

Employee Acceptability of Performance Appraisals: Issues of Fairness and Justice

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Abstract: This Meta 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 context. The study reveals that an 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: Organizational justice • Appraisal fairness • Perception of fairness • Employee satisfaction • Review interviews • Purpose of appraisals • Appraisal acceptability • Situational constraints and participation.

INTRODUCTION

Performance management is the continuous process of identifying, measuring and developing the performance of individuals and teams and aligning their performance with the organization's goals [1]. Performance appraisal is a major component of Performance Management System which measures employees' performance relevant to the specified standards and against clearly defined objectives [2]. A major challenge for performance appraisal systems is to have its maximum acceptability among employees.

Performance Management System (PMS) is the process of obtaining, analyzing and recording information about relative worth of an employee. The current focus of appraisals is on measuring aimed at improving the actual performance and future potential. It is a powerful tool to calibrate, refine and reward performance. By focusing attention on performance, appraisals go to the heart of Human Resource Management Systems and reflect management's interest in the development of employees.

Performance appraisal is considered to be the most emotionally charged activity in an employee's life, that is, the judgment of an employee's contribution and ability [3]. Identification of objective performance measures that are both reliable and valid can be problematic [4]. 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 [5].

An organizations performance appraisal system can be a practical tool for motivation and development provided the employees perceive the system as accurate and fair [6]. 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 [7]. 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 [8]. The model ignores the check and balance placed by the organization within the system. A survey carried out by

Bernardin and Villanova [9] 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 the 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.

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.

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 turnout 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.

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.

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.

Literature Review: Organizational justice prevails when its employees believe that rewards are fair and justified [10]. In the existing literature, perceptions of fairness are ordinarily categorized as *Distributive, Procedural, Interactional and Informational* [11, 12]. In the context of performance appraisal, distributive justice focuses on the

perceived fairness of the appraisal rating or outcome received in relation to the actual work performed, whereas procedural justice focuses on the perceived fairness of procedures followed to arrive at that outcome (ratings) [13]. Interactional justice focuses on the perceived fairness of the interpersonal treatment employees receive during the appraisal process [14]. Informational justice refers to the explanation of decisions and communication environment in the organization.

Distributive Justice, concept originated from Adam's Equity Theory (1965), which claims that individuals formulate fairness perceptions by comparing their perceived work outcomes (rewards) to their perceived work inputs (contribution) in relation to the perceived input to outcome ratio of a coworker. Thus, employees view their appraisal rating and any consequent rewards, as fair when these reflect the individual's inputs and contributions [15, 16]. The fairness of outcomes in the appraisal context means fairness of the performance ratings given by the supervisors [17]. Two structural forces are generally associated, with distributive fairness of performance appraisal outcome; decision norm i.e, equity and personal goals of the rater. Raters may be tempted to develop appraisals that are aligned to other distribution norms such as equality, personal need or social status which may seem unfair to employees [18]. Employees' perception of fairness and unfairness of appraisal is much dependent upon raters' goals. Perception of fairness will prevail if employees see raters trying to motivate employees, improve performance and expand their perception of satisfaction. However fairness perception will not prevail if element of conflict avoidance, favoritism and politics is seen in appraisals [19]. Many appraisers have a vested interest in making their subordinates look good on papers which, in most cases, reflect a problematic organizational culture that may be intolerant of failures or appraisers may be fearful of repercussions – both for themselves and the appraisee. Longenecker [20] argued that accuracy in appraisals is impossible to achieve because people protect their own personal interest while playing social and political games. He further noted that managers consciously fudge the numbers when they are let loose no matter what checks and balances are put in place. Many managers have actually defended fudging appraisal results by declaring it as an effective management tactics. There can be different motives for fudging, for example; hope for a better future performance, avoid unpleasant confrontation, hide employee weaknesses, punish or reward an employee. Therefore the rater is likely to have

biases that distort ratings and this influences employee perception of accuracy and fairness [21]

Procedural Justice / Fairness means the fairness of the procedures adopted to decide the outcomes [22]. Process of assigning well trained raters, mutually establishing performance criteria and having appeals process adds to employee perception of procedural justice [23]. This is further substantiated by Landy *et al* [24], Tang and Sars Baldwin [25] and Folger, *et al* [26].

Folger, *et al.* (1992) [27] have developed a procedural justice model for performance appraisal, rooted in the due process of law and possessing three basic factors: adequate notice, a fair hearing and judgment based on evidence. Adequate notice involves giving employees knowledge of the appraisal system and how it affects them. More specifically, it entails developing performance standards and objectives before the appraisal period commences which must be well documented, clearly explained, fully understood and preferably set by mutual agreement with employees so that they are only held accountable for standards and objectives properly communicated to them. Adequate notice also involves giving employees constant feedback on a timely basis throughout the performance evaluation period, so that employees can rectify any performance deficiencies before the appraisal is conducted [28]. Studies show that adequate notice is important to employee perceptions of procedural fairness. For instance, Tang and Sarsfield-Baldwin (1996) [29], in their research on a medical centre, found that clarity of appraisal expectations and a thorough employee understanding of the appraisal process were important predictors of procedural fairness. Likewise, Williams and Levy's [30] study of 128 employees from three US banks revealed that system knowledge significantly predicted appraisal satisfaction and procedural fairness.

The second factor that affects employee perceptions of procedural fairness is a fair hearing which means: an opportunity to influence the evaluation decision through evidence and argument, access to the evaluation decision and an opportunity to challenge the evaluation decision [31]. Fundamentally, a fair hearing entails two-way communication, with employee input or 'voice' in all aspects of the appraisal decision-making process. Several researchers have consistently found that 'voice' affects procedural justice in a variety of work contexts [32-35].

The third procedural justice factor is judgment based on evidence. This means convincing employees that ratings do accurately reflect performance by justifying evaluation decisions in terms of performance-related

evidence [36]. Ratings overtly based on tangible performance records and evidence appears objective and unbiased. Those based on covert evidence appear subjective and judgmental. If a judgment is based on the evidence, it necessarily means that it is not based on external pressure, personal bias and dishonesty [37]. A performance rating must therefore withstand scrutiny and reflect principles of sincerity and fairness. Studies generally substantiate the importance of judgment based on evidence to perceptions of procedural justice. Greenberg [38] found that appraisal ratings based on documented performance observations were much more readily accepted than undocumented appraisal ratings.

Interactional Justice / Fairness, the quality of interaction between the rater and the ratee [39]. Individuals are highly influenced by the emotional intelligence of their supervisors and other representatives within the organization. This is especially true when raters show concern for employees regarding the outcomes that they receive. Other expressions of remorse by raters, especially apologies, have enabled to reduce employees' perception of unfairness.

Bies [40] has identified four factors that influence how fairly employees feel they have been treated by supervisors: deception, invasion of the employee's privacy, disrespectful treatment and derogatory judgments. Deception occurs if a supervisor's words and actions are inconsistent, as, for example, when a supervisor promised a pay increase if performance improved, but later refused to honour that promise. Invasions of privacy occur if the supervisor gossips, spreads rumours, or unnecessarily discloses confidential information about an employee. Disrespect is demonstrated if supervisors are abusive or inconsiderate in their words or actions. Abuse includes every conceivable kind of insult from racist remarks to 'name-calling' to public humiliation. Derogatory judgments refer to wrongful and unfair statements and judgments about the employee's performance, for example when a supervisor fails to supply adequate resources and yet accuses a subordinate of not having satisfactorily completed a task. No one enjoys being accused of doing something he / she had not actually done or was not responsible for having done.

Informational Justice / Fairness is concerned with fairness perception based on clarification of performance expectation and standards [41]. The focus of informational justice is on clarification of events which determine outcome, just like the procedural justice, but perceptions are socially determined. Information can take the form of

honest, sincere and logical explanations of allocation process. In the context of appraisals it involves setting performance objectives feedback and explanations during performance interviews.

The importance of employee's perception of fairness, accuracy and satisfaction with the appraisal is a well recognized issue in performance management function of HR [42-44]). Accurate and adequate feedback about performance through performance appraisal reviews has been regarded as an important source of employees' ability and motivation to perform effectively [45]. Perception of fairness with performance appraisal has often been conceptualized in terms of satisfaction with appraisal interview, appraisal system and performance ratings [46].

Silverajan and Cloninger, [47], carried out a study of 203 full time Mexican employees employed in a large Mexican city. Their study supported their hypothesis that perceived appraisal accuracy is related to perceived appraisal fairness and positively related to distributive, procedural and interactive justice. They concluded in their study that 360 degree appraisals, rich in feedback, are considered by employees to be fair. Employees perceive such appraisal outcomes to be fair and just from the viewpoint of distributional procedural and interactional justice. They believe feedback from multiple sources to be less biased by political and personal factors. According to their perceptions managers provide specific feedback that is related to specific job activities and events related to job performance which is willingly accepted by them since those feedbacks are procedurally fair compared to generic and vague feedback. Further the study concluded that timely appraisals are considered as appropriate as opposed to late feedback which is seen as procedurally unfair.

Moreover, appraisals having dual, both administrative and developmental purpose, were perceived as more accurate than appraisals having purely administrative purpose. Administrative purpose seems to have personal biases and in that political influences play a key role resulting in perceived inaccurate ratings. Dual purpose appraisals are likely to have biases for administrative decision and accuracy for developmental decisions, hence are perceived as more accurate.

Shrivastava and Purang, [48] carried out a comparative study of Indian public and private sector banks with respect to perception of appraisal fairness and satisfaction. The study is based on nine factors that define perceptions of appraisal fairness which are; *setting performance expectation, rater confidence, clarifying*

expectations, providing feedback, accuracy of ratings, explanation of rating decision, appeal procedure, validity of rating and rater - ratee interpersonal relationship. A sample of 340 bank employees was selected for the study. They found in their study that private sector bank employees demonstrated more satisfaction with appraisals having elements of setting performance standards, raters' confidence, clarification of expectations, feedback, rating accuracy, appeals process, explanation of rating decisions and dual purpose.

Employees showed dissatisfaction and perceived appraisals, having single administrative purpose, rater's biases, lack of recognition of hard work, disregard for merit, lack of rater's training, presence of political trends, favoritism and sycophancy, as inaccurate [49, 50]. Overall appraisals system having ability to appeal an unfair, inaccurate or biased rating, is considered important in enhancing employee perception of Procedural Justice [51-55]. Presence of aforementioned elements in private bank's appraisals reflected procedural and distributive justice and hence employee perception of fairness of appraisals.

Goals and performance expectations are jointly decided by supervisors and subordinates. Latham and Locke [56] found that employee involvement in goal setting is positively related to goal acceptance while acceptability is negatively related once goals are assigned by supervisors alone. Mc Conkie [57] and Edwards [58] have also emphasized participative goal oriented performance appraisals against a traditional approach with no participation or lesser participation.

Confidence and trust in raters' ability to understand subordinates' job, job performance and guidance, increases employees' satisfaction with the rater and hence the appraisal ratings. Pooyan and Eberhardt [59] found that raters play a crucial role in the success or failure of appraisals. This finding is further substantiated by Jawahar [60] who concluded that raters' knowledge of ratee, his job and relationship increases ratees' confidence and satisfaction with appraisals.

Thurston Jr and Mc Nall [61] have drawn up an integrative framework of Organizational Justice with social and economic exchange relationship. Framework is applied to appraisals in explaining employees' fairness perception of their appraisal system. Each of the justice dimensions i.e distributive, procedural, interactional and informational is explained in the context of appraisals. They studied effects of ten processes involved in appraisal exercise that lend perception of fairness to

appraisals; *assigning raters, setting standards, appeal procedure, equitable ratings, absence of politics, respect for ratee, sensitivity, clarification of expectations, feedback mechanism and performance interviews* that included explanation of outcome decisions. These perceptual constructs were grouped according to four justice dimensions. These two researchers acquired assistance of five subject matter experts to sort out aforementioned ten items according to four organizational justice constructs. Content validity, item clarity and conceptual distinction between four justice dimensions were ensured through a confirmatory categorization of analysis. Resultant processes involving these ten items were subsequently categorized into four dimensions of organizational justice as under: -

- Procedural Justice Components: Assigning raters, setting standards / criteria and designing appeals process.
- Distributive Justice Components: Equality, decision norms and absence of political Goals.
- Interpersonal Justice Components: Ratee's respect during supervision and display of emotional intelligence that is sensitivity, during supervision.
- Informational Justice Components: Clarifying expectations, providing feedback and explaining outcome decisions.

Test of reliability, validity and acceptability were administered through a survey of 188 respondents from four organizations that included officers of US Air Force, enlisted US Air Force administrative personals, employees of a health insurance company and employees of US Civil Services. In the results of their study they validated following hypotheses: -

- Hypothesis – I. Perception of presence of Organizational Justice is related to employee satisfaction with appraisal ratings, appraisal system and the appraiser.
- Hypothesis – II Satisfaction with appraisal system, appraisal ratings and supervisors are positively related to perception of appraisal practices beyond the effects of any discrepancy between employee's self appraisal rating and received appraisals.
- Hypothesis – III. Positive relationship between Procedural Justice and organizational citizenship behavior is mediated through satisfaction with appraisal system.

- Hypothesis – IV. Positive relationship between Interpersonal and Informational Justice perception and citizenship behaviors are mediated through employees satisfaction with the quality of supervisors, that is their experience, training and emotional quotient.

In another study Elovainio, Bos, Linna, Kivimäki, Ala-Mursula, Pentti and Vahtera, [62], examined the hypothesis that performance appraisal interview affect justice perceptions. Their results of multi level regression revealed that interviews that were experienced as useful improved justice perceptions significantly. Employees consider interviews as useful when their supervisors discuss implementation of career and developmental plans [63]. Findings of the study suggested that poorly conducted appraisal interviews may negatively influence work attitude, job satisfaction and justice perceptions. Employees who do not receive feedback about their work and have no opportunity to have a voice may believe that their organization is unfair.

Performance appraisal interview is defined as a formal process of evaluating employee performance [64]. It constitutes a discussion session between an appraiser and an appraisee with respect to the appraisal results achieved during the evaluation period, focusing on employee's progress, objectives and requirements at work. The objective of the interview is to provide feedback, enhance communication, bring performance close to desired organizational goals and facilitate formulation and implementation of development plans [65-67]. Idea is to evaluate performance and plan future actions and performance. The forum of interview provides an opportunity to present respective views for consideration and to control evaluation process concerning performance. This implies that individuals value the opportunity to voice their opinion in decision making process which is considered as a key concept in organizational justice literature [68, 69]. Since interviews enable input from affected parties, suppress biases, are consistently applied, accurate, correctable and ethical they impact the concept of procedural justice [70-72]. Appraisal interviews occur within the context of an ongoing relationship between the supervisor and the employee therefore employees have an opportunity to evaluate quality of supervisors' treatment during this interactive session. Thus interviews can also have an effect on perception of interpersonal dimensions of organizational justice, i.e. Interactional Justice [73].

Research concluded that appraisal interviews affect both Procedural and Interpersonal dimensions of organizational justice.

Lee and Son [74] established in their research that when employees are given an opportunity to participate in appraisal discussion, goal setting and career issues they show satisfaction with appraisal ratings provided the review is helpful in their development. The results of their study also concluded that such satisfaction levels bring a positive change in employees' subsequent performance attitude and work place behavior. Their sample consisted of 113 employees from a Korean petrochemical company.

Kuvaas [75] carried out a cross sectional study of 593 employees from 64 Norwegian banks. The study established employee satisfaction with performance appraisal based on the tool developed by Meyer and Smith [76]. The items included feedback, adequacy of feedback, purpose and accuracy of ratings. Results showed that performance appraisal satisfaction was directly related to both affective commitment and turnover intention, while relationship between satisfaction with performance appraisal and work performance was mediated by intrinsic motivation.

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 possess 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, 2003).

Cascio, [77]; Cenzo and Robins, [78] 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.
- Supporting results with specific examples.
- Both positive and negative feedback
- 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*.

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 [79] focused on employee voice; whereas Barclay and Harland [80] 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 [81] 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 [82]. 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 can not 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 [83].

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.

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 results / outcomes, there is a requirement of conducting further research in the context of different national 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.

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 / concerns). Thereafter keeping National Culture in the foundation, the organizational culture should be so 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 must understand the motivation to rate accurately. Transparency should be made an important element of 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.

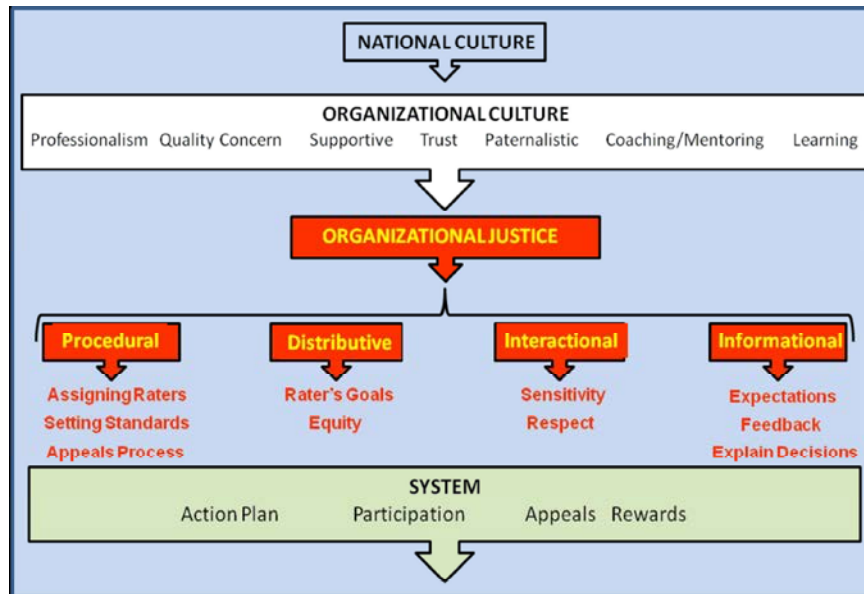


Fig. 1:

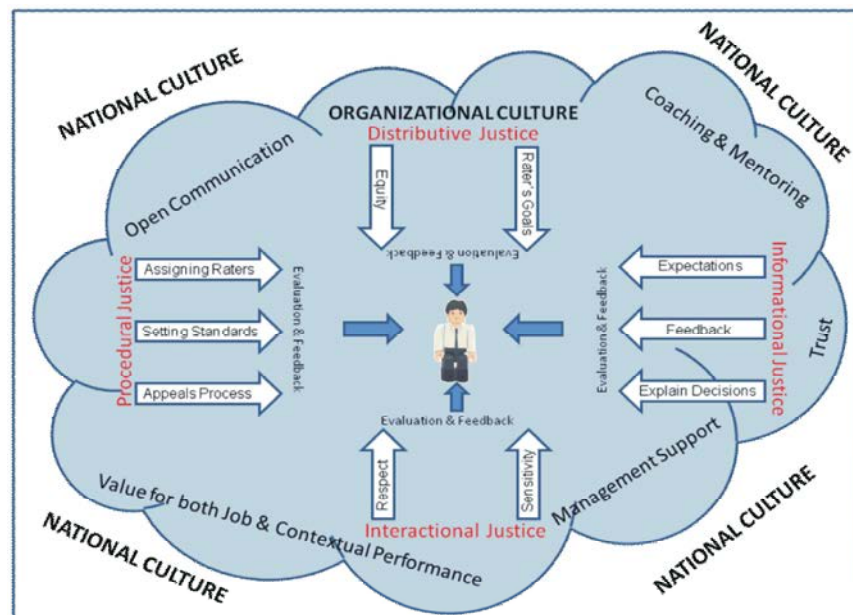


Fig. 2:

If they are not, the performance appraisal system encourages the wrong kind of work behaviors and produces unintended, frequently negative, organizational outcomes.

The authors of this study recommend a system of performance appraisals that draws from a combination of process, traditional and organizational justice approaches. The proposed model has

consideration for both national and organizational cultures and users can mould the process to suit their cultural dimensions and acceptance. For better comprehension the model has been explained diagrammatically in two figures, Figure 1, to clearly explain the well defined and separate design elements and figure 2, to explain the supportive culture and the implementation concept.

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