

PERCEPTION OF FAIRNESS
IN
PERFORMANCE APPRAISALS
A TWO SAMPLE STUDY

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Abstract

The purpose of this study was to determine what is perceived as fair in performance appraisals by two samples of workers ; those in charge of personnel (superiors) and those without such responsibilities (subordinates).

87 Government Department employees from different departments responded to an open ended questionnaire in which they described the determinants of particularly fair or unfair performance appraisals . By Q - sort analysis , the responses were categorised into 15 distinct determinants of fairness in performance evaluations from which an importance weighting questionnaire was constructed . Another 280 subjects from government departments completed the questionnaire : 109 superiors and 171 subordinates . Ratings of the perceived importance of each determinant were factor analysed for the entire sample , yielding 5 factors : 'thoroughness of appraisal for each individual' , 'contact with appraiser / appraiser feedback' , 'consequences of appraisal due to input' , 'qualification of assessor' , and 'sources of bias' .

One factor 'Contact with the appraiser / appraisal feedback' found a significant difference between the two samples . The other four factors were perceived and rated the same over both samples . Also the recognition of both procedural and distributive factors was achieved by both superiors and subordinates .

Results are discussed in terms of theory on organisational justice and existing research .

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CHAPTER ONE

Introduction

Few topics in the industrial and personnel resource management field have been written about as much as that of performance appraisal . For decades now researchers have been striving to develop an appraisal instrument that accurately and effectively evaluates the performance of the worker . For almost as long there has been reports of the 'standard' evaluation format failing to achieve its aims . As far back as 1957 Mc Gregor pointed out that methods and results weren't effective . Since then there has been a plethora of articles and studies , and every now and again one will take time out to bring attention to the fallacy of attempting to devise a single closed system to serve all needs (Kelly , 1958 ; Kindall and Gatza , 1963 ; Meyer , Kay , and French , Jnr, 1965 ; Thompson and Dalton , 1970) . Included in amongst this accumulation of documentation is the recommendation of Management by Objectives (MBO) as the answer to appraisal woes , as well as the demise of such a recommendation . Yet even today one can leaf through the latest management magazines and find articles titled "Job Evaluation - the new methodology " , "Appraising Your Appraisal System " , and even "Making M.B.O. Work " (Management , Sept , 1987 / 37 ; Feb . 1988 / 25 and 71 .) These articles merely reiterate early findings and the numerous reminders of pitfalls and failings , underlining the fact that even with 30 years plus experience , performance appraisal is still not being implemented the way people should know it should be . Reasons for this stress the lack of the human relation element . Good intentions on the part of the manager do not suffice and the managers need to

think through the human consequences of the procedures they set in motion . Performance appraisals can have negative as well as positive motivational consequences in the context of a complex social system and it is exactly this that management so often overlooks , or more realistically , fails to understand . For almost as long there has been reports of the 'standard' evaluation format failing to achieve its aims .

In addition to this literature , there has been an approach which de-emphasises technique and instead , places emphasis on the organisational justice approach . Originating from the legal field , organisational justice has been found to be well suited to the organisational work world and to performance appraisal .

Because too many years of discontent have already passed , a remedy is long overdue . The problem though has not been in finding an answer to years of inaccurate and damaging appraisals , but rather in persuading those who use performance evaluations to do so properly . The main dilemma has come down to using a closed , pre - designed package where answers are placed inside limited spaces , versus an ad hoc approach between the person best qualified to appraise and the appraisee , using a piece of blank paper and a good rapport . The latter approach requires more effort , possibly more time , and the ability to communicate . It is an approach which people avoid when there is an easier way , which is assumed to be as effective , and which has supposedly fulfilled all the necessary requirements for such a long time .

One of the possible reasons why the organisational justice approach hasn't been adopted is that there is a lack of scientific research . To this end alone it is important that research increase in this field and hopefully the result will be a common appraisal practice that achieves accuracy and effectiveness .

Perceived fairness in performance appraisals has been studied before and there are findings which support the organisational justice literature . But there are still limitations to most of these studies , therefore this study looks toward providing some of the explanations .

Chapter Two reviews the literature that exists on organisational justice and performance appraisal , and the final section concludes with a tie between the two sections of literature .

Chapter Three discusses a rationale for the study . The fallacy that a closed appraisal system conducted every now and again as a satisfactory evaluation procedure is exposed as well as a need for further study investigating determinants of fairness in performance appraisals .

Chapter Four describes the method used in this study .

Chapter Five presents the results .

Chapter Six discusses what has been found with respect to the number and types of determinants , and the two generations . Limitations of the study are listed along with recommendations for further research .

Chapter Seven lists the conclusions .

CHAPTER TWO

Literature Review

Organisational Justice Theories

How does a person come to perceive a process as being fair ?

For a number of years now research has explored the manner in which people react to decisions involving resource allocation , and it appears that recipient's responses to allocation decisions are directly affected by their evaluations of the fairness of the resulting distributions (Crosby (1976) ; Walster , Walster + Berscheid (1978)).

Traditional views of justice such as these , are discussed by the "equity theory" (Adams , 1965) . This perspective known as the "distributive justice" perspective , focuses on the fairness of the evaluations received relative to the work performed . Workers may in fact assess the fairness of their appraisals by comparing the relative ratings in return for the work they contributed.

Distributive justice however , is only one of the two types of justice discussed in the literature . The concept of justice has traditionally been divided into two sub-topics ; in addition to distributive justice there is "procedural justice". In the past this orientation toward studying the rules and procedures by which organisational decisions are made has been frequently overlooked . This procedural justice perspective focuses on the fairness of the evaluation

procedures used to determine the ratings . For example , organisational questionnaire studies have found that the fairness of performance evaluations is related to several process variables (eg , the opportunity to express feelings when evaluated) regardless of the rating outcomes (Landy , Barnes + Murphy , 1978 ; Landy , Barnes-Farrell + Cleveland , 1980) . The distinction between distributive justice and procedural justice focuses on the differences between the ends or consequences of organisational outcome states and the means or processes used to determine those outcomes (Walker , Lind + Thibaut 1979) .

So , the most basic research question bearing on the current topic is , "what makes a performance evaluation appear to be fair ? Is it what you get , or how you get it , or both , that makes them seem fair?"

A comprehensive classification of the laws and principles of organisational justice theories is given by Greenberg (1987) , where he presents categorised theories of organisational justice with respect to two independent dimensions; a reactive - proactive dimension , and a process - content dimension . These conceptually presumably independent dimensions , although not the only organising dimensions to be identified , appear as useful for organising a wide range of conceptualisations of interest in the field of organisational behaviour. When the two dimensions are combined , four distinct classes of justice theories are identified :

reactive-content.....	reactive-process
proactive-content.....	proactive-process

These classes are presented in FIGURE 1 with corresponding predominant exemplars.

Figure one

	<u>CONTENT</u>	<u>PROCESS DIMENSION</u>
<u>REACTIVE</u>		
<u>PROACTIVE</u>	CONTENT	PROCESS
<u>DIMENSION</u>		
REACTIVE	Reactive Content Equity Theory (Adams , 1965)	Reactive Process Procedural Justice Theory (Thibaut and Walker , 1975)
PROACTIVE	Proactive Content Justice Judgement Theory (Leventhal , 1976 , 1980)	Proactive Process Allocation Preference Theory (Leventhal , Karuza and Fry , 1980)

Reference : Greenberg , J . (1987) A Taxonomy of Organisational Justice Theories .

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Reactive - Content Theories

Reactive - content theories are the approaches that focus on how individuals react to unfair treatment . The most popular conceptualisations of justice in organisations falls within this category , and included among these are the theories of "distributive justice" (Homan 1961) and the "equity theory" (Adams , 1965 ; Walster , Berscheid + Walster , 1973; Walster , Walster + Berscheid , 1978) . The main premise of equity theory is that people will respond to unfair relationships by displaying certain negative emotions , which they will be motivated to escape by acting so as to redress the experienced

inequity . Such an approach to organisational justice conceptualised "equitable" or "distributively just" relations where there was an equal balance between inputs (Adams , 1965) or investments (Homan 1961) , and what the person receives , termed outputs. Unequal balances were assumed to be unpleasant and were theorised to prompt changes in job satisfaction and/or performance . Equity theory proposes that these negative states were expected to motivate behavioural and/or attitudinal changes in an attempt by a person to reduce the inequity (Adams , 1965) .It was because the equity theory was so suited to work related exchanges that it came to be applied to organisational research . And it was within simulated work settings that most research on equity theory was conducted (Lawler + O'Gara , 1967 ; Pritchard , Dunette + Jorgenson , 1972) . Characteristically , these experiments involved the manipulation of inequity by way of fair/unfair pay - qualification comparison (Adams + Rosenham , 1962 ; Garland , 1973) . Theories have developed in response to Adams's work , in particular , the status value version of equity theory . This is when a person's feeling of inequity results from comparisons to a generalised other (a referential comparison) such as an occupational group (Anderson , Berger , Zelditch + Cohen , 1969 ; Berger , Zelditch , Anderson + Cohen , 1972) .

Taking this approach further , the distributive justice theory defined justice in terms of the comparisons made by people between their actual share of goods and their ideas about a "just share" . This theory doesn't make use of an outside comparison for its justice evaluations (Jasso , 1980).

The final reactive content theory is the theory of "relative deprivation" which examines how people will respond to perceived unfair reward distributions (Crosby , 1976) . Its basic premise is that certain reward distribution patterns will encourage people to make certain social comparisons , which will lead to

feelings of deprivation and resentment causing a variety of reactions . These reactions range from depression through to the outbreak of violent riots (Martin , 1981) . Although most research on this theory has focused on violent attempts to change political systems (Crosby , 1976) , there has been some work done on how aggrieved employees react to organisationally-induced discontent (Martin , 1981) . One survey study found that working women in high level jobs, who should see themselves as more advantaged than unemployed women , tend to be more aggrieved when they compare themselves to working men , who are relatively more advantaged (Crosby , 1982 ; 1984) .

Proactive - Content Theories

In contrast to these theories on how people respond to perceived unfair reward distributions , "Proactive - Content" theories focus on how people attempt to create fair outcome distributions . Basically , what these theories maintain is that people sometimes proactively strive to create equitable distributions of rewards because they will be the most beneficial to all concerned (Greenberg , 1987) . Allocators of these sometimes distribute them in ways that violate the equity norm , such as distributing rewards according to recipients' needs (Schwinger , 1980) . In realising that such distribution techniques may , in fact , be fair under certain circumstances , the Justice Judgement model was formulated (Leventhal , 1980 ; Greenberg ,1987) . This proposes that fair allocation decisions can be made by applying several possible allocation rules to the situations they confront . For example , where the importance of maintaining social harmony between group members is stressed , the perceived fair allocation practice would call for dividing rewards equally regardless of possible differential contributions among recipients .

A more moralistic approach is the "justice motive" theory (Lerner , 1977 ; Lerner + Whitehead , 1980) . This predicts that an individual reacting to a close friend as an individual will emphasise that person's needs when making an allocation decision . Likewise , in more distant relationships , people are expected to follow the party norm when the other is recognised as an individual , and the equity norm when reacting to the other as a role incumbent . Therefore both these theories (justice judgement and justice motive) predict how people will allocate rewards under various conditions .

Reactive - Process Theories

Reactive process theories stem from the intellectual tradition of the law . Thibaut + Walker (1975) under took an investigation to compare reactions to various dispute resolution procedures . Their resulting "procedural justice" theory is the most dominant reactive - process theory from which much research has originated . It distinguishes between three parties : Two disputants (litigating parties) and an interviewing third party (judge) . There are two stages to the dispute resolution : the process stage when evidence is presented , and the decision stage , when evidence is used to resolve the dispute .

Thibaut and Walker were most interested in comparing autocratic and arbitration procedures which mostly distinguish the major legal systems . The adversary system familiar to the American and British courts , has the judge in the decision role with the disputants selecting attorneys and presenting evidence . The inquisitorial system as used in Europe , allows the judge complete control over the presentation of evidence and the verdict (Greenberg, 1987) . This reactive - process theory predicts that the parties , both

participatory and non-participatory , will be more satisfied with procedures that give them process control , such as the adversary system (Houlden , La Tour , Walker + Thibaut , 1978 ; Leung + Ling , 1986 ;Musante , Gilbert + Thibaut , 1983) . Also , verdicts resulting from procedures of process control are perceived as fairer and are therefore preferred (Walker , Lind + Thibaut , 1979 ; Lind , Kurtz , Musante , Walker + Thibaut , 1980) . Even procedures giving disputants a voice in the decision-making process tends to make an unfavourable decision more acceptable (La Tour , 1978 ; Lind et al., 1980) .

Research has generalised Thibaut and Walker's findings to less formal settings, some to a variety of organisational contexts . Sheppard (1984) applied the findings to the resolution of labour disputes , Greenberg (1986 a+b) applied them to the appraisal of job performance , and Tyler and Caine (1981) found reactions to decisions and encounters with politicians were very much influenced by procedure.

Proactive - Process Theory

The "Proactive - Process" theory , the final of Greenberg's classifications of laws and principles of organisational justice , encompasses the "allocation preference theory" (Leventhal , Karuza + Fry , 1980) . The theory proposes that people have the expectation that certain procedures will be differentially instrumental in meeting their goals , and that the procedure believed to be the most likely to help attain one's goal will be the most preferred one. A second factor is the perceived fairness of a particular procedure or distribution . Fairness is portrayed with the Justice Judgement Model.

Allocation preference theory says allocation procedures are preferred because they help the allocator attain valued goals such as the attainment of justice. The individual forms cognitive maps which shape the individual's perceptions of a particular procedure, distribution or outcome. Variables which are found to have an effect on moderating an individual's judgement are procedures that are stable over time as they reduce distrust and increase personal security (Leventhal et al, 1980). Eight procedures are identified that may help promote the attainment of justice:

- selection of decision making agent
- consistency rule
- accuracy of information
- identification of the structure of the decision making power
- safeguards against bias
- allowing for appeals to be heard
- provision for opportunities for changes to be made in the procedure
- prevailing moral and ethical standards

These procedures are supported by research resulting from allocation preference theory.

From responses to open ended questionnaire styled studies on the identification of unfair incidences across managerial roles, subjects identified consistency, bias suppression, correctability and ethicality (Sheppard + Lewicki (in press) from Greenberg, 1987). Similarly, Greenberg (1986a) showed two main factors of procedural and distributive determinants to be consistent with this theory (Leventhal et al. 1980).

Role playing investigations found that consistency was believed to be the most important procedural determinant of fairness across a variety of allocation settings (Greenberg , 1987) .

In a more extensive study it was confirmed that consistency was a powerful determinant of perceived fairness within interpersonal relationships (Barret , Howard + Tyler , 1986) .

Therefore the Allocation Preference Theory , because of its moderating variables , effectively joins the Proactive theories in a common purpose since the Justice Judgement Model also strives to maintain social harmony .

From this taxonomy of Greenberg one can evidence that much of the research has been guided by Equity Theory . However the literature now shows that this theory is no longer satisfactory and major problems now appear when it is applied (Leventhal , 1980) .These problems are that :

- 1) Equity Theory adopts only a unidimensional concept of fairness , seeing things in terms of merit .
- 2) Equity Theory considers only the final distribution of reward and not the procedures generating distribution .
- 3) Equity Theory exaggerates the importance of fairness in social relationships whereas concern for justice is only one motivator and often the weaker.

The alternative is seen to be the Justice Judgement Theory and its multi - dimensional approach . The procedure for distributing fair outcomes presupposes two categories of justice rules : distribution rules and procedural rules .

Distribution Rules

A distribution rule is defined as an individual's belief that all is fair and appropriate when rewards , punishments , or resources are distributed in accordance with certain criteria . Hence the individual's basic criteria for evaluating fairness may change with circumstance . Leventhal (1980) assumes a four stage justice judgement sequence by which one evaluates rewards and punishments :

- Weighting...where one decides which distribution rules are applicable and their importance .

- Preliminary estimation...of the amount and type of outcomes that receivers deserve based on each applicable rule .

- Rule combination...one combines several estimates to arrive at a final judgement of the receiver's deservedness .

- Outcome evaluation...is the assessment of the receiver's outcomes .

Unfortunately little is known about the situations in which these rules are applied and the degree of importance given to each.

Procedural Rules

The second category of justice rules is the concept of procedural fairness which is an individual's perception of the fairness of procedural components that regulate the allocation process . The focus is on the individual's cognitive map

of events that precede the distribution of reward and the evaluation of these events . The internal representations of the social environment contain elements that correspond to important features of the allocation process . A person may evaluate the fairness of any of these structural elements based on rules of fair procedure.

Six procedural justice rules are postulated that define criteria which allocation procedures must satisfy to be perceived as fair . The analysis assumes that an individual applies procedural rules selectively and follows different rules at different times . In a given situation one procedural rule may be considered more relevant than others , therefore judgement of procedural fairness will be dominated by that rule.

The six justice rules presumed to govern the evaluation of procedural fairness are as follows :

- The Consistency Rule...allocation procedures should be consistent across persons and over time
- The Bias Suppression Rule...personal self interest and blind allegiance to narrow preconceptions should be avoided in the allocation process
- The Accuracy Rule...allocation process should be based on good information and informed opinion
- The Correctability Rule...opportunities must exist to modify and reverse decisions

-The Representativeness Rule...all phases of the allocation process must reflect the basic concerns , values and outlook of the group affected by the allocation process

-The Ethicality Rule...allocation procedures must be compatible with moral and ethical values

A point that must be emphasised is that in the absence of research on the determinants of rule weight , only general statements can be made about the relative importance of different rules in different situations.

Based on this literature , one can assume that the proactive dimension approach to organisational justice is the most encompassing . The Proactive - Process dimension encompasses the Allocation Preference Theory which emphasises the interaction and inclusion of the individual's psychological processes , and the social structure of the organisation . The perception of fairness is governed by two types of justice rules : distribution rules and procedural rules . These rules come under the Justice Judgement Model which according to Greenberg's taxonomy , comes under the guise of the Proactive - Content Theory . Theories such as the Equity Theory are no longer viable because of their serious limitations . Instead , a larger framework must be incorporated which takes into account the problems that other theories don't consider , as well as those that they do . The Allocation Preference Theory with its multi - dimensional approach does just that.

Performance Appraisal Theories

The Early Years

The first true interest in the rating or appraisal of personnel came out of the experience and reports of the United States military in World War 1 . But it wasn't until 1925 that there was more widespread interest . These early efforts isolated and analysed the different components which constituted a job . From this stage job evaluations developed towards assessing people and their performance . Most of this early work was not called appraisal , but merit rating . This centred around management's interest in making and recording decisions on salary matters . By the 1930s , psychological tests and attitude surveys became the tool . It was during this time that there was a wave of interest in the use of new sciences in industry . Objectives were never very well defined , but were generally aimed at improving morale as a means of increasing productivity , lowering costs , and cutting down absenteeism . The next phase stemmed from the Harvard Business School and the Hawthorne Experiment . Much emphasis was placed on the use of the employee - interviewer relationship to encourage two way communication . By the end of World War 2 when there was a managerial talent shortage , there was the realisation that the best executives must be developed . What had resulted but wasn't realised until the late 50s and on into the 60s , was that there had been a loss of sight of appraisal definition , objectives and limitations . The conventional appraisal by the 50s had become a concern with personality and character (Flanagan + Burns , 1955) .

On A Wayward Direction

In 1957, McGregor wrote a landmark article which was essentially a send up of approaches to performance appraisals to that date. His view of managers "playing God" by having to take the responsibility of being judge and jury towards their workers, was the crux of his argument as to why appraisals weren't achieving widespread acceptance. People had become disillusioned about the purposes which had led to a confusion in methodology and manner in which appraisals had been formulated. The result was a combined mess of past practices. What the work world had to develop was an appreciation of a reversal of traditional work roles. Instead of staff work being seen as merely a supporting activity of the line, the line activities should be viewed to be in support of a total marketing effort heavily centred around staff activities. Historically, such problems could be seen to be linked to a Puritan heritage of salvation through physical work, and the deeply entrenched idea of being seen to be busy. This may in turn have influenced standards of managerial behaviour and expectations such as action for actions sake. Suggested remedies were that appraisees weren't in control of all the factors on which the appraisal was based, but that the management was responsible as well. Therefore successful coaching therefore isn't entirely technique but involves an appreciation of relationships (Mc Gregor, 1957). This train of thought suggested that an appreciation of organisational justice was essential for accurate job evaluation.

Critiques

Meanwhile, performance appraisal literature continued with its search for the ultimate performance appraisal tool. Articles which passed opinion on how

appraisal systems were failing to meet objectives and were doing real damage , were omni - present . Appraisal systems were failing and the reason was that judgement was based on personality traits , which amounted to quackery since psychologists couldn't even agree on how personalities are defined (Kindall + Gatza , 1963) .

Failure to avoid negative appraisals was one major fault . Criticism only brings on defensive reactions which are essentially denials of responsibility for a poor performance (Meyer , Kay , + , French , 1965) . One suggestion for more accurate appraisal and less negative reports was the placing of review responsibilities in the hands of the subordinate . This results in greater satisfaction , less defensiveness and less unwarranted criticism (Bassett + Meyer , 1968) .

Additional sources of appraisal inaccuracies were that personal values and bias were replacing organisational standards , ratings were not known because of a lack of communication , and of appraisal techniques tended to be used as performance appraisal panaceas when no appraisal program could substitute for selection or placement programs . Also validity was reduced by supervisory resistance to making ratings . Rather than face the discomfort of informing an employee of negative ratings , supervisors would give average to above average ratings to inferior performers . And performance interviews tended to emphasise the superior position of the supervisor thus interfering with the more constructive coaching relationship that should exist between a superior and his /her subordinates (Oberg , 1972) .

From the writings about the effectiveness of methods and techniques of performance appraisals , there emerges two categories of techniques : traditional and collaborative . The "traditional" school normally uses quanti-

tative methods in an attempt to remedy consistency problems such as rater inflation and the halo effect (Glickman , 1955 ; Hollander , 1956 ; Duffy + Webber , 1974 ; Taylor + Wilsted , 1974) . The traditional technique puts forward the argument that the traditional rating systems are effective and free from difficulties when used with reasonable judgement (Mayfield , 1960 ; Oberg , 1972 ; Stone , 1973) .

While this may be so , there is another group who believes that the traditional approach ignores the issue of what performance appraisal does to people . This school recommend a collaborative approach to performance appraisal where the human development of the employee is the major concern . They argue for increased communication , focused on joint goal setting and feedback (McGregor , 1957 ; Kelly , 1958 ; Levinson , 1962 ; Kendal + Gatza , 1963 ; Thompson + Dalton , 1970 ; Conant , 1973 ; Odiorne , 1974 ; Zawacki , 1974) .

A limited number of field experiments has given impetus to the collaborative approach (Kay , Meyer , + French , 1965 ; Cummings , 1973 ; Ivancevich , 1974) .

In general however , there is an absence of data supporting the specific conclusions of either the traditional or collaborative approaches (Zawacki + Taylor , 1976) .

What is known is that performance appraisal is infused with goals of salary justification and the important correlation of employee behaviour with actual results . These purposes are frustrated by obstacles such as the difficulty in gathering adequate information in the first place and keeping it up to date , mistrust of the uses to which information is put and the

widespread treatment of the evaluation interview as a chore . But managers persevere despite knowing all of this , because they think the existence of an appraisal , any type of appraisal , must be of some benefit (Patz , 1975) .

Beginnings of the Organisational Justice Approach

By the end of the ' 50s not all researchers had pursued the performance appraisal study in this direction . Literature took up the task of investigating what it was that people were doing while appraising and not necessarily what type of appraisal was being used (Meyer + Walker , 1961) .These works de - emphasised the appraisal instrument . Job evaluations , to be effective , had to be ad hoc . Different approaches must be used to satisfy different objectives (Meyer , 1977) .

In contrast to this , what had been happening was that management recognised the value and need for an appraisal system and so adopted the technique which most impressed them . This tended to mean minimal cost and effort in its implementation . But for a successful appraisal , some amount of effort is essential , and the literature directs an approach towards the defining of appraisal objectives and the training of appraisers , and the deemphasising of instruments per se (Locher + Teel , 1977) .

Research exploring relationships and reactions between subordinates and superiors , and how they affect job evaluations , dates back quite a way (Morton , Rothaus + Hanson , 1961 ; Rathaus , Hanson + Oglesby , 1962 ; Hanson , Morton + Rothaus , 1963) .These references incorporate a series of investigations exploring the relationships and reactions between superiors

and subordinates emerging from two distinct methods of performance appraisal :

1) the "traditional traits approach"...where the supervisor assumes responsibility of making judgements about assets , liabilities and personality traits of subordinates and decides on any change .

and

2) the "goals approach"...where both superior and subordinate share the responsibility for creating performance goals and planning concrete actions for goal accomplishment .

These studies through role playing techniques demonstrated that under a traits approach superiors tended to be more negative in rating a subordinate's performance than the subordinate's rating of themselves . When discussion of the superiors ensued , subordinates sensed the superiors critical attitude and reacted with feelings of dissatisfaction and conflict .

Taking this further , an investigation of rating attitudes of superiors and subordinates , and their reactions during public and private performance evaluation was carried out using traits rating interviews . The results clearly indicated that superiors were more negative in their initial subordinate appraisal ratings than the subordinates . What was concluded was that the disparity in ratings by superior and subordinate participants is not due to their expectation of interview interaction . Rather role assignment as superior and subordinate seems to imply and usher in stereotyped and conflicting rating attitudes (Rothaus , Morton + Hanson , 1965) .

For the subordinates there were differences in their reactions in public compared to private appraisal interviews . Publicly subordinates reported less satisfaction with the interview and greater resistance towards their

confidence of the person being evaluated . This was also viewed by Locke in his theory of goal setting and motivation (Locke , Cartledge + Knerr , 1970) .

Lawler (1967) showed that the ultimate value of performance information doesn't depend solely on the physical characteristics of the evaluation instrument but may also be affected by the evaluation process or system .

Landy , Barnes and Murphy (1978) examined the perceptions of fairness in the light of process variables and suggested that the perceived fairness and accuracy of the performance evaluation was related to the frequency of evaluation , identification of goals , the supervisor's knowledge of the performance , and the job duties of the subordinate . Perceived fairness was thought to be an important mediator of the effectiveness of performance feedback as well as a possible source of job satisfaction , in and of itself .

A follow up study to this examined whether perceptions of fairness were affected by the level of previous performance rating . The highly rated described the evaluation process as fair and accurate , and vice versa . Indications were that perceptions of fairness and accuracy were not related to the previous performance rating of the respondents , thus adding strength to the process explanation of perceived fairness (Landy et al . , 1980) . In some cases the level of performance that yielded satisfaction in the past was not necessarily that which produced it in the future (Locke et al , 1970) . Here it was found that the subjects anticipation of satisfaction (rather than going on past experience) that best described subsequent goal setting .

Perceived favourability of the appraisal is an important correlate with opinions directed at the appraisal outcome as well as the total system . There are , however , other attributes of the evaluation process that are at least as

important as the perceived favourability . Most of the perceived process attributes are related to employee opinions after the perceived favourability of the appraisal is controlled . This suggests that the halo isn't a sufficient explanation for the positive correlation found in research (Dipboye + de Pontbraid , 1981) .

Theoretical conceptualisations of procedural justice that have postulated the importance of various determinants of fair procedure have received empirical support . Ability to challenge or rebutt evaluations and consistent application of standards tie in with appeal procedures and consistency of allocation practices as determinants of fair procedures for the distribution of resources (Leventhal , Karuza + Fry , 1980) .

Likewise , the concern for process control (the opportunity to influence the information that will be used to make decisions) postulated by Thibaut and Walker (1975) is supported by Greenberg's (1986) soliciting input factor and two way communication factor .

Although several correlates of perceived fairness in performance appraisal have been revealed by Landy et al (1978) their study was designed to examine the influence of process variables and as such paid little attention to the potential contribution of distributive factors as determinants of appraisal fairness . Their questionnaire was composed of a number of items dealing with the effect of criticism and praise , salary discussion based on performance evaluation results , reasons for preference evaluation . Frequency of evaluation , identification of goals to eliminate weaknesses and supervisor knowledge of a subordinate's level of performance and job duties were significantly related to perception of fairness and accuracy of performance evaluation . However a further limitation to this study was

that the closed format of the questionnaire didn't allow subjects to identify any aspects of the appraisal process .

Figure two

Determinant	Factor loading		Importance rating	
	1	2	M	SD
Procedural factors				
Soliciting input prior to evaluating and using it	.46	.09	6.1	1.2
Two-way communication during interview	.67	.10	5.8	1.5
Ability to challenge/rebut evaluation	.66	.15	4.9	2.0
Rater familiarity with ratee's work	.59	.18	5.1	1.6
Consistent application of standards	.55	.20	6.9	1.5
Distributive factors				
Receipt of rating based on performance achieved	.25	.70	7.1	0.9
Recommendation for salary/promotion based on rating	.15	.61	7.2	1.3

N.B. N=75

Reference : Greenberg , J . (1986) Determinants of Perceived Fairness of Performance Evaluations . *Journal of Management Review* , 71 , 340 - 342 .

Greenberg (1986) highlights the potential applicability to performance appraisal contexts of Leventhal et al . (1980) and , Thibaut + Walker (1975) determinants of procedural justice . Greenberg (1986) studied the determinants of perceived fairness of performance evaluations using middle

managers as subjects and came up with results which provide support for concepts of procedural justice that purport the importance of determinants of fair procedure . Figure two lists the 7 factors found by Greenberg together with factor loadings and mean importance ratings of determinants of fair performance appraisals .

The results showed the two main factors of procedural and distributive determinants , and that distributive factors were rated as being as important as procedural factors as determinants of fairness .

Conclusion

From this review it can be seen that performance evaluation is considered to be an essential part of the work place procedure , with 30 years of literature substantiating it . Just as essential is a complete appreciation of organisational justice . Appraisal formats , when approached solely as instruments , cannot do the job of evaluation because it is impossible for a rigid procedure to evaluate humans in the work force . Each person is an individual , and every position filled has its own characteristics . The evaluation system must be able to take all these facets into consideration . The performance appraisal literature is rife with articles on how a set appraisal technique has failed yet again , and almost just as often , there is an accompanying section de - emphasising 'technique ' .

Organisational Justice Theories when applied to performance evaluation ask the question, "what makes a performance evaluation appear to be fair ; is it what you get , or how you get it , or both , that makes them appear fair ?" . The Allocation Preference Theory with its multi - dimensional approach

incorporates all of these questions and places emphasis on human relationships between subordinates and superiors .

Studies of such relationships have not been conducted recently and are not numerous , hence the lack of supportive literature for the allocation preference theory .

Although the rate of literature accumulating along this line is slow , the fact that it is growing should be viewed as encouraging for the increased implementation of the organisational approach . Perhaps the only way for the organisational justice approach to performance appraisal to become as popular in its adoption as the closed instrument format approach is by continuing to research its effectiveness in the hope that the results will become more widely appreciated and the approach more commonly practised .

CHAPTER THREE

Rationale

When reading performance appraisal literature , the majority of it that appears in personnel journals has a familiar ring about it . There are claims that job evaluations have an impact on virtually every aspect of human resource function , questions such as "how well is your company's performance system working ?" , summaries such as "sounds great but in actual fact doesn't work" , through to the reality that performance reviews are really a burden for most managers and employees which , at the end of the day , are for the most part avoided and/or regarded as an unpleasant and ineffective necessity .

When McGregor (1957) was taking an uneasy look at performance appraisal , he pointed out then that over the past twenty years evaluation procedures had become standard practice in many companies and yet from what he had studied he could see the method and results going askew . McGregor writes about an approach from the point of view of basic social values , of subordinate participation and of the one unavoidable cost : that the manager must spend considerably more time implementing the appraisal programme , all in an attempt to make the appraisal a rewarding exercise for all involved .

Organisational Justice theories , specifically the allocation preference theory , advance considerations of the human aspect , by seeking to determine what

procedures people will use to achieve justice . The limited research inspired by allocation preference theory offers general support for this approach . Adams (1965) and the distributive justice perspective focuses on the fairness of the evaluations received relative to the work performed . Landy Barnes and Murphy (1978) and Landy Barnes - Farrell and Cleveland (1980) experimented with the procedural justice perspective with focus on the fairness of the evaluation procedures used to determine ratings . They found that the fairness of performance evaluations was related to several variables regardless of rating outcomes . They used a sample of workers which excluded any management personnel and they used a closed format questionnaire which left subjects unable to say which aspects of the process affected their perception of its fairness .

This method of a closed questionnaire format attracted criticism from Greenberg (1986) when he studied a sample of middle management workers who responded to an open ended questionnaire in which they described determinants of fairness in their performance appraisal . Greenberg claimed that the Landy et al . (1978) study was designed to examine the influence of process variables and therefore paid little attention to the potential contribution of distributive factors as determinants of fairness . Interestingly enough literature on organisational climate has also encountered varying degrees of competence and fairness of hierarchical superiors . Johnston (1976) found two substantially different perceptions of climate in a small , single office firm surrounding two distinct samples . The first was made up of employees who had been with the organisation for over 3 years (first generation) , and the second , who had been with the organisation for 6 months to 2 years . Indications were that early joiners of an organisation (1st generation) do indeed establish and maintain a different and more positive relationship than later joining employees .

Further findings from this study 's qualitative content , which looked at superior - subordinate relations and pressure on the job , found both groups agreed that the type of work and environment placed great pressure on the job . First generation subjects told of approaching the president or high officer to intercede in problems with a superior , to secure a different assignment or to gain necessary additional resources , including a few days extension of a deadline or just a few days extra vacation to escape the pressure . Second generation employees described less success in dealing with superior - subordinate and work pressure problems . For some subjects these problems had become so great as to reduce their ability to perform effectively . The common element in these findings is that variations in situational factors , such as level in hierarchy , longevity or environmental demands in differing geographic location , can result in more than one climate within an organisation . If performance appraisal doesn't take this into account , perceived fairness would certainly vary amongst employees .

From this material there is an apparent need to investigate how subordinate staff perceive determinants of fairness . Landy et al . (1978) implies that they do not place as much importance on distributive factors as they do on procedural . Greenberg (1986) claims that management personnel do place equal importance on each , and that supervised personnel would quite possibly do the same if given the opportunity . Literature on organisational climate indicates that superiors as well as subordinates could well place equal emphasis on either factors since longevity can place both samples (superiors and subordinates) in a similar situation where both hierarchies would rely on both procedural and distributive factors for total equity . Therefore , under an open ended questionnaire , would subordinate personnel describe

the same determinants of fairness of their performance appraisals as supervisors ?

The following hypothesis is therefore proposed :

1 . Determinants of fairness in performance appraisal will be perceived to be both distributive factors and procedural factors by superiors as they will be by subordinates .

CHAPTER FOUR

Method

This study based its method on Greenberg's (1986) work on the determinants of perceived fairness of performance evaluations . The host organisation was in fact the New Zealand Public Service which consists of a number of different departments and ministries in and around Christchurch . The aim of this study was to compare the determinants of perceived fairness of performance appraisals of two generations of workers . The two samples of workers are made of the Superiors , who have the responsibilities of personnel administration , and the Subordinates , who do not have such responsibilities but are instead answerable to this first sample . A prerequisite was that both samples be subjected to a performance appraisal system , preferably the same type . The N.Z. Public Service provided this necessary prerequisite as well as a large enough staff of workers to provide sufficient numbers for both samples . All of the sample had at least 1 year's exposure to receiving formal performance appraisals in the form of the Public Service requirement .

The research sample came from the departments listed in Table one .

Table one

LIST OF DEPARTMENTS USED IN EACH OF THE METHOD
PHASES.

GROUP A.....RESPONSE GENERATION PHASE

- |
- | Works and Development Services Corporation.
- | Department of Inland Revenue.
- | Housing Corporation of New Zealand.....Loans Department.
- | Department of Social Welfare.....Beneficiaries.
- |

GROUP B.....IMPORTANCE WEIGHTING PHASE

- |
 - | Ministry of Defence.
 - | Department of Scientific and Industrial Research.....Lincoln.
 - | Ministry of Agriculture and Fisheries.....Lincoln.
 - | Department of Justice.....Courts.
 - |Probation Department.
 - | Department of Social Welfare.....Administration.
 - |
-

Phase One : Response Generation Phase

This first stage involved the generation of determinants of what makes an appraisal system fair or unfair .

The Sample

87 completed forms were collected from subjects in the departments from category 'A' (Table one) after responding to the response generation phase . These forms were distributed to as many employees as possible with the intention of getting sufficient responses from the two desired groups of workers .

The Procedure

The heads of the departments in category 'A' were approached , the purpose of the study was explained to them and permission was asked to use their staff as subjects for this phase . Permission was duly granted as long as it was made clear to the employees that the study was university based , voluntary and completely anonymous . Procedure for the distribution of the response sheet *appendix one* varied with each department .

The heads of the Works and Development Services Corporation (W+DSC) , Social Welfare and Housing Corporation took it upon themselves to

oversee the distribution of the response sheet through normal office memo channels to their section heads . They in turn asked their workers to complete the form . Most departments received a covering letter *appendix two* briefly explaining the purpose of the request .

The Inland Revenue Department (I.R.D.) allowed distribution of the response sheet by the researcher who handed them out at morning , lunch , or afternoon breaks . A brief verbal explanation was given to groups of workers sitting at the cafeteria tables and the response sheet was handed to as many people as possible . In all cases estimates of participants and numbers of volunteers was high but the response rate was extremely low .

The response rate from the Housing Corporation was so poor (less than 10 %) that the department head gave permission to approach the workers in the same manner as was done at the I.R.D . This improved the response rate, but only minimally (to just over 10 %) .

The Response Generation Technique

The response generation phase was virtually the same technique as that used in Greenberg's (1986) study . Participants were asked to think of an incident in which they received either a particularly fair or unfair performance evaluation during their time at their job . They were then asked to write down the one most important factor that made that incident (or incidences) fair or unfair, on the sheet provided *appendix one* .

This response generation phase gathered 87 responses from which was generated 130 statements . 105 of these came from those who were not in

charge of personnel while the remaining 25 came from those who were in charge .

Categorisation

The 130 statements were typed onto individual index cards and 10 copies were made of each one . The categorisation phase consisted of giving these groups of statements to 10 volunteer post graduate psychology students (the researcher and 9 others) who assisted in this phase . These assistants were given the statements in two lots ; set one (1-25) from superiors , and set two (1-105) from subordinates . The assistants were given written instructions *appendix three* which requested that they sort each set into an undetermined number of similar groupings following the unstructured Q-sort technique (Stephenson 1953) . Assistants were also asked to give a label to each category . A discard pile was also available .

To generate a homogeneous composite of these sortings that reduced the number of idiosyncratic statements , the criterion of retaining statement clusters that showed at least 50% common overlap was used . That is , a response category was defined when a set of two or more statements were grouped together by at least 5 of the 10 assistants . This procedure reduced the 25 statements of the superiors to 7 categories *appendix four* and the 105 statements of the subordinates to 14 categories *appendix five* .

Cross Validation

In the cross validation phase of the study , the same 10 psychology post graduate students assisted . They were given back the original cards as well as the category groupings for each set . They were given instructions to sort the cards back into the given categories *appendix six* along the same format as in the categorisation stage .

The within category rate of interrater agreement minimum level was set at 50% . This resulted in 69% of the subordinates' statements being sorted into the 14 categories . At the 70% level of common overlap 45% of the statement went into making up these 14 categories .

For the superiors' statements the within category of interrater agreement which was set at 50% common overlap resulted in 76% of the statements being sorted into 6 categories (number 5 was dropped) . At the 70% level , 44% were sorted into the 6 categories .

Of the final list of categories only one of the superiors' categories was unique to them *appendix four* . The other 5 were included in both sets , thus a total of 15 categories were identified . These 5 categories were constructed into questions and went to make up the questionnaire instrument .

Phase Two : Importance Rating

Sample

Six government departments agreed to participate in the rating of importance of each of the 15 categories . Again , all departments were from in and around Christchurch . From these , 280 subjects completed the importance weighting questionnaire .

Table two

DISTRIBUTION OF AGE OF EACH SAMPLE , AND NUMBERS IN EACH SAMPLE.		
	Total # of Subject	Mean Age
Total Sample	280	40.5 (19-60)
Those In Charge	109	40.46 (19-60)
Those Not In Charge	172	39.87 (18-59)

Procedure

New subjects were sought from these six government departments , to complete this final phase of the method . Again the heads of departments were approached , and permission was asked to make use of their workers . In most cases , where section heads had to be informed , an accompanying letter was attached providing a brief explanation *appendix seven*. With those departments which did not require this , a verbal explanation was adequate and the questionnaire was distributed by the department heads , who attached a covering letter of explanation .

The response rate for these groups was better than for the response generation phase with an average response rate of 48% .

The Instrument

The leading page of the questionnaire *appendix eight* gave an introduction and description of what it consisted of , and what was required of the subject. The instrument sought information regarding the subject's sex , age , number of job appraisals that the subject could recall having attended , and whether or not they were in charge of staff . They were then asked to mark the 7 point bipolar scale for each of the 15 items as determinants of fair evaluations .

CHAPTER FIVE

Results

The Perceived Factors of Fairness

Responses to the fifteen questionnaire items were factor analysed by using the principal components analysis and the varimax rotation technique . Using an Eigenvalue criterion , five factors accounting for 62.6% of the total variance were identified . Factor 1 , "thoroughness of appraisal for each individual" accounted for 20.8% of the variance ; Factor 2 , "contact with assessor/appraiser feedback" accounted for 17.5% of the variance ; Factor 3 , "consequences of appraisal due to input" accounted for 9.45 of the variance ; Factor 4 , "qualification of assessor" accounted for 8.0% of the variance ; and Factor 5 , "sources of bias" accounted for 6.9% of the variance .

The factor loadings , the mean importance ratings and T-values for each factor for the total sample are presented in Table three .

The most important factor was Factor 4 (mean = 6.39) and Factor 2 was the second most important (mean = 6.30) . The ratings for Factor 3 was 5.20 , Factor 5 was 4.98 , and Factor 1 was 3.79 .

The alpha coefficients for the five factors were .78 , .62 , .56 , .58 and .35 respectively .

Table three

FACTOR LOADINGS , MEAN IMPORTANCE RATINGS OF FACTORS AND T-VALUES FOR THE TOTAL SAMPLE							
DETERMINANTS	FACTOR LOADINGS					\bar{X} IMPT RATING	T
	1	2	3	4	5		
<u>Thoroughness of Appraisal for Each Individual</u>						3.7979	1.03
Consideration of Situational							
Factors	.74	-.07	.26	-.07	.07		
Flexibility	.76	.01	-.21	.08	.26		
Objectivity	.78	.08	.12	.01	-.25		
Proficiency and Accuracy	.75	-.04	.27	-.12	-.20		
<u>Contact With Appraisor/Appraisor Feedback</u>						6.3018	*3.34
Appropriateness of Assessing							
Officer	.006	.49	.20	.46	-.02		
Assessor Contact	-.03	.63	.47	.03	-.02		
Communication Feedback	.006	.83	-.05	-.03	.03		
Work Recognition	.007	.58	-.08	-.25	.20		
<u>Consequences of Appraisals Due To Input</u>						5.2057	0.73
Usefulness and/or Relevance	.41	-.01	.57	.02	.23		
Assessee Input /Participation	-.02	.31	.53	.24	-.13		
Promotion Assistance	.27	-.07	.73	-.03	.03		
<u>Qualification of Assessor</u>						6.3965	-0.47
Assessor Qualities	-.08	.24	.19	.77	-.05		
Assessor Experience	.002	-.02	-.12	.83	.02		
<u>Sources of Bias</u>						4.9863	0.31
Assessor Bias	-.10	.03	-.10	-.01	.81		
Performance NOT Personality	.007	.15	.39	-.03	.61		
*Significance P < .001 (Two-Tailed Test)							

Table four

MEAN IMPORTANCE RATINGS FOR THE 15 DETERMINANTS OF PERCEIVED FAIRNESS				
DETERMINANTS	ALL SUBJECTS	SUPERS	SUBS	T
1.Appropriateness of assessing officer	6.35 (0.86)	6.49(0.73)	6.22 (1.0)	*2.44
2.Assessor bias	4.69 (1.32)	4.70 (1.37)	4.67 (1.26)	0.18
3.Usefulness and/or relevance	4.83 (1.7)	4.87 (1.71)	4.65 (1.71)	1.02
4.Consideration of situational factors	3.65 (1.56)	3.65 (1.65)	3.60 (1.54)	0.28
5.Flexibility	3.88 (1.47)	4.10 (1.50)	3.76 (1.46)	1.84
6.Objectivity	3.96 (1.39)	4.01 (1.40)	3.89 (1.41)	0.70
7.Performance NOT personality	5.28 (1.41)	5.30 (1.40)	5.22 (1.45)	0.49
8.Assessor contact	5.98 (1.28)	6.23 (1.16)	5.71 (1.40)**	3.21
9.Communication/feedback	6.42 (0.77)	6.47 (0.75)	6.34 (0.89)	1.22
10.Assess input/participation	5.84 (1.28)	5.83 (1.31)	5.81 (1.27)	0.11
11.Promotion assistance	4.93 (1.64)	5.00 (1.55)	4.90 (1.70)	0.49
12.Work recognition	6.4 (0.77)	6.53 (0.67)	6.33 (0.90)	*1.99
13.Assessor qualities	6.59 (0.78)	6.66 (0.62)	6.51 (0.90)	1.49
14.Assessor experience	6.19 (1.01)	6.02 (1.16)	6.26 (0.92)	-1.85
15.Proficiency and accuracy	3.69 (1.47)	3.79 (1.35)	3.59 (1.57)	1.12
Standard Deviation Is In Parentheses.				
*Significance $P < 0.05$ (Two-Tailed Test)				
**Significance $P < 0.01$ (Two-Tailed Test)				

The mean importance ratings for the 15 determinants of each sample are presented in Table four . A T-test for independent samples was used to compare the mean ratings of Superiors and Subordinates . Differences were found on 3 of the 15 determinants ; 'appropriateness of the assessing officer', 'assessor contact' and 'work recognition' .

To examine any differences across samples on the five factors , the factor scores for each were calculated and then a T-test on each factor was carried out . The results of this analysis are presented in Table five . A significant difference in the importance ratings was found only for Factor # 2 (contact with assessor/appraisal feedback) . In this case , Superiors perceived this factor to be more important in relation to fairness in appraisals than did Subordinates .

Correlation matrices of the five factors for both samples and the total sample, and of the 15 determinants for the total sample are presented in *appendices nine , ten , eleven , and twelve* .

Table five

	SUPERIOR	SUBORD	T-VALUE	SIGNIF
FACTOR 1	3.86	3.75	1.03	
FACTOR 2	6.43	6.21	3.34	P<0.001
FACTOR 3	5.26	5.16	0.73	
FACTOR 4	6.32	6.44	-0.47	
FACTOR 5	4.99	4.98	0.31	

CHAPTER SIX

Discussion

The results brought up five factors from fifteen determinants over the two samples of subjects . Of these five factors , three were identified as "procedural" factors and two were identified as "distributive" factors . These are displayed in Table six . (Refer to Table five for this data from each sample)

The results from this study produce determinants which are specifically related to the literature . For example , factor # 1, "thoroughness of appraisals for each individual" . This factor had four determinants loaded on it (Table three) they being 4 , 5 , 6 , and 15 *appendix eight*.

Greenberg (1986) identified the consistent application of evaluation standards , which in fact was one of his highest importance rated factor . So too did Leventhal , Karuza , and Fry (1980) , when they recognised the consistency of allocation practices as determinants of four procedures for the distribution of resources .

These findings together with the supporting evidence is in accordance with the Justice Judgement Model as previously discussed . If a person evaluates the fairness of the structural elements which in this case appear as the consideration of situational factors , the flexibility , objectivity , proficiency , and accuracy as unfair then the credibility of the appraisal is likely to be lost .

This is in keeping with the Consistency rule which maintains that the allocation procedures should be consistent across people and time .

Table six

PROCEDURAL AND DISTRIBUTIVE FACTORS AND THEIR MEAN IMPORTANCE RATINGS FOR THE TWO SAMPLES .	
Determinant	Importance Rating
Procedural Factors	
1 . Thoroughness of appraisal for each individual .	3.79
2 . Contact with assessor/appraisal feedback .	6.30
4 . Qualification of assessor .	6.39
Distributive Factors	
3 . Consequences of appraisal due to input .	5.20
5 . Sources of bias .	4.98

Viewing the results from a two sample perspective , only one question (determinant) was unique to either sample , that being question # 15 , "proficiency and accuracy" (refer Table four) . This determinant was unique to the 'superior' sample and was loaded on factor # 1 , "thoroughness of appraisal for each individual" . The results show both samples scoring in a similar way ($T(264)=1.03, p>0.05$) . Empirical evidence corresponds with the same procedural factor (Greenberg , 1986 ; Leventhal et al. , 1980) . Greenberg in particular found his sample producing a similar determinant . This study proposes that workers with personnel responsibilities (superiors) as well as those without (subordinates) , perceive an accurate and thorough appraisal as a determinant of fairness in job evaluations .

Factor # 2 of this study "contact with the assessor/appraisal feedback" parallels a major concept of the procedural justice theory (Thibaut + walker 1975) . This is a concern for process control where it is preferred that the opportunity to influence the information used to make decisions does exist . In this study this factor had four determinants loaded on it : determinants 1 , 8 , 9 , +12 (refer Table three) . All four determinants indicate a concern for work appraisal through a communication link by way of superior - subordinate relationship in the workplace .

The Justice Judgement Model specifies this with its Representative rule where all phases of the allocation process must reflect the basic concerns , values and outlook of the group affected by the allocation process . This together with the Correctability Rule , which offers opportunities to modify and reverse decisions , can hopefully be achieved through a good communication relationship with the appropriate superior .

The one factor which resulted in a significant difference between the two samples was this factor , factor # 2 , "contact with appraiser/appraisal feedback" ($T(271)=3.34$, $p<0.01$) . Interestingly enough, the determinants that loaded on this factor are as follows :

- Quest#1. "appropriateness of assessing officer..... $T(276)=2.44$, $p<0.05$
- Quest#8. "assessor contact"..... $T(275)=3.21$, $p<0.01$
- Quest#9. "communication feedback".....no significant difference .
- Quest#12. "work recognition"..... $T(276)=1.99$, $p<0.05$

What is demonstrated here is that three out of the four determinants loading on factor # 2 had significant differences between the two samples at least at the 0.05 level . This means that the 'superiors' perceived this factor to be more important in relation to fairness in their performance appraisals than did the 'subordinates' . This was the same finding for three out of the four determinants loading on this factor . Of these four determinants #1 and #9 were perceived by both the 'superior' and 'subordinate' samples , while #8 and #12 were perceived solely by the 'subordinate' sample . What this result means is that statistically there was a difference in the way that the two samples scored this factor , but in more practical terms the difference is a matter of degree . Both samples in fact scored at the same end of the scale .

Factor # 2 , as discussed earlier , parallels Thibaut and Walker's concern for process control , which is central to their theory of procedural justice . The present findings also found this concept to be rated the second most important of the five factors , with a mean importance rating of 6.30 (refer Table one) for the two samples combined , which indicates it is of major concern to this sample of workers as well .

The last of the five factors in this study which has provided support for the concept of procedural justice , is factor # 4 , "Qualification of Assessor" . Although this factor is not an overly strong result with only two determinants loading on it (questions 13 and 14) , both determinants scored mean importance ratings of 6.59 and 6.19 respectively , and together formed the most important factor out of the resulting five factors in this study with a mean importance rating of 6.39 (refer Table one) . This expresses a preference on the part of the appraisees for an assessor who is not only appropriate , for example , being the person who directly supervises the subordinate , but also that they have the appropriate qualities , abilities and experience to evaluate job performance .

The Allocation Preference Theory (Leventhal et al . 1980) states that people seek to determine what procedures others will use to achieve justice . Of the eight procedures proposed to help attain justice , "allowing opportunities to select the decision making" could be seen to describe this fourth factor . Although Greenberg's study didn't list the assessor's qualities , abilities and experience , it did identify the degree of the evaluators familiarity with the ratee's work and the consistent application of evaluation as an extension to these determinants .

Lawler (1967) stressed the point that the ultimate success of a performance evaluation system depended on the confidence of the person being evaluated in appraisal process . Locke + Bryan (1969) and Locke , Cartledge + Knerr (1970) proposed that the individual must first accept the process before it can assume any control over behaviour . A worker is going to lack confidence of doing well in an appraisal interview if he / she perceives the process as a disadvantage to them . And , as it has been proposed , that the success of a performance evaluation system and ultimately the acceptability

of the evaluation , does depend on the appraisee's confidence , then it is in keeping with the literature that this study place major importance on the qualification of the assessor . McGregor (1957) wrote about this over 30 years ago when it was pointed out that appraisees weren't in control of all the factors in the appraisal system , but that the management were responsible as well . Validity has been found to be reduced all because the assessor can experience discomfort through having to inform appraisees of unfavourable ratings . Therefore it has been suggested that more review responsibility be placed in the hands of the subordinate so as to generate greater satisfaction and less unwarranted criticism (Basset + Meyer , 1968) .

The two distributive factors identified in this study , factor # 3 "Consequences of Appraisal Due to Input" and factor # 4 "Sources of Bias" provides some degree of evidence to show that distributive factors are as important as procedural factors as determinants of fairness .

Factor # 3 , "Consequences of Appraisal Due to Input" , had three determinants loaded on it : question 3 'useful and/or relevance ' , question 10 ' assessee input/participation ' , and question 11 ' promotion assistance ' . Although only three determinants are loading on this factor the mean importance rating of 5.20 is 3rd out of the five factors .

One of the earliest works investigating the effectiveness of performance appraisals concluded that the best predictor of whether or not the subject took constructive action based on the appraisal was how well their manager had handled the appraisal feedback discussion . Ultimately this meant whether the discussion allowed the subordinate to contribute (Meyer + Walker , 1961) .

Meyer , Kay + French (1965) directed peoples' attention to the one major fault of performance appraisal which was it's failure to avoid negative appraisals . The suggestion for more accurate appraisals and less negative reports was to be achieved through the placing of review responsibilities in the hands of the subordinates . Bassett + Meyer (1968) supported these ideas by producing results which indicated greater satisfaction , less defensiveness and less unwarranted criticism .

These studies are supportive of factor # 3 and its determinants where subjects want to see their appraisal to be useful and relevant . They want an active part in their appraisal process so that they can in some way have a certain amount of control and therefore have more control over their promotion chances .

With reference to the Justice Judgement Theory and its distribution rules , question 3 parallels the "weighting" stage of Leventhal's sequence where one decides which distribution rules are applicable and their importance . Questions 10 and 11 can be seen to relate to Leventhal's "rule combination" , where one combines several estimates to arrive at a final judgement of the receiver's deservedness . In fact , factor # 3 is a combination of these three rules in an attempt to evaluate their appraisal format and effectively their experiences .

The final factor , "Sources of Bias " , and the second of the distributive factors , had questions 2 , 'assessor bias' , and 7 , 'performance NOT personality' loading on it . Again , although only the two determinants , the loadings were relatively high at .81 and .61 respectively .

Kindall + Gatza (1963) accounted for inaccurate appraisals due to judgements being based on personality traits . They , together with a school of similar thought , recommend a collaborative approach where the human development of the employees is the major concern . This involves a requirement of increased communication , focused on joint goal setting . Personal values and bias have long been seen as sources of appraisal inaccuracies since they ended up replacing the original intended measure of organisational standards (Oberg 1972) .

Appraisal purposes have been obstructed by difficulties such as the provision of adequate information to those appraising , the mistrust of uses to which information is put and the widespread consideration of appraisal as a chore . Understandably validity of performance appraisals has been reduced by supervisory resistance to making ratings . This has resulted in the supervisors giving ratings which have been average to above average so as to avoid the uncomfortable task of informing an employee of a bad performance evaluation .

Performance interviews have also tended to emphasise the superior position of the supervisor thus interfering with the more constructive coaching relationship that should exist between a supervisor and a subordinate (Oberg , 1972) .

In addition to these examples this study has shown itself to be in keeping with the literature by identifying bias as an important determinant which must be confronted and eliminated if accuracy and fairness in performance appraisals is to be achieved .

This study's result of the "measurement of personality instead of performance" , being categorised along with "assessor bias" , parallels the distribution rule of outcome evaluation . Bias and measurement of personality instead of performance were closely related throughout this study . Seen in this light it explains how the bias issue which has normally been categorised as a procedural factor , results instead as a distributional factor .

The fact that this study has found both distributive factors and procedural factors for both samples of subjects extends the studies of Landy and associates (1978 : 1980) . It provides evidence that workers without personnel responsibilities but , who instead have to answer to a superior , can perceive distributive factors as determinants of fairness of their job evaluations , as well as procedural factors .

The results of this study , as well as adding gravity to Landy et al . (1978;1980), support and add to Greenberg (1986) . These results are consistent with Greenberg where his managerial sample identified seven determinants of fairness in their performance appraisals , five of which were procedural factors and two were distributive factors . Where this study goes further is in its recognition of what Greenberg inherently suggests . That is that subordinates as well as superiors perceive both procedural and distributive factors as equally important in their perceptions of fairness in performance appraisal .

Limitations

A major limitation to this study was the fact that the subjects were all public servants during a politically turbulent era . When data gathering began , it was mid 1988 and Roger Douglas, as Minister of Finance for the Labour Government , had almost reached maximum momentum with his privatisation of the state sector . Cost cutting objectives were partly achieved by widespread redundancies . State departments had either experienced major cuts or else considered themselves next in line for them . Generally , there was a nervous and distinctly suspicious air surrounding the majority of government departments . One employee approached the experimenter and accusingly asked "... are you sure that this is really for your study and not for upstairs?", as she cast a glance at the ceiling . The prevailing attitude which was typified by this reaction , went a long way to restricting this study as far as accessibility to departments (i.e. employees) , was concerned , and also the degree of co-operation .

There were departments which conducted lengthy interviews with the experimenter followed by a consideration period which varied from a couple of days to a couple of weeks . If permission was granted , it was on the condition that employees were informed that management had nothing to do with the study and that it was entirely up to the individual whether they contribute or not . Therefore a large amount of data gathering went ahead without any major support from the management at all .

Together with this prevailing attitude , there were some departments which openly expressed that they didn't hold much hope of a great response rate , even with the administrators support . This was largely due to the fact that the topic of job evaluation wasn't considered as a priority .

"I wouldn't expect a great number of replies because when it comes to the annual evaluation and related items, matters tend to get ignored ."

Therefore , such a study , which lacked the support from the people involved in it , must be considered of limited value as far as generalising its results is concerned .

But despite these shortcomings , and to give these findings some credibility , the five factors resulting from the responses of employees involved are all in accordance with the literature and the organisational justice theories .

Research Recommendations

From the findings just discussed, a number of future research recommendations can be made :

--Research on organisational justice , as well as on the application of justice in the organisational setting, is far from exhausted . In fact , work on the fusion of these two areas has only really just begun . With the reviews on job appraisals and evaluation tools at a loss as to why the answers still fail to provide the results after 30 years , work on the organisational justice approach towards job equity is providing the necessary insight . Because of such valuable results , work in this direction should continue .

--The results from this study indicate that workers in charge of personnel perceive determinants of fairness which are the same as for those who aren't in charge . Future research might well be directed to investigate this format again with a set hierarchy determining the ranking of the samples . Perhaps the 'superior' sample could be made up of people no lower than assistant managers and compared to a 'subordinate' generation made up of shop floor workers .

--As has been noted , this study was confined to the N. Z. Public Service which , as is acknowledged by both private and public sectors , has an attitude and approach to the work world all of its own . A repeat of this study's format conducted on subjects from the private sector may draw some interesting comparisons .

--A repeat of this study on a sample of subjects who had a more positive approach toward their work place and their appraisal system would be a valuable exercise as it would hopefully involve the contribution of entire sections of work places . This would enable discussion on one culture , as it were , instead of a minimal number of replies from a large number of organisations .

--One of the changes that was taking place in many departments during the period of data gathering , was the type and format of the appraisal instrument . This change together with the upheaval over recent months is reasonable grounds for a followup study on government departments . There may be variation in determinants of perceived fairness of performance appraisals during more settled times .

CHAPTER SEVEN

Conclusion

This study concludes the following :

- 1) Determinants of fairness in performance appraisal are perceived to be both distributive factors and procedural factors .
- 2) Determinants of fairness in performance appraisal are perceived to be the same by those personnel with supervisory authority (superiors) and those without such authority (subordinates) .
- 3) Theories of organisational justice are applicable in organisational settings.
- 4) Solutions to an effective performance appraisal format don't lie solely with a closed system appraisal instrument but instead with an open system , designed on an appreciation of organisational justice and human relations .

CHAPTER SIX

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APPENDICES

Appendix one

NO. OF YEARS SERVICE:-----

NO.OF JOB ASSESSMENT/APPRAISALS:-----

SEX:-----

AGE:-----

IN CHARGE/NOT IN
CHARGE OF STAFF:-----

Think of incidences in which you received either a particularly fair or unfair performance evaluation on your job .

Write down the one most important factor that made that/those incidences so fair or unfair .

Appendix two

To The Participating Employee ,

I am currently conducting a study on Performance Appraisal as the final part of my masters degree in Industrial Psychology . Specifically , I wish to determine if there is a difference in what is perceived as fair , across two samples . These two samples will be referred to as the Superiors and the Subordinates .

The Superiors are the subjects who are responsible for a worker or group of workers .

The Subordinates are those subjects who are employees with no personnel responsibilities . That is to say , the subordinate is one who holds a position of work which is overseen or supervised by another . That other being the superior in this study .

A definition of fairness may be of some help . It is not my intention to tell you what is and is not fair , but only to give some idea should you require it .

Distributive fairness focuses on the fairness of the evaluation received relative to the work done . Workers may assess fairness of their appraisals by comparing the relative ratings they received in return for the work they contributed .

Secondly , Procedural justice focuses on the fairness of the evaluation procedures used to determine the ratings . For example , it has been found that the fairness of performance evaluations is related to several process variables such as the opportunity to express feelings during the evaluation interview , or the opportunity to challenge or rebut the evaluation .

An important condition of this study is that there already be an appraisal system in operation so that subjects have something to consider . Therefore , ideally subjects taking part in this study should have had at least one year of appraisal experience .

Each subject will be given a generation response form on which they can write the occasion/s of fair or unfair appraisals, and say as to why they were so.

These responses will be analysed and categorised into a topic-questionnaire format , which another group of government workers will answer . The idea of this is to give the subjects responses an importance rating . This questionnaire will again be distributed to both generations .

The time required of each employee is hopefully minimal , and can be something that is done during any spare moment .

This study is completely voluntary and anonymous . The only individual specifics required are sex , age , years of service and number of job appraisals . If there are any problems at all , please don't hesitate to call me at the department number or at home .

Finally , I would like to pass on my thanks and appreciation to all those choose to help and contribute .

Regards ,

John N . Erceg .

Hme . P#._____

Psyc . Dept .#_____

Appendix three

INSTRUCTIONS

Enclosed in this envelope are 2 sets of cards . On each is 1 statement about perceived fairness in performance appraisal .

Taking each set separately , you are to sort the statements into similar groupings . Use as few groups as you feel possible . You also have a "discard" group . If you feel the statement is irrelevant or if you cannot understand it's meaning , please place it in the discard group .

When you have completed categorising the cards , write a statement giving each group an overall label . Place the label on the top of each group bundle .

N.B. Please keep the original 2 sets separate .

The numbers on the cards are not relevant .

Thankyou for your cooperation and your support .

John Erceg

Appendix four

SUPERIORS

1. Proficiency and accuracy of performance appraisal system .
2. Assessor / rater bias .
3. Performance NOT Personality .
4. Appropriateness of assessing officer .
5. Relationship between assessing officer and worker .
6. Regular communication/feedback on job performance .

Appendix five

SUBORDINATES

- 1.Appropriateness of assessing officer .
- 2.Assessor / rater bias .
- 3.Usefulness and / or relevance of performance appraisal .
- 4.Requirement that assessor / performance appraisal system considers situational factors .
- 5.Performance appraisal system flexibility .
- 6.Performance appraisal objectivity .
- 7.Performance NOT Personality .
- 8.Regular assessor contact / consultation .
- 9.Regular communication / feedback on the job .
- 10.Opportunity for input / participation .
- 11.Performance appraisal assistance in promotion .

12. Recognition of work well done .

13. Assessor qualities .

14. Supervisor / assessor experience .

Appendix six

INSTRUCTIONS

Enclosed in this envelope are two sets of cards . They are the same cards that you have already placed into groups . Inside each set of cards is a pile of group labels . You are to sort the cards into these groups .

As before you also have a discard pile . If you do not feel that a card is applicable to any of the groups , please place it in this discard pile .

Please place the group heading on top of the completed pile and again , keep the two groups separate , disregarding the numbers .

Thankyou once again for your help .

John Erceg

Appendix seven

TO THE PARTICIPATING EMPLOYEES

I am currently undertaking a piece of research which will complete my masters in Industrial Psychology at the University of Canterbury .

Specifically , my thesis is on "perceived fairness in performance appraisals" . I am endeavouring to find out what is perceived as fair between two work place hierarchies ; those in charge of staff and those not in charge of staff .

I designed the attached questionnaire by asking other Government Department employees to think back on past appraisals and to state incidences thought to be fair and / or unfair . From these responses 15 items were considered to be significant and now make up this questionnaire . What I wish to do is to give an importance weighting to these 15 items .

What I would like you and your employees to do is to answer this questionnaire by thinking back on past appraisals and then respond by marking the 7 point scale appropriately .

This shouldn't take up too much time or effort and therefore shouldn't keep any employee from his or her work but for a few minutes .

I again stress that this is all completely anonymous therefore names shouldn't be written on the forms .

Finally I wish to pass on my thanks to all those people who choose to contribute by completing a form . Their co-operation and help is of great value and benefit towards the completion of this study .

Thank-you again .

John Erceg
Department of Psychology
University of Canterbury

Appendix eight

PERFORMANCE APPRAISAL QUESTIONNAIRE

This questionnaire concerns your views on fairness as perceived in your job performance assessments . From a previous questionnaire answered by government employees , a number of essential points have been found which must be considered , and are covered in the questions below . I am interested in your own views on such issues . I would be grateful if you would go through the following 7 point rating scales and mark the number (1-7) which you feel best describes your own views . This questionnaire is anonymous so there is no need to put your name on it . Thank you for your assistance .

Sex : _____

Age : _____

No. of job appraisals / assessments : _____

In charge / not in charge : _____

1). How important is it for job appraisal accuracy , that the reporting officer be appropriate ?

Not	-----							Extremely
important	1	2	3	4	5	6	7	important

2). In your opinion , how much room does your appraisal system allow the reporting officer to pass opinion , not accurate appraisal ?

Nil	-----							Too
	1	2	3	4	5	6	7	much

3). How relevant and / or useful do you see your performance appraisal as being ?

Not	-----							Extremely
relevant	1	2	3	4	5	6	7	relevant

4). How well do you think your appraisal system takes into account the different factors affecting your particular job ?

Not	-----							Very
effectively	1	2	3	4	5	6	7	effectively

5). In your view , how flexible do you consider your performance appraisal system to be ?

Not	-----							Very
flexible	1	2	3	4	5	6	7	flexible

6). How objective do you feel your job performance assessment is ?

Not	-----							Very
objective	1	2	3	4	5	6	7	objective

7). How important do you consider the issue of personality affecting performance appraisal to be ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

8). In your view , how important is regular assessor contact ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

9). How essential do you consider feedback / progress communication on the job ?

Not	-----							Very
essential	1	2	3	4	5	6	7	essential

10). How important do you consider your input into your appraisal is towards a more satisfactory result ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

11). How much effect do you think performance appraisals have on promotion ?

No	-----							Total
effect	1	2	3	4	5	6	7	effect

12). How important do you consider appreciation / recognition of a job well done , to be ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

13). How important is it that the reporting officer has the appropriate qualities and abilities to assess ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

14). How important is it that the reporting officer has the necessary experience ?

Not	-----							Very
important	1	2	3	4	5	6	7	important

15). How adequate do you see your performance appraisal system as being ?

Inadequate	-----							Very
	1	2	3	4	5	6	7	adequate

End of questionnaire - thank you again .

Appendix nine

CORRELATION MATRICES OF THE 5 FACTORS FOR THE SUPERIOR SAMPLE .

FACTOR 1

	Quest 4	Quest 5	Quest 6	Quest 15
Quest 4	1.0000			
Quest 5	.2283	1.0000		
Quest 6	.4758	.5047	1.0000	
Quest 15	.6088	.3071	.5610	1.0000

FACTOR 2

	Quest 1	Quest 8	Quest 9	Quest 12
Quest 1	1.0000			
Quest 8	.3316	1.0000		
Quest 9	.3209	.3981	1.0000	
Quest 12	.3705	.1754	.3876	1.0000

FACTOR 3

	Quest 3	Quest 10	Quest 11
<hr/>			
Quest 3	1.0000		
Quest 10	.1681	1.0000	
Quest 11	.5188	.0723	1.0000
<hr/>			

FACTOR 4

	Quest 13	Quest 14
<hr/>		
Quest 13	1.0000	
Quest 14	.4661	1.0000
<hr/>		

FACTOR 5

	Quest 2	Quest 7
<hr/>		
Quest 2	1.0000	
Quest 7	.3137	1.0000
<hr/>		

Appendix ten

CORRELATION MATRICES OF THE FIVE FACTORS FOR THE SUBORDINATE SAMPLE

FACTOR 1

	Quest 4	Quest 5	Quest 6	Quest 15
Quest 4	1.0000			
Quest 5	.5179	1.0000		
Quest 6	.4864	.3851	1.0000	
Quest 15	.5999	.4278	.6001	1.0000

FACTOR 2

	Quest 1	Quest 8	Quest 9	Quest 12
Quest 1	1.0000			
Quest 8	.3479	1.0000		
Quest 9	.2997	.3461	1.000	
Quest 12	.1514	.3122	.2729	1.0000

FACTOR 3

	Quest 3	Quest 10	Quest 11
<hr/>			
Quest 3	1.0000		
Quest 10	.2292	1.0000	
Quest 11	.4041	.3272	1.0000
<hr/>			

FACTOR 4

	Quest 13	Quest 14
<hr/>		
Quest 13	1.0000	
Quest 14	.4593	1.0000
<hr/>		

FACTOR 5

	Quest 2	Quest 7
<hr/>		
Quest 2	1.0000	
Quest 7	.1428	1.0000
<hr/>		

Appendix eleven

CORRELATION MATRICES OF THE FIVE FACTORS FOR THE TOTAL
SAMPLE

FACTOR 1

	Quest 4	Quest 5	Quest 6	Quest 15
Quest 4	1.0000			
Quest 5	.3863	1.0000		
Quest 6	.4812	.4355	1.0000	
Quest 15	.5987	.3804	.5842	1.0000

FACTOR 2

	Quest 1	Quest 8	Quest 9	Quest 12
Quest 1	1.0000			
Quest 8	.3555	1.0000		
Quest 9	.3095	.3668	1.0000	
Quest 12	.2277	.2785	.3141	1.0000

FACTOR 3

	Quest 3	Quest 10	Quest 11
Quest 3	1.0000		
Quest 10	.2045	1.0000	
Quest 11	.4490	.2279	1.0000

FACTOR 4

	Quest 13	Quest 14
Quest 13	1.0000	
Quest 14	.4270	1.0000

FACTOR 5

	Quest 2	Quest 7
Quest 2	1.0000	
Quest 7	.2150	1.0000

Appendix twelve

THE CORRELATION MATRIX OF THE 15 DETERMINANTS FOR THE TOTAL SAMPLE

	01	02	03	04	05	06	07	08	09
Quest 01	1.0000								
Quest 02	.0149	1.0000							
Quest 03	.0638	.0487	1.0000						
Quest 04	.0258	-.1101	.4086	1.0000					
Quest 05	.0055	.0798	.2083	.3863	1.0000				
Quest 06	.0599	-.2346	.3198	.4812	.4355	1.0000			
Quest 07	.1529	.2150	.2042	.1145	.0909	-.0300	1.0000		
Quest 08	.3555	-.0028	.2191	.1003	-.1004	.0694	.2279	1.0000	
Quest 09	.3095	.0453	.0297	-.0570	.0133	.0191	.1350	.3668	1.0000
Quest 10	.3231	-.0283	.2045	.0215	.0089	.1270	.1056	.3414	.1882
Quest 11	.0622	-.0788	.4490	.3372	.1004	.2777	.2103	.1993	.0027
Quest 12	.2277	.1117	.0780	-.0788	.0172	-.0133	.0991	.2785	.3141
Quest 13	.4303	-.0406	.0325	-.1075	-.0206	.0320	.0913	.2652	.1682
Quest 14	.2393	-.0162	-.0041	-.0359	.0153	-.0469	-.0463	.0443	.0767
Quest 15	.0093	-.1843	.3419	.5987	.3804	.5842	.0036	.0904	-.0698

Appendix twelve (cont.)

	10	11	12	13	14	15
<hr/>						
Quest 10	1.0000					
Quest 11	.2279	1.0000				
Quest 12	.1349	.0060	1.0000			
Quest 13	.3209	.0592	.2813	1.0000		
Quest 14	.0592	-.0792	.1857	.4270	1.0000	
Quest 15	.1047	.3610	-.1138	-.0857	-.1272	1.0000
