was designed to eliminate biasness, nepotism, and corruption from the public service (Aucoin 1990; Radnor and McGuire 2004). However, the new performance appraisal system was not able to address these constraints that were part of the previous performance appraisal system.

#### Perception of the Similarity Effect

The second common rater error is the "similarity" effect. "Similarity effect" occurs when supervisors give "good" rating to employees who are similar to them (Tziner and Kopelman 2002; Mensah and Seidu 2012). The findings from this study show that 60.7% of the civil servants mentioned that supervisors "sometimes" give good rating to their subordinates who they feel are similar to them. For instance, subordinates who go to the same church and play the same sports may be awarded with higher ratings (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008).

#### Perception of the Leniency Effect

The third common rater error is the "leniency" error. This error refers to supervisors giving good rating to employees though the employee's performance is "not good" (Tziner and Kopelman 2002). Leniency error normally takes place when supervisors do not wish to "spoil their future working relationship with employees and hence give them good ratings" (Jawahar and Williams 1997; Tziner and Kopelman 2002). The findings from this study showed that 70.4% of civil servants mentioned that supervisors give good rating (leniency error) to their subordinates because they do not want to "spoil their future working relationship" with them (Tziner and Kopelman 2002). The overall idea behind the NPM reforms is to ensure that employees are given correct ratings on their performance appraisal so that they are able to use it as an improvement tool. Being lenient while giving ratings to employees is a drawback to productivity improvements in the public service (Christensen and Læg Reid 2001; Greenpedersen 2002). The objective of NPM reforms in the small island developing countries will not be realized if supervisors distort the performance appraisal ratings by giving employees too lenient feedback (Aucoin 1990; Radnor and McGuire 2004). According to one of the employees:

...Supervisors should always be giving the rating to the employees that they deserve otherwise there is no use of a performance appraisal exercise ...

#### Perception of the Horn Effect

The fourth common rater error is the horn effect. Horn effect is when supervisors give "bad" rating to employees though the employee's performance is "good" (Lefkowitz 2000). "Horn" effect is the opposite of "halo" effect. The findings from this study found that 73.2% of civil servants mentioned that supervisors "sometimes" give bad rating to their subordinates even when their performance is good (horn effect). According to one of the civil servants:

...I have always perceived that some supervisors see the performance appraisal exercise as a cumbersome task that only involves filling the performance appraisal forms. There are some supervisors who give us poor rating because they feel that if they



give us higher ratings, we will not try to improve our performance. However, there are supervisors who give lower ratings to employees because they are jealous of them. . .

Jealousy, insecurity, and greed are some of the constraints that restrict the implementation of an error-free performance appraisal system. These constraints will reduce employee motivation and productivity at the workplace. The NPM reforms are directed toward enhancing employee motivation and productivity so that employees can continually improve their performance to delight the public (Cappelli and Conyon 2018). In Fiji, since job mobility in the labor market is limited, supervisors do have the fear that good employees may replace them in the future. Another reason is that some supervisors want to create the impression that they are in power and are not willing to give good ratings even if employee's actual performance is very good (Tziner and Kopelman 2002).

### Perception of the Ratee Expectations

This section presents the results on "ratee expectations" from the performance appraisal system in Fiji.

#### Perception on participation/consultation:

The performance appraisal system that has the most impact on the ratees, therefore, should be involved in all the stages of the performance appraisal system. The findings from this study showed that 28.6% of the respondents were "sometimes" consulted on the performance appraisal system. According to Armstrong (2003) and Mensah and Seidu (2012), the performance appraisal system is transparent if employees are involved in the formulation and implementation of the performance appraisal system. According to one of the civil servants:

...When we are involved in the performance appraisal system from the starting, we get a sense of feeling that the ministries recognize and value our importance and contribution to the organization. This is not the case here at all. We are only involved when the performance appraisal system is implemented. . .

O'Donnell et al. (2011) argued that the New Public Management reforms were implemented to enhance employee participation and consultation in the decision-making process. Countries that do not consult or involve employees in the decision-making process are not following the key objectives of the NPM reforms.

**Perceptions on feedback:** The findings from this study showed that 25% of the civil servants mentioned that their supervisors never gave them any feedback in order to improve their performance, and another 42.9% of the respondents mentioned that they got the feedback during the final annual rating period. According to Mullins (2005) and Posthuma and Campion (2008), feedback should be provided to employees after every quarter as this ensures that employees are continuously improving their performance. According to one of the civil servants:

...The whole idea about the performance appraisal system is to improve employee's performance and when feedback is not provided in a timely manner, it is difficult to improve employee's performance. We get little or no feedback on our performance from our supervisor's. Our supervisors do not have meetings with us to discuss their performance on regular intervals. . . .

One of the basic premises of the NPM reforms is to provide feedback to the employees in a timely manner. The whole idea of reengineering the public sector processes is defeated if timely feedback is not provided. Without feedback there will be no improvements (Hood 1991; Dunleavy et al. 2006).

**Perception of staff development:** The findings from this study showed that 46.4% of the respondents mentioned that the performance appraisal system is hardly linked to staff development. Mensah and Seidu (2012) emphasized that performance appraisal system should be used as a tool to guide the training programs that are needed by the employees in the public sector. According to one of the civil servants:

...When an employee is given poor rating, the supervisors should be able to determine the types of training programs that is needed for the employee. One of the important factors in this

situation is the ability of the supervisors to retrieve correct information from the performance appraisal system. If there are problems in the appraisal, it is difficult for them to retrieve correct information on training and development of employees . . .

The NPM reforms are centered on training and developing staff as they are the key resources that are used to deliver public services. Civil servants are only able to perform better and improve public service delivery if their performance appraisal is linked to staff development (Andrews and Van de Walle 2013).

**Perception of objectivity/fairness:** The findings from this study showed that 39.3% of the civil servants mentioned that the performance appraisal system in Fiji's public sector is "never objective," and another 19.6% of the respondents mentioned that it is sometimes "fair." According to one of the civil servants:

..I am not really interested in the performance appraisal system because I feel that is not fair on me. My supervisor has been trying to bully me by giving poor ratings on my performance appraisal. As a result of this, I have lost interest in the performance appraisal system . . .

As argued by Pettijohn et al. (2001) and Roberts (2003), the government officials involved in the formulation and implementation of the performance appraisal system should ensure that the performance appraisal system is fair by being transparent and effectively communicating to the employees on the objectives of the performance appraisal system. The NPM reforms emphasize on fairness and equity in the delivery of public services. Performance appraisal system is part of the provision of public services to improve the public service delivery. If this performance measurement and improvement tool is not fair, it will be extremely difficult to improve employee's performance (Bryson et al. 2014).

**Perception on financial rewards and promotion:** The findings from this study showed that 25.0% of the civil servants mentioned that the performance appraisal system in Fiji's public sector is not linked to financial rewards and promotion, and another 17.9% of the respondents mentioned that the performance appraisal system

is "sometimes" linked to financial rewards and promotion. According to one of the civil servants:

..I think that the whole performance appraisal exercise is a waste of time. I think that it is a form filling exercise rather than an exercise to appraise our performance. I do not think that we are ready to improve our performance if the government does not provide us with incentives. . .

According to Posthuma and Campion (2008) and Levy and Williams (2004), performance appraisal system will only lead to improvement in employee performance if it is linked to organizational performance. Moon (2000) highlighted that the NPM emphasizes on the performance-based pay, and when pay is not linked to performance, it is difficult to enhance employee's performance. Parallel to the findings of Moon (2000), this study also emphasized that employees are demotivated when pay is not linked to performance via the performance appraisal system.

## Practical Implications of This Paper

There are two important practical implications of this paper. Firstly, it is essential for the policy makers to realize that performance appraisal is not an exercise, whereby employees are required to fill the paperwork. It is a rigorous exercise that involves assessing employee's performance and making recommendations for improving employee's performance. If the performance appraisal system is not tied to rewards, it is difficult to improve employee's performance. It is essential for the government to tie the performance appraisal system to the rewards in order to ensure that the objectives of NPM reforms could be effectively achieved. Secondly, the government should ensure that feedback is continually provided to the employees and employees use these feedbacks to improve their performance. If the outputs from the performance appraisal system are not effectively used, then the whole performance appraisal system becomes a worthless exercise.

## Theoretical Implications of This Paper

There are two important theoretical implications of this paper. Firstly, this study contributes to the literature on NPM reforms and emphasizes primarily on the performance appraisal system reforms in the public sector. The NPM-driven reforms in the small island developing countries were mainly to improve the efficiency and effectiveness of the public sector. This study emphasized that NPM-driven reforms may not be effective if it is not planned and executed well. Secondly, this study confirms to the idea that donor agencies do need to provide human capital support in order to ensure that NPM-driven reforms are successful in Fiji. This study supports existing studies that have already proved that NPM-driven reforms are not successful in the context of Fiji.

## Conclusion

The main aim of this paper was to examine the prevalence of biases and errors in the new performance appraisal system implemented in the public sector of the Fiji Islands. The findings from this study showed that the current performance appraisal system is better than the previous one, but there are still major evidences of biases and errors in the new performance appraisal system. This study also confirms the findings from existing studies that NPM-driven reforms are ineffective in the case of the small island developing countries and large developing countries. These reforms are implemented to please the donor agencies, but the objectives of these reforms have hardly been realized. One of the limitations of this study is that it is conducted in one small island developing country. Similar studies should be conducted on other small island developing countries, and the findings should be compared across the geographical regions.

## Cross-References

- ▶ [Bias](#)
- ▶ [Fiji](#)
- ▶ [Performance Appraisal](#)
- ▶ [Ratee Perceptions](#)
- ▶ [Rater Errors](#)

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