

Role of Rater's Knowledge and Experience: Shaping Ratee's Reactions under the Umbrella of Systems Theory in Performance Appraisals

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Abstract



The paper aims to investigate the role of the rater, a key player in the performance appraisal system (PAS), in determining the ratee's self-efficacy. In this regard, the current study highlights the role of rater's knowledge and experience in conducting just appraisals by making the performance appraisal processes and distribution of resources fairer. The study investigated different components of the PAS under the lens of systems theory and the upper echelon theory. The study used survey methods to collect data with the help of self-administered questionnaires from raters and ratees (252 in total) working in different organizations operating in various sectors of the economy. The collected data were analyzed using SmartPLS-4. The results revealed that the rater's knowledge about the PAS do not predict the ratee's self-efficacy. Nevertheless, the rater's knowledge significantly predicted the ratee's self-efficacy through procedural and distributive justice. Also, the rater's experience in conducting the performance appraisal conditionally predicted the indirect relationship between the rater's knowledge and self-efficacy through procedural and distributive justice. The study provides invaluable insights for the users of performance appraisals and policymakers by highlighting the importance of the rater's knowledge alongside the rater's experience in shaping positive ratee reactions.

Keywords: Performance Appraisal System, Ratee Reactions, Systems Theory, Procedural Justice, Distributive Justice.

Introduction

Regardless of how well they are designed, configured, or evaluated, the performance appraisal systems (PAS) are almost always treated as failures (Murphy et al., 2018). Still, as of today, PASs are targeted as being a waste of time, money, and other resources (Kamau et al., 2018; Murphy, 2019). Almost 80% of workers show dissatisfaction with their PAS processes. Managers do not like giving performance ratings, and employees do not like receiving performance ratings (Adler et al., 2016). So, overall, the PAS effectiveness has remained a matter of great concern. To date, PAS effectiveness has been determined through different ratee's perceptions. Performance appraisal (PA) justice, PA purposefulness, and rating quality (actual performance versus performance ratings) are among the popular measures of PAS effectiveness (Kim, 2016). Alongside these measures, the success or failure of any PAS is also often attached to the ratee's reactions towards the PAS. Generally, ratee reactions are considered the most crucial outcomes of any intended PAS (Pichler, 2019). Popular ratee reactions determining PAS effectiveness are motivation to improve performance, creativity, organizational citizenship behaviour, and innovative behaviour (Lee et al., 2019; Selvarajan et al., 2018; Waheed et al., 2018). Ratee's self-efficacy (RSE), besides other ratee reactions, could also be used to determine the success or failure of the PAS.

The PAS is planned at the upper levels of the organizational hierarchy. As part of the top management, the raters are well aware of the intended PAS. However, the ratees may perceive the system as translated by the raters (DeNisi & Murphy, 2017). That makes the raters a bridge between the formal and informal processes of the PAS (Schleicher et al., 2018). So, the rater, being the immediate user and handler of the PAS, play a key role in determining the success or failure of the

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PAS. Researchers have investigated the quality of the relationship between the rater and the ratee in terms of leader-member exchange, supervisory support, informational and interpersonal justice, and the quality of leader-member communication (see, e.g., Ayers, 2013; Elicker et al., 2016; Levy et al., 2018; Wang et al., 2010). Rater's traits also play a role in determining the success or failure of the transfers from performance planners to the performers (see, e.g., Dewberry et al., 2013; Ng et al., 2011; Randall & Sharples, 2012). Alongside this, the rater's cognitive ability to process information is important concerning the rater's role as a bridge between formal and informal aspects of PAS. The rater's PAS-related knowledge and experience in performance appraisal may also be vital components of PAS.

Previous research has tried to create a nomological connection between the rater's cognitive attributes and the ratee's reactions towards PAS. Positive rater's behavioural attributes result in rating accuracy and thus result in positive ratee reactions like lower turnover intentions, higher motivation to improve performance, and loyalty (Kalidass & Bahron, 2015; Selvarajan et al., 2018). However, some studies have also shown a weak link between the rater's cognitive attributes and ratee reactions (see, e.g., Hanna & Potter, 2012). Knowledge management and leadership studies have established that education and experience are essentials of a good leader, and it is important for a leader to have such a combination to handle complex situations (Dill & Bogo, 2009; Park & Kim, 2018). From this perspective, the current study is expected to highlight the role of the rater's PAS-related knowledge and experience of conducting PAs in determining RSE. In light of the systems theory and upper echelon theory, it is expected that the rater's experience will conditionally predict the indirect relationship between the rater's PAS-related knowledge and RSE through procedural justice (PJ) and distributive justice (DJ). In this vein, the study is expected to add value to the existing literature in the light of the following objectives, i.e., *i*) to see if the rater's cognitive attributes are enough to predict positive ratee reaction, *ii*) to look for the underlying mechanism (PJ and DJ) that links rater's cognitive attributes to RSE, *iii*) to investigate the interactional effect of rater's experience and rater's PAS-related knowledge in determining the fairness of the procedures and distribution of resources, and *iv*) to investigate the interactional effect of rater's experience and rater's PAS-related knowledge in determining RSE indirectly through justice (PJ and DJ).

Theory and Hypotheses

Performance appraisal system theory

Katz and Kahn's (1978) systems theory elicits how different system elements work together for a collective cause. The theory explains how the elements are connected and how they are likely to impact the performance of each other while working for the collective cause. From the organizational perspective, it is important to study organizations in the light of the systems theory. In terms of the PAS, the theory explains how different elements of the whole PAS work in harmony to produce favourable outcomes per the standards set by the organization. A review by Schleicher et al. (2018) recently enlisted a few elements of the intended PAS. The elements include inputs, outputs, tasks, individuals, and formal and informal processes. The independent elements, i.e., the human side of the PAS (tasks, individuals, formal and informal processes), work in coordination with each other to work for the system's basic elements (inputs and outputs). The PAS elements explain the expected PAS effectiveness in accordance with PAS *reactions*, *learnings* and *transfers* (Schleicher et al., 2019). Individuals (raters and ratees) and formal processes (PJ and DJ) work optimally to make the PAS reach its intended goals.

The linkage between the rater's PAS-related knowledge and RSE

Ratees perform throughout the performance cycle, and multiple ratees work under a single rater's supervision. Performance rating is not as simple as it looks. Raters require several skills to perform performance ratings adequately. First, raters require complete knowledge of the ratees' tasks to evaluate the overall performance of the ratee. The interaction between the rater and ratee regarding performance ratings is not necessarily judged based on the number of interactions; rather, the quality of interactions is the key (Landy & Farr, 1980). As the PAS matures, it produces better transfers, making the raters more able and experienced (Schleicher et al., 2019). Raters' knowledge and the quality of interactions between the rater and ratee often create a sense of acceptance in both counterparts. Rater's knowledge about the PAS can produce positive PAS-related ratee reactions (Landy et al., 1980; Landy et al., 1978).

The rater's PAS-related knowledge about the ratee's prior performance enables the rater to consider all the critical events that potentially impact the output of the ratee's PA. Rater's ability to process events into useful information that can add value to the ratee's PA (Pichler, 2019). Rater's memory allows the rater to consider more events while conducting PA (Batista-Foguet et al., 2018). Rater's PAS-related knowledge and cognitive ability are strong predictors of positive PAS-related ratee reactions (see e.g., Huber et al., 1987; Kozlowski & Kirsch, 1987). Conventional organizational behaviour studies have highlighted the role of the rater's PAS-related knowledge in predicting positive PAS-related ratee reactions like perceptions of justice and PAS satisfaction (Cook & Crossman, 2004). So, PAS-related rater's knowledge leads to positive ratee reactions and may also lead to increased RSE. Thus, we hypothesize that:

H1: The rater's PAS-related knowledge positively affects RSE.

PJ and DJ as a mediator between the rater's PAS-related knowledge and RSE

Organizational justice theory describes organizational justice as the perceptions about fairness and adequacy of performance outcomes or processes. It is one of the most important administrative concepts in contemporary organizations (Colquitt, 2001). PA is one of the social workplace domains which organizational behaviour scholars studied under the umbrella of social workplace phenomena (Lind & Tyler, 1988). In terms of PA, PJ and DJ are more administratively relevant. In light of the systems theory, the concepts of PJ and DJ are related to the system's inputs, procedures, and outputs. PJ caters the fairness related to the procedures followed by the organization to carry out its usual operations. DJ refers to the fairness perceptions regarding the organization's distribution of social and economic outcomes. In PAS, PJ refers to the processes followed by the rater to make decisions regarding the ratee's performance, while DJ refers to the distribution of resources as an outcome of the PAS. Ratee's perceptions of DJ and PJ often act as a litmus test for the success or failure of the overall organizational procedures, specifically the PAS (Erdogan et al., 2001; Pichler et al., 2016).

As discussed earlier, the raters learn from the PAS outcomes and become more knowledgeable over time. Knowledge about the procedures and processes of the PAS makes the raters better at their job, and they tend to perform better in evaluating ratee performance. Likewise, the knowledgeable raters have a more in-depth understanding of the procedures by being less affected by the crowd, and thus able to conduct the PA as expected by the organization and ratees. In relative terms too, a rater with more knowledge about the procedures of the PAS is expected to perform better than one with less knowledge about the procedures (Ding & Li, 2018).

Justice is strongly associated with organizational procedures, employee behaviours, and reactions. For instance, justice is strongly related to organizational procedures like recruitment, terminations, conflict management and performance appraisals (Cropanzano & Ambrose, 2015; Demann et al., 2008; DeNisi & Murphy, 2017). Concurrently, justice is strongly related to the behaviours such as employee cooperation, employee performance, counterproductive behaviour, and motivation to improve (see, e.g., Miharja et al., 2020; Subekti, 2021; Widarko & Anwarodin, 2022). At the same time, justice is also strongly related to employee reactions like perceptions of organizational support, positive and negative emotions, workplace stress, organizational commitment and trust in management (see, e.g., Colquitt & Rodell, 2011; Demarest, 2021; Maria et al., 2020; Tekleab et al., 2005; Vermunt & Steensma, 2013).

The organisation's processes and procedures are the backbone of any organizational structure. As the procedures tend to translate the organizational goals to the ratees, they act as a linkage between the intended organizational goals and the performance of the organizational actors (raters and ratees). So, PJ is a key phenomenon between the intended and actual performance of the raters and ratees. Similarly, DJ bridges the efforts exerted by the raters and ratees and the resources provided. As discussed earlier, higher perceptions about PJ and DJ predict positive ratee reactions (Çelik et al., 2016). To put this in a nutshell, the raters with better knowledge of the organizational procedures and processes understand the PAS better and are expected to perform better while conducting PA, which makes the ratee perceive the PAS as good in terms of procedures and distribution and thus expected to exert self-efficacy towards their job. So, we hypothesize that:

H2: Rater's PAS-related knowledge indirectly predicts RSE through PJ and DJ parallelly.

The Moderating Role of Rater's Experience

Managing a group of people and rating their performance of a group of people is different and certainly a more critical task. Contextual factors often come into play while conducting PA, making

the rater's task even more critical. Raters must tackle usual contextual factors like time, varied performance standards, unclear organizational and personal goals, and most importantly, the personal conditional factor of the ratees (Murphy & Cleveland, 1995). So, the role of the rater's capacity to conduct the PA cannot be overlooked. Looking through the lens of the upper echelon theory, the role of the rater becomes even more critical (Hambrick & Mason, 1984). The rater has to regularly go through the ratee's performance, collect data regarding the ups and downs, analyze and infer useful information from the data, compare the data with the organizational criteria and finally convert the information into decisions in the form of PA (Govaerts et al., 2011). So, the rater, being the immediate handler and information processor of the organization's PAS, makes the rater the centre of attention considering the success or failure of the PAS (DeNisi, 2003; Murphy & Cleveland, 1995). Consequently, the rater's cognitive ability becomes the key player in collecting the correct data and deducing reasonable outcomes from the ratee's PA. It is plausible to believe that the rater's motivation and prior rating experience can cause deviation in the performance outcomes (Levy & Williams, 2004).

Ericsson et al. (2018) highlighted the importance of continued task performance in developing expertise in performing the task over time. It is emphasized that people develop skills in performing a specific task when practiced over time (Chi, 2006; Collins & Evans, 2018; Ericsson, 2006). It is plausible to extend that, from PA's perspective, a more experienced rater can avoid the biases better than a novice rater. A tenured rater, having more skills, is expected to understand the PAS dynamics well, collect and infer performance data well, and achieve the PAS intended goals (Merkel et al., 2020; Ross et al., 2006).

Solely, experience does not make a rater expert. It is important to aid experience with knowledge. For instance, experience (time) can increase speed, accuracy, and comfort in performing appraisals. However, specific knowledge is required to consider the contextual factor linked to the performance (see, e.g., Ericsson et al., 2018). Social scientists have claimed that experience significantly interacts with employee behaviours like information sharing, investment willingness, and cultural intelligence in determining positive reactions (see, e.g., Croce et al., 2019; Liu & Bakici, 2019; Puyod & Charoensukmongkol, 2019). Experience has also been witnessed to successfully moderate between knowledge and employee performance, concluding that knowledge is built through repeated task performance, and it also helps in aligning the job-related knowledge with the personality of the employee (Matsuo & Kusumi, 2002). To extend, it is expected that the rater's experience will moderate the rater's PAS-related knowledge–PJ relationship and the rater's PAS-related knowledge–DJ relationship. So, we hypothesize that:

H3: Rater's experience moderates the rater's PAS-related knowledge–PJ relationship and the rater's PAS-related knowledge–DJ relationship.

The human capital theory advocates that humans differ in productivity based on exposure to education, training and experience (Becker, 1962). As raters conduct PA over time and rate many different ratees, they gain experience in understanding the ratees and the PAS. With more experience, the raters positively impact the ratee reactions. Several studies have established the interacting role of experience in determining ratee reactions. Organizations tend to retain experienced ones and try to hire more experienced managers to make their operations more reliable. An experienced manager is more capable of adopting different approaches than a naive manager to reach the desired goals. For instance, the project manager's experience has been established to be a good predictor of project success, efficiency and sustainability in project management domains (Hashim et al., 2021). A manager with more years of service is also more likely to be sensitive towards their team and may be well aware of the currencies attached to the performance of the team members. In light of the human capital theory, the experienced raters are more proficient towards conducting PA, which impacts the ratees' behaviour towards the PAS and ultimately elicits positive reactions towards the organization (Sunder et al., 2019). Deducing from the above, it is expected that the rater's experience may moderate the indirect relationship between the rater's PAS-related knowledge and RSE through PJ and DJ. So, we hypothesize that:

H4: Rater's experience moderates the indirect relationship of the rater's PAS-related knowledge with RSE through PJ and DJ.

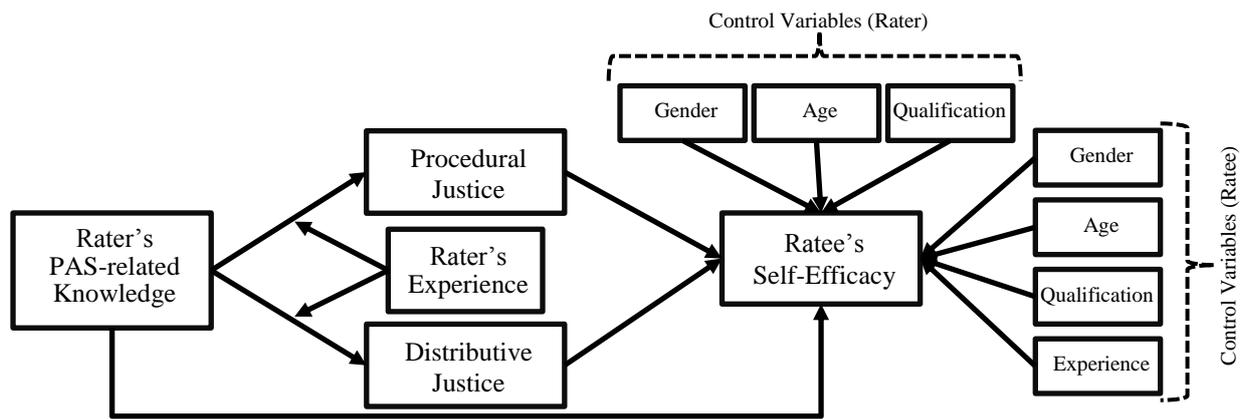


Figure 1 Research Model

Methods

Research Setting, Sample, and Procedure

The data was collected in three stages. At stage one, the researchers purposively contacted several public and private organizations through the first author. The organizations belonged to sectors like education, banking, energy, non-government organizations, telecom, and health. At stage two, the organizations were asked to nominate raters with experience in rating their subordinates' performance in terms of formal performance appraisal. The raters were asked to respond to the rater’s questionnaire and nominate their ratees for stage three. The ratees were then asked to respond to the ratee’s questionnaire. The data was collected for a larger study, and 252 respondents were elicited for the current study. The descriptive statistics of the respondent’s demographic variables are given in Table 1.

Table 1: Descriptive Statistics

| Variables | Categories | Rater | | Ratee | |
|----------------------|----------------------|-------|------------|-------|------------|
| | | Count | Percentage | Count | Percentage |
| Gender | Male | 54 | 93.1% | 142 | 73.2% |
| | Female | 4 | 6.9% | 42 | 21.6% |
| | Prefer Not to Answer | 0 | 0% | 10 | 5.2% |
| Age | < = 20 years | 0 | 0% | 0 | 0% |
| | 21 – 25 years | 2 | 3.4% | 22 | 11.3% |
| | 26 – 30 years | 4 | 6.9% | 100 | 51.5% |
| | 31 – 35 years | 26 | 44.8% | 52 | 26.8% |
| | 36 – 40 years | 22 | 37.9% | 14 | 7.2% |
| | 41 – 45 years | 2 | 3.4% | 2 | 1.0% |
| | > 45 years | 2 | 3.4% | 4 | 2.1% |
| Qualification | Matriculation | 0 | 0% | 0 | 0% |
| | Intermediate | 0 | 0% | 6 | 3.1% |
| | Bachelors | 8 | 13.8% | 92 | 47.4% |
| | Masters | 40 | 69.0% | 94 | 48.5% |
| | PhD | 2 | 3.4% | 2 | 1.0% |
| | Others | 8 | 13.8% | 0 | 0% |
| Experience | < 1 year | 0 | 0% | 6 | 3.1% |
| | 1 – 5 years | 13 | 22.4% | 86 | 44.3% |
| | 6 – 10 years | 20 | 34.5% | 78 | 40.2% |
| | 11 – 15 years | 6 | 10.3% | 20 | 10.3% |
| | 16 – 20years | 19 | 32.8% | 4 | 2.1% |
| | > 20 years | 0 | 0% | 0 | 0% |

N = 252, Raters = 58, Ratees = 194

Instrumentation:

Five items of the rater’s PAS-related knowledge were adapted from Evans and Mcshane (1988) and were measured on a seven-point response category (1 = strongly disagree, 7 = strongly agree). A sample item is “My appraisal system has given me an excellent knowledge of my subordinates’ performance level in his current position”. Five items of PJ and four items of DJ were adapted from Colquitt (2001) and were measured on a five-point response category (1 = strongly disagree, 5 = strongly agree). Sample items are “The procedures followed during the preparation of performance

appraisal have been applied consistently in my organization” and “The outcome of performance appraisal reflects what I have contributed to the organization”, respectively. Six items of RSE were adapted from Rigotti et al. (2008) and were measured on a six-point response category (1 = not at all true, 6 = completely true). A sample item is “My past experiences in my job have prepared me well for my occupational future”. Respondents’ demographic variables often impact their perception of work attitudes and behaviours. As per convention, the impact of respondents’ age, gender, and qualification was controlled (Bernerth & Aguinis, 2016; Levy et al., 2012).

Results

Shapiro-Wilk test was used to test the normality of data ($p > 0.05$) (Shapiro & Wilk, 1965). The results of the Shapiro-Wilk test suggested abnormal distribution of data. To cater for the problem of abnormality of the data, the analysis was conducted using SmartPLS-4 (Hair et al., 2017). The bootstrapping method of PLS-SEM, being a nonparametric method, can approximate the normality of data (Wong, 2013). For the bigger study, the data was collected in dyads, i.e., rater-ratee. Using a single data source comes with the common problem of common method bias (CMB) (Jakobsen & Jensen, 2014). To tackle the CMB problem, each construct’s items were placed randomly in the questionnaire to make it difficult for the respondent to make the logical connection between them (Chang et al., 2010). The items of the dependent variable were placed after the independent and mediating variables (Williams et al., 1989). Also, a cover letter was placed with each questionnaire explaining the confidentiality and anonymity of the responses. Herman’s one-factor test was also used to test for the potential problem of CMB. The results showed that the estimated variance (23%) is less than the threshold (50%) (Podsakoff et al., 2003), indicating that the data had no problem of CMB. Variance inflation factor (VIF) was used to test for the potential problem of multicollinearity. Results (Table 2) show that the VIF for the rater’s PAS-related knowledge (1.31), PJ (1.54), and DJ (1.48) were well below the threshold of 5 (Kock, 2015).

Measurement and Structural Model

The model was tested for internal consistency and discriminant validity. The results of the measurement model (Table 2) show that the values of Cronbach’s α and composite reliability (ρ_c) were above the threshold of 0.70 and 0.80, respectively (Hair et al., 2017), showing internal consistency. The results also show that all the item loadings were greater than 0.70 ($p < 0.001$), and the value of AVE for all variables were less than the threshold of 0.50, showing convergent validity.

Table 2 Measurement Model

| Construct | Items | Loadings [†] | α | ρ_c | AVE | VIF |
|-----------|---------|-----------------------|----------|----------|------|------|
| Rrknow | RrKnow1 | 0.83 | 0.86 | 0.90 | 0.65 | 1.31 |
| | RrKnow2 | 0.76 | | | | |
| | RrKnow3 | 0.72 | | | | |
| | RrKnow4 | 0.83 | | | | |
| | RrKnow5 | 0.88 | | | | |
| PJ | PJ1 | 0.78 | 0.86 | 0.90 | 0.64 | 1.54 |
| | PJ2 | 0.79 | | | | |
| | PJ3 | 0.79 | | | | |
| | PJ4 | 0.79 | | | | |
| | PJ5 | 0.83 | | | | |
| DJ | DJ1 | 0.72 | 0.88 | 0.86 | 0.60 | 1.48 |
| | DJ2 | 0.75 | | | | |
| | DJ3 | 0.83 | | | | |
| | DJ4 | 0.79 | | | | |
| RSE | RSE1 | 0.75 | 0.87 | 0.90 | 0.61 | - |
| | RSE2 | 0.79 | | | | |
| | RSE3 | 0.79 | | | | |
| | RSE4 | 0.72 | | | | |
| | RSE5 | 0.82 | | | | |
| | RSE6 | 0.80 | | | | |

α = Cronbach’s alpha, ρ_c = Composite Reliability, AVE = Average Variance Extracted, VIF = Variance Inflation Factor, RrKnow = Rater’s PAS-related knowledge, PJ = Procedural Justice, DJ = Distributive Justice, RSE = Ratee’s Self-Efficacy.

[†]All loadings are significant at ($p < 0.001$).

Table 3 Descriptive Statistics and Pearson correlations

| | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|-------------------------|------|------|--------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|----|
| 1 Ratee’s Gender | 1.30 | 0.57 | — | | | | | | | | | | | |
| 2 Ratee’s Age | 3.44 | 0.96 | -.23** | — | | | | | | | | | | |
| 3 Ratee’s Qualification | 3.44 | 0.69 | .17** | .05 | — | | | | | | | | | |
| 4 Ratee’s Experience | 2.67 | 0.89 | -.20** | .71** | -.11 | — | | | | | | | | |
| 5 Rater’s Gender | 1.08 | 0.27 | -.05 | -.04 | .02 | -.12* | — | | | | | | | |
| 6 Rater’s Age | 4.39 | 1.01 | .11 | -.01 | .11 | .03 | -.11 | — | | | | | | |
| 7 Rater’s Qualification | 4.14 | 0.80 | .03 | -.13* | .15* | -.25** | -.05 | .20** | — | | | | | |
| 8 Rater’s Experience | 3.87 | 1.60 | -.13* | .13* | -.06 | .29** | -.03 | .00 | -.16* | — | | | | |
| 9 Rrknow | 5.96 | 0.80 | .02 | -.06 | .12 | -.10 | -.09 | -.14* | -.03 | .25** | — | | | |
| 10 PJ | 3.02 | 1.11 | -.08 | .04 | .06 | .16* | -.05 | .06 | -.10 | .17** | .36** | — | | |
| 11 DJ | 3.94 | 0.51 | -.20** | .10 | -.03 | .20** | .12 | -.10 | -.02 | .62** | .45** | .39** | — | |
| 12 RSE | 3.83 | 0.83 | -.24** | .23** | -.17** | .36** | .18** | -.03 | -.01 | .46** | -.09 | .30** | .68** | — |

RrKnow = Rater’s PAS-related knowledge, PJ = Procedural Justice, DJ = Distributive Justice, RSE = Ratee’s Self-Efficacy. * $p < 0.05$, ** $p < 0.01$, $N = 252$.

In the structural model, three path model (5000 iterations of the bootstrapping) was analyzed for hypothesized relationships, i.e., the baseline model, the mediation model, and the moderated mediation model. The effect of the demographic variables of the raters and ratees was controlled to avoid any confounding effects. Standardized root mean square residual (SRMR) and normed fit index (NFI) were used to determine model fit. The results (Table 4) show that the values of SRMR were 0.05, .05, and 0.06, respectively, and the values of NFI were 0.87, 0.86, and 0.71 respectively, for the three models as mentioned above, which were below the threshold of 0.08 (SRMR) and 0.90 (NFI) (Hair et al., 2017).

Table 4 Structural Equation Modelling

| Relationship | β | BCCI _{95%} | t | R^2 | ΔR^2 | f^2 | SRMR | NFI |
|------------------------------------|---------|---------------------|--------------------|-------|--------------|-------|------|------|
| Baseline Model Results | | | | | | | | |
| RrKnow→RSE (path c) | 0.02 | [0.15; 0.13] | 0.70 ^{ns} | 0.23 | 0.21 | 0.00 | 0.05 | 0.87 |
| <i>Controls Variables</i> | | | | | | | | |
| Ratee’s Gender→RSE | 0.14 | [0.27; 0.01] | 2.11* | | | 0.02 | | |
| Ratee’s Age→RSE | 0.10 | [-0.26; 0.08] | 1.10 ^{ns} | | | 0.01 | | |
| Ratee’s Qualification→RSE | 0.11 | [-0.22; 0.01] | 1.90 ^{ns} | | | 0.01 | | |
| Ratee’s Experience→RSE | 0.44 | [0.28; 0.60] | 5.45*** | | | 0.11 | | |
| Rater’s Gender→RSE | 0.23 | [0.36; 1.27] | 3.64*** | | | 0.06 | | |
| Rater’s Age→RSE | 0.02 | [-0.15; 0.12] | 0.33 ^{ns} | | | 0.00 | | |
| Rater’s Qualification→RSE | 0.13 | [0.01; 0.24] | 2.15* | | | 0.02 | | |
| Mediation Results | | | | | | | | |
| <i>Direct Effects</i> | | | | | | | | |
| RrKnow→RSE (path c’) | 0.47 | [0.55; 0.39] | 11.59*** | 0.74 | 0.73 | 0.57 | 0.05 | 0.86 |
| RrKnow→PJ (path a ₁) | 0.35 | [0.24; 0.47] | 6.14*** | 0.13 | 0.12 | 0.14 | | |
| RrKnow→DJ (path a ₂) | 0.44 | [0.34; 0.53] | 8.94*** | 0.19 | 0.19 | 0.23 | | |
| PJ→RSE (path b ₁) | 0.15 | [0.08; 0.23] | 3.87*** | | | 0.07 | | |
| DJ→RSE (path b ₂) | 0.82 | [0.74; 0.89] | 21.09*** | | | 1.67 | | |
| <i>Indirect Effects</i> | | | | | | | | |
| RrKnow→PJ→RSE | 0.05 | [0.10; 0.27] | 3.17** | | | | | |
| RrKnow→DJ→RSE | 0.36 | [0.10; 0.27] | 7.12*** | | | | | |
| <i>Control Variables</i> | | | | | | | | |
| Ratee’s Gender→RSE | 0.01 | [-0.06; 0.08] | 0.37 ^{ns} | | | 0.00 | | |
| Ratee’s Age→RSE | 0.04 | [-0.06; 0.14] | 0.73 ^{ns} | | | 0.00 | | |
| Ratee’s Qualification→RSE | 0.09 | [0.17; 0.02] | 2.56* | | | 0.03 | | |
| Ratee’s Experience→RSE | 0.13 | [0.02; 0.23] | 2.35* | | | 0.02 | | |
| Rater’s Gender→RSE | 0.26 | [-0.05; 0.54] | 1.77 ^{ns} | | | 0.02 | | |
| Rater’s Age→RSE | 0.01 | [-0.08; 0.07] | 0.25 ^{ns} | | | 0.00 | | |
| Rater’s Qualification→RSE | 0.06 | [0.00; 0.13] | 1.92 ^{ns} | | | 0.00 | | |
| Moderated Mediation Results | | | | | | | | |
| <i>Direct Effects</i> | | | | | | | | |
| RrKnow→RSE (path c’) | 0.47 | [0.55; 0.40] | 11.95*** | 0.76 | 0.74 | 0.60 | 0.06 | 0.71 |
| RrKnow→PJ (path a ₁) | 0.31 | [0.20; 0.42] | 5.62*** | 0.23 | 0.22 | 0.12 | | |

| | | | | | | |
|----------------------------------|------|----------------|----------------------|------|------|------|
| RrKnow→DJ (path a ₂) | 0.29 | [0.18; 0.38] | 5.51 ^{***} | 0.50 | 0.49 | 0.15 |
| PJ→RSE (path b ₁) | 0.15 | [0.08; 0.23] | 3.93 ^{***} | | | 0.07 |
| DJ→RSE (path b ₂) | 0.83 | [0.75; 0.90] | 21.53 ^{***} | | | 1.78 |
| RrKnow X RrExp→PJ | 0.42 | [0.28; 0.54] | 6.11 ^{***} | | | 0.13 |
| RrKnow X RrExp→DJ | 0.22 | [0.12; 0.31] | 4.40 ^{***} | | | 0.05 |
| <i>Indirect Effects</i> | | | | | | |
| RrKnow X RrExp→PJ→RSE | 0.06 | [0.03; 0.10] | 3.43 ^{***} | | | |
| RrKnow X RrExp→DJ→RSE | 0.18 | [0.09; 0.26] | 4.19 ^{***} | | | |
| RrKnow→PJ→RSE | 0.05 | [0.02; 0.08] | 3.25 ^{***} | | | |
| RrKnow→DJ→RSE | 0.24 | [0.14; 0.33] | 4.90 ^{***} | | | |
| <i>Control Variables</i> | | | | | | |
| Ratee’s Gender→RSE | 0.01 | [-0.55; 0.08] | 0.38 ^{ns} | | | 0.00 |
| Ratee’s Age→RSE | 0.04 | [-0.06; 0.14] | 0.71 ^{ns} | | | 0.00 |
| Ratee’s Qualification→RSE | 0.09 | [-0.16; -0.02] | 2.42 [*] | | | 0.03 |
| Ratee’s Experience→RSE | 0.12 | [0.02; 0.22] | 2.31 [*] | | | 0.02 |
| Rater’s Gender→RSE | 0.24 | [-0.06; 0.52] | 1.63 ^{ns} | | | 0.02 |
| Rater’s Age→RSE | 0.01 | [-0.08; 0.06] | 0.28 ^{ns} | | | 0.00 |
| Rater’s Qualification→RSE | 0.04 | [-0.09; 0.16] | 0.60 ^{ns} | | | 0.02 |

$p < 0.05$, ^{*} $p < 0.01$, ^{***} $p < 0.001$, *ns* = not significant, $N = 252$.

BCCI_{95%} = Biased Corrected Confidence Interval, f^2 = Effect size, SRMR = Standardized Root Mean Square Residual, NFI = Normed-fit index.

RrKnow = Rater’s PAS-related knowledge, PJ = Procedural Justice, DJ = Distributive Justice, RSE = Ratee’s Self-Efficacy, RrExp = Rater’s Experience.

Hypotheses Testing

H1 states that the rater’s PAS-related knowledge positively predicts RSE. It is evident from the results (Table 4) that the rater’s PAS-related knowledge is not a good predictor of RSE (*path c*: $\beta = 0.02$, $t = 0.70$, $p > 0.05$, $f^2 = 0.00$), so we reject H1. As per the convention of Baron and Kenny (1986), for mediation to hold, both the independent and dependent variables must be significantly related. Unlike Baron and Kenny (1986), the new convention does not require independent and dependent variables to hold significance between them for mediation to exist (Hayes, 2009). For such a type of relationship, the researchers have suggested using the term *indirect effect* instead of *mediation effect* (see, e.g., Dong et al., 2017; Rucker et al., 2011).

H2 caters for the indirect relationship between the rater’s PAS-related knowledge and RSE through PJ and DJ. The results show that the paths rater’s PAS-related knowledge–PJ (*path a₁*: $\beta = 0.35$, $t = 6.14$, $p < 0.001$, $f^2 = 0.14$) and rater’s PAS-related knowledge–DJ (*path a₂*: $\beta = 0.44$, $t = 8.94$, $p < 0.001$, $f^2 = 0.23$) were significant. The paths PJ–RSE (*path b₁*: $\beta = 0.15$, $t = 3.87$, $p < 0.001$, $f^2 = 0.07$) and DJ–RSE (*path b₂*: $\beta = 0.82$, $t = 21.09$, $p < 0.001$, $f^2 = 1.67$) were also significant. The direct path, rater’s PAS-related knowledge–RSE (*path c*: $\beta = -0.47$, $t = 11.59$, $p < 0.001$, $f^2 = 0.57$) is also significant. The indirect paths from the rater’s PAS-related knowledge to RSE through PJ ($\beta = -0.05$, $t = 3.17$, $p < 0.01$) and through DJ ($\beta = -0.36$, $t = 7.12$, $p < 0.001$, $f^2 = 0.57$) were also significant., evidencing indirect relationships. (See Table 4)

A two-staged approach was used to create the interaction term and to test the impact of the conditional effect of the rater’s experience (H3). At stage one, the conditional effect of the rater’s experience and PAS-related knowledge was tested with PJ and DJ. The results show that the rater’s experience significantly moderates the rater’s PAS-related knowledge–PJ ($\beta = 0.42$, $t = 6.11$, $p < 0.001$, $f^2 = 0.13$) and rater’s PAS-related knowledge–DJ ($\beta = 0.22$, $t = 4.40$, $p < 0.001$, $f^2 = 0.05$) relationship. The conditional effect (Figure 3, left panel) shows that the relationship between the rater’s PAS-related knowledge and PJ is 0.31 at an average level of the rater’s experience, i.e., 0SD. This relationship seems to increase at higher levels of the rater’s experience (0.31 + 0.42 = 0.73), i.e., at +1SD, and decreases at the lower levels of the rater’s experience (0.31 – 0.42 = -0.11), i.e., at -1SD. The conditional effect (Figure 3, right panel) shows that the relationship between the rater’s PAS-related knowledge and DJ is 0.29 at an average level of the rater’s experience, i.e., 0SD. This relationship seems to increase at the higher levels of the rater’s experience (0.29 + 0.22 = 0.51), i.e., at +1SD, and decreases at the lower levels of the rater’s experience (0.29 – 0.22 = 0.07), i.e., at -1SD. So, H3 is accepted. (See Table 4)

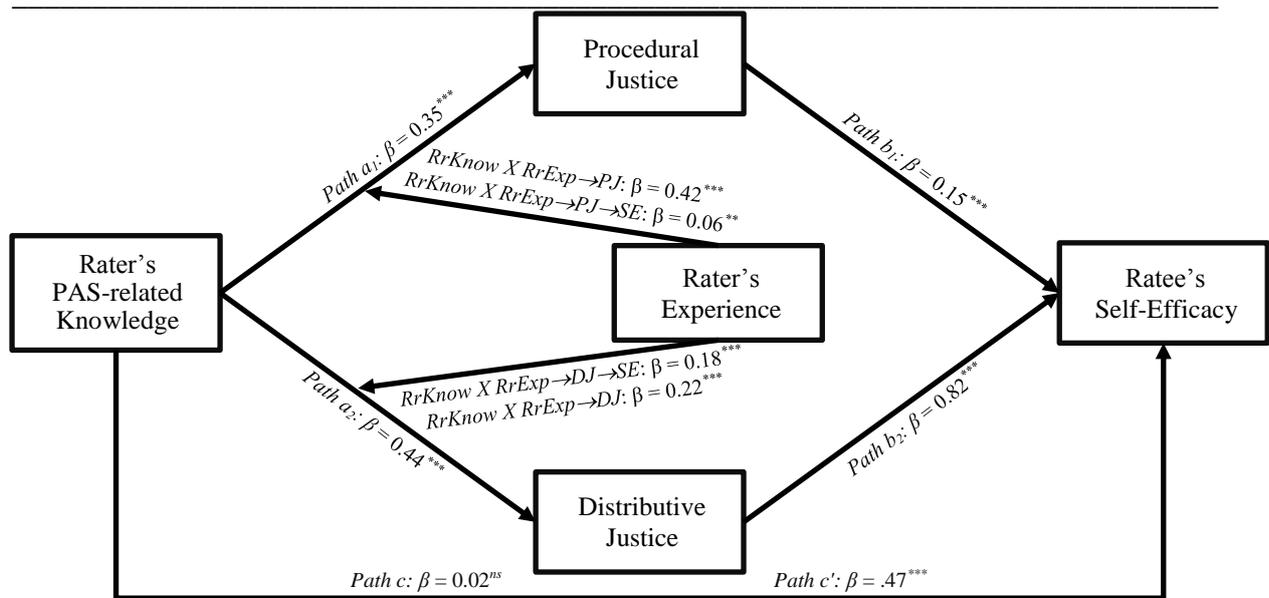


Figure 2 Research Model

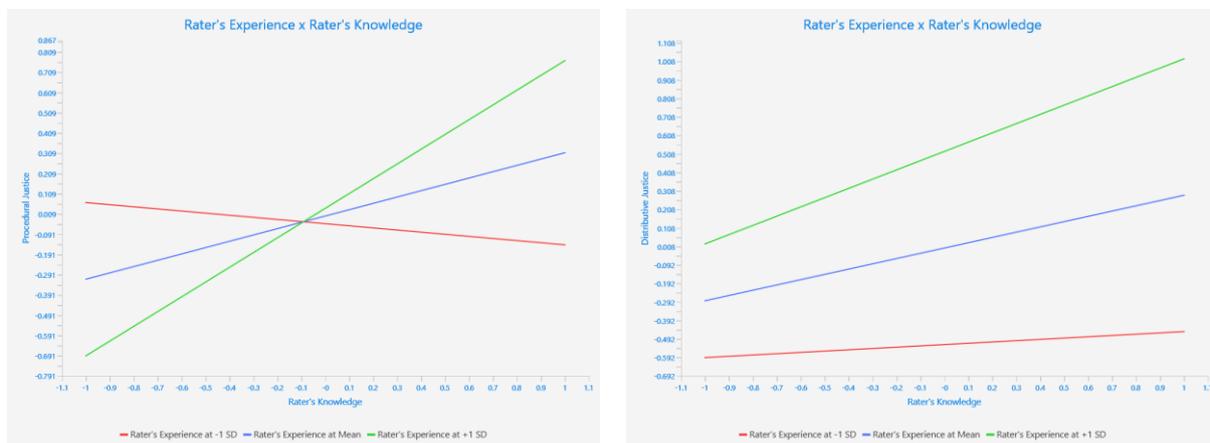


Figure 3 Moderation graph

H4 relate the moderated mediation effect of the rater’s experience on the indirect relationship of the rater’s PAS-related knowledge and RSE through PJ and DJ. The results show that the rater’s experience significantly moderates the indirect relationship between the rater’s PAS-related knowledge and RSE through PJ ($\beta = 0.06, t = 3.43, p < 0.001$) and DJ ($\beta = 0.18, t = 4.19, p < 0.001$) evidencing the existence of moderated mediation. So, we accept *H4*. (See Table 4)

Discussion

The study primarily examined the role of the rater’s cognition in determining the ratee’s reactions towards the actual PAS. The study used a sample from several sectors of the Pakistan economy, and data was collected from raters and the ratees. While integrating the systems theory and the human capital theory, the study first examined the direct impact of the rater’s PAS-related knowledge on the ratee’s PAS-related reactions, i.e., RSE. *Second*, the indirect effect of the rater’s PAS-related knowledge on RSE through PJ and DJ, and *finally*, the moderating effect of the rater’s experience on the indirect relationship of the rater’s PAS-related knowledge on RSE through PJ and DJ.

The rater’s PAS-related knowledge does not impact RSE. Research on self-efficacy advocates that self-efficacy, being willing to perform a task, is also a belief in one’s capability to succeed in a particular task (Heslin & Klehe, 2006). So, most of the sources of self-efficacy are internal. For instance, enactive self-mastery, role-modelling, and verbal persuasion (also see Bandura, 1977; Bandura, 1986, 1997; Heslin & Klehe, 2006; Slåtten, 2014). So, self-efficacy is more of an intrinsic factor than an extrinsic one. Understandably, the rater’s PAS-related knowledge had no significant impact on RSE. In light of the components of PAS, it is evident that outcomes of the PAS are focused directly towards the organization and the rater, and indirectly towards the ratee (through rater)

(Schleicher et al., 2019). This also implies that if there are any transfers or learning of PAS related to ratee, they are through some indirect phenomenon. One important contribution of this study is to find the indirect link between the rater's learning from the PAS and RSE. Results show that the rater's PAS-related knowledge predicts RSE indirectly through PJ and DJ simultaneously. Rater's PAS-related knowledge allows the raters to generate several positives for the ratees. *First*, it helps the rater to build a quality relationship with the ratees. *Second*, it enables the raters to make quality decisions about the employees. *Third*, it enhances the rater's general managerial effectiveness (see, e.g., Schleicher et al., 2018; Schleicher et al., 2019). Adopting better procedures and making better decisions about the ratees make the procedures and distribution of resources fairer and help ratees accept the procedures and distribution. This ultimately helps in producing ratee-centric transfers from the PAS through the rater (DeNisi & Murphy, 2017; Lambert et al., 2007).

One important contribution of this study is testing the rater's experience as a moderator between the direct relationship of the rater's PAS-related knowledge and justice (PJ and DJ) and between the indirect relationship of the rater's PAS-related knowledge and RSE through justice (PJ and DJ). More importantly, unlike contemporary researchers, we did not use the experience solely; rather, we used the interaction of experience and knowledge to test its combined effect of ratee reactions, i.e., self-efficacy. It can be seen that the rater's experience is a better moderator of the rater's PAS-related knowledge–PJ relationship than the rater's PAS-related knowledge–DJ relationship. Raters are the immediate users and handlers of the PAS, so the raters need to have adequate PAS-related knowledge and gain experience over time through repetitive actions (Costa et al., 2006). With the increased experience of the raters, the impact of the rater's PAS-related knowledge seems to be increasing; with decreased rater's experience, the impact of the rater's PAS-related knowledge seems to be decreasing. This implies that the raters with more experience in conducting PAs are better at understanding the PAS procedures and are fairer at distributing the PAS outcomes to the ratees. We also tested the moderated mediation model to test if the rater's experience moderates the indirect relationship between the rater's PAS-related knowledge and RSE through justice (PJ and DJ). The results show that the rater's experience is a good moderator; however, unlike the moderation results, the rater's experience is a better moderator of the indirect relationship between the rater's PAS-related knowledge and RSE through DJ than PJ. This implies that the rater's experience and PAS-related knowledge results in a better understanding of the organizational processes and procedures, which makes the ratees develop self-efficacy towards their job. The results underscore that rater's PAS-related knowledge is not enough to produce acceptance among ratees, regarding the fairness of the organization's procedures and distribution of resources. It requires aid from other system components like rater's cognitive attributes, which helps in shaping positive ratee's reactions and behaviours towards the organization.

Theoretical and Practical Implications

First, the study adds to the Katz and Kahn (1978) systems theory by complementing the theory with evidence that the rater's PAS-related knowledge, being a component of the PAS, cannot make the PAS effective single-handedly. Rather it requires aid from other components of the PAS to produce favourable results for the organization. PA is a process which does performance planning, development, execution, assessment, and review. The components of the complex PAS play their part in making the PAS successful, and in conditions where one or more components fail to co-perform, the system may not achieve its intended goals with set standards at the performance planning stage. *Second*, the study empirically tested the part of the PAS effectiveness evaluation criteria by providing evidence on the impact of PAS rater-centric transfers and its impact on the ratee-centric reaction through the fair procedures of the organization (Schleicher et al., 2018; Schleicher et al., 2019). *Third*, the study used the multi-component approach towards defining an expert rater. Previous studies used a single item to depict the expert rater, i.e., by using the years served in the organization (see, e.g., Magnussen, 2018; Sunder et al., 2019).

Contemporary organizations in Pakistan usually do not follow a formal PAS; rather, they use informal ways to appraise the employee's performance. In organizations following a formal PAS, the most senior official of the team is usually assigned the task of appraising performance, which is an ill practice (Kamaua et al., 2018; Murphy, 2019). The PA is typically prepared by the department head, irrespective of their PAS-related knowledge and experience. Having less PAS-related knowledge and experience may make the PAS ineffective. In light of the study's results, the organization may exert

efforts in selecting the right rater to conduct PA. Rater's PAS-related knowledge about the organization and PAS, experience in conducting PA and training to train the raters to conduct PA in true spirits.

Limitations and Future Directions

Regardless of the theoretical and practical importance of the study, there are certain concerns. *First*, the study used a cross-sectional design and self-reported measure. Nevertheless, we used robust data analysis techniques which answered all the questions regarding CMB, validity and reliability of the data. *Second*, we used single-level data to test the hypothesized relationships. However, the variables can be measured at a multi-level level, categorized at the ratee, rater, and organizational level. *Third*, we used rater-centric cognitive measures only. The behavioural variables' interaction with the cognitive measures may converge into a more elaborative operationalization of an expert and successful rater. *Last*, we used two dimensions of justice (PJ and DJ) related to the processes and procedures of the organization to test the indirect relationship. However, having potential involvement of informational and interpersonal justice due to the rater-ratee relationship, their inclusion as a mediating factor can lead to more elaborative results.

Conclusion

The current study highlighted the importance of a knowledgeable rater in shaping RSE. The results highlighted that rater's PAS-related knowledge does not predict RSE. Rather, the rater's PAS-related knowledge and experience indirectly shape RSE through the ratee's justice perceptions. So, the interdependence of different PAS components collectively produces better outcomes. Through the systems and human capital theory lens, it is important to invest in developing the system components over time. This implies that raters must have certain years of experience, or they may be developed through adequate training before they rate the ratee's performance. The outcomes of the PAS are used at multiple sections of the organizations, which converge towards the shared goal. So, contemporary organizations need to invest more in developing the PAS components to increase harmony among them.

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