Employee Perception of Performance Appraisals’ Fairness and Justice

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Abstract— This analysis summarizes the results of existing studies on employee perception of appraisals’ fairness and justice, leading to employees’ satisfaction with the appraisal system and the appraisal ratings, under different cultural contexts. The study reveals that a performance appraisal system having an appropriate appeal procedure, dual purpose and employees’ participation in its design generally has high level of employee acceptability and satisfaction with the system. An appraisal model incorporating factors of organizational justice in the context of respective cultural dimensions has been suggested. Future avenues of research have also been identified.

Key words: Appraisals’ Fairness, Perception, Future avenues

I. INTRODUCTION
Performance appraisal (PA) forms the core of performance management systems. As per Swanepoel et al., PA is a formal and systematic process of identifying, observing, measuring, recording and developing the job-relevant strengths and weaknesses of employees; Chen and Kuo characterize PA as an indispensable process for an organization. Fletcher posits that the PA has a strategic approach and integrates organizational policies and human resource activities. However, reactions and conflicts on the employees’ side are often inevitable. Dissatisfaction and feelings of unfairness in process and inequity in evaluations can lead any appraisal system to failure. This paper aims to explore the PA aspects that are connected with organizational justice, and more specifically three kinds of justice, namely distributive, procedural and interactional justice. In particular, we take into account the perceived purposes of PA, the criteria used and the perceived satisfaction, which is satisfaction with ratings, rater and feedback.

Performance appraisal is considered to be the most occur emotionally charged activity in an employee’s life, that is, the judgment of an employee’s contribution and ability. Identification of objective performance measures that are both reliable and valid can be problematic. At present the focus of appraisals seems to be moving away from measurement towards process and procedure. Perception of fairness is a useful determinant of employee acceptability of the appraisal procedure.

An organizations performance appraisal system can be a practical tool for motivation and development provided the employees perceive the system as accurate and fair. The system itself and its outcomes can have an important influence on the employees, attitude towards their work, their supervisors and their organization. The system can also become a source of frustration and extreme dissatisfaction if it is considered to be biased unreliable or irrelevant. Extensive research has been conducted to improve the validity and reliability of performance appraisal systems. Researchers have proposed a number of alternative appraisal models and exhaustive body of knowledge exist on controlling rater biases through different methods of rater training but there is little evidence of employee satisfaction in actual practice.

Political model suggests that performance appraisals occur in the context of supervisors’ desire to portray a favorable self image, obtain reliable outcomes for their subordinates and pose themselves as caring managers so as to avoid negative consequences and hostility. The model ignores the check and balance placed by the organization within the system. A survey carried out by Bernardin and Villanova in the context of organizational politics reveals that inaccuracies of ratings are due to deliberate distortion of performance by the raters themselves and consequent inflated evaluation does not reflect true performance.

Although practitioners have attempted to improve traditional model by revising existing formats, appraisal criteria, raters’ training methodologies, goal setting techniques, feedback procedures and other related processes yet these improvements are considered far from employee justice perception. Traditional approach is based on observation, judgment, evaluation interviews and documentation, whereas political approach is biased by personalities, self interests, power and social exchanges among the participants. One can find ample evidence about the missing role of organizational justice in appraisals.

II. PROBLEM STATEMENT
Explore the issues related to employees’ perception of fairness, satisfaction and acceptance of appraisals as highlighted by various scholars and practitioners. Study the role of organizational justice and impact of national culture in the light of existing research for designing an appraisal system.

III. SIGNIFICANCE OF THE STUDY
Existing body of knowledge on employee appraisal explains performance appraisal phenomenon and employees’ reactions to their appraisal. Practitioners have been measuring the effects of various components of Performance Appraisal Systems and different processes involved in appraisals on employees’ level of satisfaction, work motivation, work attitude, organizational behavior and turnover intentions. Previous research also explains employees’ reactions to appraisal outcomes. All these efforts directed to increase the level of employees’ satisfaction with the systems and their processes. Yet most existing appraisal practices seem to be following the traditional and political approaches. This study has integrated the findings of various studies and suggested an appraisal system based on organizational justice approach alongside the traditional approach, incorporating national cultural dimensions with emphasis on process instead of measurement.

The study has explored Greenberg’s theory of organizational justice in the context of performance appraisals and relates underlying justice factors that can
enhance employee fairness perception of their performance appraisal system and consequent satisfaction level with appraisals and their outcomes. The study has benefitted from the findings of previous research pointing towards positive relationship of organizational justice on employee attitudinal and behavioral reactions towards performance appraisals.

The conclusion of this Meta analysis enabled formulation of an appraisal model that meets the dictates of organizational justice and can be applied according to respective dimensions of national culture

A. Objectives of the Study:
- To study the role of organizational justice and national culture designing performance appraisal systems.
- To highlight the impact of national culture in acceptance of appraisal system.
- To enable development of interventions that can be used to address potential weaknesses in the existing performance appraisal approaches.
- To suggest a performance appraisal model within the context of national culture based on organizational justice approach, emphasizing performance improvements and development rather than ratings and measurements.

IV. METHODOLOGY
A Meta analysis of existing studies has been carried out to enable understanding of organizational justice dimensions and their relationship with employee perceptions of job satisfaction so as to see how these can be linked to design an appraisal having high level of employee acceptance. Role of various components, processes and national cultural dimensions have been explained with their effects on employee satisfaction, attitude, work behavior and motivation. The study enabled development of a process based performance appraisal model incorporating a combination of national culture organizational culture organizational justice and traditional approaches having high reliability, validity and acceptability factors. Studies on employees’ reaction to appraisal conducted in Mexico, India, Korea, Norway, Finland and Saint Lucia, USA have been analyzed to enable understanding of cross cultural dimension of appraisals and employee reactions

V. DEFINITIONS OF TERMS AND CONCEPTS
A. Performance:
The act of performing; of doing something successfully, and using knowledge as distinguished from merely possessing it. A performance comprises an event in which generally one group of people (the performer or performers) behaves in a particular way for another group of people.

B. Performance Evaluation:
It is the activity used to determine the extent to which employee perform work effectively. It has almost similar definition with performance appraisal.

C. Performance Appraisal:
It is the systematic assessments of an employee in terms of the performance aptitude and other qualities which are necessary for successfully carrying out the job.

D. Perception:
It is as defined as in Oxford advanced dictionary: understanding or thinking something or somebody in a particular way.

E. Operational Definitions of Organizational Fairness:
It is possible to see the operational definitions among the four dimensions of the independent variables such as the distributive fairness (accuracy of ratings and concern over ratings), informational fairness (clarifying expectation standards, providing feedback, rating decisions), interpersonal fairness (respectfulness and sensitivity of supervisions) and procedural fairness (setting the performance expectations, raters confidence and seeking appeals) one by one below.

F. Distributive Justice:
Referring to the equity theory, employees will modify the quality or quantity of their work to restore justice. Additionally, when employees are treated fairly, they are “more willing to subordinate their own short-term individual interests to the interests of a group or organization” McCain et al., (2010).

G. Procedural Justice:
procedural justice refers to maintaining institutional legitimacy (Cropanzano, Bowen & Gillilan, 2007). Perceptions of procedural justice are high if there are standards to insure the results of monitoring are accurate; and that the organization has appeal procedures to correct unreasonable outcomes as cited by Sudin (2011, p. 72). Theory and research has established that procedures are judged as fair if they are implemented consistently, without self-interest, on the basis of accurate information, with opportunities to correct the decision, with the interests of all concerned parties represented, and following moral and ethical standards Jawahar (2002).

H. Informational Justice:
Informational justice refers to the transitory and explanation of decision making procedures Greenberg (1990), specifically to the fairness of decision maker’s behavior in the process of decision making that proper treatment is defined as; clarifying expectations, providing feedback and explaining rating decisions: being truthful in communication and treating people with courtesy and showing respect; further, they argued that proper enactment of procedures is defined by five behaviors: (a) adequate consideration of the employee’s input, (b) suppression of personal biases, (c) consistent application of decision-making criteria, (d) timely feedback, and (e) justification for the decision.

I. Interpersonal Justice:
Interpersonal justice refers to treatment with politeness, dignity, and respect by those who execute procedures or determine outcomes. Interpersonal justice refers to treatment with politeness, dignity, and respect by those who execute procedures or determine outcomes Sudin (2011, p. 73).
Interpersonal treatment includes interpersonal communication, truthfulness, respect, propriety of questions, and justifications, and honesty, courtesy, timely feedback, and respect for work Colquitt et al., (2006).

J. Operational Definitions of Satisfaction of the Performance Appraisal:

Employee satisfaction towards performance appraisal has been the most frequently measured (Keeping & Levy, 2000) and it has been primarily conceptualized in three ways satisfaction with: performance appraisal rating practices, supervisors who can facilitate the appraisal ratings or process and performance appraisal systems. The above satisfaction of performance appraisal dimensions can be measured or explained the very well in terms of the four fairness dimensions such as the distributive, informational, interpersonal and procedural fairness associations of the relationships in between themselves.

K. Performance Appraisal Ratings:

Primary purpose of the employees’ performance appraisal in terms of the developmental aspect of the performance appraisal process clear so employees understand and believe that if the job and career development and the employees should be aware of from the performance appraisal ratings by comparing to the existence and expectations.

VI. LITERATURE REVIEW

Organizational justice has developed over the past forty years to include distributive, procedural, and interactional theories. From these theories, researchers have come to accept a four-factor model of organizational justice, which includes distributive justice, procedural justice, and two classes of interactional justice, specifically, informational and interpersonal justice. Fairness consists of three types of subjective perceptions, typically referred to as distributive justice, procedural justice and interactional justice (Adams, 1965; Leventhal, 1980).

"Greenberg (1986b)" was one of the first to apply generational justice theory to performance evaluation. He posed the basic research question as to what makes a performance appraisal appear to be fair." And again conceptualization of the four types of justice provides a basis to more clearly examine the social perceptions related to organizational justice in systems Greenberg’s (1993) cited by Walsh (2003, p. 36)

In other words, Greenberg (1986) investigated if it was what one receives (rating or other outcome) or how it is decided that makes an appraisal seem fair. His work Greenberg (1986) supported earlier research by (Landy, Barnes & Murphy 1978) which showed that employees were more likely to accept an appraisal system and believe that their performance was rated fairly under certain conditions.

Full ford (2005) argued that the concept of organizational justice is a multi-dimensional construct that describes the role of fairness in an organizational context. Cremer (2005) proposed that the interaction between procedural and distributive justice is most likely to be observed when employees show a strong sense of affiliation with their organization as cited by Sudin (2011, p. 68).

Organizational Justice: A number of debates can be found in the justice literature relating to construct discrimination, measurement and analysis, especially the distinctiveness of the justice dimensions. Some researchers have made no effort to separate procedural and distributive justice and instead treat them as one overall justice concept (Martocchio & Judge, 1995). A similar issue applies to procedural and interactional construct discrimination, where some researchers treat interactional justice as a third justice measure, while others consider it a subset of procedural justice Colquitt (2001). In order to test for the potential mediating impact of organizational justice on employee outcomes at a deeper and more refined level of analysis, three justice constructs were used, with procedural and interactional justice being treated as separate measures. In this way tests could, if necessary, be conducted by combining measurement scales at a later stage. Thus, three justice scales were used to measure (1) distributive justice, (2) procedural justice, and (3) interactional justice.

Prior studies also revealed that the employees’ perception on each component of organizational justice influenced their work performance, especially when they were under the performance appraisal process. As noted by Warokka et al., (2012, p. 6) this concern also affected the employees’ satisfaction with their work outcome, which will lead inevitably to the organization effectiveness Suliman (2007). Performance appraisal system, in which the employees perceived it as an unfair process, will potentially become a source of disputes, mistrust, disrespect, and other social problems.

According to (Maaniemi & Håkonen, 2011, p. 27) study the instrumental and relational perspectives of the justice literature, (Folger & Bies) have proposed seven rules that managers should follow in order to promote fair procedures: (1) consideration of employees’ point of view, (2) bias-suppression, (3) consistency, (4) timely feedback about decision outcomes, (5) supervisors’ truthfulness in communications with employees, (6) polite and courtesy treatment of employees, (7) sufficient justification for an outcome decision.

A second issue to consider was the context in which fairness is to be judged. Gilliland and Paddock (2005) argued against investigating justice in a context-free manner as generic items were believed to be less informative, since they do not tell us the specific aspect of the work situation the respondents had in mind when reporting their fairness perceptions. This issue of context is especially important in investigating the impact of performance appraisal practices on employee outcomes with a focus on the ‘system’ as a whole, rather than a series of individual practices. It is evident that in most firms, employees are typically exposed to a host of HR practices simultaneously Takeuchi et al., (2009), and outcomes should operate at the system level Ichniowski et al., (1997). As a result, respondents in this study were asked for fairness perceptions across each individual practice making up the compensation, performance management.

It offers the opportunity to more comprehensively study and organize employees' perceptions of fairness concerning performance appraisal and appraisal systems. The proposed model includes the following four types of justice perceptions: systemic (structural -procedural); informational (social-procedural); configeral (structural-distributive) and interpersonal (social-distributive). So, the perceptions of fairness and satisfaction of employees on the performance
appraisal practices of their institution are one way or the other related to these four major factors (models).

Distributive justice deals with outcomes fairness and in performance appraisal context, appraisal ratings are outcomes Jawahar (2002). The second factor, procedural justice is associated with the fairness perceptions of the standards followed, methods and processes used for appraising performance of employees. The third factor is called interpersonal justice, which deals with appraisees’ perceptions about the treatment of supervisor. Fourth factor in performance appraisal and appraisal systems related to fairness is called informational justice, it means providing appraisees all the information relevant to decisions or appraisal process Greenberg (1993a) cited by Ikramullah, M. et al. (2011, p. 92).

Ratee reactions to performance appraisal have been categorized into: (1) reactions to the appraisal process, (2) reactions to the appraisal structure or format, and (3) reactions to multi-source appraisal or feedback (Levy & Williams, 2004) cited by (Boachie-Mensah & Awini, 2012, p. 76). They claim that an appraisal system will be ineffective if rates (and raters) do not see it as fair, useful, valid, accurate, etc. Measuring appraisal effectiveness involves, among other things, assessing perceptions of or actual rater errors and biases, rating accuracy and reactions of raters and ratees about the performance appraisal practices.

### VII. PERFORMANCE APPRAISAL SATISFACTION

Since performance appraisal systems will allow communicating strategies, goals and vision, employees should experience higher levels of commitment to organizational goals and, therefore, become more affectively committed to their organization. There are main critical consequences of performance appraisal in organizations. Different research papers quoting scholars: the five benefit areas of an efficacious performance appraisal system include: determines pay; explains and communicates pay decisions, provides the subordinate with development information and support, fosters mutual task definition and planning of future work goals, documents and recognizes subordinate’s performance and allows the to provide feedback about feelings, supervision and definition of work (Bernardin & Beatty, 1984; Landy & Farr, 1983; Latham & Wexley, 1981; Lawler, Mohrman, & Resnick, 1984; Murphy & Cleveland, 1995) as cited by Walsh (2003, p. 23).

There are many suggestions about attributes that make procedures perceived as fair. In this study these attributes are referred as fairness rules. Some researchers emphasize more instrumental value of the procedures while others are focusing on the relational side of the procedures.

According to Leventhal expanded the attributes of the fair procedures to six items. These items or rules can be interpreted in performance appraisal context as following (Maaniemi & Hakonen, 2011, p. 14);

1) Consistency: maintaining consistency in performance standards over time and among employees.
2) Bias-suppression: constraining self-interest by discussing performance expectations and discrepancies.
3) Accuracy: training managers and employees to record performance accurately throughout the period and use this record to prepare and justify performance evaluations.
4) Correct ability: instructing managers to listen to the employees opinions and change the evaluation if appropriate.
5) Representativeness: discussing concerns of the employee and manager throughout each stage of the process.
6) Ethicality: using procedures that are compatible with existing moral and ethical standards.

Different research findings of respondents suggested that performance appraisal system fails to communicate the feedback to employees on time, employees are not clear about the purpose of performance appraisal, the timing of performance appraisal and employees have no opportunities of learning around their work place specifically like: in sharing of information for improvement and employees’ participation in making suggestions; respondents replied negatively (Eniye Dargie, 2007, p. 52 & Desalegn Amlaku, 2010, p. 73). The philosophy of performance management emphasizes the importance of employees planning how they are going to achieve their objectives, and then obtaining feedback data themselves. The rapid development of management information systems in recent years has increased the capacity to provide quantitative and timely feedback.

From those prior studies, arguably we can define that there are four activities in the performance appraisal cycle in organizations, namely, defining the performance, measuring and evaluating the Performance, giving feedback to the employee, and applying the results in the different organizational system as noted by Warokka et al., (2012, p. 7). By using this performance appraisal method, an organization can evaluate the level of performance of an employee and keep the record of their performance achievement as well. Meanwhile, one important function of performance appraisals is to encourage, guide, and improve employee performance. To be effective, the performance appraisal must be relevant and the measurement standards must be clear. Relevance refers to the degree to which the performance measurement includes necessary information; that is, information that indicates the level or merit of a person's job performance. To be relevant, the appraisal must include all the pertinent criteria for evaluating performance and exclude criteria that are irrelevant to job performance.

As many authors were agreed upon about the performance appraisal practices that would better be effective if formats were designed taking into account nature of the job employees are accomplishing, their positions, and qualifications etc. Moreover, appraisal criteria should be updated from time to time with changes taking place in the external environment and allowing employees to involve in setting performance standards so as to enhance the connection between employee job and performance criteria and the other key issue is that management should not unnecessarily interfere in the process Meseret Yazachew (2007, p. 76).

In addition, the research findings said that the management’s contribution for employees’ job performance is low; this is mainly associated with absence of identified mentors and coaches, low gap filling roles of performance managers and absence of autonomy in doing jobs enterprises and finally, performance planning is much weaker in the
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The vast majority of the research on performance appraisal has focused on the subjective perceptions of fairness and justice. As mentioned previously, fairness and justice are essential components of the evaluation process. However, there are still many gaps in our understanding of the factors that influence perceptions of fairness and justice.

Organizational fairness which highly related to performance appraisal has provided additional insight into perceptions of fairness and employee satisfaction. (Tang & Sarsfield-Baldwin, 1996) found a relationship between distributive justice and personal level job satisfaction and between procedural justice and organizational commitment. These researchers developed scales for procedural and distributive justice and used them to predict satisfaction with pay, promotion, supervision and their performance appraisal. The above authors suggest that understanding the source of perceived injustice can help organizations improve overall justice perceptions by focusing improvement efforts on the appropriate source of either rater procedural justice or system procedural justice. Employees expect from the beginning the organization to develop appropriate performance criteria and communicate these to them. However, it is the role of the supervisor to conduct a fair hearing through performance appraisal and to provide feedback.

So it is necessary to establish a fair in organization so that employees could be rewarded or punished on the basis of their actual job performance, rather than on personal likes or dislikes of supervisor or other irrelevant assessment criteria. Likewise, it is also important that management should give full attention to employees’ fairness perceptions of performance appraisal systems (Roberson & Stewart, 200) cited by Ikramullah, M. et al., (2011, pp. 94). Interactional justice has been shown to impact employee outcomes such as job satisfaction Masterson et al., (2000).

Many researchers argue that in the performance appraisal context, procedural justice can be conceptualized as two-dimensional: system procedural justice and rater procedural justice (Erdogan, Kraimer & Liden, 2001) cited by Walsh (2003, p.36). Their study indicates that the two factors are independent. Different components of due process were related to different dimensions of procedural justice. Knowledge of performance appraisal criteria and validity of appraisal criteria are related to system procedural justice whereas fair hearing and performance feedback are related to rater procedural justice. These investigated the impact of alternative appraisal categories available for rating employee performance (rating segmentation) on motivation and perceptions of fairness. The researchers found that the rating system and the performance rating itself affected perceptions of distributive justice.

Procedural justice has also been shown to relate to other people management issues such as trust in management, job satisfaction, employee commitment, staff turnover, work effort and work pressure (Masterson et al., 2000; McFarlin & Sweeney, 1992).

Organizational justice scholars use the terms fairness and justice interchangeably. It can be categorized into two broad areas called “structural justice” and “social justice”. Structural justice refers to the structural elements of the organization that allow for employee’s involvement in decision making and provide for fair distribution of outcomes.

A. Distributive Fairness:

Referring to the equity theory, employees will modify the quality or quantity of their work to restore justice. When employees perceive justice in the organization, they are less likely to seek opportunities to balance things out by...
increasing their own benefits at the company’s expense. The logic of distributive justice is straightforward – participant satisfaction is increased when one believes that the resolution of the dispute is fair and favorable.

B. Procedural Justice:

Theory and research has established that procedures are judged as fair if they are implemented consistently, without self-interest, on the basis of accurate information, with opportunities to correct the decision, with the interests of all concerned parties represented, and following moral and ethical standards Jawahar (2002). Procedural justice towards employees is a basis for employee commitment. Procedural justice influences individuals’ perceptions of fairness in regard with pay raises and promotions as well as organizational commitment and job satisfaction Jafari et al., (2011). Procedural justice suggests that satisfaction is a function of process (the steps taken to reach that decision) Nabatchi et al., (2007).

If performance appraisals are perceived as unfair, therefore, the benefits of performance appraisals can diminish rather than enhance employee’s positive attitudes and performance (Thomas & Bretz, 1994) cited by Warokka et al., (2012, p. 7). Specifically, the perceptions of procedural unfairness can adversely affect employee's organizational commitment, job satisfaction, trust in management, performance as well as their work-related stress, organization citizenship behavior, theft, and inclination to litigate against their employer.

One antecedent to distributive and procedural justice of performance, appraisal is social justice between groups and employees. When we do not compensate employees fairly, by basing their compensation on work results, then the employees waste their time rather on getting the desired levels of compensation and not on improving their work cited Chemeda Diriba (2012, p. 33). According to Susan (1995), performance evaluation system is fair if: 1) It provides adequate notice; 2) fair hearing which requires a formal review of meeting in which an employee is informed of a tentative assessment of his/her performance and employees are permitted to challenge the assessment; and 3) Judgment based on evidence that requires the organization to apply performance standards consistently across employees.

C. Interational Justice:

Interactional justice is defined as the quality of interaction that an individual receives during the enactment of organizational procedures Jafari et al., (2011) Greenberg (1993) has argued that interactional justice should be divided into two distinct components, informational justice and interpersonal justice. These two subcategories of informational and interpersonal justice overlap considerably; however, research suggests that they should be considered separately, as each has differential effects on justice perceptions.

According to (Maaniemi & Hakonen, 2011, p. 26), interactional justice is proposed to have at least two components by itself. The first one is interpersonal sensitivity which refers to politeness and respectfulness of the procedures. The second subpart is explanations or social accounts. People are more willing to accept decisions that are properly explained or justified.

D. Informational Justice:

Focuses on the enactment and explanation of decision making procedures. Research suggests that explanations about the procedures used to determine outcomes enhance perceptions of informational justice. Explanations provide the information needed to evaluate the structural aspects of the process and how it is enacted; however, for explanations to be perceived as fair they must be recognized as sincere and communicated without ulterior motives, based on sound reasoning with logically relevant information, and determined by legitimate rather than arbitrary factors Nabatchi et al., (2007).

E. Interpersonal Justice:

Reflects the degree to which people are treated with politeness, dignity, and respect by authorities. The experience of interpersonal justice can alter reactions to decision outcomes, because sensitivity can make people feel better about an unfavorable outcome. Interpersonal treatment includes interpersonal communication, truthfulness, respect, propriety of questions, and justification, and honesty, courtesy, timely feedback, and respect for rights Colquitt et al., (2006).

That found that fair interpersonal treatment by the supervisor elicits positive attitudinal reactions from recipients towards both the supervisor and the organization as Walsh (2003, p.48) noted that (Leung & Morris, 2001). Fair interpersonal treatment had both direct and indirect paths to attitudes towards the supervisor while the effects of just formal procedures were primarily directed to the organization. He also cited that (Cobb, Vest & Hills, 1997) studied whether, and to what extent, workers see either formal policies and procedures or the organizational agents (their supervisors) who apply them as the source most responsible for the procedural fairness they receive in their performance evaluation. Results indicated that workers perceived shared, yet independent responsibility for delivery of procedural justice between supervisors and formal policies.

Understanding fairness or organizational justice in performance appraisal process and practices is extremely important for organizations because of its relationship with employees’ job satisfaction and organizational commitment and, subsequently, their propensity to search for another job. This is supported by (Cardy & Dobbins, 1994) suggest that “with dissatisfaction and feelings of unfairness in process and inequity in evaluations, any performance appraisal system will be doomed to failure. The experience of interpersonal justice can alter reactions to decision outcomes, because sensitivity can make people feel better about an unfavorable outcome. Interpersonal treatment includes interpersonal communication, truthfulness.

IX. EMPLOYEES’ PERCEPTIONS ON PERFORMANCE APPRAISAL

According to (Mohrman, Resnick-West, & Lawler, 1989) which cited by Warokka et al., (2012, p. 6) documented some potential benefits of highly performance appraisal policy, such as increased motivation to perform effectively, gained new insight into staff and supervisors, distributed rewards on a fair and credible basis, and encourage increased self-understanding among staff as well as insight into the kind of
development activities that are of value. Richards (2010) found that performance appraisal can provide an indication of areas of training need as well as direction for leadership development, performance improvement, and succession planning.

According to (Murphy & Cleveland, 1991) state that when the following criteria are met, performance appraisals are most likely to be perceived by employees as accurate and fair: 1) Appraisals are conducted frequently; 2) There is a formal system of appraisal; 3) Supervisors have a high degree of job knowledge; 4) Ratees have an opportunity to appeal ratings; 5) Performance dimensions are seen to be highly relevant; 6) Action plans are formed for dealing with present weaknesses; and 7) The organizational climate is cooperative rather than competitive cited by Walsh (2003, p. 24).

In addition to the above employees’ perceptions the other finding suggested that the management of particularly the Addis Ababa University and St. Merry University college did not care for their employee’s welfare and but instead of caring for their employee’s welfare, the management focused on achieving their objectives of securing high profit by saving from the human resource cost. Employees of the college perceived that they get much lesser than the effort they are required to exert on performing their jobs Berhan Ayenew (2007, p. 66). According to his findings majority of the respondents’ perceptions due to poor recognitions of performance appraisal process that there lacks organizational commitment and the employees did not have a psychological attachment to continue with the colleges.

In adding up the employees’ perceptions the other finding suggested that employees of the organization have no sense of belongingness to the organization, have no future hope of getting better benefits and employees stayed in the organization because they do not have other alternative job Asmamaw Argeta (2011, p. 50).

In addition, the research findings said that the management’s contribution for employees’ job performance is low; this is mainly associated with absence of identified mentors and coaches, low gap filling roles of performance managers and absence of autonomy in doing jobs enterprises and finally, performance planning is much weaker in the public enterprise in comparison to the privatized Mathias Nigatu (2011, p. 59).

If an appraisal within a company is carried out without any rules, transparency, and prospect of things linked to it, it might cause severe troubles, not only can it damage the climate at workplace and lead to decrease in productivity. In general, research indicates Smither (1998) cited by Warokka et al., (2012, p. 6) that perceptions of fairness arise from consideration of the outcomes received (outcome fairness); the procedures used to determine those outcomes (procedural fairness); and the way in which the decision-making procedures were implemented and explained (interpersonal fairness). This description of the components of fairness draws heavily on the area of organizational fairness. Therefore, to handle the issue of managing organization effectively, it is important to any top management to set a performance appraisal system accurately and meet the employees’ sense of fairness.

Roberts, in his article on “Employee Performance Appraisal System Participation: A Technique that Works”, noted conceptual foundations supporting the efficacy of participatory performance appraisal framework. He regarded employee participation to be the key element of motivational strategies that facilitate growth and development. Secondly, according to him, participation provides employees with voice that enables them to question ratings, enforce documentation and get verbal feedback that they may not agree with. Thirdly, based on the assumption that employee’s posse valid, unique and relevant performance information and insight that is not available or observable by the appraiser, Roberts concluded that quality of appraisal is enhanced which leads to more accurate ratings. Fourthly, suggestions for improvements and ownership of the process manifests ego involvement which enhances employee acceptance. Last and not the least, participation generates an atmosphere of cooperation and employee support which encourages development of a coaching or a counseling relationship that reduces tension, defensive behavior and rater - ratee conflict

Comprehensive and effective participation comprises mutually developing standards, designing rating forms, self appraisals and participation in interview (Roberts, Justice.2003).

Cascio, ; Cenzo and Robins, recommended following nine steps to an effective appraisal system, that can increase employee acceptance level of appraisals and their accuracy.

- Preparation and scheduling of appraisals in advance.
- Creation of supportive environment
- Explaining purpose of appraisal
- Employee involvement in discussion and self evaluation
- Focusing on work behaviors instead of personalities.
- Both positive and negative feedback
- Supporting results with specific examples
- Employee understanding of explanations of outcomes.
- Action plan for development

Narcisse and Harcourt, carried out a qualitative case study at Saint Lucian public service organization, “Employee Fairness Perceptions of Performance Appraisal” to gain a rich understanding of employee perceptions of the fairness of their performance appraisals. Data were obtained from both completed appraisal forms and interviews with 20 knowledgeable employees. All interviews were transcribed and assessed using a thematic analysis. Overall, results show that distributive, procedural and interactional justice factors identified in the existing literature influence employee perceptions of fairness in their appraisals. Results suggest that employees also consider four additional justice factors, as yet not formally recognized in the justice literature, one in distributive category is consistency in reward distribution – and three in procedural; appraisal frequency, job relevant criteria and rater and ratee training

X. ANALYSIS

Research has ample evidence of high employee satisfaction with appraisals having consideration for organizational justice built into the process. The variables that determine a high satisfaction level include, mutual setting of
performance goals, agreement on desired standard to be achieved, positive multi directional timely feedback, appraisal reviews / interviews, employee participation in designing of the system, involvement in decision making, dual purpose of appraisal, i.e. developmental and administrative, rater training / experience, appeal process, clarification of roles / expectations, positive rater – ratee relationship (respect), accuracy of rating, explanation of decisions / outcome and principle of equality. On the other hand, single administrative purpose, raters’ biases, lack of experience / training, lack of recognition of hard work, disregard for merit, presence of political trends, favoritism and sycophancy adds to employees’ perception of unfairness with the appraisal rating, the process and hence dissatisfaction with the system and its outcomes.

Analysis of the studies conducted in Finland, Norway, USA, Korea, India and Mexico also shows a slight difference in employees’ attitude towards work behavior, organizational citizenship and reaction towards supervisors and their organizations due to varying cultural dimensions. However aforementioned variables affecting perception of justice and fairness are somewhat the same in all these studies.

Very few organizational justice studies have focused on performance. Most of these focus on the effects of either procedural or distributive fairness perceptions but rarely both. Some focus on the consequences of only one or two procedural factors. Korsgaard and Roberson focused on employee voice; whereas Barclay and Harland focused on rater competence, location and opportunity to correct the rating. Almost all the current research is American and reflects US and not necessarily global, cultural norms regarding fairness and justice. Skarlicki argues that, by assuming current understanding of workplace fairness as universal, one overlooks the deep cultural differences that can exist between people of different nations. Performance appraisals are only a part of the overall Performance Management System and the role of National Culture, Organizational Culture and prevailing Organizational Justice factors play a major part in managing the performance of employees.

It can be concluded from these studies that employee satisfaction with performance appraisals and employee perception of fairness and accuracy of appraisals are likely to be influenced by country’s cultural context. Most Latin American, Indian Sub-Continent and Eastern cultures are paternalistic, collectivist, have greater gender role differentiation, a lower tolerance for uncertainty, higher power distance / wealth differentials and a short term orientation with respect to time. Research and evidence support the influence of culture on employee perception of fairness and satisfaction with appraisal and the system itself. For e.g. a collectivist culture is likely to place a higher value upon relationships, therefore, employees in that environment may find themselves more comfortable with group performance evaluation or they may demonstrate more acceptance of their supervisors’ evaluation due to higher tolerance for power, wealth, inequality and paternalistic culture. Moreover, participative management style may not be suitable for cultures having high power distance where employees accept whatever is forced upon them from their bosses. Therefore findings of cross cultural researches investigating this problem cannot be generalized across countries having different cultures and hence employee reactions to an appraisal system designed for an eastern culture may not have the same level of acceptance and satisfaction in the European culture.

Meta analysis did not show employee reactions to contextual constraints that influence ratings. However measurement of situational constraints reveals that in most cases supervisors do give allowance of situational constraints to their employees but, the same can be manipulated to appraisers’ advantage in the context of organizational politics. Similarly there is ample evidence of job performance which require specific competencies, skills and abilities but there is little research on contextual performance dimension in measuring individual performance. Both task and contextual performance are important dimensions to take into account in performance appraisals.

Analysis also shows that a paternalistic organizational culture of trust, open communication, organizational support having value for both job and contextual performance, emphasis on coaching and mentoring is a prerequisite for an effective performance appraisal system. Personal political interest, lack of raters’ training, disregard for merit, disregard for situational constraints and inequity adds to employees’ dissatisfaction and perception of unfairness. Employees’ involvement in design and implementation adds to their ownership of the system and hence maximum acceptability and satisfaction with the appraisals and the appraiser. Participation and ownership also increases perception of justice and fairness.

XI. AREAS FOR FUTURE RESEARCH

This study is restricted to a few countries. Therefore, keeping in view the potential influences of national culture on organizational citizenship behavior, organizational structure, individual job behaviors, appraisal politics, purpose and reactions to further research in the context of different national results / outcomes, there is a requirement of conducting cultures taking into account the findings of Hofstede’s research on various cultural dimensions. Besides, there is a need for measuring contributory effects of different variables for deciding about design of appraisal system. Future research could also investigate additional factors that may mediate or moderate the relationship between performance appraisals and employees’ perception of their fairness.

XII. RECOMMENDATIONS

Based on the foregoing analysis this paper suggest that fundamental design of Appraisal System should emerge from the values of National Culture within which the norms of interaction, acceptance of authority, influence of power distance, collectivism and tolerance for uncertainty should dictate the design. For example, whether it should be a top down appraisal (acceptance of authority / power distance) as against 360 degree approach or a collective team based appraisals instead of individual appraisal report; whether the purpose should be developmental (tolerance for
uncertainty / planning for future) against administrative / confidential report (looking into the immediate problems foundation, the organizational culture should be so / concerns). Thereafter keeping National Culture in the developed and encouraged as to support the overall design structure of Performance Management System. Finally the design should be based on fundamental factors of organizational justice as identified in existing studies by various scholars. Improvements in implementation can be brought about by removing politics and providing training to the raters instead – they Transparency should be made an important element of must understand the motivation to rate accurately, appraisals which can be introduced by building an effective appeals process in the system. Appraisal purpose should shift from witch hunting, judging and measurements towards development and motivation of employees. 360 degrees appraisals and feedback mechanism are likely to yield better employee perception and satisfaction with the appraisals.

In order to make performance appraisal information more useful, the critical criteria for its development must ensure that performance appraisal system is able to consistently produce reliable and valid results. Measurement items in the performance appraisal system must be designed in such a way that the results of rating are consistent regardless of the raters and the timing of the assessment. Another critical criterion, in developing an appraisal system is the validity of the measurements. It is important to make sure that the appraisal items are really measuring the intended performance or target behavior. If they are not, the performance appraisal system encourages the wrong kind of work behaviors and produces unintended, frequently negative, organizational outcomes.

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