

A STUDY ON PERCEIVED FAIRNESS AND SATISFACTION OF EXECUTIVE PERFORMANCE APPRAISAL

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Abstract—Executive performance appraisal is one of the most commonly used management tools in the India. This study investigated executive reactions to the fairness of and satisfaction with a performance appraisal system utilizing a hypothesized four-factor model (Greenberg, 1993) of organizational justice as the theoretical basis. The objective of the study is to identify the factors influencing in the perceived fairness and satisfaction of executive performance appraisal. For this purpose, informational justice, distributive justice, interpersonal justice and procedural justice and satisfaction factors were analyzed. The primary data is collected by means of questionnaire which is distributed to 110 executives of leading mine industry. The data collected was analyzed using SPSS software and, z-test and regression were applied. It is concluded that executives perceived fairness of organizational fairness (informational, procedural and interpersonal fairness) in the performance appraisal practices have significantly contributed or have a great impact on the organization performance. The remaining component (distributive fairness) have no significant impact on satisfaction of executive performance appraisal practices and perceived fairness.

Keywords—Organizational Fairness, Performance Appraisal, Perceived Fairness, Performance Appraisal Practices, Satisfaction.

INTRODUCTION

Performance appraisal system is used as a tool for knowing the performance of an employee and provides a basis for achieving the success or failure of any organization. It was viewed that performance appraisal was useful to decide upon employee promotion/transfer, salary determination and the like. Appraisals can be a problem; However, as they are considered as organizational management. The staff has always been a positive step to see it in the ratings, it is. While estimates of the executive perceive to be fair, it emits positive attitude and vice versa. Performance appraisal is one of the most widely researched areas in industrial/organizational psychology (Murphy & Cleveland, 1993). The success or failure of every organization on how well its employees perceived fairness and how they are satisfied with the performance appraisal. The executive opinion of perceived fairness and satisfaction of performance appraisal is the main factor and that should be examined in the study.

REVIEW OF LITERATURE

(Ahmed, 2013) examined to find out the relationship between perceived fairness in performance appraisal and organizational citizenship behaviour considering the mediation effect of organizational commitment. (Purang, April 2016) examined the fairness perceptions of performance appraisals in the fast-changing Indian banking sector. The findings highlighted that satisfaction with the performance appraisal process is guided by perceptions of fairness and this further impacts the job satisfaction. (Lee, 2015) examined whether psychological contract fulfilments are associated with employee' perceived fairness of performance appraisals in U.S. federal agencies. Using the Federal Employee view point Survey, this study found that psychological contract fulfilment's have a positive impact on federal employees' perceived fairness of performance appraisals. (Muhammad Zahid Iqbal, (2015))This paper makes a case for an integrated framework of effectiveness of performance appraisal (EPA). With a view of measurement criteria of EPA, i.e. purposefulness, fairness and accuracy, and identifies their relationships with rate reactions. (Mrs.E.Deepa, 2014,)This paper summarized

the conceptual framework of performance appraisal system and its relationship between Job Satisfaction, Organization Commitment, Organization Citizenship Behaviour, Employee Engagement and thus with Productivity. The study concluded that if the employees satisfied with their job, then they engage themselves towards the work until they find that there is an increase in their productivity.

PROBLEM STATEMENT

Executives are the backbone, the most valuable assets & living part of an organization that can make things happen, the practice of performance evaluation is an inherent and inseparable part of the organizations' life. The attainment of organizational objectives largely depends on the motivation of employees to work and to their good perception of the organization. The condition of an organization's being effective or ineffective is mainly dependent on its human resource management in general and employee's performance appraisal in particular. And this undoubtedly has the positive or negative impact on its employees' perception accordingly.

RESEARCH METHODOLOGY

A research method is a systematic plan for conducting research. Quantitative research methods, including experiments, survey research, participant observation, and secondary data. In this study survey research method is used for the purpose of collecting primary data. The participants answer questions administered through interviews or questionnaires.

DATA ANALYSIS AND INTERPRETATIONS

Extent level of perceived fairness and satisfaction of executive performance appraisal

The central tendency, dispersion is used to achieve the objective of extent level of perceived fairness and satisfaction of executive performance appraisal. The result is obtained from the Z-test using sample respondents which are collected from the leading mine industry.

TABLE 1: EXTENT LEVEL OF PERCEIVED FAIRNESS AND SATISFACTION OF EXECUTIVE PERFORMANCE APPRAISAL

<i>Variables</i>	<i>N</i>	<i>Z</i>	<i>Df</i>	<i>Sig. (2-tailed)</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>95% Confidence Interval difference of the</i>		<i>Std. Error Mean</i>
							<i>Lower</i>	<i>Upper</i>	
Informational justice	110	31.599	109	.000	3.252	1.08	3.155	3.300	0.101
Distributive justice	110	33.86	109	.000	3.168	0.98	3.027	3.309	0.094
Interpersonal justice	110	49.33	109	.000	3.784	0.80	3.627	3.918	0.075
Procedural justice	110	42.07	109	.000	3.630	0.92	3.173	3.873	0.086
Perceived fairness of performance appraisal practices	110	39.21	109	.000	3.458	0.94	3.245	3.650	0.089
Good and qualified supervisor	110	41.613	109	.000	3.6091	.90964	3.4372	3.7810	.08673
Satisfied with the performance planning	110	34.564	109	.000	3.2909	.99858	3.1022	3.4796	.09521
Satisfied with the method for evaluation	110	33.865	109	.000	3.2636	1.01074	3.0726	3.4546	.09637

Satisfaction of performance appraisal	110	35.52	109	.000	3.385	1.01	2.936	3.836	0.095
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Overall, in general, the executives perceived fairness found to be moderate satisfaction on the performance appraisal practices with the total average mean (M=3.45) it shows that the perceived fairness is moderate and response category(neutral) as perceived by the sample respondents (executive) on their performance appraisal. The sample respondents (executive) represents that the level of satisfaction with the total average mean (M=3.38) that currently having low response category (disagree) on their performance appraisal practices the result states that the executives of sample respondents in the leading mine industry, they did not satisfy on the executive’s performance appraisal practices.

Satisfaction of performance appraisal practices and executives perceived fairness

To identify the impact of various components of perceived fairness and satisfaction of executive performance appraisal towards multiple regressions has been used. The general form of the regression model for the present study is given below.

$$Y = a + a_1x_1 + a_2x_2 + a_3x_3 + a_4x_4 + a_5x_5$$

Y= Satisfaction of performance appraisal practices

a1=Performance expectations

a2=Superior give same results

a3=regularly reviews my progress

a4=Rater treats with respect

a5=Chance to check my performance ratings

H₀= There is no significant relationship between satisfaction of performance appraisal practices and perceived fairness.

TABLE 2: SATISFACTION OF PERFORMANCE APPRAISAL PRACTICES-REGRESSION ANALYSIS

Figure in the parenthesis are “t” values

Categories	Size	Constant	A1	A2	A3	A4	A5	R Square	F
Satisfaction of performance appraisal practices	110	.989	.005	.657	.028	.034	.001	.709	21.043

The regression co-efficient reveals that out of five components of performance appraisal the four components (Performance expectations, rater treats with respect, regularly reviews my progress, chance to check my performance) has significant impact on satisfaction of executive performance appraisal practices. The remaining component (Superior give same result) have no significant impact on satisfaction of executive performance appraisal practices and perceived fairness.

SUGGESTIONS AND CONCLUSION

The researcher indicates that the findings of this study have practical implications to the leading mine industry where the study is conducted. Thus, the following suggestions that would be helpful to the organization to improve the performance appraisal practices in fair directions. The study suggests that the organization should be acquired a little change or re-evaluate critically the major components/practices of performance appraisal in the leading mine industry. There should be given a great emphasis on creating awareness about performance appraisal practices by giving specified training up on the important components like performance expectations, progress towards goals, regularly reviews my progress, chance to check my performance (Informational justice, distributive justice, procedural justice) to avoid the barriers and build performance appraisal practices moving in the right way to achieve the expected goal and objectives of the organization. Overall the executive perceived fairness is found to be average, (neutral) which means most of the executives feel moderate about the performance appraisal practices of the organization. But the moderate about the performance appraisal practices may lead to below average and above average. This, in turn, has made their satisfaction

to be low. Therefore, this study is believed to be an awakening indicator to the organization, to improve the performance appraisal practices in fair direction. This study also concluded that executives perceived fairness of organizational fairness (informational, procedural and interpersonal fairness) in the performance appraisal practices have significantly contributed or had a great impact on the organization performance. However, according to the findings, among the four variables (Informational justice, procedural justice, distributive justice, interpersonal justice) the three variables has relatively high influence on the performance appraisal practices so as compared to the other factors; if informational, procedural and interpersonal fairness factors are taken into consideration, then satisfaction of performance appraisal practices has the potential of being a good performance management tool for organization.

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