

Naqvi Muhammad Zaryab

**PERCEIVED FAIRNESS OF PERFORMANCE APPRAISAL**

**Case Company: Oulun Leipomokauppa.com Oy**

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PERCEIVED FAIRNESS OF  
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INTERNATIONAL BUSINESS  
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## ABSTRACT

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This thesis is written for a local bakery shop `Oulun Leipomokauppa.com Oy`. The purpose in this study is to determine the influence of perceived fairness of performance appraisal on employee's performance and productivity. This thesis will help the owners and the managers of the bakery to make fair measures to evaluate employee performance at work. It will also help the managers in making decisions about the salary increment, promotion and giving rewards to the employees.

The objective of this thesis is to study the impact and the significance of perceived fairness of performance appraisal on employee's productivity. Along with that, the employee's perspective about the appraisal system is studied. The theoretical part of the thesis consists of latest books, journals and scholarly articles. Relevant books have been approached to consolidate the literature part for the questionnaire. The questionnaire is based on the three variables (interpersonal, procedural and outcome fairness) of perceived fairness. Different questions are extracted from these variables and responses have been analyzed under the results and findings chapter.

After analyzing the questionnaire, it can be concluded that the perceived fairness of performance appraisal is very important in the organization so as to maintain the employee-manager relationship and peace. The age and gender, if neglected, may cause negative consequences that can damage the organization internally. Also, the fairness in the compensation procedure supports and motivates employees to work harder and better.

At the end of the study the recommendations are to link the goals and objectives of the organization with the employee's goals and objectives and it is suggested that organization should build the culture that values feedback. It is because valuing feedback will help managers to stay away from personal critiques, avoid exaggerations and biases.

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Keywords:

Perceived Fairness of Performance Appraisal, Performance Appraisal, Interpersonal Fairness, Procedural Fairness, Outcome Fairness.

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# 1 INTRODUCTION

Performance appraisal is one of the tools to assess employee performance. Performance appraisal is also defined as the performance evaluation, employee appraisal, or performance review. It is a process through which the performances of the worker are documented and evaluated. It is considered part of the employee's career development. The procedure is based on the regular employee performance review in the context of the organization (Stilling, 2018,17).

According to the statement of Tziner (2018,19), a performance appraisal is the systematic review of the performance of the workers. It is basically all about understanding the abilities and knowledge of the workers in order to determine the future growth and development of workers. The process of performance appraisal is cultivated in a standardized and systematic manner under the supervision of supervisors in order to evaluate the pay of employees and match it with the plan or targets and analyzing the main factors behind the employees working performance. It also enables employers to provide guidance to the workers in order to seek better performance.

It is indicated in the statement of Dauda (2018,211), that it is important to examine the influence of perceived fairness of the performance appraisal (PA). It is noted that the factor of perceived fairness is a highly influential factor. It is one of the important criteria that can be considered at the time of reviewing the effectiveness of the performance appraisal. This can be determined by means of the survey to determine the level of satisfaction of employees. This study is based on analyzing the perceived fairness of the employee performance by focusing on the three sub-variables interpersonal, procedural, and outcome fairness. These are the variables which are in focus in the survey and in this study in order to determine the influence of perceived fairness on employee performance.

## 1.1 Background

Performance appraisal is fundamentally about understanding the capacities and information of the employees so as to determine the future development and improvement of workers. The procedure of performance appraisal is developed as a framework under the supervision of managers. This is done in order to measure the compensation of employees and match it with the arrangement or

targets, investigating the fundamental factors behind the workers working performance. It additionally empowers bosses to give direction to the employees so as to look for better working performance.

The influence of the perceived performance is essential to determine in order to show the importance of employee performance. This study is evaluating the implementation of the performance appraisal on the basis of three distinct variables; interpersonal, procedural, and outcome fairness. Therefore, it is required to keep in mind that although these are three distinct variables, but they are all inter-connected. It is indicated in the study of Soltani & Wilkinson (2018), that the interpersonal variable, manager effectiveness, along with the outcome variables, fair pay and rewards, and an employee's last year's performance rating are the strongest predictors of the perception of fairness.

It is stated that focusing on the perceived fairness of the performance appraisal is highly needed to determine its influence on the working performance and related activities. It is a very critical process, and organizations are mainly relying on the performance appraisal tool in order to evaluate the performance of workers and act accordingly in increasing compensation, providing benefits, and deciding on promotions. Due to this reason, fairness in the procedure of employee performance is highly important.

The fair practices in the appraisal process are a clear indication of the employee's unique performance which eventually increase the organizational productivity. It is determined that employee's perception of whether the performance appraisal process is fair, is correlated with the quality of the employee-manager relationship, employees past performance ratings and perceived pay and rewards, Soltani & Wilkinson et al. (2018.)

## **1.2 Present Purpose**

The purpose in this study is to determine the influence of perceived fairness of performance appraisal on employee's performance. However, by focusing on the three sub-variables; interpersonal, procedural, and outcome fairness, the level of fairness is elaborated in the context of the performance appraisal. The purpose of the study is to explore the importance of perceived

fairness by reviewing the effectiveness of the performance appraisal criteria on employees at the time of the appraising activities.

The research contributes to the understanding of the influence of perceived fairness about the performance appraisal system on employees. The study reveals the understanding of how effective performance appraisal activities contribute to determine compensation, providing benefits, and promotional activities.

To study the research objectives the research questions are:

- ❖ What is the impact of Perceived Fairness of Performance Appraisal on employee's performance?
- ❖ What is the significance of Performance Appraisal on employee's productivity?

In response to the research questions, the following hypotheses can be formulated.

H<sub>1</sub> There is a significant relationship between perceived fairness and employee performance.

H<sub>0</sub> There is no significant relationship between perceived fairness and employee performance.

H<sub>2</sub> Performance appraisal satisfaction has a significant impact on employee's performance.

H<sub>0</sub> Performance appraisal satisfaction does not have a significant impact on employee's performance.

H<sub>3</sub> All the independent variables have a significant effect on the perceived fairness of the performance appraisal process.

H<sub>0</sub> All the independent variables do not have a significant effect on the perceived fairness of the performance appraisal process.

## **2 THEORETICAL BACKGROUND**

The literature part of the study has been written on the basis of scholarly articles. Academic articles are approached to complete the literature aspect of the study. The literature review helps in determining the latest trends of the study of performance appraisal (PA) by focusing on the theoretical and substantial study findings.

### **2.1 Perceived Fairness**

The role of fair practices is very important in the context of the performance appraisal system. It is the system that helps an organization in determining the employee's performance against job duties. According to the statement of Chand & Ranga (2018), it is highly important to determine the fair practices at the time of conducting an appraisal. This is due to the reason that appraisal system helps the organization in determining its influence on the working capacity of workers and makes them more productive.

The act of fair practices is vital with regards to the performance appraisal framework. The framework helps organization in deciding the worker's performance against employment obligations. In this study, the variables depend on the dimension of perceived fairness of the performance appraisal system. Moreover, the factor of perceived fairness is determined in the context of three sub-variables interpersonal, procedural, and outcome fairness.

#### **2.1.1 Interpersonal fairness**

According to the statement of Ahuja et al. (2018), interpersonal fairness is elaborated by the treatment of fairness during the procedural implementation of performance appraisal. It basically emphasizes the importance of respect and truthfulness for the workers in the working place. The approach of interpersonal fairness is examined on the basis of perceived manager effectiveness, the employees' perception of their employee-manager relationship, the potential biases taken into



consideration, specifically the employee's in-group/out-group status, and the employee's gender and age.

The effectiveness of the manager is very important for the fair results of the employee's performance. A bad relationship between the employees and managers has a very strong effect because it can create a negative influence on the growth, development, and productivity of employees. The good or bad relationship between employees and managers can create a state of biases. It is highlighted in the study of Ferreira-Oliveira et al. (2018), and the potential biases is another factor that affects interpersonal fairness. People in organizations, on the basis of psychological parameters view themselves according to age, religion, culture, or race and it can create negative consequences to performance appraisal. Moreover, the consequences of the age and gender of employees is another critical factor which if neglected can affect the appraisal outcome. The age and gender can affect the appraisal system because people can be appraised on the basis of seniority and sometimes male workers are preferred over female workers.

### **2.1.2 Procedural Fairness**

It is depicted in the study of Bae (2018) that the procedural fairness is based on pattern or procedure under which the performance is evaluated by the consistency to which they are applied. It is further noted that procedural fairness includes such an element as clear expectations and goals given to the employee and the frequency and quality of performance feedback from the employee's manager.

Procedural fairness is based on two dimensions one is from the employee perspective and other is from the management perspective. In the context of employee perspective, the concise and clear goals are set by the managers and told to the workers. On the basis of these goals and objectives, the performance will be evaluated. On the other hand, the management perspective focuses on the quality and frequency of appraisals in order to analyze the influence of good performance indicators on employee productivity.

### **2.1.3 Outcome Fairness**

It is highlighted in the study of Chun & Brockner (2018), that the general basis of the outcome fairness is seen to be the results based on the decision of appropriateness and the associated results or outcomes. However, the decision has been made regardless of thinking whether or not the decision was positive, negative or neutral, and its consequence to the employee's working capacity. It is all about the matter of how an employer would perceive the outcome on a fair basis or if they have been focusing on receiving the outcome on the basis of consistency with what workers expected to receive.

Outcome fairness is further classified into aspects of the fairness of pay and rewards received based on the employee's last year's performance rating and the employee's perception of their last year's performance. The pay and reward system should be modified according to the outcomes of the appraisal. It is the best strategy in order to retain a valuable asset in the organization. In addition to this, employee's last year's performance rating is also very important to keep in mind at the time of evaluating performance because this makes it easy to compare the previous results with the new determined results. Moreover, the employee's perception of their last year's performance is also very important because it helps the HR manager to decide in the performance evaluation on the basis of the required outcome of the performance. Thus, it can be stated that focusing on employee performance is very important in order to find out its influence on organizational productivity. So, it is highly influential to focus on the performance appraisal system to evaluate employee performance in order to grow and develop (Brokner & De Cremer, 2018).

## **2.2 Perceived Fairness and Present Study**

Concentrating on the perceived fairness of the performance evaluation is exceptionally expected to discover the performance appraisal's effect on the working performance and related exercises. It is a basic procedure and for the most part organizations are depending on the performance examination apparatus so as to assess the performance of specialists and act accordingly in expanding remuneration, giving advantages, and looking for advancements. Because of this reason, fairness in the methodology of workers performance is highly required to be in focus. (Rubin & Edwards, 2018.)

Organizations utilize performance appraisal with expectations of upgrading authoritative adequacy. Organizations may utilize them so as to decide the choices about pay, advancements, distinguishing training and improvement needs, building up a choice framework, and for archiving performance (Elicker, Levy & Hall, 2006). Consequently, appraisal has an extensive effect on molding employees' vocations. Hence, the apparent reasonableness in performance appraisals additionally progressively gets consideration and enthusiasm from the employees, and when workers see shamefulness in performance evaluations, it can discolor the employee manager relationship, influence the employee's steadfastness and have other negative ramifications for the organization (Selvarajan & Solansky, 2018).

Further, the reasonableness is in the psyches of the employees. Accordingly, it is basic to ponder the workers' discernments in light of the fact that the accomplishment of the appraisal procedure depends vigorously on the employees' demeanor towards it. When examining the fairness of performance evaluations, specialists have taken numerous roads; running from the impacts of socioeconomics to the worker administrator relationship. However, this study makes it one step further and investigates an accumulation of potential factors that may influence the apparent reasonableness of a worker's performance appraisal. In this specific examination, various factors were divided into three primary classes: interpersonal, procedural, and outcome fairness. Remember that in spite of the fact that these are three classifications, they are all interrelated (Krishnan et al. , 2018).

The employee's vocation advancement depends on the performance evaluation framework. In this manner, it is vital to approach the apparent reasonableness in the performance appraisal framework. However, the dimension of fairness is resolved in terms of three sub-factors known as the perceived, procedural, and outcome fairness. Performance appraisal is a device for assessing the performance of the workers. The impact of the apparent performance is basic to decide the significance of worker performance. (Bizzi, 2018.)

Performance evaluation is conducted in the organization on account of a few reasons, for example, it encourages the best administration to develop the short time program. Along these lines, it helps an organization in deciding the deficient specialists to be rejected. Likewise, it helps in developing the worker performance by setting up the compensation procedure which incorporates pay rates, additional advantages, rewards and recompenses. It is a deliberate procedure that helps in

choosing the arrangements for a training program. Consequently, it is an exceedingly thoughtful factor to concentrate on the employee's advancement. Performance appraisal fills in as an inspirational instrument in light of the fact that the working viability of employees is resolved, and this propels specialists to perform well in future prospect. (Gladisa & Susanty, 2018).

The performance appraisal targets depend on keeping up the worker's record to determine the pay rates, wage structure and pay rates raises. Its objective is recognizing the employee's qualities and shortcomings so as to make the opportune individual to do the correct activity and to convey the employee's criticism with respect to the status and performance of laborers. Moreover, performance evaluation serves to impact the worker's working propensities in order to look for the improvement and development of employees. Likewise, it assists HR individual with reviewing and hold training programs and limited time exercises. (Pichler, Beenen, & Wood, 2018.)

According to the statement of Bae (2018), the employee performance appraisal is defined as an integrated process in order to evaluate the employee on the basis of his performance. It is further indicated by Krishnan et al. (2018) that some of the traditional appraisal system are stated as follows;

- ❖ It is typically based on the review of how workers tend to complete the job over the prior year.
- ❖ It is sometimes defined as the pay review or a review for bonuses.
- ❖ It is sometimes elaborated as a process of assessment for employee promotion
- ❖ It might typically be conducted on an annual basis.
- ❖ It is typically paper-based system where the Human Resource Department sometimes is the custodian of the information.

The objectives of performance appraisal are based on maintaining the employee's record to determine the salaries, wage structure, salary raises and compensation packages. The goal is to identify the employee's strengths and weaknesses in order to place the right person at the right job and to deliver the employee's feedback regarding the status and performance of workers. Additionally, performance appraisal serves to influence the employee's working habits to seek the development and growth of employees. It also helps HR personal to review and retain training programs and promotional activities.

Performance appraisal is like an investment within the organization and it is conducted because of several reasons such as helping the top management to cultivate the promotional program. Thus, it helps an organization in determining the inefficient workers to be dismissed. It also helps in cultivating the employee performance by setting up the remuneration process which includes salary rates, extra benefits, bonuses, allowances. It is a systematic process that helps the organization to decide the policies for a training program. Thus, it is a highly important factor to focus on employee's development. Performance appraisal serves as a motivational tool because the working efficacy of workers are determined, and this motivates workers to perform well in future.

### **3 RESEARCH METHODOLOGY**

The research methodology is the most integral phase of the research. The overall accuracy and authenticity of the research are based on the research methodology. This section of the thesis entails the information which research philosophy will be used, what is the ethical consideration, what will be the research design, what will be the sample proposal, and will be the selected method for the analysis.

#### **3.1 Research Philosophy**

The method of the study is based on evaluating how the employer employs this approach. The theory of perceived fairness is the basis for the questionnaire. It is very important to decide which research philosophy will be used in order to interpret the collected data. There are many types of research philosophies such as realism, positivism, extremism, and interpretivism. This method is basically a belief by which the data collected regarding any phenomenon can be used or analyzed. Therefore, it is highly important to focus on the research philosophies because it helps in the collection and presentation of the data.

The focus of the author is based on using the interpretivism research philosophy because it is one of the best ways to approach and present the study results in an effective manner. According to Methodological research perspective that attempts to describe, from a neutral perspective, the factors observed in exploring the research question under consideration as indicated in the study of Quinlan et al. (2019), interpretivism research philosophy allows the author to present data in graphical form. The interpretivism research philosophy elaborates the graphical representation of the data.

#### **3.2 Research Strategy and design**

According to the statement of Jennings et al. (2018), the research strategy is based on a systematic procedure. It is the most integral aspect of the strategy, so it is important to decide it in a safe and sound manner. The author of the study is incorporating the survey research strategy in order to obtain the study information by conducting a survey.

The survey strategy is elaborated as questionnaire format used to design to collect the study data. It is one of the most useful approaches because of having appropriate and authentic results. Hence, it is necessary to decide on which research strategy will be used in order to obtain the appropriate study results. The survey strategy is used in study because it is based on the primary source.

### **3.3 Research Methods**

The design of the research is based on the approach of mixed methodology. In the mixed methodology, both qualitative research and quantitative research methods are used. The qualitative research is defined as the exploratory research because it is free of the numeric data determination. On the other hand, in the context of the quantitative data, the issues and problems in the research tend to be approached by the consequences of numeric data.

According to the study of Whicher, Philbin & Aronson (2018), the qualitative approach is not structured as a quantitative research method. However, the qualitative approach is used at the time of conducting a literature review to identify the major gap in the research.

### **3.4 Data**

The research data collection can be done on the basis of primary data collection and secondary data collection. It is depicted in the study of Meredith et al. (2018), that the data collection methods are of two types in the context of the primary data collection method: data will be conducted by approaching the questionnaire, interviews, or observations. Secondary the research data collection is done on the basis of the newspapers, academic journals, and books. Thus, the author of the study incorporated questionnaire, academic journals, and books to collect primary and secondary data.

According to the statement of Flick (2018), the sampling techniques for research are of two types known as the non-probability or probability sampling. These sampling tends to be categorized into different kinds of sampling known as the random sampling, cluster sampling, convincing sampling, and quota sampling. Thus, the author of the study incorporated with the random sampling

techniques. The random sampling is a sampling where research audience is selected at a random basis.

According to the study of Kennedy et al. (2018), the population represents the overall set or complete audience of the study whereas the sample size is a subset representing by overall population. The selected population is around 500 of the workers from different backgrounds. The sample size is calculated by putting population on the Raosoft calculator which suggests that the sample size of this study can be 218.

The data for this study is obtained by a survey. A questionnaire was formulated from the theoretical part of the thesis. Fifty people with random backgrounds and occupations were approached by the author and the questionnaire was sent to them via e-mail. After getting the result, it was analyzed and explained under the 4<sup>th</sup> chapter `Results and Findings` of this thesis.

### **3.5 Ethical consideration**

For the present study, a portion of the principle moral benchmarks are trustworthiness, objectivity, and uprightness. It is required to make progress toward genuineness for various logical correspondence.

The component of privacy has been the primary need all through the examination. Moreover, every one of the personalities of the respondents is required to be covered up so as to guard them from all the superfluous measures. It helps in making the examination very useful and effective.



## 4 RESULTS AND FINDINGS

In this chapter, the responses to the questionnaire will be explained. Total amount of respondents was 50, so it is important to take every question into consideration. The number of female respondents is high as compared to male. Thus, it indicates that majority of the respondents were female.

### 4.1 Result about Interpersonal fairness

Under the category of interpersonal fairness five statements are analyzed. Questions about manager effectiveness, employee's perception and relationship with the manager, role of productivity and employees were asked from the respondents. Most importantly under this category, questions about their culture, religion, race etc. were asked. The questions under this category covers below mentioned five statements. The statements are,

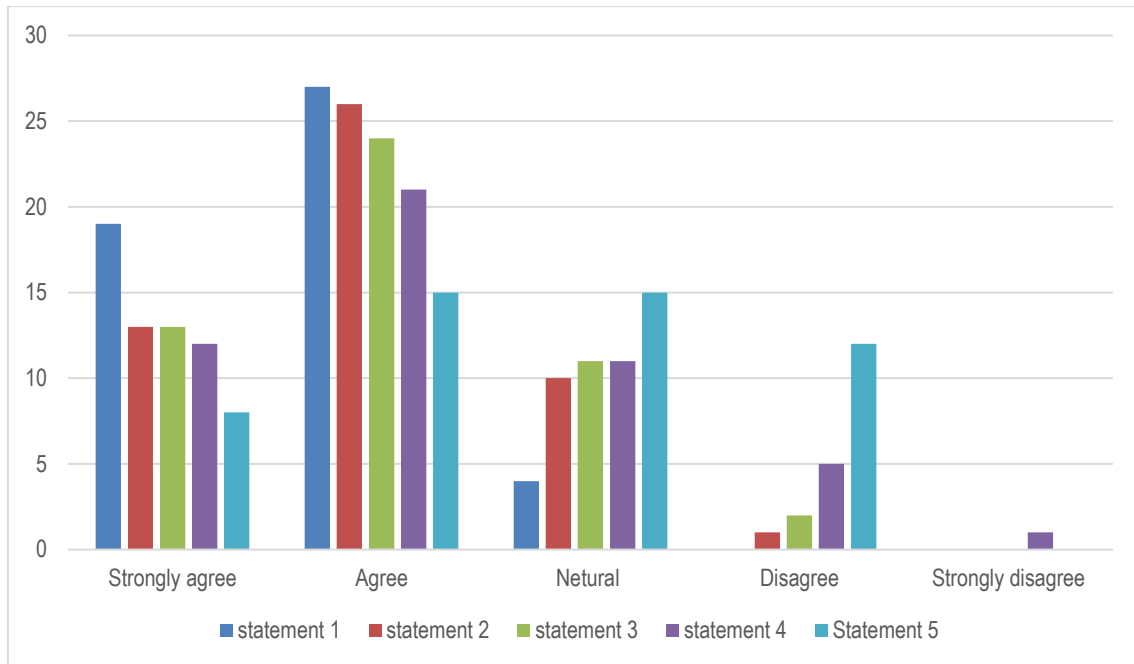
**(Statement) 1:** The manager effectiveness is important to determine the results of the employee's performance.

**(Statement) 2:** If the employees' perception of their employee-manager relationship is not focused properly, it can create negative influence the working performance.

**(Statement) 3:** If the biasness occurs in the organization, it may directly hit the productivity of employees.

**(Statement) 4:** People in organizations (on the basis of psychological parameter) view themselves according to age, religion, culture, or race and it can create negative consequences on performance appraisal.

**(Statement) 5:** If employee's gender and age is neglected in the organization, it can influence the fairness of appraisal system.



**Explanation:**

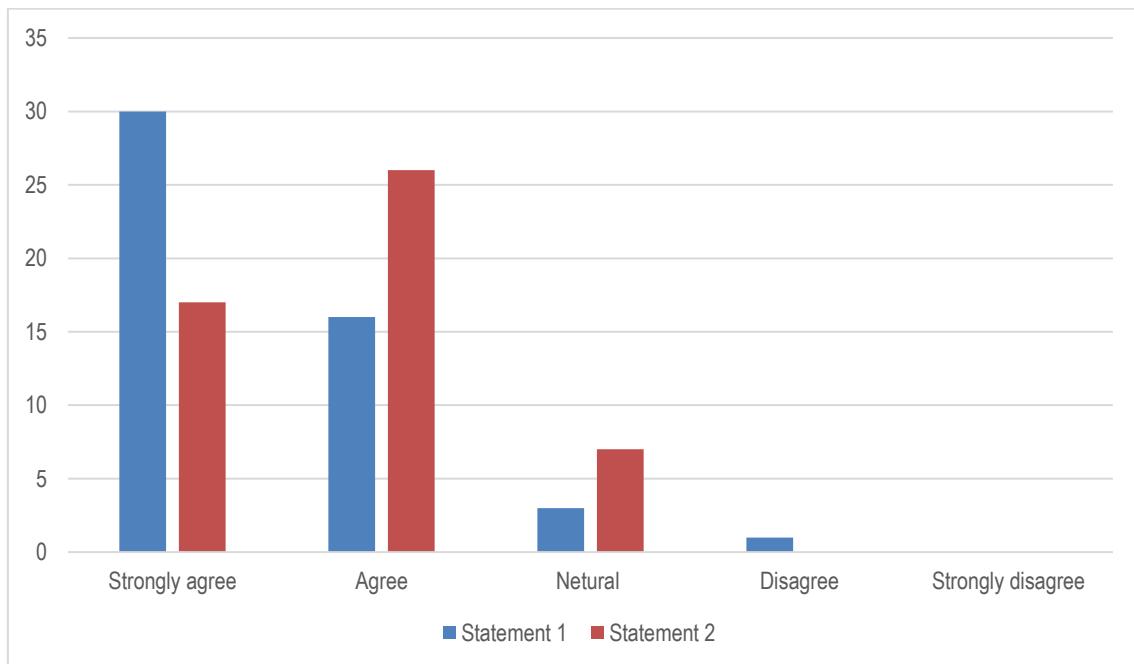
The above bar graph enlists Interpersonal fairness and its statements on x-axis. While on y-axis the number of responses is listed. The graph clearly shows that most of the respondents either strongly agree or agree with the statements. Only in terms of statement 5, not the majority either strongly agree or agree. Many respondents did not have an opinion and were neutral. On the other hand, very few disagree or strongly disagree with the statements.

**4.2 Results about Procedural fairness**

Procedural fairness is the second variable of the study. Two questions were included in this category. These statements are about the importance of goals and objectives in the performance of employees. Secondly the main aspect that was included in this category is quality of employee’s performance feedback. The two statements that were asked from the respondents are as follows:

**(Statement) 1** The clarification of goals and objectives is highly important for employee's productivity results.

**(Statement) 2:** The frequency and quality of performance feedback from the employee's manager keeps workers motivated.



**Explanation:**

The bar graph clearly shows that most of the respondents either strongly agree or disagree with the statements in this category. Very few respondents are natural and only one respondent disagree with the statement that ``The clarification of goals and objectives is highly important for employee's productivity results.``

**4.3 Results about Outcome fairness**

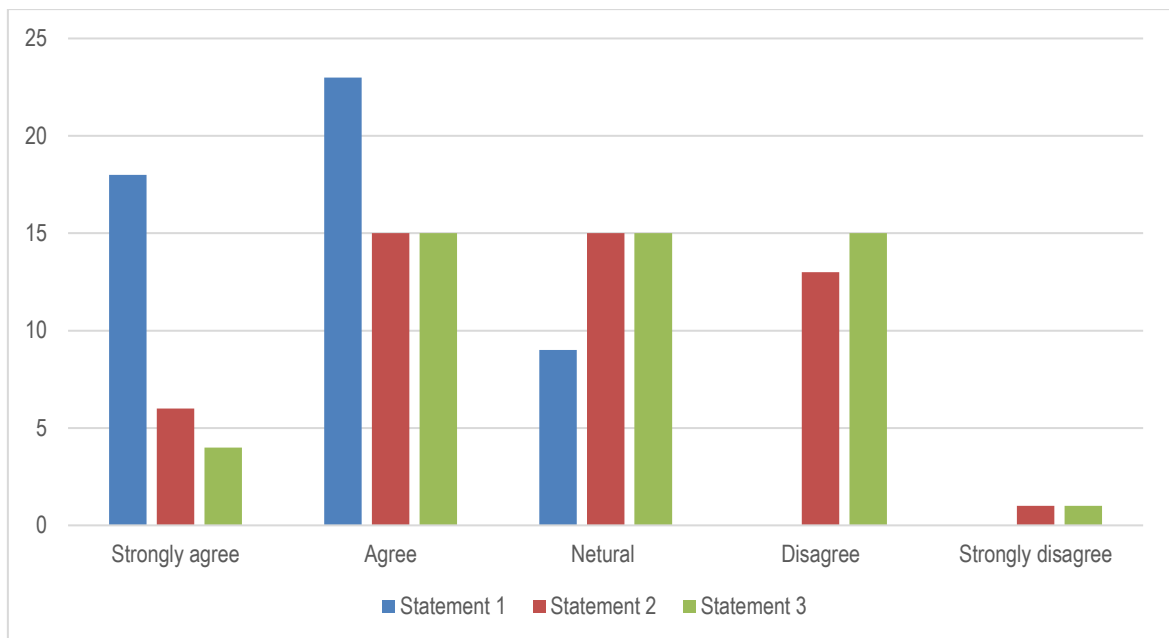
There were 4 questions that were asked from respondents related to the outcome fairness. The focus of the first statement was if the fairness in the remuneration process supports, motivates and encourages workers to work in deliberate and constructive manner. The second statement's focus was to study if last year's performance rating of workers directly influences the next year

performance. Thirdly, the statement concerns if the working capacity and capability of workers is based on the perception of their last year's performance. These were the basic questions that were asked from the respondents. The statements are as follows,

**(Statement) 1:** The fairness in the remuneration process supports, motivates and encourages workers to work in deliberate and constructive manner.

**(Statement) 2:** The last year performance rating of workers directly influences the next year performance.

**(Statement) 3:** The working capacity and capability of workers is based on the perception of their last year's performance.



**Explanation:**

The graph clearly shows that among all the statements most of the respondents favored statement 1 and they showed their agreement with statement 1 and accepted that the fairness in the remuneration process supports, motivates and encourages workers to work in deliberate and constructive manner. As many as 17 respondents strongly agreed to the statement 1. Otherwise the response for the statement 2 and statement 3 was similar because of the similarity in the statements.

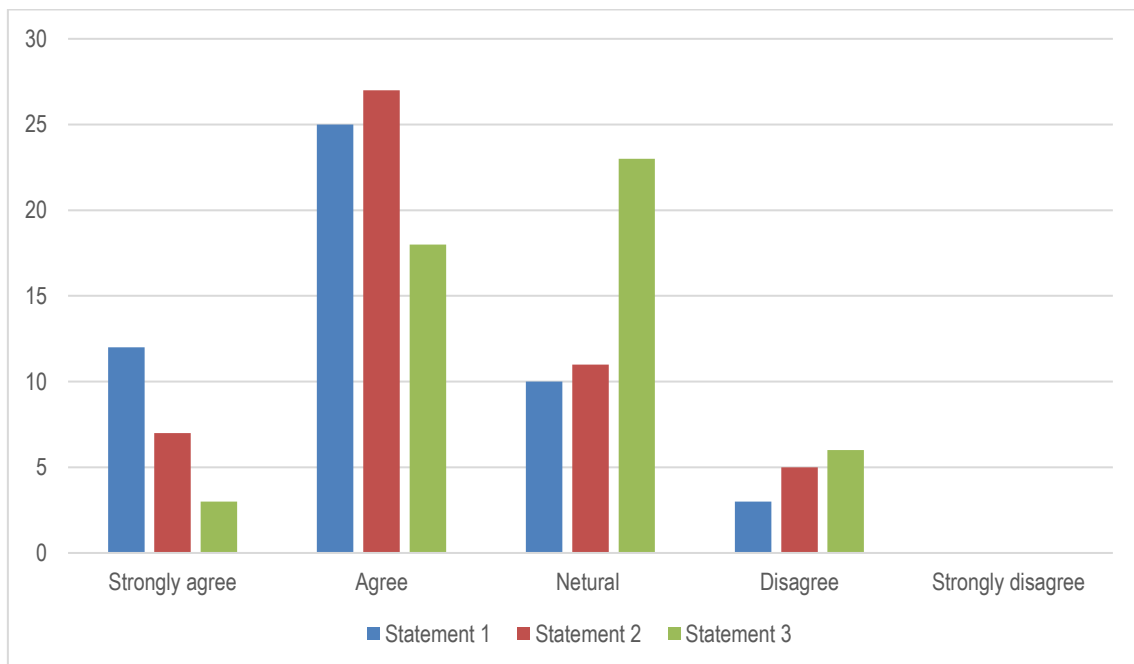
#### 4.4 Results about Performance appraisal

To determine the impact of performance appraisal, three different statements were asked from the respondents. The questions were mainly about the goals of performance appraisal, employee's performance appraisal as an integrated process and paper-based system where the Human Resource Department is sometimes the custodian of the information. These are further expressed and explained as per below statements.

**(Statement) 1:** The goal of performance appraisal is to identify the employee's strengths and weaknesses to place the right person at the right job.

**(Statement) 2:** Employee performance appraisal is defined as an integrated process in order to evaluate the employee on the basis of his performance.

**(Statement) 3:** It is typically a paper-based system where the Human Resource Department is sometimes the custodian of the information.



#### Explanation:

In case of statement 1 and 2 the result came out to be quite similar. Most of the respondents were agreed with the all the three statements but many respondents chose to be neutral in the third

statement. None chose the option of strongly disagree and only few disagreed with all the three statements.

## 5 DISCUSSION

In this section, the discussion of the study is done to determine the importance of perceived fairness in the appraisal system. Here, the discussion on the overall evaluation of the study is done in order to signify the importance of the research in the most suitable and dynamic manner.

The perceived fairness in the appraisal system is highly needed. It is a way to motivate and encourage workers to work in an effective and viable manner. However, for this concern the effective decision making of the employer is important. It is because the manager's effectiveness in the decision-making process will enable to generate the fair results and outcomes of the appraisal system. A strong decision-making process will help in seeking fairness in the appraisal system. This will eventually help in retaining workers and maintaining a high level of productivity (Anjum, 2019).

It is determined that the first hypothesis "There is a significant relationship between perceived fairness of appraisal and employee performance" understanding confirmed that if the fairness is neglected in the appraisal process, it can entail a negative relationship on the employee performance (Ahmad, 2019). It is analyzed that in order to grow and develop with the industry, the high employee performance is the most needed factor. According to the statement of Yusoff (2019), the low-performance level of workers can create a negative impact on organizational productivity. The relationship between the employer and employee needs to be strong. It is important because a weak relationship can create misunderstandings. This will then stop organizations in gaining the competitive edge within the industry (Kremer et al. 2019).

From the second hypothesis, "Performance Appraisal satisfaction has a significant impact on employee's performance" it is determined that if the employees are satisfied with the appraisal results, so positive impact on the performance of employees is obtained. Therefore, it is appropriate to focus on the performance appraisal in a profound manner. It is to ensure that all the employees are fairly treated within the organization on the basis of their accurate performance (Yin et al. 2019). Moreover, it is to assure that no type of biases should exist at the time of conducting appraisal within the organization. These two points are needed to be focus in order to create the performance appraisal satisfaction.

About the third hypothesis “All the independent variables will have a significant effect on the perceived fairness of the performance appraisal process”, in the light of interpersonal fairness, it is determined that employees’ perception of their employee-manager relationship is responsible for creating the satisfaction among workers and the potential biases need to be eliminated in order to generate the fair practices. It is, therefore, required to keep in mind that the fair practices of appraisal system inside the organization help organizations to grow and develop.

Moreover, the procedural fairness depends on two measurements. One is from the employee’s point of view and other is from the manager viewpoint. With regards to employee’s point of view, the compact and clear objectives are set by the directors and advised to the laborers. Based on these objectives and targets, the execution of the performance appraisal will be developed. While, the manager’s point of view is centered around the quality and recurrence. Lastly, the outcome fairness is the most needed factor under which pay and reward system should be modified according to the outcomes of the appraisal. Thus, these are the aspects which are responsible for creating satisfaction among workers (Palleri, 2019).

The understanding of the study explores that if the fairness is disregarded in the evaluation procedure, it creates a negative relationship to the worker performance. As indicated by the announcement of Kundu et al. (2019), the low-performance dimension of specialists can make a negative effect on worker’s efficiency. The connection between the business and worker should be solid. It is critical on the grounds that a feeble relationship can make false impressions.

Also, the fairness in the compensation procedure supports and motivates employees to work in an intentional and useful way. It implies that rewards ought to be given appropriately with the performance decided at the end of directing evaluation. This will possibly happen when fairness is held under thought and every one of the employees would be dealt with similarly. Additionally, if the performance rating in the most recent year was low it will demoralize and demotivate workers and they will abstain from passing on their best to the organization. Then again, if the performance rating in the most recent year was high it will spur employees and they will in the end do their best to enable the organization to develop and grow.



## **6 CONCLUSION AND RECOMMENDATIONS**

### **6.1 Conclusion**

In a nutshell it is concluded that Human Resource Department of the organization is responsible for engaging in the performance appraisal activities. It is the integral duty of the Human Resource Department to seek the fairness in the appraisal process of the organization to encourage, motivate, and retain employees. Performance appraisal is a tool for assessing the performance of the employees. It is about understanding the limits and data of the employees to decide the future advancement and improvement of laborers.

This study is assessing the usage of the performance evaluation based on three factors interpersonal, procedural, and outcome fairness consequently; it is required to remember that in spite of the fact that these three aspects but they are all interrelated. It is demonstrated in the study of Soltani & Wilkinson et al. (2018), that the relational variable, supervisor viability, reasonable pay and compensation, and an employee's last year's performance rating are the most basic indicators of the view of decency.

However, it tends to be expressed that concentrating on the apparent reasonableness of the performance evaluation is exceedingly expected to discover its effect on the working performance and related exercises. It is an extremely basic procedure and for the most part, organizations are depending on the performance appraisal instrument so as to assess the performance of employees and act as needs be in expanding remuneration, giving benefits, and looking for training needs. Because of this reason, fairness in the methodology of worker performance is exceedingly required. It is resolved that employee's impression of whether the performance appraisal process is reasonable is connected with the nature of the worker-manager relationship, employees past performance appraisals and decided to pay and reward.

## **6.2 Recommendations**

Following, are the recommendations made at the end of the study;

Firstly, it is recommended to link the goals and objectives of the organization with the employee's goals and objectives. It is due to the reason that clear objectives help organization to improve the organizational structure and communication. Hence, it helps in shaping the positive organization culture which helps workers to perform in the productive manner.

Secondly, it is suggested or the organization to focus on the uniform evaluation cycle. This is because conducting the performance reviews will help managers in writing good evaluation. This will ensure the state of consistency in the treatment of the workers. It is determined that focusing on the uniform cycle process will help evaluators to review the performance of each individual in vibrant manner.

Lastly, it is recommended that the organization should build the culture that values feedback. This is because valuing feedback will help managers to stay away from personal critiques, avoid exaggerations and reflect on the basis of realistic frequency.

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## APPENDIX

### Questionnaire

#### Disclaimer;

The questionnaire data will be kept confidential and it will not share with anyone else. The questionnaire is used only for the academic purpose and the information will be keep safe and secure. There is no misuse of the gather data will be done;

Name; \_\_\_\_\_

Gender; \_\_\_\_\_

Age; \_\_\_\_\_

#### Interpersonal Fairness

The manager effectiveness is important to determine the results of the employee's performance.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

If the employees' perception of their employee-manager relationship is not focused properly, it can create negative influence the working performance

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

If the biasness occurs in the organization, it may directly hit the productivity of employees

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

People in organizations (on the basis of psychological parameter) view themselves according to age, religion, culture, or race represents the outgroup status can create negative consequences on performance appraisal.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

If employee's gender and age is neglected in the organization, it can influence the fairness of appraisal system

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

### **Procedural fairness**

The clarification of goals and objectives is highly important for employee's productivity results

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

The frequency and quality of performance feedback from the employee's manager keep workers motivated

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

### **Outcome Fairness**

The fairness in the remuneration process supports, motivates and encourages workers to work in deliberate and constructive manner

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

The last year performance rating of worker directly influences the next year performance

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

The working capacity and capability of workers is based on the perception of their last year's performance

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

## **Performance Appraisal**

The goal of performance appraisal is to identify the employee's strengths and weaknesses to place the right person at the right job

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Employee performance appraisal is defined as an as integrated process in order to evaluate the employee on the basis of his performance

- Strongly Agree
- Agree
- Neutral
- Disagree



- Strongly Disagree

It is typically paper-based system sometimes where the Human Resource Department is the custodian of the information

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Thank-You



### Sample size calculator

|   |                                   |  |
|---|-----------------------------------|--|
| What margin of error can you accept?<br><small>5% is a common choice</small>              | <input type="text" value="5"/> %  | The margin of error is the amount of error that you can tolerate. If 90% of respondents answer <i>yes</i> , while 10% answer <i>no</i> , you may be able to tolerate a larger amount of error than if the respondents are split 50-50 or 45-55. Lower margin of error requires a larger sample size.   |
| What confidence level do you need?<br><small>Typical choices are 90%, 95%, or 99%</small> | <input type="text" value="95"/> % | The confidence level is the amount of uncertainty you can tolerate. Suppose that you have 20 <i>yes-no</i> questions in your survey. With a confidence level of 95%, you would expect that for one of the questions (1 in 20), the percentage of people who answer <i>yes</i> would be more than the margin of error away from the true answer. The true answer is the percentage you would get if you exhaustively interviewed everyone. Higher confidence level requires a larger sample size. |
| What is the population size?<br><small>If you don't know, use 20000</small>               | <input type="text" value="500"/>  | How many people are there to choose your random sample from? The sample size doesn't change much for populations larger than 20,000.   |
| What is the response distribution?<br><small>Leave this as 50%</small>                    | <input type="text" value="50"/> % | For each question, what do you expect the results will be? If the sample is skewed highly one way or the other, the population probably is, too. If you don't know, use 50%, which gives the largest sample size. See below under <b>More information</b> if this is confusing.  |
| Your recommended sample size is   | <b>218</b>                        | This is the minimum recommended size of your survey. If you create a sample of this many people and get responses from everyone, you're more likely to get a correct answer than you would from a large sample where only a small percentage of the sample responds to your survey.  |

Online surveys with **Vovici** have completion rates of 66%!

#### Alternate scenarios

|                               |                                  |                                  |                                  |                                   |                                 |                                 |                                 |
|-------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| With a sample size of         | <input type="text" value="100"/> | <input type="text" value="200"/> | <input type="text" value="300"/> | With a confidence level of        | <input type="text" value="90"/> | <input type="text" value="95"/> | <input type="text" value="99"/> |
| Your margin of error would be | 8.77%                            | 5.37%                            | 3.58%                            | Your sample size would need to be | 176                             | 218                             | 286                             |