

Impact of Perceived Fairness on Performance Appraisal System for Academic Staff- General Sir Jhon Kotelawala Defence University

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Abstract- This study investigates the employees' perception of fairness in the performance appraisal system for academic staff of the General Sir Jhon Kotelawala Defence University.

The perception of fairness in performance appraisal system consists of three main factors: Distributive justice, procedural justice, performance feedback and are used as independent variables and effectiveness of the performance appraisal system as dependent variable. The survey method by using random sampling technique was used to collect the data from academic staff.

Data analysis was conducted by using bivariate correlation and multiple regression analysis. The findings of the result explored that distributive, procedural and performance feedback in the appraisal system are the three significant variables that affect the effectiveness of the performance appraisal system

Index Terms- Perceived Fairness, performance appraisal system

I. INTRODUCTION

Performance appraisal system is considered as the most important instrument to measure the performance of an employee. Therefore the effectiveness of a performance appraisal system is crucial for the employee development as well as the development of the organization. The reason is that the appraisal system contributes for rewarding, promoting, demoting, terminating of an employee.

The performance evaluation of academic staff at Kotelawala Defence University is carried out by means of a format called "Annual Increment Form which is completed by the raters only. This evaluation is carried out for the sole purpose of granting the annual increment. However, it does not actually taking in to consideration of an individual staff member's performance progress during the period being evaluated. This format is distributed to the raters by the University administration in a confidential cover.

The process of performance appraisal lacks a proper structure and consistency with respect to organizational goals. Therefore, the higher management of the university is in search of an effective appraisal system for the academic members of the university. Therefore, it is important to achieve the perceived fairness in the performance appraisal system.

This study aims to investigate the relationship and the correlation between distributive justice, procedural justice and performance feedback as independent variables and effectiveness of the appraisal system as the dependent variable.

1. Distributive Justice

Distributive justice is about the perception of individual regarding the fairness of rewards with respect to attained goals or contributed efforts (Colquitt, 2001). Distributive justice refers to the perceived fairness of an individual's outcomes in proportion to the individual's inputs as compared with the outcomes and inputs of relevant others (Bartol, Durham, & Poon, 2001; Elverfeldt AV, 2005).

2. Procedural Justice

Procedural justice is perception of individual about the procedures used to make decision about rewards and to what extend the process is independent and rational for all (Greenberg & Folger, 1983; Mount, 1983, 1984; Pooyan & Eberhardt, 1989). Procedural justice is measured by assessing the process of procedural rules (Colquitt, 2001) and the process used in making and implementing resource allocation decisions (Bartol et al., 2001). Fairness issues concerning the methods, mechanisms, and processes used to determine outcomes. (Elverfeldt AV, 2005)

3. Performance Feedback

According to Elverfeldt AV, 2005, giving feedback to the employee generally aims at improving performance effectiveness through stimulating behavioural change. Thus is the manner in which employees receive feedback on their job performance a major factor in determining the success of the performance appraisal system (Harris, 1988). Hearing information about the self-discrepant from ones self-image is often difficult and painful. Thus, because feedback may strike at the core of a person's personal belief system it is crucial to set conditions of feedback so that the ratee is able to tolerate, hear, and own discrepant information (Dalton, 1996). Only if conditions facilitate the acceptance of feedback information then the likelihood of change increases. Dalton (1996) further specifies these conditions: The feedback event should be a confidential interaction between a qualified and credible feedback giver and ratee to avoid denial, venting of emotions, and

behavioural and mental disengagement. In such an atmosphere discrepancies in evaluations can be discussed and the session can be used as a catalyst to reduce the discrepancies (Jacobs et al., 1980; Elverfeldt AV, 2005)

II. METHODOLOGY AND EXPERIMENTAL DESIGN

The author considers the whole population of civil Academic Members of KDU in the year 2015. The total number of academic members is 166, ranging from Lecturer (Probationary), to Senior Lecturer Grade I from the population of the study. Assistant and Senior Assistant Librarians too are taken as academics as defined by the University Grants Commission.

The sample in this research was civilian academic staff members of General Sir John Kotelawala Defence University with the number of 118 academia. Sample size was determined using Krejcie and Morgan (1970) method. Stratified random sampling method was used and a computer based random number generator was used to select the academic members at each level.

The study involved quantitative methods to collect data by means of a structured pre tested questionnaire. Before the actual study was conducted, a pilot study was carried out to test the validity and reliability of instrument used. For the actual study, the quantitative data was collected by distributing the questionnaire to the academic staff of the university.

The items on the questionnaire are responded to using a 5-point Likert scale ranging from absolute disagreement, through disagree, neutral, agree, and ending in absolute agreement. Numerical ratings for the responses can be obtained by using values ranging from one point for “absolute disagreement” to five points for “absolute agreement”. The response scale is clearly ordinal. However the responses were assigned the values 1, 2, 3, 4, 5 and averages were computed during the analysis.

The questionnaire consists of 58 questions. It measures the level of effectiveness of the appraisal system by the means of independent variables, user’s characteristics, perceived fairness and system characteristics.

Methods of Data Analysis

Data was analyzed using SPSS (Statistical Packages for the Social Scientist) statistical package which was set at the 0.05 significance level. The level of effectiveness of the existing appraisal system will be determined using the results of questionnaires in terms of user’s characteristics, perceived fairness and system characteristics.

All independent variables were given marks between one to five (1-5) for the analysis purpose. Allocation of marks for the respondent’s answers is as follows.

**Table 01
 Allocation of Marks**

| Answer | Marks |
|-----------------------|-------|
| Absolute Disagreement | 01 |
| Disagreement | 02 |
| Neutral | 03 |
| Agree | 04 |
| Absolute Agreement | 05 |

All data was analyzed by using mean value of the factors. Those mean values are interpreted as follows.

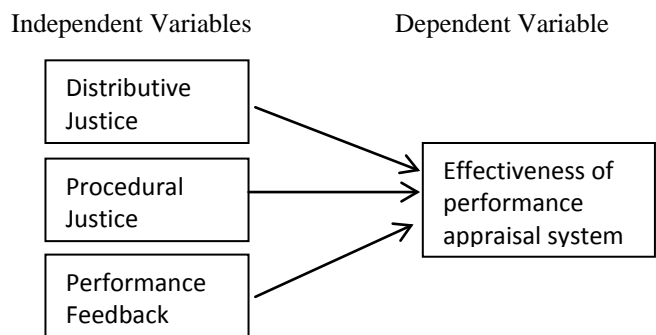
**Table 02
 Interpretation of Mean Values**

| Mean Value | Level of Effectiveness |
|-----------------------------|------------------------|
| Mean value between 4-5 | Highly effective |
| Mean value between 3- 3.999 | Effective |
| Mean value between 2 -2.999 | Ineffective |
| Mean value below 2 | Highly Ineffective |

The level of effectiveness for each factor of the questionnaire was analyzed using mean and standard deviation. The relationship of effectiveness of appraisal system and the variables; distributive justice, procedural justice and performance feedback were analyzed using Pearson’s correlation and coefficient. The statistically significant factors that affect effectiveness of PAS were determined by Analysis of variance test.

Figure 01 illustrates the conceptual framework of this research.

**Figure 01
 Conceptual Framework**



III. RESULTS

The Level of Effectiveness of the Existing Performance Appraisal System, in Terms of Distributive Justice, Procedural Justice and Performance Feedback.

Table 03 Descriptive Statistics of Perceived Level of effectiveness of PAS in Terms of Distributive Justice, Procedural Justice and Performance Feedback. (N =62)

| Variable | Mean | Std. Deviation | Level of Effectiveness |
|----------------------|--------|----------------|------------------------|
| Distributive Justice | 1.9960 | 1.03275 | Highly Ineffective |
| Procedural Justice | 2.1355 | 1.06926 | Ineffective |
| Performance Feedback | 2.0258 | 1.10882 | Ineffective |

Correlation Analysis between Independent and Dependent Variables.

Table 04

Correlation Analysis between Overall Effectiveness of performance appraisal system and Independent Variables (Distributive Justice, Procedural Justice and Performance Feedback)

| Variable | Effectiveness of PAS | |
|----------------------|----------------------|----------------|
| | Pearson Correlation | Sig. (2tailed) |
| Effectiveness of PAS | 1 | |
| Distributive Justice | .802** | .000 |
| Procedural Justice | .849** | .000 |
| Performance Feedback | .830** | .000 |

** . Correlation is significant at the 0.01 level (2-tailed)

Multiple Regression Analysis between Independent Variables Related to Effectiveness of performance appraisal system.

Table 05

Regression Analysis between Independent Variables and Effectiveness of performance appraisal system (Model Summary)

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|----------------------------|
| 1 | .884 | .782 | .765 | .40259 |

Table 06

Regression Analysis between Independent Variables and Effectiveness of performance appraisal system (Coefficients).

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .218 | .138 | | .762 | .452 |
| Distributive justice | .188 | .128 | .215 | .183 | .856 |
| Procedural justice | .404 | .126 | .455 | 2.729 | .010 |
| Performance feedback | .236 | .143 | .269 | .350 | .728 |

^a Dependent Variable: Effectiveness PAS

IV. DISCUSSION

The total mean for Distributive Justice was 1.9960, which indicates that the respondents perceived that the existing Performance Appraisal System is ineffective in terms of Distributive Justice. Procedural Justice and Performance Feedback showed means of 2.1355 and 2.0258 respectively. Again it can be concluded that the existing Performance Appraisal System is Ineffective.

There is a significant positive linear relationship of effectiveness of Performance Appraisal System and all three independent variables. The relationships are 80.2% for Distributive Justice, 84.9% for Procedural Justice and 83% for Performance Feedback. All three variables have very high positive relationship almost equally.

Model summary shows that the value of R-square for the model is 0.782. This means that 78.2 percent of the variation in the effectiveness of Performance Appraisal System (dependent variable) can be explained from the three independent variables. The adjusted R-square for the model is 0.765, which indicates only a slight overestimate with the model. The standard error of the estimate is only 0.40259.

Regression coefficients represent the mean change in the response variable for one unit of change in the predictor variable while holding other predictors in the model constant. A low p-value (< 0.05) of variables indicates that the changes in the independent variables were related to changes in response variable, effectiveness of PAS. Conversely, a larger (insignificant) p value suggests that changes in the predictor are not associated with changes in the response. Therefore, the analysis demonstrated that the most significant positively related factor was the procedural justice. It has scored a p value of 0.010 and Beta value of 0.455 It denotes that change of procedural justice by one item may affect the effectiveness by 45.5%.

The fairness of Performance Appraisal System needs to be increased in terms of distributive justice, procedural justice and performance feedback. The fairness of granting rewards to academia should be increased by making the appraisal unbiased,

increased communication between supervisor and subordinate, output related rewards and design the Performance Appraisal System leading to better performance and better work quality.

The Performance Appraisal System should highly focus on procedural justice. Objective measures should be designed to appraisal. The standards should be clearly defined to evaluate the performance. Clear instructions should be given to a both raters and ratees. The standards should be simple and clear. The ratings should be available for review as well. They should be able to discuss problems in relation to their performance evaluation with the supervisor. A follow up system should be incorporated to Performance Appraisal System to monitor whether the raters follow the said standards properly in case of a particular individual as well as in the equal manner for others.

The component of giving feedback should be focused on the new Performance Appraisal System. Feedback of an individual may lead to denial, venting of emotions, and behavioral and mental disengagement. Designing of Performance Appraisal System should address above issues. It should be strictly confidential, constructive and should lead the academia towards achieving expected goals. In this regard the Performance Appraisal System can identify future training needs of the ratees. Student feedback and peer review should also be included in the appraisal form.

V. CONCLUSION

In conclusion, author has identified the fairness of a performance appraisal system has crucial effect on the success of the organization as the perceived fairness has a relationship with the agreement of the system and as the end result the performance of the academic staff.

The academia are very vigilant about the fairness based on the appraisal system, how the head of departments treat them, and the end result. Hence, the fairness of an appraisal system affect all dimensions of academia in the university. Therefore the higher authority should take necessary steps to upsurge the fairness level of the Performance Appraisal System for academic staff at General Sir Jhon Kotelawala Defence University.

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