

**PERFORMANCE APPRAISAL: IMPACT OF JUSTICE PERCEPTIONS ON  
EMPLOYEE ADAPTIVE PERFORMANCE AS MEDIATED BY  
SATISFACTION WITH APPRAISAL PROCESS IN PRIVATE SECTOR  
ORGANIZATIONS**



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01-280132-001

A thesis submitted in partial fulfilment of the  
requirements for the award of the degree of  
Doctor of Philosophy (Management Science)

Bahria Business School

Department of Management Studies

BAHRIA UNIVERSITY, ISLAMABAD

SEPTEMBER 2021

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## **DEDICATION**

I dedicate this research work to my wife, whose patience, love and support throughout the tenure of my involvement in the thesis writing helped me to complete the study in a befitting manner.

## ACKNOWLEDGEMENT

Praise be to Allah Almighty, with this Name I began, torrid and exhilarated, in taking pains to emanate this outcome and with His blessings, I am elated and thrilled to have completed this illustrious piece of work.

Although the dissertation carries my name being its originator, I must confess that a whole lot of people have helped me complete laborious undertaking. I thus owe a debt of gratitude to all of them. Most notably to my thesis supervisor Dr. Abdul Sattar for his continuous guidance and support. His topical and candid opinion greatly helped me in bringing major changes in the text, not to forget the valuable technical support, thought provoking comments and most of all for his moral support all through this project. Special mention of Dr Malik Mamoon Munir and Dr M Asif Shahzad Asif for sparing their precious time and making themselves available whenever I needed them.

I earnestly believe, it would be unfair on my part if I don't mention the unstinting support of Dr. Paul W. Thurston, Jr., Ph.D. in completion of my dissertation. Though I met him coincidentally on the net, his forthcoming cooperation and reach warmed my heart and greatly helped me in refining my research work.

I also owe a debt of gratitude to the Dean and Principal, Bahria Business School along with HoD Management Studies Department without whose cooperation and support my thesis would not have seen light of the day. In the end, I am deeply thankful to the Rector Bahria University for providing enabling environment in the Campus for the students to undertake research related activities.

## ABSTRACT

Performance appraisal is one of the most common management tool in private sector organizations of Pakistan. Earlier research on improving appraisal effectiveness, focusing on its utility, quantitative and qualitative aspects has done little to improve its usefulness as a managerial tool for enhancing adaptive performance of employees. This study sought to contribute to this body of knowledge by investigating influence of justice perceptions of performance appraisal on employees' adaptive performance as mediated by satisfaction with the appraisal process in private sector telecom and banking organizations. The study was anchored on organizational justice and social exchange theories. Pilot survey was administered to 50 employees of telecom and banking organizations to assess reliability of the instrument. Reliability analysis depicted study variables to be reliable and suitable for further analysis. Data collected from 932 respondents through standardized survey questionnaire was initially assessed for missing values and sample descriptives using SPSS version 20. Then two step approach to Structural Equation Modelling was applied using AMOS version 21. In the first step, confirmatory factor analysis was conducted to assess fitness of measurement model and construct validity. In the second step, structural model was estimated for testing theoretical relationships. Results indicated that proposed measurement and structural models met the fitness criteria. Findings confirmed positive relationships between justice perceptions (distributive, procedural and informational) and adaptive performance, however, results did not support relationship between interpersonal justice and adaptive performance. Results supported positive relationships between justice and satisfaction constructs. Study established positive relationship of satisfaction constructs with adaptive performance. Satisfaction constructs partially mediated relationship between justice constructs and adaptive performance. Study provided support to propositions of organizational justice and social exchange theories wherein enhanced level of employee satisfaction and adaptive performance can be achieved

by ensuring justice in the organizational practices. Policy makers may use the findings to evaluate how well private sector telecom and banking organizations can be leveraged through fair performance appraisal practices and enhanced level of adaptive performance to safeguard interests of employees thereby increasing its productivity which will contribute towards economic growth of the country. Practitioners in the field of human resource management can use findings of this study to support case for development and implementation of just performance appraisal practices for improving adaptive performance of employees to achieve and sustain competitive advantage. Future research could use longitudinal studies to provide better understanding of the influence of justice perceptions of performance appraisal process on employees' satisfaction with appraisal process and adaptive performance. Investigation of justice perceptions of managers and employees separately, in future studies, will also help analyze perspective of both sides.

**Keywords:** Performance appraisal; Individual Work Performance; Adaptive Performance; Organizational justice; Satisfaction with Performance Appraisal Process.



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**LIST OF ABBREVIATIONS AND SYMBOLS**

AOA	Accuracy of Assessment
AP	Adaptive performance
AVE	Average Variance Extracted
CES	Clarifying Expectations and Standards
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
COA	Concern Over Assessment
CP	Contextual Performance
CR	Composite Reliability
CV	Convergent Validity
CWB	Counterproductive Work Behaviour
DJ	Distributive Justice
DV	Discriminant Validity
ERD	Explaining Rating Decisions
FB	Feedback
FDI	Foreign Direct Investment
GFI	Goodness of Fit Index
HoD	Head of Department
HR	Human Resource
ICR	Internal Consistency Reliability
IFI	Incremental Fit index
INFJ	Informational Justice
INTJ	Interpersonal Justice
IR	Indicator Reliability
IWP	Individual Work Performance
M	Mean
OCB	Organizational Citizenship Behaviour

OJ	Organizational Justice
PA	Performance Appraisal
PAS	Performance Appraisal System
PER	Performance Appraisal Report
PJ	Procedural Justice
PMS	performance Management System
PP	Performance Planning
RC	Rater Confidence
RMSEA	Root Mean Square of Approximation
SA	Seeking Appeals
SD	Standard Deviation
SEM	Structural Equation Modeling
SIS	Sensitivity in Supervision
SME	Small and Medium Enterprise
SPA	Satisfaction with Performance Appraisal
SPAS	Satisfaction with Performance Appraisal System
SPSS	Statistical Package for Social Sciences
SRMR	Standardized Root Mean Square Residual
SWS	Satisfaction with Supervisor
TBM	Treatment by Manager
TLI	Tucker-Lewis Index
TP	Task Performance
$\alpha$	Cronbach's alpha
$\lambda$	Factor loading
r	Correlation Coefficient
n	Sample Size
H	Hypothesis
SE	Standard Error
$\beta$	Standardized Path Coefficient
B	Un-standardized Path Coefficient
R <sup>2</sup>	Coefficient of Determination

## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction of the Study

In today's globalized world and challenging economic conditions, achievement of competitive advantage is one of the major challenges for organizations. Thus there is growing realization amongst management of organizations regarding importance of their human resource and they are more attentive toward employee performance (Davis, 2017). Changing nature of technology and work, in the face of fast pace changing environment, have raised question on the effectiveness of traditional employee performance measures. Accordingly, employees' innovative and proactive behaviours catering for creativity, uncertainty and stress etc, referred to as adaptive performance, have become mandatory for organizational competitive advantage (Pulakos, Arad, Donovan, & Plamondon, 2000; Allen, 2019). Unfortunately, in today's dynamic environment, these essentially required behaviours have not attracted due attention of both, researchers and practitioners.

In view of importance of employee performance, its management has always been critical for which performance management system is generally instituted in organizations. However, to manage employee performance it has to be measured first, therefore, the aspect of performance appraisal process constitutes vital part of any system formulated by organizations for management of employee performance (Levy, Tseng, Rosen, & Luke, 2017). Due to the benefits of performance appraisal process, it has become an essential and indispensable practice for maintaining organizational competitiveness.

The processes inherent in the appraisals and outcome of performance appraisal can have significant influence on reactions of employees toward their work, organization and supervisors. When performance appraisal process is perceived as fair, it can be a practical tool for motivation and development of employees, however, if it is perceived as biased, political or irrelevant, it can be a source of dissatisfaction and frustration (Skarlicki & Folger, 1997). Although performance appraisal process is widely implemented, employee dissatisfaction with the process is commonly observed phenomenon which has raised questions on effectiveness of the process in affecting employee performance. Researchers have endeavored to ascertain and enhance appraisal's effectiveness by using utilization, quantitative and qualitative criteria. More recently, qualitative criteria composed of employee reactions i.e. justice perceptions of employees and satisfaction of employees with different aspects of performance appraisal is being employed to ascertain effectiveness of the process in bringing about desired results pertaining to improvement in employee performance. This study, therefore, investigates effectiveness of performance appraisal process in impacting employee adaptive performance as mediated by satisfaction with various facets of the process, using organizational justice lens.

## **1.2 Background of the Study**

Importance of human resource being an essential asset of an organization is accepted by all, may it be practitioner or researcher. Inglis (2019) supporting the argument of Barney (1995) has stipulated that human resource is a major asset of organizations and they are primarily instrumental in determining success or failure of an organization. Brudan (2010) has highlighted link of employee performance with strategic goals of organizations, thus it need no emphasis that employee performance is linked to organizational performance for attainment of sustainable competitive advantage. Accordingly, organizations rely heavily on the process of Human Resource Management in order to manage their people effectively and to maximize their performance, for sustainable competitive advantage. Human Resource Management involves various functions like human resource planning and job analysis, recruitment and selection, training and development, career management,

performance management and performance appraisal, compensation, rewards and benefits, safety, health and employee relations (Verhulst & DeCenzo, 2018). Accordingly, once employees have joined after having gone through the process of recruitment and selection, organizations concentrate on management of their performance.

Researchers highlight that organizations have increasingly recognized importance of performance management especially in the last two decades (Colquitt, 2017). The system of performance management helps set performance targets, measure, motivate and develop performance of employees. In the broader domain of performance management, the process of performance appraisal reflecting employees' behaviour and performance is regarded as one of the most important HR practice; studied under the umbrella of human resource management. The process includes setting performance expectations, measuring performance, rendering feedback to employee and documentation. Getting high performance is one of the major aims of performance appraisal process. Accordingly, organizations have increased its reliance on the process of performance appraisal. It is explicitly stated by researchers that despite of the fact that lot of faults are associated with performance appraisals; organizations cannot abandon appraisals due to its necessity and associated advantages (Adler et al., 2016). Therefore, in view of perceived utility and benefits of performance appraisal process; it seems that appraisals would live as long as organizations exist.

Although performance appraisal process is widely implemented in organizations, it is commonly observed that employees are generally dissatisfied with the process (Posthuma & Campion, 2008). This aspect has raised question on the effectiveness of appraisal process which is central to theory and practice. Researchers have endeavored to ascertain and enhance appraisal's effectiveness by focusing on its individual aspects (psychometric and political) by using utilization, and quantitative criteria. Investigation of the same has not been significant in causing improvements in appraisals. More recently, qualitative criteria composed of employee reactions i.e. justice perceptions and satisfaction is being looked into based on premise that employee reactions are important as fair performance appraisal practices lead to high satisfaction and performance.

Researchers suggest that organizational justice linked to satisfaction may be instrumental in enhancing appraisal effectiveness, thereby impacting employee performance (Thurston & McNall, 2010; Suifan, 2019). Dijke and Cremer (2016) and Gladisa and Susanty (2018) have reported direct and positive link of justice with employee attitudes i.e. satisfaction, in performance appraisal process. According to Colquitt et al. (2013), Ohana and Meyer (2016), Yean and Yusof (2016), and Suifan (2019) justice is primary factor that determines variety of employee attitudes and impacts employees' behaviours including performance.

Although organizational justice theory is instrumental in ascertaining appraisal effectiveness, however, four-factor organizational justice model has been rarely applied to performance appraisals, especially it has not been related to employees' adaptive performance. Use of four-factor model may be meaningful in ascertaining performance appraisal process effectiveness as an entire system. Thus Organizational Justice (OJ), with Distributive Justice (DJ), Procedural Justice (PJ), Interpersonal Justice (INT) and Informational Justice (INFJ) being its dimensions are used as an independent variable in this study.

Perceptive, affective and behavioral constructs model consistent with organizational model proposed by Hulin, Roznowski, and Hacia (1985) and Organ (1995) suggests that individual employees' perceptions are related to their affective reactions, and in turn these reactions are related to their behaviors. Researchers thus suggest that attitudes of employees' i.e affective reactions like satisfaction are positively impacted by justice; employee satisfaction is linked to justice in performance appraisal process (Thurston, 2001; Cook & Crossman, 2004). On the other hand, when the process of performance appraisal is perceived as unfair by employees, it can be a source of dissatisfaction (Skarlicki & Folger, 1997). So employees will only be satisfied when they experience fair performance appraisal process. Accordingly, Satisfaction with Performance Appraisal (SPA), Satisfaction with Performance Appraisal System (SPAS) and Satisfaction with Supervisor (SWS) who rates employee performance are most often used dimensions of satisfaction in appraisal process (Thurston & McNall, 2010).



Increased satisfaction of employees with the appraisal process allows them to regard performance appraisals to be beneficial for improvement in their performance. Hence, the aspect of employee satisfaction with various facets of performance appraisal, being important employee reaction and mediator for enhancement in employees' adaptive performance, is looked into in this study.

Performance appraisal is implemented in almost all organizations, across the globe as well as in Pakistan because of its numerous advantages in various forms. Accordingly, organizations commit considerable resources on enactment of performance appraisal process however, its effectiveness in impacting individual and organizational outcomes remains under question. Both, managers and employees are generally found dissatisfied with the process (Pichler, Beenen & Wood, 2018). Traditionally, researchers have endeavored to improve effectiveness of performance appraisals through utilization and quantitative criteria. Contemporary researchers have used qualitative criteria in an effort to investigate and improve its effectiveness, however, most started looking on alternatives to appraisals and proposed performance management and balanced scorecard etc. As when our children falter, we do not abandon them but find ways and means to overcome their deficiencies. This triggered curiosity and motivation to look into the effectiveness of performance appraisal process in affecting employee attitudes and behaviors especially adaptive performance in Pakistani context; hence, becoming a rationale for conduct of this study.

This study while evaluating effectiveness of performance appraisal process looks into the role of justice perceptions of employees' in causing adaptive performance through the lens of organizational justice theory. It also determines mediating role of satisfaction with appraisal process in the relationship of justice and adaptive performance. Therefore, endeavor has been to look into employees' justice perceptions of performance appraisal process, its role in influencing employee adaptive performance and to investigate the mediating role of satisfaction with various facets of appraisal process.

### 1.3 Gap Analysis

Individual Work Performance (IWP) is viewed as a multidimensional construct wherein Task Performance (TP), Contextual Performance (CP) and Counterproductive Work Behaviour (CWB) are its most investigated facets. However, in the face of today's fast pace changing, dynamic environment, researchers have raised questions on the effectiveness of these dimensions and have proposed Adaptive Performance (AP), demonstrated by employees by while adjusting behaviour to changing situations at work and with new events, the fourth facet of IWP, to be critical for achievement of organizational objectives and competitive advantage. (Koopmans et al., 2012).

Organizations endeavor enhancement in employees' performance, to gain and maintain competitive advantage, by implementing various HR practices. Amongst these practices, performance appraisal process is the most important and its use has significantly increased in the recent past (Cappelli & Conyon, 2018). Although, performance appraisal process is extensively employed viz its perceived utility and organizations spend enormous amount on its implementation; both manager and employees are often skeptical about the process; effectiveness of performance appraisals is often disputed by researchers and practitioners both; thus raising concerns toward the aspect of employees' satisfaction with appraisal process (Pichler et al., 2018). Findings of appraisal research conducted in Pakistani organizations are also not different as performance appraisal process is considered subjective, inadequate and not a credible system. (Khan, Meraj, & Alam, 2017).

Jacobs, Kafry, and Zedeck (1980) suggested utilization, quantitative and qualitative criteria to assess the effectiveness of performance appraisals. In this regard, initial endeavors of researchers on enhancement in comprehension of employees regarding purpose and use of performance appraisal process were not useful in exploiting effectiveness of performance appraisals to its fullest. This led to shift in the focus of research on quantitative criteria, also referred to as accuracy criteria. Thus, from early to late 1990s, researchers' effort concentrated on development of reliable and valid rating instrument or method for appraisals i.e. psychometric perspective. But this research direction did not significantly enhance appraisal effectiveness. The aspects of rater, rater

errors, rating accuracy, rater training and ambitions of raters have been the agenda of subsequent research, however, these efforts also did not contribute significantly in addressing the issues linked to effectiveness of performance appraisals. Rather, efforts to reduce errors by training of raters (to avoid errors) led to reduced accuracy of performance appraisals. The aspect of politics also remained under study which was based on assumption that goal of the rater might be in contradiction to goals of the organization. All these efforts of researchers concentrating on individual aspects of performance appraisals were not instrumental in bringing about desired results (Jundt, Shoss, & Huang, 2015; Pichler et al., 2018).

Focus of performance appraisal research thus shifted on reactions to appraisals, considering appraisals as a whole process in the organizational context. As a result, last quarter of 20<sup>th</sup> century witnessed expansion in research agenda and acceptance of the process in organizations, attitude of employees towards performance appraisal process became key pointers of effective performance appraisals. Hence, reaction criteria (justice and satisfaction), also referred to as qualitative criteria, became critical in ascertaining effectiveness of performance appraisal process. It is posited that employees can boost performance upon experiencing these positive reactions. Accordingly, justice in the appraisal process is regarded as a critical problem faced by organizations and researchers suggest it to be focus of appraisal research (Suifan, 2019).

DeNisi and Murphy (2017) regard research focusing on justice perceptions to be important as it provides opportunity to consider different outcome measures to evaluate appraisal systems and suggest it to be an important area for future research. Despite justice perceptions are important in appraisals, these are scarcely looked into. Researchers have endeavored to evaluate effectiveness of performance appraisal process in impacting employee performance by studying its individual components using utilization and quantitative criteria, however, limited research has evaluated effectiveness of performance appraisal process using qualitative criteria incorporating justice and satisfaction. More importantly, in-depth scrutiny of relevant literature depicts that while ascertaining effectiveness of performance appraisal process, effect of justice perceptions on employee attitudes and various constructs like TP, CP and CWB has been examined, however, role of

justice perceptions of appraisals in causing AP has not attracted attention of researchers and practitioners both. This study is an endeavor to fill this void.

#### **1.4 Problem Statement**

Globally, service sector private organizations have contributed to economy of countries besides providing quality products and services. Pakistan is no exception wherein, private sector is also endeavoring to play its part. Pakistan Vision 2025 envisions the country to be highly attractive for private sector so that it can play its role in the development of country. Accordingly, these organizations have been targeted for investment in recent years. However, still there is a lot of growth potential for expansion in private sector. Specifically, in telecom and banking sector there are large areas which are unserved, seeking provision of quality telecom and banking services. Apart from this, new digitalized world and artificial intelligence is forcing organizations to transform at a very fast pace.

In telecom sector, requirement of new and disruptive technologies, security and risk of data breaches, safety of customers and their info i.e data security and privacy issues, regulatory compliance, pressure from consumers to understand their demand and provide superior results are few more characteristics of today's environment in which telecom sector organizations are competing. With regard to banking sector, their asset base is under immense pressure to respond to the challenging environment. Issues of tax evasions, frauds, money laundering, benami accounts, terror financing, changes in foreign exchange regulations viz-a-viz Financial Action Task Force requirements are challenging banking sector, requiring review of procedures and response to the changing requirements. Thus, in today's dynamic and fast pace changing environment, the manner in which telecom and banking sector private organizations adapt to this changing work environment and its associated challenges will determine growth or decline of an organization. Accordingly, employees of these organizations are required to adapt to said changing environment and promptly respond to changing customer preferences. Thus, managers in these organizations

have an uphill task to ensure enhancement in adaptive performance of employees for achievement and maintenance of competitive advantage. For organizations in the telecom and banking sector to be successful and cater for challenges in the environment; improvement in adaptive performance of employees is considered mandatory. However, leaders of these organizations lack understanding about the importance of performance appraisal process that measures adaptive performance, specifically the significance of employees' justice perceptions of performance appraisal process in affecting their adaptive performance as mediated by satisfaction with the appraisal process.

In order for employees to continue providing quality services in the dynamic environment, organizations are to realize that adaptive performance of their employees is important. For improvement in adaptive performance, employees are to experience positive reactions of their appraisal process wherein employees are to perceive that their performance is being assessed using just performance appraisal process; and they are satisfied with various aspects of performance appraisal process. This quantitative study investigates the impact of justice perceptions of performance appraisal process on adaptive performance of employees as mediated by satisfaction with appraisal process in the context of telecom and banking sector private organizations.

## **1.5 The Research Questions**

Following were the research questions for this study:

**1.5.1** What is the relationship of employees' justice perceptions of appraisal process with adaptive performance in telecom and banking sector private organizations?

**1.5.2** What is the relationship between employees' justice perceptions and satisfaction with appraisal process in telecom and banking sector private organizations?

**1.5.3** What is the relationship between employees' satisfaction with appraisal process and adaptive performance in telecom and banking sector private organizations?

**1.5.4** What is the mediating role of satisfaction with appraisal process in the relationship of employee's justice perceptions of appraisal process and adaptive performance in telecom and banking sector private organizations?

## **1.6 Objectives of the Study**

The objectives of the study were to:

**1.6.1** To examine relationship of employees' justice perceptions of appraisal process with adaptive performance.

**1.6.2** To examine relationship between justice perceptions of appraisal process and employees' satisfaction with appraisal process?

**1.6.3** To examine relationship of employees' satisfaction with appraisal process and adaptive performance.

**1.6.4** To determine mediating role of constructs representing satisfaction with performance appraisal process in the relationship of employees' justice perceptions and adaptive performance.

## **1.7 Significance of the Study**

The significance of this study is three-fold. Firstly, adaptive performance is used as an outcome variable in this research. Thus, this study tests impact of justice perceptions on employees' adaptive performance, mediated by satisfaction constructs in the perspective of

performance appraisal process in private sector telecom and banking organizations. Accordingly, the study adds to the existing stock of knowledge on the subject.

Thurston and McNall (2010) operationalized four factor organizational justice model in the context of performance appraisal process in US Air Force and a health insurance organization. Researchers recommended further studies to generalize their results in other organizations and industries. The research is also significant to organizational justice theory as it has validated four-factor structure, underlying organizational justice, in the context of private services sector telecom and banking organizations of Pakistan, thus providing new insight on the theory and affording an opportunity for comparison across different sectors.

The perceptual, affective and behavioural constructs model consistent with organization adaption model proposed by Hulin, Roznowski, and Hacıya, (1985) and Organ (1995) suggest that perceptions influence affective/ attitudinal reactions which in-turn effect behaviours. In the perspective of performance appraisals, this model has been tested in the West, however, it has not been agenda of research in Pakistan. This study is significant as it support the said model in the Pakistani context. The model is applied on the important human resource management practice of performance appraisal in Pakistani context to see how organizations can enhance adaptive performance of employees. This study is significant as it has validated the aforesaid viewpoint in Pakistani context that perceptions of justice impact behavioural responses i.e. adaptive performance of employees through attitudinal responses i.e. satisfaction constructs, in the perspective of appraisal process.

## **1.8 Structure of the Thesis**

Chapter 1 presents overarching synopsis of the main constructs of this study like Individual Work Performance with specific focus on Adaptive Performance, Performance Management, Performance Appraisal, justice perceptions of employees, and employee satisfaction with three elements of performance appraisal process. It then presents

background of this study prior discussing overview of the context and gap analysis. Subsequent to this, it presents problem statement, research questions, research objectives and significance of this study. Lastly it outlines structure of the study.

In Chapter 2, exhaustive account of relevant literature pertaining to study variables is presented. It begin with literature pertaining to IWP and reviews the aspect of Task Performance (TP), Contextual Performance (CP), Counterproductive Work Behaviour (CWB) and Adaptive Performance (AP). It then dwells on broader perspective of performance management, narrowing it down to performance appraisal including issue of its effectiveness. It then looks into various criteria for ascertaining effectiveness of performance appraisals, especially focusing on organizational justice with specific emphasis on organizational justice and social exchange theories. It then discusses satisfaction of employees with various facets of appraisal process. Account of performance appraisal research in Pakistan and across the globe is then covered. Series of research hypotheses to ascertain role justice perceptions in impacting employee adaptive performance as mediated by satisfaction are postulated prior to the theoretical framework and operational definitions.

Chapter 3 deliberates on the research methodology to find answers of the research questions and testing of theoretical framework for enhancement of employee adaptive performance. It covers the perspective of research philosophy, research approach, research strategy, time-horizon and data collection methods. It also includes the aspect of sample size and the data analytical approaches adopted for the purpose for hypotheses testing.

Chapter 4 dwells on data analysis and results of the study along with findings. Results pertaining to study hypotheses are presented in the chapter.

Towards the end of study, in Chapter 5 discussion is made explicitly on each of the hypotheses. It then highlights contributions of the study in the theoretical, policy and practitioners' domain. Implications and conclusion are also covered. Lastly, directions for future research are presented that epitomized research culmination.



## 1.9 Summary

Performance appraisal remains the one of the most important human resource practices. Despite the importance of performance appraisal process, its effectiveness in impacting attitudes and behaviours has been questioned by researchers and practitioners both. In this perspective, initial research concentrated on individual aspects of the process (i.e. psychometric and political) through utility and quantitative criteria and the entire appraisal process was seen limitedly in organizational context. In the recent past, researchers have endeavored to look into the appraisal process through qualitative criteria using organizational justice lens in an effort to ascertain its effectiveness in impacting employee performance. Individual work performance like TP, CP, CWB has been on the research agenda, however, AP has not attracted researchers attention i.e use of organizational justice (four-factor model) in impacting employee AP has not been looked into. This study looks into the same in private sector, telecom and banking organizations of Pakistan.

The research questions and objectives of the study for investigating employees' justice perceptions of appraisal process, satisfaction of employees with various facets of appraisal process and level of employees' adaptive performance and for relationship between justice perceptions, satisfaction with appraisal process and adaptive performance have been identified in this chapter. Towards the end structure of thesis is presented.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

This chapter discusses overview of the context, literature pertaining to variables of the study and linkages between these variables. In the beginning of chapter overview of the context is enumerated before review of literature pertaining to employee performance. It then transits to Adaptive Performance, i.e dependent variable of this study which is fundamental to achievement of competitive advantage by any organizations in today's dynamic, fast pace changing, competitive and globalized world. Then it covers vital perspectives of performance management and performance appraisal as used by organizations to define, set, measure and manage employee performance. Thereafter, it reviews literature on utility of appraisal process in enhancing performance of employee and various criteria to establish its effectiveness. Within this perspective, it discusses main theory namely organizational justice theory covering distributive, procedural, interpersonal and informational justice, i.e Independent variables of this study; as justice has been found to be critical in affecting attitudes and behaviors of employees. Then the aspect of satisfaction of employees with various aspects of appraisal process, i.e satisfaction with performance appraisal, satisfaction with performance appraisal system and satisfaction with supervisor being mediating variables of the study, is covered through the lens of social exchange theory. It also sheds light on the performance appraisal research in Pakistan and abroad. Towards the end it deals with development of hypotheses and presents theoretical framework of the study, prior presenting summary of the chapter.

## 2.2 Overview of the Context

Across the globe, private sector organizations have contributed significantly in provisioning of quality products and services to public besides contribution to GDP of their respective countries. Similarly, in Pakistan, these organizations have been endeavoring to play vital role. In order to enhance contributions further, these organizations have implemented various HR practices, performance appraisal being very important. Effective performance appraisals can result in improving employees' performance thereby improving contribution of private sector organizations in providing quality products and services besides contribution to GDP of Pakistan.

Pakistan Vision 2025 envisions the country to be highly attractive for the private sector so that this sector can play its role in development of the country. Accordingly it has been targeted for investment in recent years. Within private sector, services sector especially telecom and banking organizations have been focused due to their perceived importance.

The importance of telecom sector emerges from the fact that in last decade, it has made significant contributions; financially, economically and socially to Pakistan. Government of Pakistan (2020) has reported that Foreign Direct Investment worth over US \$ 1.5 billion has been attracted by this sector from July 2015 till Dec 2019 and telecom operators have invested around US \$ 8.5 billion in the sector since 2002 (p. xiii). Pakistan Telecommunication Authority (2020) statistics reveal that cellular subscriber base of the country has been growing at a very fast pace, from 34 million in 2006 to 139.9 million in 2014 to 150.2 million in 2018 and 164 million in Nov 2019. Revenue from this sector has been recorded as Rs 488.750 billion in 2017-18 in comparison to Rs 470.135 billion in 2016-17. This growth has been result of struggle by telecom sector companies to provide innovative packages and value added services to meet demands of customers, market trends and technology advancement. The telecom sector has contributed toward national exchequer in the shape of taxes, fees and other charges as well; with its contribution to the tune of Rs 147.23 billion in 2017-18; but down from Rs 161.43 billion in 2016-17 (Pakistan Telecommunication Authority, 2019). Telecom sector data trends are shown in Table 2.1.

**Table 2.1** Telecom Sector Data

<b>Year</b>	<b>Cellular Mobile subscribers</b>	<b>Telecom Revenues (Million Rs)</b>	<b>Telecom Contribution to National Exchequer (Billion Rs)</b>	<b>Telecom Investment (US \$ in M)</b>	<b>FDI inflow (Million US \$ )</b>
<b>2009-10</b>	99,185,843	344,212	109.05	1,,194.60	374.00
<b>2010-11</b>	108,894,518	367,327	116.97	518.90	79.20
<b>2011-12</b>	120,148,546	409,245	133.41	237.50	-361.0
<b>2012-13</b>	128,933,662	439,521	124.53	600.30	160.80
<b>2013-14</b>	139,974,754	459,632	243.80	1815.60	904.00
<b>2014-15</b>	114,658,434	442,248	126.26	1005.30	948.00
<b>2015-16</b>	133,241,465	457,024	160.17	719.00	377.90
<b>2016-17</b>	139,758,116	476,300	161.43	971.70	116.40
<b>2017-18</b>	150,238,653	448,800	147.23	792.60	288.50
<b>2018-19</b>	161,000,000	550,400	121.90	635.30	235.50
<b>2019-20</b>	168,900,000	537,200	278.40	733.50	763.30

Mobile operators have helped Digital Financial Inclusion in the country like branchless banking including money transfer, bill payments, bank transfers, insurance etc. In this context, Pakistan Telecommunication Authority (2019) highlights that employees of telecom sector of Pakistan have shown to be engaged in innovative behaviours as a result of which two telecom sector organizations have been able to achieve global awards. However, despite of the good performance of telecom sector, it still remains under pressure to enhance performance further. Despite of significant growth, still there is a lot of potential for expansion in the telecom sector as there are large areas of the country which are still unserved, seeking provision of quality telecom services. Pakistan Telecommunication Authority (2015) has reported that population of Pakistan is likely to reach 226 million in 2025. Mobile broadband subscribers will become 47 million in 2020 and 79 million in 2025. The mobile market has been projected to grow from US\$ 6 billion per year in 2014 to over US\$ 17 billion per year in 2025 (p. 66). The mobile broadband subscribers have already surpassed the projected figure of 47 million as Annual Report of Pakistan Telecommunication Authority (2020) has reported it to be 68.9 million in 2018-19 (p.54). Accordingly, need for quality and innovative telecom services is expected to grow correspondingly. Regulators are also forcing telecom sector organizations to upgrade and transform services for digital age. National financial inclusion strategy targets for 2020 are

still far from satisfactory. Furthermore, in order to cope up with the developed world, telecom sector still remains under immense pressure to improve performance, respond to changing and dynamic needs of customers. To capture the potential market there is fierce competition amongst telecom sector organizations which is likely to increase further with the passage of time, thus telecom organizations are under pressure to do more. Apart from the aforementioned challenges, new digitalized world, artificial intelligence and 5G technology are forcing telecom sector organizations to transform at a very fast pace. Requirement of new and disruptive technologies, security and risk of data breaches, safety of customers and their info i.e data security and privacy issues, regulatory compliance, pressure from consumers to understand their demand and provide superior results are yet few more characteristics of today's environment in which telecom sector organizations are competing. Customers are on the search for companies that well comprehend their requirements and provide superior results. Thus creativity, adaptability to changing environment, training and development to keep pace with rapid technological advancements, management of stress resulting from job and new scenarios are requirements in order for telecom sector organizations to gain and maintain competitive advantage (King, 2021). Accordingly, employees of telecom sector organizations are to show and enhance their adaptive performance incorporating creativity, innovative behaviours, adaptability to changing environment, learning and development, capability to manage uncertain conditions and handle stress in order to meet customer requirements and fulfill growth targets.

Banking sector is also critical in the economy of countries, especially in the wake of globalization as it mobilizes household savings and put these on the disposal of entrepreneurs. Economic growth rate and employment generation of any country is determined by the efficiency with which banks play their intermediary role. In this perspective, banking sector of Pakistan comprising 31 banks, 22 being private local, is very critical for economic growth of the country. Amongst the private banks, five major competitors make up around 57 % of deposits and 53 % of advance in the economy (State Bank of Pakistan, 2019). According to State Bank of Pakistan (2018), banks are now exposed to the rapid changes in the global economic environment and associated risks. This

has forced banks to show adaptability to the changing environment. The asset base of banks is under immense pressure to respond to the challenging environment. Issues of tax evasions, frauds, money laundering, benami accounts, terror financing have further worsened the environment. Changes in foreign exchange regulations viz-a-viz Financial Action Task Force requirements are also challenging banking sector, requiring review of procedures and response to the changing requirements (Zaidi, 2018). ICT in the banking sector leading to branchless banking, tele banking, internet banking, financial inclusion, online and mobile banking have further revolutionized the banking sector. Accordingly, investment in the new technology and innovative technical solutions is the need of the day and biggest challenge facing the banking sector (Fazal-E-Haider, 2019). Significant portion of the population still operate outside the orbit of banking system. Study of statistics pertaining to bank accounts reveal that there are only about 43 million bank accounts whereas country's population is about 195 million; thus, there is huge growth potential in the banking sector (Michael, 2017). In this environment, banks are fiercely competing to provide quality services, enhance clientage to increase deposits which can be lent further to raise profits and performance. Consequently, employees of banks have been forced to perform accordingly and adapt to changing environment, rather than perform in a traditional way.

Coupled with this environment are challenges of innovation wherein leveraging of technology for optimization of existing processes and procedures to maximize efficiency is now becoming a norm in organizations. Increasing competition, regulatory compliance, requirement of new business models to provide competitive services, greater digitized experiences, requirement of personalized and meaningful customer services, security and data breaches further complicates banking sector landscape wherein banking sector organizations are to struggle for competitive advantage (Wingard, 2021).

Although, the nature of services provided by telecom and banking sector organizations are quite different from each other, however, both sectors employ performance appraisal process to measure employee performance. As discussed above, in today's dynamic and fast pace changing competitive environment, employees of both are required to engage in creative/ innovative behaviours, perform in uncertain/ unexpected

circumstances, adapt to changing environment, manage uncertain conditions and handle stress in order to meet customer requirements; provide requisite services effectively; and fulfill growth targets in their respective domains. Accordingly, performance appraisal tools employed in the organizations gauge these behaviours. For example performance appraisal rating format of Habib Bank Ltd measured “progressiveness/ innovation including new initiatives taken for business development, improve operational efficiency, cost reduction; adaptability to new assignments; performance under pressure i.e. stress management; creative responses to customer needs etc” (Admin, 2017).

In the 21<sup>st</sup> century, world has witnessed dramatic changes in work environment. Globalization and rapid technological advancements limiting prediction have changed the dynamics of competitive environment leading to hyper competition amongst organizations. The manner in which organizations adapt to this changing work environment and its associated challenges, determines growth or decline of an organization. Accordingly, employees are also to adapt to said changing environment and make themselves ready to promptly respond to changing customer preferences. Thus employees are required to handle customers innovatively, prepare themselves for the changing technology and learn new methods, be flexible and have the adaptability to varying cultural backgrounds, must learn and be able to manage stress caused by fast pace changing environments and requirements. These behaviours will ultimately lead to delivery of high-quality services. Wright, McMahan, and McWilliams (1994) and Stokes, Schneider, and Lyons (2010) have also highlighted importance of human resource in this context as they regard employee adaptive performance to be critical for organizational competitive advantage.

In view of the aforesaid, it has been considered that in order for private sector telecom and banking organizations to provide quality services, enhance profitability and to further contribute toward economy of Pakistan; enhancement in performance of employees, specifically adaptive performance is of paramount important.

### **2.3 Individual Work Performance**

Human Resource has always been a critical and most important part of organizations. Barney (1995) and Inglis (2019) have supported this viewpoint by stating that attainment of goals or otherwise by any organization is determined by HR which is their major asset. Researchers have stated HR to be a most important and strategic asset of an organization (Barney, 1991, Guest, 2001; Fulmer & Polyhart, 2014; Amabile & Kramer, 2011) which contributes to organizational performance (Hargreaves & Jarvis, 1998). Accordingly, HR is regarded as key to sustainable competitive advantage (Fulmer & Polyhart, 2014; Davis, 2017).

Organizations rely heavily on Human Resource Management (HRM) in order to manage employees effectively and to maximize their performance for sustainable competitive advantage. HRM involves various functions like human resource planning and job analysis; recruitment and selection; training and development; career management; performance management and performance appraisal; compensation, rewards and benefits; safety, health and employee relations (Verhulst & DeCenzo, 2018). Therefore, once employees join after having gone through the process of recruitment and selection, organizations concentrate on management of their performance. Accordingly, performance of employees is key to enhancement in and achievement of overall organizational performance and a very important subject in management science. Armstrong (2010) stresses that employee performance cannot be measured or managed without its definition.

Researchers have used the concept of performance at individual, team and organizational level reflecting accomplishments of employees or standard for comparison (Brudan, 2010; Fogaca, Rego, Melo, Armond, & Coelho, 2018; Sudiarditha, Eryanto, & Mahraeni, 2019). As employee is regarded central to any team or an organization and a key contributor to team or organizational performance, performance at an employee level namely Individual Work Performance (IWP) has been the main aspect of this study. There is plethora of research on IWP and many approaches have been suggested by researchers for the purpose of defining and categorizing employee performance.



Bernardin, Hagan, Kane, and Villanova (1998) regarded performance as an outcome of work, reason being that outcome of an employee has a direct linkage to strategic goals of an organization. Pulakos (2009) highlighted that manager might not be able to observe employee behavior due to variety of reasons. In the case of service sector, employees are always extensively engaged with their customers where managers are not present. Their behavior cannot be observed thus outcome be given due credit. On the other hand researchers regard performance to be behaviours that are relevant to organizational goals which should be distinguished from outcome of an employee (Campbell, 1990; Campbell, McHenry, & Wise, 1990; Campbell & Wiernik, 2015; Ramawickrama, Opatha, & Pushpa Kumari, 2017; Sudiarditha et al., 2019). Rotundo and Sackett (2002) furthering this viewpoint highlighted that behaviours that are constrained by the environment might not be part of IWP rather behaviours under employee control are regarded as IWP. Aguinis (2014) also suggested that employee behaviours are only included in the definition of performance and results of behaviour of an employee does not constitute performance. Campbell and Wiernik, (2015, p. 48) regarded IWP as behaviours or actions instead of results of actions taken by employee “things that people actually do, actions they take, that contribute to organizational goals”. However, as observation of all behaviours of employee is not possible; behaviours and outcomes both represent performance (Brumbach, 1988; Aguinis, 2009).

Researchers regard performance to be a multidimensional construct for the purpose of achieving organizational objectives, reflecting totality of behaviours or individual actions (Austin & Villanova, 1992; Campbell, McHenry, & Wise, 1990; Motowidlo, 2003; Fogaca et al., 2018). This necessitated discussion on the dimensions of employee performance.

### **2.3.1 Task Performance (TP)**

Traditional view of performance has been task performance; also termed as in-role performance. It refers to expertise with which employees perform their central tasks pertaining to work (Campbell, 1990). Quality and quantity of work, skills for job, and

knowledge of the job are generally behaviours representing TP (Campbell 1990; Rotundo & Sackett, 2002). Borman and Motowidlo (1997), Koopmans et al. (2012), Diehl, Richter and Sarnecki (2016) and Rostiana and Lie (2019) regard TP to be in-role performance i.e. job specific behaviour comprising core responsibilities of job. Ng and Feldman (2009) consider TP to be actions required by job descriptions, appraising fundamental obligations of a specific job adding value to organization directly or indirectly.

### **2.3.2 Contextual Performance (CP)**

Contextual Performance also termed as extra role performance is another aspect of IWP (Organ, 1988). It includes behaviours that support culture and climate of organization rather than supporting the technical core (Borman & Motowidlo, 1997; Motowidlo, Borman, & Schmit, 1997; Conway, 1999; Edwards, Bell, Decuir, & Decuir, 2008; Jex & Britt, 2008). Aguinis (2014) views CP as behaviours that are important for organizational effectiveness as these provide worthy atmosphere for TP. The environment in which organizational technical core performs is supported by behaviours representing CP. These include non-job specific behaviours like collaboration, allegiance, interest, tenacity etc. These behaviours also encompass showing effort, helping colleagues and teams, cooperating and communicating. CP also constitute behaviours that positively influence work environment like Organization Citizenship Behaviour (OCB) (Campbell, 1990; Viswesvaran, 1993; Borman & Motowidlo, 1993; Rotundo & Sackett, 2002; Koopmans et al., 2011; Diehl, Richter & Sarnecki, 2016; Edgar, Geare & Zhang; 2018; Rostiana & Lie, 2019).

Van Scotter and Motowidlo (1996) have suggested interpersonal facilitation and job dedication to be categories of CP. Behaviours that are interpersonally oriented, contributing to fulfillment of objectives of an organization are referred to as interpersonal facilitation like encouragement of cooperation, concern for fellow employees and improving relationships. Whereas job dedication include behaviors like working hard, initiative taking and obeying rules for accomplishment of organizational objectives. CP and OCB were

found to be the most often used dimensions of performance within the context of performance appraisals, therefore, these were also not investigated in this study.

### **2.3.3 Counterproductive Work Behaviour (CWB)**

Behaviours that damage health of an organization like substance abuse, lying, refusal to cooperate, physical assault, off-task behaviour, absenteeism constitute CWB (Robinson & Bennette, 1995; Rotundo & Sacket, 2002; Koopmans et al., 2011). Theft by employees, unpunctuality, damaging organizational property, use of threatening language, sexual provocation are also behaviours representing CWB (Sackett & De-Vore, 2001). These are behaviours that obstruct achievement of competitive advantage by organization. Viswesvaran and Ones (2000), Motowidlo (2003) and Spector et al. (2006) supporting the viewpoint have suggested CWB to be behaviours that are detrimental to the goals and objectives of an organization. These behaviours are in contradiction to the behaviours mandated in organizations, are virtually harm full for all stakeholders may it be internal or external like, colleagues, managers, management, customers, vendors or even the general population and ultimately jeopardize effective and stable functioning of an organization (Sackett, 2002; Martinko, Gundlach, & Douglas, 2003; Spector & Fox, 2005; Searle & Rice, 2018; Griep & Vantilborgh, 2018). Aggression, verbal abuse, favoritism are examples of the CWB at interpersonal level while absenteeism, theft, substance abuse are CWB at the organizational level. These behaviours have also been investigated, though limitedly within the context or performance appraisal research; hence were not included in this study for investigation.

### **2.3.4 Adaptive Performance (AP)**

Quite a number of researchers have been warning that changing nature of work has raised questions on the existing dimensions of IWP. Researchers have reported that

enhanced competition, rapidly changing technology, evolving customer demands lead to uncertainty in the work environment (Burns & Stalker, 1961). Katz (1964) highlighted that apart from inducing employees to stick to organization; employees must be able to engage in innovative behaviours. Realizing the same and acknowledging extension in the meaning of job behaviours, Ilgen and Hollenbeck (1991) suggested that job performance is no more viewed as a unitary construct. Ilgen (1994) and Murphy (1989) underlined that emergence of self-managed teams and projectized organizational structures had changed the nature of jobs and responsibilities of employees. Thus, the new working arena present new challenges to employees in establishing and maintaining interpersonal relationships and capacity to adapt to dynamic culture. Employees are now required to work in complex environment wherein they are also required to work cooperatively with colleagues from other local and multinational organizations. The growing importance of customer relationship quality further demanded enhanced interpersonal skills (Bowen & Waldman, 1999). Thus, shifting focus from static tasks linked to employees' job to dynamic environment in which organization operate.

Ilgen and Pulakos (1999) and Murphy and Jackson (1999) highlighted that traditional employee performance measures like TP, CP and CWB primarily focused on task completion. Whereas, changing business environment involving increased uncertainty, instability, dependence on others and complexity have raised question on the effectiveness of these traditional employee performance measures on a pretext that when context of organization becomes dynamic to a larger extent, the job specific behaviours alone do not remain effective. Under said circumstances flexibility, meaning by allowing own thoughts and actions to change take precedence thus dictating employees to engage in adaptive and proactive behaviours. The significance of capacity of employees to respond to and handle new experiences was also stressed by London and Mone (1999) while Murphy and Jackson (1999) dwelled on the importance of role flexibility.

Pulakos et al. (2000) and Griffin et al. (2007) have suggested that changing context of work, interdependency and uncertainty have rendered existing IWP models to be ineffective and incompatible with today's business world, requiring redefinition in order to

achieve objectives set by organizations overtly, catering for the aspect of individual employees' and teams' adaptability.

Wang, Hing-P and Yer (2003) highlighted that premier quality services would result positively in the shape of improved reputation, enhanced customer relations, satisfaction and high profits for service organizations. Thus, in an environment where neither focus on tasks nor help from coworker is sufficient to achieve strategic objectives; there has been growing concern that employees must have the capacity to keep pace with and adapt to the dynamic environment.

Nasurdin and Khuan (2007) have reiterated that employees are main connection between organization and customer in service sector organizations. It means that behaviours of employee will form perception of customers about the value created by an organization; ultimately deciding its fate i.e. success or failure of an organization. Especially in the fast pace changing environment, where everything is changing rapidly, including customer preferences, demands; employees are also required to adopt to said changing environment and make themselves ready to promptly respond to changing customer preferences. Employees today are required to handle customers innovatively, prepare themselves for the changing technology and learn new methods, be flexible and have the adaptability to varying cultural backgrounds, must learn and be able to manage stress caused by dynamic environments and requirements. These behaviours would ultimately lead to delivery of high-quality services. Allen (2019) has also stressed that employees are now required to quickly adjust to changes and perform in the fast pace changing environment for organizational success.

In this perspective Hesketh and Neal (1999) and Allworth and Hesketh (1999) initially proposed the concept of adaptive performance, referring it to ability of an employee to adapt to dynamic work situations. The authors suggested that required level of adaptability by employees also include individual's capacity to tackle emergency situations and set priorities, capability to face unforeseen problems, learning capacity, adaptation to highly sophisticated changing technology in the multifaceted, unsettled and unstable environment. Pulakos et al. (2000) also suggested that adaptive performance is

demonstrated by employees by while adjusting behaviour to dynamic work situations and new events. According to Griffin et al. (2007), the degree of adjustment to changes in the environment or role played by an employee is referred to as an AP. It has been explicitly pointed out by researchers that AP constitute behaviours which are distinct from behaviours representing task and contextual performance (Han & Williams, 2008).

Although number of researchers have been discussing behaviours that constitutes AP, however, Pulakos et al. (2000) were the pioneers to propose AP model. According to them, AP comprised eight dimensions “dealing with uncertain or unpredictable work situations; handling emergencies or crisis situations; solving problems creatively; handling work stress; learning new tasks, technologies and procedures; demonstrating interpersonal adaptability; demonstrating cultural adaptability; and demonstrating physically oriented adaptability”.

Researchers have also suggested behaviours in reaction to changing work environment to depict AP. These behaviours include indicators like “generating new and innovative ideas, adjusting goals and plans, learning new task and technologies, being flexible and open minded to others, understanding other groups or cultures, showing resilience, remaining calm, analyzing quickly and acting appropriately” (Pulakos et al., 2000; Sinclair & Tucker, 2006; Charbonnier-Voirin & Roussel, 2012; Koopmans et al., 2012; Jundt et al., 2015; Tabiu, Pangil and Othman, 2018; Allen, 2019).

Koopmans et al. (2011) formulated heuristic conceptual framework of IWP which included AP as a separate dimension besides TP, CP and CWB. Charbonnier-Voirin and Roussel (2012), did a study to validate dimensions and items of AP proposed by Pulakos et al. (2000). They found AP to be composed of five factors that included creativity, reactivity in the face of emergencies or unexpected circumstances, interpersonal adaptability, training and learning effort, and managing stress. Their research did not find support for the physical adaptability dimension. Furthermore, their research results represented interpersonal and cultural adaptability to be a single factor. Lastly, dealing with uncertain and unexpected work situations and handling emergencies and crises also came out to be the facets of same dimensions. The authors recommended ascertaining generalizability of their

study findings in other countries. Accordingly, their scale has been used to represent AP as a dependent variable in this study while investigating impact of justice perceptions of appraisal process on employee performance, mediated by satisfaction constructs. In order to manage IWP almost every organization put in place a management system generally referred to as performance management system.

## **2.4 Performance Management**

Performance management system is used to manage performance of employees in organizations. Lee (2005) suggested that performance management system is used to correct employee performance, to ensure replication of good performance by employees and finally to improve performance of employees. Armstrong (2010) considered performance management to be a process of employee performance enhancement through employee as well as management and organizational involvement.

Aguinis (2014) regarded performance management to be a “continuous process of identifying, measuring, and developing performance of individuals and teams, and aligning performance with strategic goals of organization” (p.2). It also ensures monitoring of employees’ performance and ultimately rewarding worthy performance (Colquitt, 2017). Researchers formally consider performance management as “defining, measuring, motivating, and developing the employee’s goal-oriented performance on a continuing basis” (Dessler & Varkkey, 2016; Murphy, Cleveland & Hanscom, 2018).

Nankervis and Compton (2006) found implementation of performance management system in one form the other in about 96% of the companies in Australia. With regard to formal implementation of the system, Casico (2006) reported that about 91% of the 278 organizations surveyed implemented performance management system formally.

Researchers suggest that if performance is not measured, it cannot be managed. Therefore, within the overall perspective of performance management system, the process

of performance appraisal, reflecting employee behaviour and performance is indispensable component and an essential HR practice (Long, Kowang, Ismail, & Rasid, 2013; Aguinis, 2014; Arogundade, Olasunkanmi-Alimi, & Arogundade, 2015; Xervaser, Ahmad, Bandar, & Abdullah, 2016; Levy et al., 2017). Rubin (2011) stressed that organizations must employ performance appraisals to improve organizational effectiveness and performance; it is central to performance management system to take advantage of employees and gain human capital advantage (Daonis, 2012).

## **2.5 Performance Appraisal (PA)**

Denisi and Smith (2014) highlighted that performance appraisal process assist employees in meeting their personal goals as well as help organizations in effective functioning thus leading to increase in employee performance. Kampkotter (2015) suggested that performance appraisals are well suited to ascertain employees' strong and weak points and then to guide and persuade them for necessary action. Adler et al. (2016) noted that despite of complexity, difficulty and unpleasantness involved in performance appraisals, it is mandatory human resource practice for an organization, may it be in any form.

Performance appraisal is recognized as an institutional process for setting performance targets and standards; reviewing and assessing employee performance there off, with particular emphasis to identify shortcomings and strengths along with avenues for performance improvement through interactions between employee and manager (Latham & Wexley, 1994; Swanepoel, Botha, & Mangonyane, 2014; Dessler, 2015; DeNisi & Murphy, 2017; Krishnan, Loon, Ahmad, Binti & Yunus, 2018; Pichler et al., 2018; Murphy et al., 2018; Cappelli & Conyon, 2018). Beside evaluation of employee performance, appraisal process also ascertains how employees can improve their performance and contribute to achievement of competitive advantage by organizations (Dusterhoff, Cunningham & MacGregor, 2014; Swanepoel et al., 2014; Phin, 2015; Pichler et al., 2018).



In view of the importance of performance appraisals and its ever-increasing utility & usage, its definition has been a concern for number of authors. Folger, Konovsky, and Cropanzano (1992) and Findley, Giles, and Mossholder (2000) suggested performance appraisal to be composed of planning, observation and feedback facets. Haines and St-Onge (2012) and Hellriegel, Spence and Keeping (2011) defined it to be an institutionalized process for assessing and subsequently influencing employee's attributes and behaviours pertaining to assigned tasks and outcomes. According to Dessler and Varkkey (2016) performance appraisal refers to evaluation that how employee has performed against the standards set at beginning of assessment period. It is three step process wherein the first step is establishing goals or work standards, in the second step employee's performance is assessed in relation to the set standards, and the third step involves provision of feedback with the intention to assist employee to overcome deficiencies in performance and if the performance is at par, to carry on with the above par performance. However, viewpoint of Warokka, Gallato, and Moorthy (2012) pertaining to performance appraisal process seems more promising as it include setting performance expectations/standards, measurement & evaluation of performance, rendering feedback to employees and documentation/ application of performance evaluations in various systems of organization.

Performance appraisal process is employed widely in organizations since ages as it is considered advantageous for both, organization and employee. The process is beneficial for organizations as it enables them to observe performance of each employee and associate it to the goals of their organizations. On the other hand, employees generally need to know as to what they have to do and how they have performed. Performance appraisal process provides opportunity to employees to have knowledge of their performance so that they can take actions to improve it (Cappelli & Conyon, 2018). In view of its utility, importance and widespread implementation, researchers and practitioners have always remained concerned about its effectiveness (Cawley et al., 1998; Keeping & Levy, 2000; Iqbal, Akbar & Budhwar, 2015).

## 2.6 Effectiveness of Performance Appraisals

Effectiveness of performance appraisal process has remained key aspect of performance appraisal theory and a major concern in the practice. Thus, it has been and remains an agenda for both, practitioners as well as researchers. Fletcher (1993) highlighting results of survey conducted in UK for analysis of performance appraisal process reported 80% of the organizations surveyed found to be not satisfied with the process.

Keeping and Levy (2000) while discussing the results of a survey conducted in various organizational settings reported host of managers as well as employees to be dissatisfied with appraisal process. Survey reported by Pulakos (2004) showed that only one in ten employees consider performance appraisal system to be helpful in their performance improvement. Critics labeled it as ineffective and destructive practice (Kavanagh, Benson, & Brown, 2007). Another survey by an international firm showed that only 13% of employees and 6% of CEOs out of 50,000 respondents observed the system to be useful (Posthuma & Campion, 2008). Apart from managers and employees, most employers are also hesitant to apply performance appraisal process. Thus, practitioners and researchers have been encouraged to evaluate its effectiveness (Darehzereshki, 2013).

Findings of Deloitte Consulting survey reported that 58% of executives considered that their approach to manage employee performance was not instrumental in causing employee engagement and did not result high employee performance (Harvard Business Review, 2015). Another research by Deloitte, pertaining to Global Human Capital Trends in 2017 found that 82% of companies surveyed reported their performance appraisal systems were not worth the time and had deteriorated employer-employee relationship.

Within Pakistan, although researchers have made a scant effort to analyze effectiveness of appraisal process, however, findings of these studies revealed that appraisals were perceived as “inadequate” by employees. Furthermore, employees were also skeptical about the process (Qureshi, 2005; Aslam & Sarwar, 2010).

According to Adler et al. (2016), notwithstanding the efforts of researchers and practitioners over years to improve the process of performance appraisals, employees are still dissatisfied with it. However, despite the fact that lot of faults are associated with performance appraisal process, organizations cannot abandon appraisals because of its necessity and associated advantages. This dictates that efforts must be directed toward enhancement in its effectiveness toward achievement of organizational competitive advantage (Rabenu & Tziner, 2016). In this perspective, utilization, quantitative and qualitative criteria was suggested by Jacobs et al. (1980) to determine effectiveness of performance appraisal process toward organizational objectives.

### **2.6.1 Utilization criteria**

The utilization criteria refers to purpose and use of performance appraisals. It addresses fundamental question as to why performance appraisals are implemented. Within this criterion, the prime focus of researchers have remained administrative and developmental use of performance appraisals. Gratton (2004) and Cheng and Cascio (2009) highlighted that lack of understanding of purposes and uses of performance appraisals led to dissatisfaction with it, particularly in Asian organizations where use of performance appraisal is already limited. Traditionally researchers have extensively worked on utility criteria however, issue of performance appraisal effectiveness still persisted. Therefore, expanding the area of investigation, researchers have proposed quantitative criteria to ascertain effectiveness of performance appraisal process.

### **2.6.2 Quantitative Criteria**

Quantitative criteria, also termed as accuracy criteria deals with accuracy and reliability of performance appraisal rating scales (Jacobs et al., 1980). Its focus has also

been on eliminating rating errors based on premise that these errors effect rating accuracy rendering appraisals to be less useful (Thorndike, 1920).

Initially, the focus of majority of research till 1970s was restricted to development and better administration of rating scale formats, therefore, number of rating instruments were developed in that timeframe. Landy and Farr (1980) review of research on rating scale format concluded that research on development and administration of rating scale formats could not show that any one rating format is better than the other. Studies by researchers on the subject depicted that modifications in or development of new rating formats were not instrumental in impacting employees' ratings positively (Woehr & Miller, 1997). Therefore, these efforts of researchers were not entirely instrumental in addressing the issue of effectiveness of PAs (DeNisi & Kluger, 2000; Atkins & Wood, 2002).

In 1970s and 1980s, training to reduce errors in ratings and to enable raters to accord more accurate ratings remained focus of the research. However, rater training to minimize the errors actually decreased rating accuracy (Bernardin & Pence, 1980; Bernardin & Buckley, 1981). Ultimately, Murphy and Balzer (1989) pointed out that there is almost no relationship between reduction of errors and enhancement in the accuracy of appraisals. Thus, marking an end to the assumption that reduction of errors led to enhanced accuracy of ratings. Ilgen (1993) also highlighted that focus on accuracy of ratings might not be instrumental in enhancing effectiveness of performance appraisals. However, despite of these findings, rating accuracy remained most often used appraisal effectiveness measure (Murphy & Cleveland, 1995).

Researchers, therefore, called for shift in research agenda from rating format to cognitive processes of raters in order to find out and comprehend processing of information by raters (acquisition, organization, re-calling and integration) while making decisions about employee performance appraisal (Bernardin & Pence, 1980; Feldman, 1981; Landy & Farr, 1983). Political aspects of appraisal, based on premise that manager may try to further his personal interests instead of making rational assessment, have also remained research agenda (Cardy & Dobbins, 1994; Judge & Ferris, 1993; Lefkowitz, 2000; Wong & Kwong, 2007).

Bretz, Milkovich and Read (1992) found scarcity of systematic effort covering organizational context and its implications for rater-ratee relationship in ascertaining appraisals effectiveness. The authors concluded that focus of research needed a shift toward the context of appraisals to better understand performance appraisal process and to help practitioners in the organizational settings. Ilgen, Barnes-Farrell, and McKellin (1993) also advised that neither rating scale nor cognitive processes are the main problem in the context of appraisals; rather social environment “social milieu” in which rating occurs merit attention to address the issue of effectiveness of performance appraisals.

Cardy and Dobbins (1994) in their research study pointed out that beside rating instruments and associated psychometric aspects, qualitative facets of appraisal process are critical in ascertaining appraisal process effectiveness. Murphy and Cleveland (1995) also noted “reaction criteria” to be a “neglected criteria”. Cawley, Keeping and Levy (1998) meta-analysis also suggested that individual elements of appraisal process were the focus of research on the subject and the appraisal process was not viewed as a whole. Thus, the focus of appraisal research on its individual perspectives remained inadequate for determining effectiveness of the appraisal process in bringing about desired outcomes.

Taylor, Masterson, Renard, and Tracy (1998) pointed out that reactions of ratee to appraisals are vital as these help understand role of appraisals in improving employee performance. Tziner, Murphy, and Cleveland (2001) also suggested expansion in the appraisal research wherein qualitative facets of appraisal process like acceptance of the process, attitude of employees and satisfaction with the process are regarded as prime indicators of appraisal effectiveness.

Levy and Williams (2004) review of literature published from 1995 to 2003 suggested that organizational context wherein managers conduct appraisals is required to be identified, measured and defined in order to understand and develop effective appraisal process. In this perspective, qualitative aspect i.e. employee reaction to appraisals like justice and satisfaction have been a vital development in the research on performance appraisals (DeNisi & Pritchard, 2006). Pichler (2012) also endorsed that qualitative criteria like employee reactions supplemented the research in an effort to ascertain and enhance

appraisal effectiveness towards achievement of organizational goals, including enhanced employee performance.

### **2.6.3 Qualitative criteria**

Cardy and Dobbins (1994) and Murphy and Cleveland (1995) highlighted that employee behaviours will not be positively influenced by performance appraisals unless positive appraisal reactions are experienced by them thus qualitative facets of appraisal process are critical in ascertaining appraisal process effectiveness. The observation of Murphy and Cleveland (1995) noting employee reactions as “neglected criteria” was based on premise that unfavorable reactions might lead to failure of even carefully designed performance appraisals. According to them failure of appraisal process is unavoidable unless positive appraisal reactions are experienced.

#### **2.6.3.1 Employee Reactions to Performance Appraisals**

According to Pichler (2012), employee reactions are “individual level attitudinal evaluations of and responses to the performance appraisal process” (p.710) and these are critical to success of appraisal process. Cawley et al. (1998) meta-analysis reported fairness and satisfaction to be among the important reactions of employees in the perspective of performance appraisal process. Cardy and Dobbins (1994) and Long et al. (2013) also highlighted that performance appraisal process which is perceived as unjust by employees or with which employees are not satisfied will not be successful.

Justice signifies the level to which employees perceive their outcomes, methods, rules and regulations employed by their organizations, association amongst employees and interactions to be fair. When employees believe their performance appraisal system to be fair; they are more likely to accept its outcomes (Tyler, 1987; Chun, Brockner, & De

Cremer, 2018). Shalhoop (2003) stated that justice primarily represent perceptions of employees regarding experience of fair treatment, either from organizations or from organizational members. Employees tend to respond more favorably to the process of performance appraisal when they perceive it to be fair (Pichler, 2012). Accordingly, organizational justice is one of the most widely explored aspect of organizational psychology (Rai, 2015; Muqadas, Rehman, & Aslam, 2017). It represent function of fairness in organizational settings and is critical for many domains of organizational life (Colquitt & Zipay, 2015).

Effectiveness of organizational practices including performance appraisal process in impacting behaviours and outcomes is contingent upon justice perceptions of employees. These justice perceptions have a direct association with decisions made by organizations; steps taken and process followed in making decisions and lastly the way employees are treated and informed in the organization during enactment of organizational practices (Greenberg, 1990; James, 1993; Roberts, 1992; Longenecker & Nykodym, 1996; Byrne and Cropanzano, 2001). According to Colquitt et al. (2013), Ohana and Meyer (2016), Yean and Yusof (2016) and Suifan (2019), justice is a primary factor that determines variety of employee attitudes and has direct impact on employees' behaviours including performance. Fair atmosphere in an organization and fair treatment motivate employees to exhibit required behaviours toward their colleagues, supervisors and organization (Mohammad et al., 2016).

Numbers of researchers have pointed out that organizational justice theory provides sound theoretical grounds to look into performance appraisal process. For the purpose, various justice models have been proposed and applied to performance appraisals. These models involving justice perceptions have been instrumental in evaluating effectiveness of performance appraisal process in impacting employee behaviours. The justice theory was first applied to the performance appraisals by Greenberg (1986) wherein the author ascertained factors instrumental in fair performance appraisals. Since then association between justice perceptions and employees' reactions toward appraisal process and its effect on employee performance have been looked into by number of researchers.

## **2.7 Organizational Justice Theory**

Organizational justice is deeply embedded in social exchange theory. The exchange theory suggests that events occurring in the lives of people are dynamically observed by them. People derive their own social reality during the course of interaction with other people as well as environment which shape their reactions in situations involving social interactions. Mowday (1991) has highlighted two basic assumptions of social exchange theorists. First, people view the social relationships to be exchange processes wherein they contribute and expect assured outcomes for their contributions. Secondly, fairness of these exchanges is evaluated through information gained in social interfaces.

Equity theory laid the foundations of organizational justice theory. Theorists in the domain of organizational justice assume that employees are always concerned about justice due to the reason that it serves number of purposes. Secondly, it fulfill self-interest of people and third more importantly, perceptions of justice influence attitudes and behaviors of individuals. Each justice perception has positive or negative effect for individual or organization. Employees always seek justice; for economic; and social reasons. Lastly, organizations have the capacity to influence employees' perceptions of justice. According to Masterson (2001), people always evaluate outcomes, procedure and interactions in an effort to gauge fairness from organizations and supervisors. These perceptions of justice have an impact on various outcomes related to organizational environment like attitudes and performance. Development of organizational justice theory has been in two broad directions; structure of justice and impact of justice perceptions on different outcomes. The structure of justice is discussed first.

### **2.7.1 Distributive Justice (DJ)**

Concept of justice has its roots in the equity theory which deals with fairness related to perceived outcome. Adams (1965) based on previous work of Homans (1961) put forth that it is not merely the outcome that matter to employees rather they compare ratio of their



outcome to input with the others' outcome to input ratio. If these ratios are comparative, then employees have sense of justice. The employees may also consider that their received outcomes are not consistent with their inputs at work i.e. they may view outcomes received in the form of rewards, cash and decisions to be inappropriate.

Homans (1958) stipulated that when people experience inequality between their input and output, they feel injustice. This perceived injustice forces individuals to restore justice. Thus, he was the first theorist to introduce the concept of distributive justice but means to fulfill the task were not elaborated by the author. Within performance appraisals, author's proposition related to success and rewards; reward for certain action forces people to repeat the action, is significant.

Mowday (1991) have highlighted that feeling of anger, caused when employees perceive they are under rewarded, forces them to lower productivity. On the other hand feeling of guilt, caused due to employees' perceptions that they are over rewarded, forces them to increase their productivity and performance. Basically, feelings of anger or guilt due to inequity lead to tension proportionate to the inequity. This tension motivates employee to reduce it wherein the strength of motivation to reduce inequity is proportionate to inequity perceived by employee. This situation forces employees to restore equity by altering behaviour, attitudes or both (Adams & Freedman, 1976). The response to perceived unfairness is dual stage. During the first stage employees experience emotional reaction and in the second stage employees are forced to act in order to restore equity. These states cause change in person's attitude and/or behaviour. When employees experience justice they are motivated to maintain balance and this motivation transforms into positive behaviours and attitudes. The equity theory laid the foundation of distributive dimension of organizational justice (Greenberg, 1990).

The initial focus of organizational justice researchers has been distributive justice which is regarded as fairness of the decision outcomes. It is linked to the aspect of fairness pertaining to a specific decision whereby rewards/ratings received by employees are viewed in correspondence to the efforts expended by them (Adams, 1965; Greenberg, 1990; Homans, 1961; Yean & Yusof, 2016; Pashkina & Plakhotnik, 2018). According to

Bowen and Waldman, (1999) distributive justice in appraisal process meant that employee expectations are met by ratings, outcomes are ratings based and lastly the employee expectations are met by outcomes.

Colquitt (2012) has described distributive justice to be a degree to which appropriate allocation norm is followed in a given decision making context. Distributive Justice refers to employees' fairness perceptions about the outcomes resulted from social interface or interchange, in that employees initially consider their contributions in relation to outcomes received; thereafter, they compare their ratio to the ratio of their colleagues input in relation to the outcome received by them. The comparison subsequently determines fairness of the received outcome.

Thurston and McNall (2010) found decision norms (e.g. equity) and personal goals of the rater (e.g. to motivate, teach, avoid conflict or gain personal favor) to be the two types of structural forces related to distributive justice in the context of appraisals. The authors highlight that on one side employees believe outcome received by them to be fair if it follow the prevalent social norms, such as equity wherein the employee who contribute more receives most reward. On the other hand the authors suggest that belief of an employee that their appraisal is fair also rests on employee's perceptions of intent of their raters in doing appraisals. When employees perceive the goals of their manager to be improvement in their performance, enhancement of their motivation or expansion in their competencies; the employees may consider their appraisal to be fair. Whereas when the goals of the managers are political, based on favoritism or avoiding conflicts then employees may not consider their appraisals to be fair. Based on the foregoing conceptualization of the authors, the constructs "Accuracy of Assessment" (AOA) and "Concern over Assessment" (COA) have been adopted from Thurston and McNall (2010) to represent distributive justice in this study.

The equity theory has been instrumental in providing particular hypotheses with regard to effect of perceived distributive injustice on employees' attitude and performance in that employee may change quality or quantity of work upon experiencing perceptions of distributive injustice to restore justice (Austin & Walster, 1974). Researchers have

suggested that some injustice in distribution of outcomes would be accepted by people in case procedures leading to these outcomes are fair (Cropanzano & Folger, 1991; Greenberg, 1990; Leventhal, 1980). Referent cognition theory separates reactions of employees focusing on outcomes from the reactions focusing on procedural beliefs (Cropanzano & Folger, 1989). According to authors “In a situation involving outcomes allocated by a decision maker, resentment is maximized when people believe they would have obtained better outcomes if the decision maker had used other procedures that should have been implemented” (p. 293). Thus, apart from distributive justice, procedural justice also regulates feeling of unjust treatment and impacts reactions of individuals.

### **2.7.2 Procedural Justice (PJ)**

Fuller (1961) highlights that it has been generally accepted by legal scholars that procedures used for decision making by judiciary have major impact on acceptance of decisions. Influenced by research on procedures used in legal matters, Thaibaut and Walker (1975) undertook study to compare peoples’ reaction to procedures used for resolution of conflicts/disputes. They considered process control to be control over resolution and development of evidence, whereas the decision control was regarded as ability to determine outcome. On the basis of Control Theory, Thaibaut and Walker (1975) assumed that people desire to influence decision making process and do not like to be a passive recipient. Authors have suggested that employees’ equity perceptions are influenced by degree of control they have on the process used to determine their reward. When employees are given chance to contribute to decision-making processes that relates to them or give procedural suggestions; it enhances their perceptions of fairness. Their theory deals with reactions to procedures used for decision making. It predicts people to be highly satisfied with procedures that give them control of processes. The outcome resulting from procedures that give control of process to employees is perceived as fair and better accepted. Similarly, Lind et al. (1980) have also suggested that procedures allowing people “voice” in the process of decision making increases the acceptance of even unfavorable decisions.

The concept of PJ emerged as a result of studies conducted by Thibaut and Walker (1975) on decision making process fairness. The authors have found that apart from the outcome fairness, the fairness of procedures followed to arrive at the decision also matter to individuals. The authors highlight that procedures followed to determine outcome are seen as fair when individuals have control of the process, in that the individuals can raise their opinion/concern in a struggle to affect outcome of the decision. Leventhal (1980) has furthered this concept in the context of decisions pertaining to allocation of resources. The author has shown procedures for allocation to be fair when these follow some “rules” of ethics, accuracy, suppression of biasness, consistency/reliability and correct ability. Folger and Greenberg (1985) have explicitly pointed out that process followed by an organization is taken seriously by employees and they are concerned whether fair process has been employed while determining their outcome. According to Chen, Wu and Leung (2011), when employees are confident that fair procedures are used while determining their rating during enactment of performance appraisals, they are more likely to have trust in their supervisor. As a consequence, employees are prepared to enhance their performance because they know that when they will show better performance than their colleagues, they will be accordingly rewarded.

Thus PJ, second dimension of organizational justice represent perceptions of fairness of methods, procedures and process wherein employees perceive that their rating, remuneration, bonuses and other rewards (monitory and non-monitory) would be decided by employing fair procedures (Thibaut & Walker, 1975; Leventhal, 1980; Folger & Cropanzano, 1998; Wang, Liao, Xia, & Chang, 2010; López-Cabarcos et al., 2016; Yean & Yusof, 2016; Pashkina & Plakhotnik, 2018). Leventhal (1980) model of procedural justice suggests that perceived fairness of structural components of the performance appraisal procedure is instrumental in shaping employees’ justice perceptions. Thus procedures, following which raters are assigned, performance criteria is set and appeals are sought is important in the appraisal process (Landy, Barnes, & Murphy, 1978; Klasson et al., 1980; Tang & Sarsfield-Baldwin, 1996; Taylor et al., 1998; Folger et al., 1992).

Based on the aforesaid, PJ i.e. perceptions of employees regarding use of fair procedures is used in this study. Thurston and McNall (2010) has used the constructs of

confidence in procedures for rater assignment (raters assigned are qualified, know the rating formats and procedures) (RC), criteria setting while planning performance (appraisal criteria measure what employees are supposed to do at work and what was set at the start of reporting period) (PP) and seeking of appeals (employees can seek appeals if they think their ratings to be biased) (SA). Influenced by this stream of research, constructs used by Thurston and McNall (2010) have been adopted to represent PJ in this study.

Differentiation between DJ and PJ have been instrumental in separating the effect of outcome and effect of procedures that are followed during the process of decision making for the outcomes i.e. ratings in case of performance appraisal process. Sweeny and McFarlin (2003) has also reported that DJ predicts outcome referenced dependent variable, whereas PJ predicts system referenced dependent variables. The justice model comprising of afore discussed two aspects of organizational justice i.e. DJ and PJ is most commonly referred to as two factor organizational justice model.

### **2.7.3 Interactional justice**

Association amongst employees and interaction between members of an organization is the purview of interactional justice. Bies and Moag (1986) has proposed this concept, in that they have suggested fairness of interpersonal interaction during performance appraisal process to be instrumental. They highlight that interactional justice is perceived when details of procedures followed for decision making are intimated with respect and in right way to employees and that the decisions are justified by using truthful and honest information. Thus, while enacting any process and distributing rewards among employees in organizations, nature and quality of the way employees are treated is critical factor towards justice perceptions (Bies & Moag, 1986; Bies & Shapiro, 1987). The interactional justice has been part of procedural justice in number of studies but in many studies it has been taken as a separate construct, being a distinct type of justice (Moorman, 1991). Separation of interactional from procedural justice has assisted researchers in analyzing the

important role played by organizational agents i.e. supervisors while communicating details of outcome and procedures. Since then this aspect has been long debated.

Four-factor organizational justice model incorporating informational and interpersonal justice alongwith distributive and procedural justice is a more cohesive and comprehensive justice model (Greenberg, 1993). The model considers interpersonal and informational justice seperately rather than combining the two as an intercational justice. These interpersonal and informational justice dimensions are discussed hereafter.

#### **2.7.4 Interpersonal Justice (INTJ) and Informational Justice (INFJ)**

Agent-system model by Bies and Moag (1986) suggests that interpersonal and informational justice predicts agent referenced dependent variables. Courtesy, honour, respect and politeness with which employees are dealtwith during the enactment of performance appraisals, tantamounting to the nature and quality of the way employees are treated, is the domain of INTJ. Whereas, INFJ deals with the aspect of fairness related to the way information is given for use of specific procedures for appraisal or for certain reward distribution during performance appraisal process. According to Greenberg (1993), interpersonal and informational justice focuses on role of decision maker wherein quality of treatment received by employees is represented by INTJ and procedural explanations of performance appraisal process are represented by INFJ. Number of researchers have also pointed out that provision of information in order to justify outcomes received by employees also enhances employees' fairness perceptions and raise the level of likelihood that received outcomes will be perceived as fair by an employee (Cook & Crossman, 2004; Thurston & McNall, 2010; Cheung, 2013; Lam, Loi, & Leong, 2013; Yean & Yusof, 2016; Pashkina & Plakhotnik, 2018).

Based on the conceptualization of Greenberg (1993), the four-factor model has also been studied by Colquitt (2001). Results of their study found four-factor structure of justice to better fit the data than previously debated two and three factor models. Colquitt et al.

(2013) have also validated four-factor model of organizational justice. Division between dimensions of justice allow identification of various aspects of procedures or behaviours of people involved in enhancing employees' perception of fairness. Distinction between interpersonal and informational justice has clarified that organizational agents have responsibilities to be respectful, honest and truthful. Therefore, interpersonal and informational justice are used as third and fourth dimension of organizational justice in this study.

The initial work of Greenberg (1986) has shown that sensitivity displayed by raters and others in the organization is instrumental in influencing employees, especially when concern is shown by managers toward the outcome received by employees. The author has found that employees' unfairness perceptions are mitigated by managers' apologies and expression of regret. Accordingly, Thurston and McNall (2010) have used two aspects i.e managers show respect in treatment and managers show sensitivity in supervision to represent INTJ in their research and have found these to be instrumental in shaping justice perceptions while investigating employees' perception in the perspective of performance appraisals. Based on the same, Treatment by Manager (TBM) and Sensitivity in Supervision (SIS) have been adopted to represent INTJ in this study.

Thurston and McNall (2010) have also suggested that "clarification of performance expectations and standards, feedback received, and explanation and justification of decisions" shapes employees' fairness perceptions that fall within the purview of INFJ. The focus of this socially determined aspect of justice is on actions taken prior to and during the calculation of the employees' outcome. The authors highlight that manager and employee interact while "setting of performance goals and standards, giving routine feedback, and explanations during the appraisal interview" during the process of performance appraisals. Therefore, procedural information by the manager may be truthful, earnest and rational clarifications and explanations pertaining to the process of outcome allocation. Based on the same, Clarifying Expectations and Standards, Providing Feedback and Explaining and Justifying Rating Decisions represent INFJ (Thurston & McNall, 2010). Influenced by the same Clarifying Expectations and Standards (CES); providing Feedback (FB); and Explaining Rating Decisions (ERD) have been adopted to represent INFJ in this study.

Thurston and McNall (2010) note that perceptions of inaccuracy and injustice have long beleaguered performance appraisals and employees only take their manager's critique on performance positively when they perceive their appraisal process to be fair. Justice perceptions of employees are studied under the umbrella of organizational justice. Accordingly, organizational justice theory has been the underpinning theory that helps ascertain employees' fairness perceptions of various facets of performance appraisal process in an effort to establish effectiveness of the process in impacting employees' adaptive performance as mediated by satisfaction constructs. Hence, use of distributive, procedural, interpersonal and informational justice play an important role for this study and has been regarded as an independent variables.

Apart from the adoption of abovementioned constructs of DJ, PJ, INTJ and INFJ to represent justice in this study, I have sought guidance from Professor Paul W. Thurston, Jr. on conduct of this study while using constructs and scales representing justice as proposed by him. The professor was very forthcoming, kind and generous as he not only authorized use of his scales but also provided additional scales for consideration in this study. The data collected during the process of this study would be shared with the professor with a view to conduct joint study representing cross cultural comparison of justice perceptions.

As highlighted earlier, Charbonnier-Viorin and Roussel (2012) has done a study to validate dimensions and items of AP proposed by Pulakos et al. (2000) and found AP to be composed of five factors including creativity, reactivity in the face of emergencies or unexpected circumstances, interpersonal adaptability, training and learning effort, and managing stress. Few studies have been found that have looked into some aspects of adaptive performance wherein, linkages between justice perceptions and components depicting adaptive performance have been explored. In the perspective of distributive justice, employees' belief of getting unfair resources, and associated emotional frustration badly effect their motivation to deliver creative performance (Amabile, 1979; Peters et al., 1985). In line with the stipulations of equity theory, in a struggle to restore equity, employees with feelings of inequity are liable to hold their creative performance. Simmons (2006) has highlighted that creativity does not come by chance rather environment is to be



created. When employees perceive that they are receiving unfair resources, it affects employees' ability to perform creatively. The distributive injustice perceptions result in negative emotions which are counter-productive to creative performance; and ultimately employees hold creative performance to restore equity. Simmons (2006) has further highlighted that procedural injustice has shown to affect all the aspects of creativity. Unfair procedures have negative consequences on employees' motivation to perform creatively (Brockner & Greenberg, 1990). Fair and supportive organizational relationships lead to enhanced creativity (Clark & James, 1999; Talbot, Cooper, and Barrow, 1992; Zeldman, 1980). Researchers have proposed that creative performance is positively impacted by employee encouragement and informative feedback; thereby highlighting the significance of managerial behaviour in the perspective of creativity (Amabile et al., 1996; Farmer, Tierney, & Kung-McIntyre, 2003; Madjar, Oldham, & Pratt, 2002; Zhou & George, 2001). Clark and James (1999) have also suggested that employees who are treated fairly show positive creativity and those who are treated unjustly show negative creativity. Thus, it amply highlights the positive link of interactional justice (interpersonal and informational justice) with creativity.

With regard to the uncertainty management aspect of AP, Van den Bos and Lind (2002) have suggested that employees generally have a basic need to feel certain and in the event of uncertainty caused by a rapidly changing environment, employees resort to eliminate it or reduce it to a manageable level. In this context, justice perceptions are important to employees because these help employees deal with uncertainty and affect their reactions and behaviors. Thus the social or other situations that incite feelings of uncertainty provoke employees to look for and utilize justice perceptions. The authors have summarized the key tenet of the theory by writing, "What appears to be happening is that people use fairness to manage their reactions to uncertainty, finding comfort in related or even unrelated fair experiences and finding additional distress in unfair experiences" (p. 216). Lind, Kanfer, and Earley, (1990) have also pointed out that feelings of fair treatment result in positive consequences i.e. job performance. For the management of uncertainty all justice types are of significant importance as these assist employees to sail across work situations that are accompanied by uncertainty (Lind & Van den Bos, 2002). In the uncertain situations,

organizational justice has been shown to lessen uncertainty and deficiency of control which are regarded as main cause of stress feelings (Judge & Colquitt, 2004). Therefore, following the said uncertainty management model, it is reasonable to assume that perceived justice in an uncertain situation may positively affect employee behaviour i.e adaptive performance.

Equity theory by Adams (1965) positing that DJ is evaluated by employees by comparing that rewards received by them correspond to their contribution to organization or rewards received by their counterparts is important in the perspective of stress management. Walster, Berscheid and Walster (1973) have pointed out that when inequity is experienced, employees become distressed and in case in-equitability in relationships is higher, higher will be the employee feeling of distress. Mowday and Colwell (2003) furthering this argument have suggested that tension or distress due to inequitable treatment motivate employees to take some action to address it. However, this mechanism of stress embedded implicitly in the equity theory has been rarely investigated (Judge & Colquitt, 2004). The procedural justice model proposed by Thibaut and Walker (1975) is also instrumental in managing stress because it suggests that procedural justice help control and predict long-term outcomes. Bies (2001) has highlighted that interpersonal and informational justice constructs are better understood when discussed in the context of injustice. The author has explicitly referred to the argument of Cahn (1949) that “justice brings to mind some ideal relation or static condition” (p.13) and “injustice comprises affections of the viscera and abnormal secretions of the adrenals that prepare the human animal to resist attack” (p.24). Relationship with superiors, supervisory misbehavior and lack of social support, representing interpersonal and informational dimensions of organizational justice are elements of work stressors model (Marshall & Cooper, 1979; Kohli, 1985). Accordingly, Judge and Colquitt (2004) proposed negative relationship of distributive, procedural, interpersonal and informational justice perceptions with stress.

Kang (2007) proposed that fairly treated employees are motivated for participation in training. The author has suggested that experience of justice allow employees to forecast fair treatment in the long run, create positive regard for organization and leaders, ultimately

luring them to participate in training. The author has proposed that employees' perceptions of distributive, procedural and interactional justice positively predict employees' motivation to participate in training.

## **2.8 Organizational Justice and Satisfaction with Performance Appraisal Process**

Apart from organizational justice theory, social exchange theory has also been regarded as a dominant framework in describing how justice impacts employee attitudes and behaviours (Colquitt et al., 2013). It deals with the effect of social interactions in the form of processes and reciprocal benefits. Homans (1958) theory of relative deprivation leading to development of theory of social exchange has been basically instrumental in the context of organizational justice; wherein sensitivities of humans towards inequalities are important. The author suggest that various types of expectations or rules including reciprocity, equity and link between inputs and outputs, developed in the societies, are based on interactions between human beings called social exchanges. Gouldner (1960) amply specify the significance of reciprocal behaviours through the use of social exchange theory wherein employees' justice perceptions of performance appraisal process results in engagement of employee in behaviours beneficial for the organization like improving performance.

Social exchange theory by Blau (1964) has highlighted that helping behaviours by management are seen as beneficial by employees and these generate binding on the part of employees to give back i.e. reciprocate. The binding on employees to reciprocate leads to generation of positive optional behaviours. The author has suggested exchange relationships to be of two types: economic and social. The economic, relevant in the perspective of DJ is regarded as contractual in nature and is driven by explicit schedule of rewards and reciprocations e.g. for consistent pay and ratings employees undertake job related tasks. With regard to the second type of exchange relationship i.e. social exchange, author has proposed that it involve deeper investments for exchange of unspecified rewards and reciprocations in a long timeframe. Employees engage themselves in extra activities

not explicitly stated in their job descriptions in a belief that they will be rewarded for these activities. The author considers these social exchanges to be more viable than the economic exchanges due to element of flexibility and investment depth. Furthering this, Organ (1990) has stated that if a person feels that the overall exchange over some relevant interval is 'fair' then he or she will not feel the need to provide any precise accounting of marginal benefit for marginal contribution. Employees engage in attitudes and behaviours that are favorable to employer in reciprocation to the fairness in organizations (Colquitt et al., 2001; Diehl et al., 2018).

Organizations are platforms for mutual social transactions where employees and organizations interact for a long-term (Cropanzano & Prehar, 1999; Greenberg & Scott, 1996). Justice coming from organization or member of an organization i.e. supervisor is regarded as vital input towards social exchange relationship (Masterson et al., 2000; Settoon, Bennett, & Liden, 1996). The social exchange relationship signify belief that organization and managers appreciate contributions made by employees and are concerned for their prosperity. This generates a feeling of binding on the part of employees to repay by behaving in a way that is in the interest of organization and management. Since justice is highly valued in the organizations, employees respond to their social rewards by altering their attitudes and behavior.

Attitudes of employees like satisfaction are positively impacted by justice; employee satisfaction is linked to justice in performance appraisal process. On the other hand, when process of performance appraisal is perceived as unfair, it can be a source of dissatisfaction (Skarlicki & Folger, 1997). Poon (2004) highlighting the worst effect of unfairness has suggested that in case employees find result of their appraisal to be based on politics in place of performance criteria they will be dissatisfied with their job and the unfairness may ultimately lead to employee turnover.

Cook and Crossman (2004) highlighting the importance of fairness criteria have pointed out that employees will only be satisfied when they experience fair performance appraisal process. Kelly, Ang, Chong, and Hu (2008) furthering these views have highlighted that appraisals are destined to fail if employees experience unfairness and

inequity during evaluations. Heslin and Walle (2009) have also emphasized that perceptions of unfairness can diminish employees' attitudes and performance rather than causing enhancement in employee performance.

## **2.9 Employee Satisfaction with Performance Appraisal Process**

The affective reactions of employees such as satisfaction with performance appraisal process are influenced by justice perceptions (Thurston, 2001; Cook & Crossman, 2004). Ahmed, Ramzan, and Mohammad (2011) and Iqbal, Akbar and Budhwar (2015) have also highlighted that studies on performance appraisals show that employee satisfaction is significantly influenced by justice perceptions of performance appraisal process. Lai Wan, (2007) has highlighted that achievement of organizational objectives are tied to satisfaction of employees and organizations consider it to be an important target. On the other hand, Brown, Hyatt, and Benson (2010) has reported that employees' dissatisfaction with performance appraisal process lead to greater job dissatisfaction.

Enhanced satisfaction with process of performance appraisal allows employees to regard it beneficial for improvement in their performance (Dusterhoff et al., 2014). Thus, in today's dynamic and competitive environment, employee satisfaction is a major organizational concern (Eisenberger & Rezaei, 2016). Researchers have recommended more field research on employee reactions to performance appraisals and its relationship with behaviours of employees. It is because of these factors that reaction of employees i.e. satisfaction with appraisal process has been a source of concern and accordingly investigated in this study.

Discussion on the important variable of satisfaction with various facets of performance appraisal was first started by (Mount, 1984) and (Russell & Goode, 1988). Since then, the aspect of employee satisfaction with appraisal process has been studied by number of researchers. According to Purani and Sahadev (2008) the basic elements of job satisfaction are: satisfaction of employees with HR policies, remuneration satisfaction,

satisfaction with behaviour of supervisor, task satisfaction and career growth opportunities satisfaction. Within the broader perspective of performance appraisal process, satisfaction with appraisal i.e. rating is one of the most researched dimension of satisfaction (Dobbins et al., 1990; Keeping & Levy, 2000). Cawley et al. (1998) have reported performance appraisal satisfaction to be the most often investigated employee reaction wherein they found satisfaction with appraisal session and satisfaction with appraisal system to be two prominent types of satisfaction in the domain of appraisals. Review of literature has revealed that most commonly used dimensions of satisfaction which are linked to performance appraisal are Satisfaction with Performance Appraisal (SPA), Satisfaction with Performance Appraisal System (SPAS) and Satisfaction with Supervisor (SWS) (Kacmar, Wayne, & Wright, 1996; Milkovich & Boudreau, 1997; Jawahar, 2007; Palaiologos, Papazekos, & Panayotopoulou, 2011; Thurston & McNall, 2010).

### **2.9.1 Satisfaction with Performance Appraisal (SPA)**

Appraisal or rating satisfaction has been most often used to investigate employees' reaction to the process of performance appraisal. It impacts employee behaviour and also help determine effectiveness of performance appraisals. The effective appraisal help manager guide improvement in employee performance (Hong, 2018). Most of the important decisions especially administrative in nature are also based on performance appraisal of employees (Murphy & Cleveland, 1995). SPA is difficult to forecast due to various behavioural aspects of employee perceptions. However, when employees are satisfied with their ratings, they will have motivation to improve their performance. On the other hand, when employees' attitudes are negatively affected by performance appraisals and causes dissatisfaction, it have impact on performance of organization (Long et al., 2013). Higher ratings cause positive employee reactions; these reactions are referred to as SPA (Jordan & Jordan, 1993; Kacmar et al., 1996). Thus, SPA has been taken as first dimension of employee satisfaction with performance appraisal process for the purpose of this study.

Taylor, Tracy, Renard, Harrison and Carrol (1995) has measured performance appraisal satisfaction with items “employee satisfied with how they did on the last appraisal” and “employee satisfied with results of appraisal”. The items used by Tang and Sars-Field-Baldwin (1996) to measure SPA include “My performance has been fairly and accurately evaluated”, “I think evaluation are fairly handled in this organization” and “I am satisfied with my last appraisal”. Jawahar (2007) has used two items to measure SPA. These items are “The performance appraisal I received is acceptable” and ‘I am satisfied with the evaluation I received. Thurston and McNall (2010) have used single item measure to examine SPA “I am satisfied with the performance appraisal I received this last rating period”. Thurston, (2001) and Walsh, (2003) have used four item scale to measure employees’ satisfaction with performance appraisal that include almost all aspects pertaining to the construct. Accordingly the same have been adopted in this study to measure the construct. Items like “My most recent performance rating reflected how I did on the job” and “my most recent rating was fair” etc. have been included in the SPA construct.

### **2.9.2 Satisfaction with Performance Appraisal System (SPAS)**

Outcome of the performance appraisal process i.e. rating may be fair, however, procedures used to arrive at the outcome may be unfair. Therefore, satisfaction of employees with performance appraisal process is also contingent upon SPAS. It is represented by procedures following which supervisor is assigned, performance targets are set and are then evaluated. Dusterhoff et al. (2014) have emphasized that enhanced level of SPAS allow employees to regard their performance appraisal to be beneficial for improvement in their performance. According to Pichler (2016), employees may perceive inequity in their performance appraisal or rating, however, if they experience SPAS they will consider their overall performance appraisal process to be fair. Accordingly, it has been advised by researchers to look into the aspect of SPAS (Mount, 1984; Giles &

Mossholder, 1990). In view thereof SPAS has been taken as second dimension of satisfaction with performance appraisal process in the study.

Scales used to measure this construct by Giles and Mossholder (1990), Taylor et al. (1995), Jawahar (2007) and Thurston and McNall (2010) have been available. However, scale by Walsh, (2003) has been considered to be comprehensive as it included measurement of all aspects pertaining to the construct, therefore, the same has been adopted for the purpose of measuring employees' satisfaction with performance appraisal system in this study. The items like "I am satisfied with the way the performance appraisal system is used to set my performance expectations for each assessment period" and "I am satisfied with the system used to evaluate and rate my performance" are included in the SPAS.

### **2.9.3 Satisfaction with Supervisor (SWS)**

Supervisor play very important role in the appraisal process wherein firstly, he is involved in setting of goals and standards with ratee, secondly he measures performance, thirdly he compares the measured performance with preset standards and finally, he documents result of performance appraisal for further use (Ilgen, Fisher & Taylor, 1979; Cederblom, 1982). Within performance appraisal process employees' supervisor play a distinct determinative role to reassure positive outcomes as he appraises employees' performance and gives feedback to employees (Milkovich & Boudreau, 1997). Pooyan and Eberhardt (1989) have also noted that employee-supervisor relationship is the most important performance appraisal element. During the appraisal process, support rendered by supervisor, employee trust on his or her rater and relationship of employee with supervisor have a direct linkage on employee reactions (Pichler, 2012). Highlighting the importance of manager-employee relationship, the author stresses that organizations shall be concerned about the relationship. As supervisors are key stakeholders in the performance appraisal process, SWS becomes critically important and has been taken as third dimension of satisfaction with performance appraisal process in this study.



Scales used by Giles and Mossholder (1990), Jawahar (2007) and Thurston and McNall (2010) have been available to measure the constructs. However, scale of Walsh, (2003) has been comprehensive as it includes measurement of all aspects pertaining to construct, therefore, it has been used for the purpose of measuring employees' satisfaction with supervisor in this study. The SWS construct representing third dimension of satisfaction have items like "Overall, I am satisfied with the quality of supervision I receive at work from Manager/Supervisor" and "All in all, I have a good supervisor".

Number of studies has regarded appraisal reactions to be instrumental in enhancing employee performance (Lawler, 1994). Enhanced level of satisfaction with performance appraisal process allows employees to regard performance appraisal beneficial for improvement in their performance (Dusterhoff, Cunningham, MacGregor, 2014). As achievement of organizational objectives are also tied to reactions of employees including satisfaction of employees, organizations consider it to be an important target to be achieved (Lai Wan, 2007). Therefore, effectiveness of performance appraisal in enhancing employee performance would be influenced by satisfaction of employees. On the other hand Brown et al. (2010) argues that employee dissatisfaction with performance appraisal process lead to greater job dissatisfaction. So much so Cardy and Dobbins (1994) have clearly highlighted that any performance appraisal process with which employees are not satisfied or which is perceived as unfair by employees is bound to fail, thus will not be instrumental in impacting performance of employees. However, despite the importance of employee attitudes i.e. satisfaction with performance appraisal process in influencing employee adaptive performance, it has been limitedly looked into.

Apart from the foregoing, Petty, Mcgee and Cavender (1984) have stipulated that perhaps the most controversial issue that has evolved from decades of research on employee attitudes and employee behavior is job satisfaction - job performance relationship. Authors have highlighted that more than two decades of organizational research have been devoted to understand the satisfaction-performance relationship, yet the issue has remained unresolved. This study is, therefore, important towards the satisfaction-performance relationship debate.

Selvarajan and Cloninger (2012) hypothesized relationship of performance appraisal satisfaction with motivation to improve performance. (Thurston & McNall, 2010), hypothesized positive link of satisfaction with performance appraisal, satisfaction with performance appraisal system and satisfaction with supervisor with employee performance in that they used OCB constructs to represent employee performance. Suliman (2007) postulated relationship of job satisfaction with work performance which was composed of five aspects namely work enthusiasm, readiness to innovate, job performance (quality and quantity of work), understanding work duties and work skills. The authors have found support for their hypothesis postulating relationship between job satisfaction and performance.

Despite of lack of consistency or conclusiveness of previous research, Fisher (1980) has stated that the intrinsic appeal of the satisfaction-performance relationship may be sufficient to warrant further study. The investigation of employees' satisfaction with performance appraisal process using the perspective of satisfaction with performance appraisal, performance appraisal process and satisfaction with supervisor, has been limitedly investigated by researchers in Pakistan. Specifically, the impact of various facets of employees' satisfaction on adaptive performance within the context of performance appraisal has been limitedly looked into. Therefore, investigation of employee satisfaction with various facets of performance appraisal process, its role in impacting employees' adaptive performance; and mediation in the Justice-AP relationship present evidence of its importance thereby making significant contribution in prevalent literature on appraisal process.

## **2.10 Performance Appraisal Research in Pakistan**

Review of existing literature on performance appraisal process revealed that research using organizational justice was limited. Aycan et al. (2000) testified the same as they placed Pakistan in the category of under researched group of countries. The account of narrow research on appraisal process, conducted in Pakistan, is reviewed hereafter.

In a case study on Masood Textile Mills of Pakistan, Qureshi (2005) investigated performance challenges faced by the company in an effort to improve its competitiveness. The author found annual implementation of performance appraisal system for pay raise purpose only and it was inadequate for feedback purpose. Employees had concerns about equity and fairness aspects. Performance evaluation forms were deficient of behavioural measures and were also not objective. The author also discussed results of earlier survey and focus groups in the company wherein employees considered performance appraisal process to be a subjective, inadequate and not a credible system. Based on the aforesaid issues, author highlighted that CEO of the company introduced changes in the appraisal system and implemented performance based reward system. However, the study is silent on the changes incorporated in the appraisal system and its effect on competitiveness of company. Study although stated that management was concerned about successful implementation of appraisal system and about measurement of its effectiveness, however, it does not propose any way ahead in this regard.

Khan (2009) quantitatively investigated performance appraisal impact on productivity and job satisfaction in public sector training department of Pakistan. The author found 60% of respondents to be experiencing stress. 75% reported their performance to be negatively affected due to biased attitude of raters during implementation of performance appraisals. While concluding, author suggested that efficient enactment of online appraisal process might encourage active involvement of management and employees, and might lead to consistency in the process. The study lacks data analysis pertaining to performance appraisal's linkage with productivity and job satisfaction.

Ishaq, Iqbal, and Zaheer (2009) looked into the results of performance appraisal along with factors that could impair its effectiveness in public and private sector organizations of Pakistan. The authors inquired employees about uses of effective performance appraisal system and to indicate factors that harm effectiveness of performance appraisal system. The study revealed that employees had more knowledge about the results of effective appraisal system than the factors which harmed appraisal process effectiveness. It is believed that a person may have knowledge about outcomes and uses of effective performance appraisal

system, but effectiveness of performance appraisal system implemented in organization in which he or she serves is yet very important aspect that needs investigation.

Memon, Rohra, and Lal (2010) did evaluation of the Performance Management System (PMS) in Karachi based Textile sector SMEs. The authors investigated implementation status and post implementation effects of performance management system. They reported SMEs to be generally less likely to adopt 'formal' PMS practices comprising goal setting, performance monitoring and performance evaluation. It was found that employees did not have clear understanding of aim of performance appraisal system and majority of them had reported misalignment between performance appraisal and organizational goals. With regard to perception of employees about the system, the authors had mixed findings as 66% respondents considered it to be a useful and effective system; 36% had the perception that it causes fear among employees; 31% considered that the system was used to control employees. Authors also found that neither managers provided regular performance feedback nor employees participated in the performance evaluation. In a nutshell, no 'formal' performance monitoring and evaluation mechanism was found, managers were not found trained to apply appraisal process, career progression and salary rise was not performance based.

Mahmood, Zafar, Zafar, and Nawaz (2010) looked into changes caused by appraisal system in behaviours of employees in export based textile sector organizations of Punjab, Pakistan. The authors inquired about role of effective performance appraisal system in developing competitive environment. It was found that employees considered that system of performance appraisal help development of competitive environment. They also found performance appraisal system to be influencing behavioural shift and had concluded that higher the level of performance appraisal system higher would be behavioural shift. The aspect of effectiveness of performance appraisal system in impacting employee or organizational performance was not on the agenda of their research.

Aslam and Sarwar (2010) in a case study of an IT firm, qualitatively looked into the issues and challenges in the implementation of performance management system. Authors also investigated role of performance appraisals in resolving issues of job dissatisfaction,

turnover and inflexible environment. The authors reported absence of formal meaningful performance appraisal system, high job dissatisfaction, turnover and inflexible environment in the firm. Employees did not have clarity on objectives to be achieved and its linkage to organizational performance. Improper implementation of inadequate performance appraisal system was observed to be a main cause of concern for respondents due to which employees were reported to be highly dissatisfied. It was found that employees had no knowledge of performance targets i.e. no goal setting, no information about evaluation criteria, performance reviews were biased which ultimately led to job dissatisfaction. Managers also lacked skill to conduct reviews of employee performance and were not serious toward performance appraisals. The authors suggested need for more focused work on the performance appraisal process in Pakistani context.

Saeed and Shahbaz (2011) surveyed perceptions of employees pertaining to outcomes of performance appraisals in plastic furniture industry of Punjab, Pakistan. It also identified factors (organizational politics, competition, inconsistency in evaluation criteria) that could harm successful implementation of performance appraisals. The authors found that employees had knowledge about important appraisal outcomes. Importantly, the authors found that when employees having poor performance records were rewarded at par with those performing high, then the rewards affected employees' motivation negatively. However, knowledge about implementation of effective performance appraisals was found lacking in employees. While concluding the authors suggested that organizations must focus on justice at design and implementation stage of the process so that only good performers are rewarded. The authors further stressed the need for justice and fairness during the design and enactment of performance management and appraisal program.

Ikramullah, Shah, Hassan, Zaman, and Khan (2011) investigated employees' perception of fairness of performance appraisal system in civil services sector of Pakistan. The authors used organizational justice model comprising of four-factors i.e. DJ, PJ, INTJ and INFJ to look into justice perceptions of appraisal process in public sector. Their findings revealed that appraisees perceived appraisal process as distributively, procedurally, interpersonally and informationally fair. Although authors used four-factor justice model to investigate employees' fairness perceptions, however, its relationship to other variables was

not the research objective. The authors recommended investigation of the topic more deeply and to study the impact of justice perceptions on various individual and organizational outcomes. Apart from this, researchers suggested that influence of demographic variables on attitudes be also looked into in future research efforts. The present study has investigated both the aforesaid recommended aspects to fill the void in existing literature.

Anjum, Yasmeen, and Khan (2011) investigated performance appraisal system in a Public Sector university, in order to ascertain its role in causing improvement in performance of teachers. In particular it looked into the main purposes of performance appraisal system, factors that led to effective performance appraisal system, and perceptions about its outcomes. Study of Bahauddin Zakariya University found that mainly performance appraisal was used for promotion as per response of 64% respondents, 5% respondents reported that appraisal was used for feedback and ascertaining training needs etc. Through response of 85% respondents, the study also found that employees' participation in appraisal planning was not allowed, raters were not trained as pointed out by 79% of the respondents, and only few employees (35%) were aware of the standards used in appraisals. Although, employees were aware about the importance of multiple raters as 70% of respondents knew that multiple rater evaluation to be paramount in the effective performance appraisal but contrary to that, performance was being appraised by chairman only. Majority of respondents (85%), in response to single question, did report that appraisal process had an impact on employee performance. In a nutshell authors concluded that although employees were aware of outcomes of performance appraisals but appraisal system did not address its purpose primarily due to untrained raters, absence of multiple raters and feedback. The study objective did not include empirical investigation of effectiveness of performance appraisal system, more specifically, linkage of performance appraisal system to employee performance.

Jamil and Raja (2011), while investigating impact of HR practices on employee performance in private and public sector organizations, looked into the effect of performance evaluation on employee performance. They found performance evaluation practices to be positively associated with and influencing employee performance; ( $\beta = 0.22$ )

and ( $\beta = 0.089$ ) for public and private sector organizations, respectively. Although, the authors had investigated employee performance, however, dimension of performance looked into was not explicitly stated.

Ikramullah Shah, Khan, Hassan, and Zaman (2012) did a study pertaining to employees' perception about purposes of appraisal system in the civil services sector of Pakistan. Their study finding of two public sector organizations showed employees' perceptions about use of performance appraisals for developmental and administrative purpose to be negative and unclear. Employees viewed that their performance was not recorded accurately by using performance appraisal system. Performance appraisal system was not effective, could not achieve desired results and was not used for all human resource management purposes effectively. The authors further reported that in order to improve the effectiveness of performance appraisal system, limited efforts have been made and these efforts are restricted to changing or modifying rating formats. Authors suggested future studies to investigate impact of purposes of performance appraisal system on employees' satisfaction with performance appraisal system and on individual and organizational outcomes.

Saqib, Khan, Ahmed, and Ullah (2012) researched implementation of appraisal system in public sector wherein they looked into appraisal practices implemented in public sector. Having discussed types of performance appraisal methods as stipulated in the textbooks and performance appraisal practices, authors studied components of performance evaluation report format used in the public sector. Use of traditional top down method was found to be prevalent in these organizations wherein performance appraisal concepts were practiced considerably. The authors recommended training for employees in the contemporary appraisal methods

Khan and Anwar (2012) did a study of Pakistan Telecommunication Company Limited to explore appraisal techniques being used in the organization. The authors discussed types of performance appraisal systems especially paper based and paper less system along with their associated advantages. Administrative and developmental purposes of appraisal system had been highlighted followed by a glimpse of telecom sector of

Pakistan, profile of the company, comparison of manual and online appraisals, and factors that could negatively impact appraisal effectiveness. Based on literature, it was concluded that employees were more satisfied with online performance appraisals, however, empirical investigation was not an objective of this research study.

Bowra, Sharif, Saeed, and Niazi (2012) while studying effect of HR practices on employee performance in banking sector organization had investigated effect of performance appraisals on performance of employees. The authors collected data from 3 public and 19 private banks. Regression results showed that amongst the three HR practices namely compensation, performance evaluation and promotion, performance appraisals were regarded to be the most important HR practice which highly affected perceived performance of employees. Although, the authors investigated perceived employee performance by use of three questions, however, the dimensions of performance namely task performance, contextual performance, counter productive work behaviour or adaptive performance was not made explicit.

Rahman and Shah (2012) investigated link between performance appraisal and job performance in sixteen public sector universities. Scale consisting of five items was used to measure employee job performance. The authors in their study of faculty members found direct linkage between performance appraisal and job performance as well as the relationship was found to be mediated by the employee development perceptions.

Arshad, Masood, and Amin (2013) studied “Effects of Performance Appraisal Politics on Job Satisfaction, Turnover Intention and Loyalty to Supervisor” in telecom sector organizations of Pakistan. The authors found that political ambitions of manager in performance appraisal process led to lower job satisfaction ( $\beta = 0.239$ ) and loyalty toward supervisor ( $\beta = 0.366$ ), and it enhanced turnover intention ( $\beta = 0.257$ ). The authors recommended to study impact of politics in performance appraisal system on performance as a future research direction.

Kaleem, Jabeen, and Twana (2016) did a study to investigate justice in appraisal system and its impact on work performance, mediated by performance appraisal



satisfaction in a manufacturing sector firm. The authors used three-factor justice model comprising DJ, PJ and INTJ. With regard to satisfaction as mediating variable, overall performance appraisal satisfaction was used. Task and contextual performance were dependent variable. The author's findings depicted positive ( $\beta = .176$ ) but insignificant relationship of DJ with performance appraisal satisfaction while procedural and interactional Justice had significant and positive relationship,  $\beta = .356$  and  $.588$ , respectively. With regard to relationship between justice and work performance, the author's findings reported positive impact of DJ on Work performance ( $\beta = .756$ ) while PJ and interactional Justice had positive but insignificant relationship. Performance appraisal satisfaction was found to be positively relating to work performance ( $\beta = .608$ ) and it mediated the justice-performance relationship.

Shah and Jabeen (2016) investigated effectiveness of performance appraisals in Federal civil services sector by measuring employee reactions namely fairness perceptions. The authors used design of appraisal instrument, appraisal process, politics in organization, attitudes of employees, usage of appraisal system and manager-employee relationship as factors that effected fairness perceptions of appraisal process. Quantitative analysis revealed that civil servants did not perceive performance appraisal system to be a fair practice. Contrary to the findings of Ikramullah et al. (2011), qualitative analysis of the authors revealed lack of objectivity and biasness as major issues with appraisal system. With regard to linkage between factors and perceptions of fairness, the authors found significant relationship, however, investigation of causal effect was beyond the scope of study. Study recommended further efforts to ascertain fairness perceptions of employees using four-factor justice model.

Khan, Meraj, and Alam (2017) studied impact of performance appraisal system on employee satisfaction in public sector organization namely Karachi Port Trust. The authors investigated three components of appraisal system i.e. participative goal setting, periodic reviews and final evaluation. According to findings of the study, employees did not participate in goal setting process and employees' input was not sought while taking vital decisions. Meetings were held to review the progress of employees which contributed to satisfaction. Findings of the study revealed that although participative goal setting was

related to employee satisfaction but did not affect it. Periodic reviews i.e. feedback and final evaluation were found to be positively influencing satisfaction;  $\beta = .597$  &  $.485$ , respectively.

Naeem, Jamal, and Riaz (2017) studied employees' performance appraisal satisfaction and its relationship with work performance, commitment and turnover intention in higher education institutions. The study used task performance to represent work performance. Authors found that appraisal satisfaction was positively related to work performance and it significantly and positively influenced the performance of employees ( $\beta=.140$ ). With regard to linkage of satisfaction of employees with commitment; it was also positively related to commitment and it significantly and positively influenced commitment ( $\beta=.190$ ). Lastly the authors found satisfaction with appraisal process lowered the turnover intentions ( $\beta=.282$ ).

Mirza and Sharjeel (2018) studied factors that affected fairness perceptions of employees in the appraisal process in higher education institutes of Pakistan. The authors found that effectiveness of manager was positively related to perceptions of fairness of performance appraisal system. Frequency and quality of feedback had positive relationship with fairness perceptions. Although the study investigated relationship between the variables, however, ascertaining cause and effect was beyond the scope of study.

Awais (2018) studied impact of performance appraisal, job satisfaction, motivation and reward on employee performance in an organization from polyester industry. Findings of the study revealed positive association of method employed for performance appraisal with employees' satisfaction with their job, motivation and reward. These variables also positively impacted employee performance. Investigation of adaptive performance dimension of work performance and justice perceptions was beyond the scope of this study.

Saboor, Rehman, and Rehman (2018) investigated effect of DJ, PJ and Interactional justice on contextual performance in the health sector, wherein 35 public and private hospitals were surveyed. Results of correlation analysis revealed positive relationship between the dimensions of justice and contextual performance. Furthermore all the

dimensions of justice had positive impact on contextual performance of employees. Investigation of adaptive performance was beyond the scope of authors study.

The review of studies on the performance appraisal process in Pakistan clearly revealed that researchers had investigated various aspects of performance appraisal process and effect of different variables. However, the investigation of employees' justice perceptions using four-factor justice model and its linkages to employee adaptive performance mediated by satisfaction with performance appraisal process was scarce.

### **2.11 Performance Appraisal Research outside Pakistan**

Sweeney and McFarlin (1993) in their study suggested that organizations can ensure fairness of employees by giving "fair and equitable pay raises, consistent performance evaluation procedures and clear grievance mechanisms". Their study results revealed that employees' reactions were contingent on perceptions of fairness about outcomes/rewards they received and on organizational procedures for determining rewards. The authors found support for two factor model in that they found DJ to be predicting outcome related variables and PJ to be predicting system related aspects.

Cohen-Charash and Spector (2001) in their study apart from looking at antecedents of justice, contended relationship of justice i.e. DJ, PJ and interactional justice with work performance, OCB, CWB and withdrawal behaviour and employee reactions toward specific outcome, organization and supervisor. The relationships were looked at primarily through the lens of equity theory and social exchange theory. The four-factor justice model and adaptive performance was not the agenda of research.

Roch and Shanock (2006) investigated organizational justice in exchange framework incorporating DJ, PJ, INTJ, INFJ and interactional justice. They found PJ to be influencing social relationships with organization whereas INTJ, INFJ and interactional justice

influenced relationship with supervisor. Whereas, exchange relationship relating to outcome was influenced by DJ.

In order to address the issue of effectiveness of Performance appraisals; Nasurdin and Khuan (2007) explored employee justice perceptions and its effect on employee performance (TP, CP and CWB). Authors found organizational justice dimensions had positive effect on employee performance at job. The hypothesis investigating effect of DJ on TP was supported; while DJ had no effect on CP. PJ had no effect on TP whereas it had significant positive effect on CP. While the authors found fairness to be a vital stimulus of employee performance; they did not look into the aspect of adaptive performance.

Jawahar (2007) investigated impact of justice perceptions on employee attitudes namely SPA, SPAS and SWS. Author used Colquitt (2001) scale and his results supported four-factor justice model in Indian context. However, the author recommended that underlying factor structure of justice be investigated in different settings. The hypothesis postulating relationship between DJ and SPA was confirmed ( $\beta=0.83$ ,  $p < .05$ ); PJ and SPAS was also confirmed ( $\beta=0.65$ ,  $p < .05$ ); INTJ and SWS was insignificant and link between INFJ and SWS was also confirmed ( $\beta=0.48$ ,  $p < .05$ ).

Suliman (2007) investigated linkage of OJ with job satisfaction. The author considered distributive, procedural and Interactional justice as three dimensions of justice. The authors found all justice dimensions to be significantly relating to and influencing satisfaction. The authors also postulated relationship of job satisfaction with work performance which was confirmed.

Thurston and McNall (2010) used four-factor organizational justice model along with perceptual-attitudinal-behavioural model. The authors looked at the effect of DJ, PJ, INTJ and INFJ on employees' affective and behavioural responses. Their study results revealed that DJ influenced SPA; PJ influenced SPAS; INTJ and INFJ influenced SWS. They found that social exchange indicators like SPA, SPAS and SWS mediated the effect of justice on extra-role performance (OCB). They developed justice scale specifically for performance appraisal process. Their study results also revealed that PJ DJ, INTJ and INFJ were

different but correlated highly to each other. Their results were in line with the recommendation of researcher to use four-factor justice model (Colquitt et al., 2001). Thurston and McNall (2010) proposed further studies on the subject in various sectors across the globe to generalize the results. They also recommended using the scale developed by him, specifically for performance appraisals, to replicate and extend his findings.

Wang et al. (2010) hypothesized relationship of DJ, PJ and Interactional Justice with TP and CP (i.e. interpersonal facilitation, and job dedication). The authors found strong relationship of interactional justice with TP ( $\beta = 0.26, p < .05$ ), contextual performance i.e. interpersonal facilitation ( $\beta = 0.19, p < .05$ ) and job dedication ( $\beta = 0.38, p < .05$ ). Weak relationship was observed between DJ and TP ( $\beta = 0.13, p < .05$ ); DJ and Job dedication ( $\beta = 0.10, p < .1$ ), while DJ was insignificant and not related to interpersonal facilitation. For link of PJ with performance, the authors found weak relation of PJ with job dedication ( $\beta = 0.10, p < .1$ ), whereas it was neither significant nor related to interpersonal facilitation.

Nasurdin and Khuan (2011) hypothesized relationship between DJ and job performance wherein DJ was related to TP and CP. The relationship between DJ and TP was supported ( $\beta = 0.514, p < 0.01$ ); whereas DJ was not related to CP. The authors also hypothesized relationship of PJ with TP and CP. The relationship of PJ with CP was supported ( $\beta = 0.464, p < 0.05$ ); whereas PJ did not have significant impact on TP. AP was not looked into by the authors.

Warokka et al. (2012) investigated relationship of justice (DJ, PJ and interactional justice) with work performance, mediated by appraisal satisfaction. Link of DJ and PJ with appraisal satisfaction came out to be statistically insignificant. Link between interactional justice and appraisal system satisfaction was statistically significant. The authors also found satisfaction-performance relationship to be statistically significant. Relationship of DJ, PJ and interactional justice with work performance was statistically insignificant as the p values were not within range. The mediation effect was also not tested. However, they recommended use of large sample size in further studies.

Suliman and Kathairi (2013) hypothesized positive influence of procedural and relational justice on job performance. Dimensions of job performance included understanding work duties, work performance, work enthusiasm and readiness to innovate. The authors found procedural and interactional justice to be positively influencing performance ( $\beta = 0.309$ ,  $p = 0.000$ ) and ( $\beta = 0.317$ ,  $p = 0.000$ ) respectively. Although the authors have incorporated readiness to innovate in the job performance however, the AP as a separate construct was not looked into.

Colquitt et al. (2013) stipulated that social exchange theory had emerged as a dominant lens for investigating relationship between justice and outcomes. While discussing the social exchange outcomes, authors reported that majority of research pertaining to social exchange theory had used OCB, TP and CWB as a reciprocate behaviours; while OCB was the most studied aspect. They hypothesized positive relationship of justice dimensions DJ, PJ INTJ and INFJ with TP and OCB. They hypothesized negative relationship of justice dimensions with CWB. The authors found relationship between justice dimensions and reciprocate behaviours to be moderate. The correlation coefficient for justice dimensions and OCB were DJ and OCB= 0.21; PJ & OCB=0.30; INTJ & OCB=0.43; INFJ & OCB= 0.42. The authors found justice dimensions to be positively related to TP (DJ & TP= 0.26; PJ &TP=0.24; INTJ & TP= 0.16; INFJ & TP= 0.16). The correlation effect size between DJ & CWB= -0.26; PJ & CWB= - 0.28; INTJ & CWB= - 0.24 and INFJ & CWB= - 0.29. Authors reported that despite of the fact that importance of TP in the context of social exchange was not much clear and inconsistent; TP had been frequently used as a reciprocate behaviours. This confirmed the assertion that AP has not been investigated by researchers.

Taneja, Srivastava and Ravichandran (2015) conducted a study on impact of justice perceptions on employee attitudes and behaviours. In that they looked at the impact of DJ, PJ, INTJ, INFJ and interactive justice on SPAS, pay satisfaction, rater satisfaction, satisfaction with performance feedback, intention to quit and work performance. The author hypothesized link of PJ and DJ with SPAS and satisfaction with performance appraisal feedback; PJ and INTJ with rater satisfaction; PJ, DJ and INFJ with work performance. According to the study results SPAS and satisfaction with feedback was predicted by DJ

and INFJ. Satisfaction with rater was influenced by all justice types. However, work performance was not predicted by justice perceptions.

Dijke and Cremer (2016) reported that social exchange research revealed creativity in employees to be enriched by justice. The authors while concluding their view pertaining to the effects of justice on employees' attitudes and performance suggested that different types of performance was stimulated by various types of justice. (Khazanchi & Masterson, 2011) found justice (interactional and informational) to be associated with the creativity. The effect of justice on AP was not seen although creativity had been shown to be improved by justice.

Xervaser et al. (2016) reported that limited studies had investigated employee's fairness perceptions of performance appraisal system and its relationship to work performance. The authors investigated relationship between rating accuracy and work performance among another hypothesis in Malaysian context. They found that there was significant relationship between perceived rating accuracy in performance appraisal system and the work performance ( $r = 0.547, p = 0.000$ ).

Krishnan et al. (2018) hypothesized relationship of distributive, procedural and interactional justice with Task performance in their study conducted in private manufacturing company of Malaysia. Findings of their study confirmed the hypothesis postulating positive relationship of distributive and procedural justice with task performance ( $\beta=0.194, p<0.05$ ) and ( $\beta=0.424, p>0.05$ ) respectively. Whereas relationship of interactional justice with task performance was not significant.

Phuong (2018) while investigating consequences of justice perceptions hypothesized relationship of DJ and PJ with TP. Findings of their study confirmed the hypothesis postulating positive relationship of only DJ with TP ( $\beta=0.184, p<0.05$ ).

The review of above studies conducted outside Pakistan, revealed that the topic of performance appraisal process had been an agenda of research. The efforts of researchers had been limited to individual aspects of performance appraisal process, however, all the

aspects of performance appraisals had not been looked into for comprehensive investigation of the performance appraisal's effect on employees' reactions and perceptions especially adaptive performance.

Simmons (2006) postulated link of DJ and PJ with creativity. The author found that when employees experienced high level of PJ, their creative performance was increased ( $\beta = .199$ ). The author also postulated positive link of interactional justice with creativity. Clark and James (1999) had relationship of justice with creativity. The authors have found that employees who were treated fairly showed positive creativity and those who were treated unjustly showed negative creativity. Akram, Haider, and Feng (2020) had studied impact of organizational justice (distributive, procedural and interactional) on innovative work behaviour in telecom sector of China. Results of their study revealed that DJ caused 17 % variance; PJ caused 21.1 % variance, whereas interactional justice caused 14.7 % variance in the innovative work behaviour. Salman et al. (2016) had investigated relationship between organizational justice and perceived creative performance, mediated by employee innovative behaviour in telecommunication sector of Pakistan. The authors found positive link between justice and creative performance. Judge and Colquitt (2004) studied link between justice and stress in that they hypothesized negative relationship of distributive, procedural, interpersonal and informational justice perceptions with stress. Their study results revealed that distributive and informational justice did not affect employees stress. However, procedural and interpersonal justice effected stress (-.21 and -.13 respectively). Kang (2007) hypothesized that employees' perceptions of distributive, procedural and interactional justice would positively predict employees' motivation to participate in training. Their study results showed interactional justice to be predicting employees' motivation to participate in training. This review suggested that despite all-encompassing theoretical justification for relationship of justice constructs with elements of creativity, uncertainty, managing stress and training and learning; these linkages have been rather very rarely tested. Particularly, these relationships have not been tested in the perspective of performance appraisal process.

Performance appraisal is not confined to observation, judgment, evaluation, interviews, and formal documentation as traditionally conceived. Therefore, improvements



in the system may not be restricted to the formats, training, goal setting, feedback, and personalities. In order to address the issue, organizational justice theory based on a belief that if perceptions of justice are vital than these must relate to attitudinal and behavioural reaction of employees is relevant.

Although with the passage of time, management in organizations have understood that their employees consider appraisal practices to be unfair however, they do not have an easy and viable approach to measure effectiveness of the appraisal practices in impacting employee behaviours. Across the globe, the researches have although used organizational justice in determining attitudinal and behavioural reactions to ascertain effectiveness of performance appraisals, however, investigation of Adaptive Performance as a behavioural outcome, in the domain of performance appraisals is scarce.

Basically, organizational performance depends upon effectiveness of applicable organizational HR systems including performance appraisal and employees whose performance is instrumental in gaining competitive advantage. Thus in the first step, performance appraisal process in an organization is to measure adaptive performance of employees. Thereafter, in the second step employees' justice perceptions of the appraisal process are to be used to positively influence attitudes and behaviors of employees. In this perspective, this study has been conducted in private sector telecom and banking organizations of Pakistan to see the effect of employees' justice perceptions of appraisal process on their adaptive performance through the mediation of constructs representing satisfaction with various facets of appraisal process.

## **2.12 Study Hypotheses**

Fifteen hypotheses were been postulated for the purpose of this study. Relationship between independent and dependent variables was tested empirically by postulating four hypotheses. Four hypotheses depicted relationship of independent variables with mediating

variables. Three hypotheses postulated relationship between mediating variables and dependent variable. Four hypotheses depicted indirect relationships.

### **2.12.1 Direct hypotheses Between Justice Constructs and AP**

Equity theory is relevant for hypothesis between DJ and performance wherein perceptions of injustice lead to alteration in behavior by employees in an effort to restore justice. Interpersonal treatment received by an employee may be perceived as an outcome by employee, thus it must affect their input/outcome ratio (Greenberg, 1993). Due to the fact that fair treatment is from managers, employees in an organization reciprocate by enhancing their performance (Masterson et al., 2000; Settoon et al., 1996). Accordingly, within the perspective of organizational justice theory, social exchange theory, researchers have firmly hypothesized relationship between distributive, procedural, interpersonal and informational and performance (Cropanzano & Prehar, 1999; Masterson et al., 2000).

Although literature pertaining to the organizational justice and performance relationship has revealed that employee's work performance is significantly influenced by organizational justice however, still the level of influence of various dimensions of organizational justice on employee's work performance is uncertain. Wang et al. (2010) have highlighted that researchers have been endeavoring to investigate organizational justice and work performance relationship however, satisfactory results have not been achieved. Although there are few studies which show that work performance can be predicted by OJ however, effect of its various dimensions on work performance is still uncertain and ambiguous. The researchers have regarded "mechanism of the influence of organizational justice on work performance" to be still unsatisfactory.

Simmons (2006) have postulated link of DJ, PJ and interactional justice with creativity. Clark and James (1999) have investigated relationship of justice with creativity. Akram et al. (2020) have studied impact of organizational justice (distributive, procedural and interactional) on innovative work. Salman et al. (2016) have investigated relationship

between organizational justice and perceived creative performance. Judge and Colquitt (2004) have studied link between justice and stress. Kang (2007) has hypothesized employees' perceptions of distributive, procedural and interactional justice to positively predict employees' motivation to participate in training.

Taneja, Srivastava, and Ravichandran (2015) have studied the impact of justice perceptions on task performance. Although their results were not significant; they have recommended to study the justice – performance relationship by including more outcome variables. Dijke and Cremer (2016) while concluding their view pertaining to the effects of justice on employees' attitudes and performance have suggested that different types of performance is stimulated by various types of justice. Findings of studies by Cohen-Charash and Spector (2001) and Colquitt et al. (2001) in the field of organizational justice have depicted that employee's attitudes and behaviours at work are significantly predicted by organizational justice. Suliman (2007) has investigated relationship between DJ and PJ with supervisor-rated and self-rated employee performance. Zapata-Phelan et al. (2009) have studied the effect of INTJ on employee performance. Selvarajan and Cloninger (2012) have hypothesized positive relationship of DJ, PJ and Interactive justice with motivation to improve performance. Wang et al. (2010) have hypothesized relationship of DJ, PJ and Interactional Justice with TP and CP. Taneja et al. (2015) have hypothesized relationship of DJ, PJ, INFJ and INTJ with IWP (TP). Saboor et al. (2018) have investigated link between DJ and Interactional Justice and CP while Krishnan et al. (2018) have investigated link of DJ and PJ with TP. Phuong (2018) have looked into the relationship of PJ with TP.

Zikmund et al. (2014) have pointed out that purpose of any researcher's study is pursuit of reality and knowledge expansion. Theory building and testing processes involves reviewing findings of similar previous research, "simple logical deduction", and allowing us to predict the behaviour of one phenomenon from the knowledge of another. Therefore, it was assumed that organizational justice would motivate employees to enhance adaptive performance incorporating creativity, reactivity in the face of emergencies or unexpected circumstances, interpersonal adaptability, training and learning effort, and managing stress. Accordingly, following hypotheses were postulated:

- H<sub>1</sub>:** Distributive justice positively influences employee adaptive performance.
- H<sub>2</sub>:** Procedural justice positively influences employee adaptive performance.
- H<sub>3</sub>:** Interpersonal justice positively influences employee adaptive performance.
- H<sub>4</sub>:** Informational justice positively influences employee adaptive performance.

## **2.12.2 Direct hypotheses Between Justice and Satisfaction Constructs**

### **2.12.2.1 Relationship between DJ and SPA**

In the organizational settings the social exchange relationships have been conceptualized at two levels; first between individual and organization and second between employee and manager (Settoon, Bennett & Liden, 1996). Exchange theory provide basis for relationship between justice perceptions and employee attitudes (Roch & Shanok, 2006). These relationship, may it be economic or social, rest on a belief that aspects of goodwill will be reciprocated in coming times (Blau, 1964).

Distributive justice predicts affective and cognitive reactions toward outcomes (Austin & Walster, 1974). In appraisals, commitment of both, employee and manager is agreed upon concurrently in the event of economic exchange. In case, an employee performs for manager or an organization and explains his expectations about return, this falls within the purview of economical exchange. Distributive justice reflect economic exchange as contractual relationship instead of financial transaction. It deals with justice of rewards/ outcomes and reflects whether second party has met its obligation. More precisely whether ratings of employee is consistent with his input. Thus distributive justice focusing on outcomes has a direct linkage with employee attitudes concerning outcomes (Blau, 1964). This is also in line with findings of Sweeney and McFarlin, (1993) wherein DJ is

more closely related to person specific outcomes including performance appraisal. In the perspective of exchange relationship, Thurston & McNall, (2010), Jawahar, (2007) also suggest that association of employee and his outcome is represented by SPA and proposed DJ relates to SPA.

Konovsky and Cropanzano (1991) have hypothesized justice and job satisfaction relationship, in that they postulated outcome fairness to be predicting job satisfaction. Sweeny and McFarlin (1993) have also noted DJ to be predicting reactions of employees to their rewards. Cohen-Charash and Spector (2001) in their meta-analytic study have looked into DJ relationship with SPA. Suliman (2007) has suggested job satisfaction to be among the most important attitudes that influence employees' behaviour and work outcomes. They postulated relationship between DJ and job satisfaction. Nurak and Riana (2017) have examined the effect of organizational justice on job satisfaction. Ahmed and Sattar (2018) have investigated employees' justice perceptions in the performance appraisal process and its effect on satisfaction with performance appraisal. Based on the above said, the hypothesis between DJ and SPA was developed.

**H<sub>5</sub>:** Distributive justice perceptions positively influences employee's satisfaction with performance appraisal in private sector organizations.

#### **2.12.2.2 Relationship between PJ and SPAS**

Fairness of performance appraisal system is vital because of its linkages to employee attitudes and performance. Thaibaut and Walker (1975) have suggested that employees' perceptions of fairness of procedures used in decision making about their outcomes are critical and matter much to employees. The procedures are seen as fair if employees have degree of control over the process used to decide their outcome, that is when employees can raise their viewpoint and concerns that could affect decisions pertaining to their outcome. Leventhal (1980) have further suggested employee's perceptions of fairness pertaining to the structural components of appraisal procedures to be critical in formation of fairness

perceptions of employees. Employee's perceptions that their appraisal system is correct appropriate and free from bias, are expected to raise level of employee satisfaction (Skarlicki & Folger, 1997). Lind and Tyler (1988) have highlighted that there is a risk of stimulating negative attitudes among employees in organizations where procedural justice concerns are disregarded. Austin and Walster (1974) have suggested employee's cognitive reactions toward their organization to be predicted by PJ. Colquitt et al. (2001, p. 428) have suggested that PJ strongly influences general evaluations of the system.

Cohen-Charash and Spector (2001) furthering this view have pointed out that upon experiencing distributive injustice, employees examine the procedures used by organization to determine their rewards. If employees perceive that procedures used in the process of evaluation of their outcome/reward to be unjust, it would affect their reactions. Hence method and manner used for allocation of rewards is very vital which is the focus of procedural justice theories (Greenberg, 1987).

Social exchange model of Blau, (1964), has been used in the context of OJ to distinguish between procedural and interactional justice by examining their unique relationships with the exchange-relevant outcomes. In the perspective of exchange relationship, Thurston and McNall (2010) and Jawahar (2007) have also suggested association of employee and his organization is represented by SPAS and have proposed that PJ relates to SPA.

Procedural justice predicts attitudinal reactions toward organization (Alexander & Ruderman, 1987). Konovsky and Cropanzano (1991) have hypothesized justice and job satisfaction relationship. Cohen-Charash and Spector (2001) have studied link of PJ with satisfaction. The attitudinal reactions examined by authors included job satisfaction, pay satisfaction, management satisfaction, supervisor satisfaction and satisfaction with performance appraisal. Keeping and Levy (2000) have also tested link of PJ with SPAS.

According to Sweeney and McFarlin (1993) outcomes at the level of organization are better predicted by PJ. Jawahar (2007) have underscored the importance of contextual factor in which appraisal occur as earlier highlighted by (Murphy & Cleveland, 1995). The

author has noted the findings of various researchers and clearly suggests that outcomes at individual level are the subject of DJ whereas outcomes at the system level are the subject of PJ. Accordingly, the author has postulated positive link between PJ and SPAS.

Suliman (2007) have hypothesized link of PJ with satisfaction. Thurston and McNall (2010) have studied the impact of PJ perceptions on SPAS and found positive result. Selvarajan and Cloninger (2012) have also hypothesized justice-satisfaction relationship in that they looked at PJ-SPAS relationship. The link of PJ and SPAS has been also looked into in the Indian banking sector by (Taneja et al., 2015). Norton (2018) has also investigated link of PJ with Satisfaction with performance appraisal. Ahmed and Sattar (2018) have investigated employees' justice perceptions in the appraisal process and its linkage with satisfaction with performance appraisal system. Based on the foregoing following hypothesis was postulated.

**H<sub>6</sub>:** Procedural justice perceptions positively influence satisfaction with performance appraisal system in private sector organizations.

### **2.12.2.3 Relationship between INTJ/ INFJ and SWS**

Supervisors evaluate employee performance and provide feedback and are also directly in touch with employees thus they are central to the performance appraisal process. When supervisors treat their employees fairly and show interpersonal sensitivity and explain the rationale of procedures used in evaluating employee performance and determining rating, it would be instrumental in causing satisfaction of employees with their raters/ supervisors. This has been explicitly covered by agent-system model. Researchers have suggested agent-referenced outcomes to be more strongly influenced by INTJ and INFJ (Bies & Moag, 1986; Colquitt et al., 2001).

Interactional justice predicts attitudinal reaction toward managers and their decisions (Bies & Shapiro, 1987). The social exchange relationship has been applied by researchers to interactional justice wherein it has been highlighted that as interactional justice concerns the actions of manager, therefore, it has linkage to employee attitudes related to interactions with the manager (Masterson et al., 2000). In this perspective, Thurston and McNall (2010) and Jawahar (2007) have proposed relationship of interpersonal and informational justice with SWS.

Cohen-Charash and Spector (2001) have studied relationship of interactional Justice with satisfaction. The attitudinal reactions examined by authors included job satisfaction being a global indicator of satisfaction; pay satisfaction; management satisfaction; SWS and SPA.

Thurston and McNall (2010) have hypothesized employee satisfaction with their supervisor to be influenced by interpersonal and informational justice. The authors found strong positive link of INTJ and INFJ with satisfaction of employees with their supervisor. Positive link between INTJ and rater satisfaction have been also hypothesized by (Taneja et al., 2015). Ahmed and Sattar (2018) have investigated justice perceptions namely INFJ and INTJ of appraisal process and its effect on satisfaction with supervisor. Aforesaid formed the basis of hypotheses of INTJ and INFJ with SWS.

**H<sub>7</sub>:** Interpersonal justice perceptions positively influence satisfaction with supervisor.

**H<sub>8</sub>:** Informational justice perceptions positively influence satisfaction with supervisor.

### **2.12.3 Relationship between Satisfaction and Adaptive Performance**

Lawler (1994) has noted that employee reactions to appraisal process are significant in impacting their performance. According to Lai Wan (2007) satisfaction has been cause of concern for organizations as it has linkage to achievement of organizational objectives. Thus, organizational performance is positively influenced by satisfied employees. Wiese



and Buckley (1998) and Vigoda (1998) have observed employee dissatisfaction with their appraisals to be affecting attitudes thereby impacting employee performance negatively. (Jawahar, 2007; Kacmar et al. 1996; Milkovich & Boudreau, 1997; Palaiologos et al., 2011; Thurston & McNall, 2010).

Although, no study has been found which investigated effect of SPA, SPAS and SWS on employees' adaptive performance, however, researchers have postulated relationship between satisfaction and other three dimensions of performance namely TP, CP and CWB. Selvarajan and Cloninger (2012) have hypothesized relationship of performance appraisal satisfaction with motivation to improve performance. Thurston and McNall (2010) have hypothesized positive link of SPA, SPAS and SWS with performance in that they used OCB constructs to represent employee performance. Suliman (2007) has postulated relationship of job satisfaction with IWP but not including AP. The author has found support for their hypothesis postulating relationship between job satisfaction and performance. Warokka et al. (2012) have studied relationship of justice with performance mediated by performance appraisal satisfaction. The authors have found satisfaction with performance appraisal system to be positively impacting work performance.

Apart from the foregoing, three meta analysis studies pertaining to the relationship of satisfaction and performance have been instrumental in postulating the hypotheses. Among these three meta analytic studies pertaining to the satisfaction-performance debate; Petty, Mcgee and Cavender (1984) found mean corrected correlation of .31 between the job satisfaction and job performance. Iaffaldano and Muchinsky (1985) found an average true score correlation of 0.17 between job satisfaction and job performance. Judge, Thoresen, Bono, and Patton (2001) found the mean true correlation between job satisfaction and job performance to be 0.30.

Fisher (1980) have stated that the intrinsic appeal of the satisfaction-performance relationship may be sufficient to warrant further study. Levy and Williams (2004) also stresses that relationship between performance appraisals reactions, employee attitudes and behaviour needs to be further researched in field settings. Inspired from the above, the

relationships of the three dimensions of satisfaction with employee adaptive performance were hypothesized below for testing in this study.

**H<sub>9</sub>:** Employee satisfaction with performance appraisal is positively related to the adaptive performance.

**H<sub>10</sub>:** Employee satisfaction with performance appraisal system is positively related to the adaptive performance.

**H<sub>11</sub>:** Employee satisfaction with supervisor is positively related to the adaptive performance.

#### **2.12.4 Indirect Relationship between Justice, Satisfaction and AP**

Justice theorist assume that if justice perceptions of the allocations, procedures and social interactions are important to employees, then these perceptions should be related to their attitudinal and behavioral reactions. Organizational justice theory and the social exchange theory are regarded as a dominant framework in describing how justice impact employee attitudes and behaviours (Colquitt et al., 2013). Furthermore, perceptive, affective and behavioral constructs model consistent with organizational adoption model proposed by Hulin et al. (1985) and Organ (1995) proposing that perceptions influence affective/ attitudinal reactions which in-turn effect behaviour is also relevant in this regard. Individual perceptions are related to the affective reactions, and these reactions are related to their behaviors. When satisfaction among employees increases due to justice in appraisal process, positive emotions are experienced by them, this enhanced positive affect further motivate employees and as a result they enhance their performance. When employees are dissatisfied due to injustice in appraisal process, it results into negative emotions and affect thereby employees are demotivated, ultimately reduces their performance.

Employees perform in their organizations and form beliefs about their contributions. When they receive their performance appraisal, their perception of received rating may differ from their belief formed earlier about their input to the organization. Unrealized expectation emerging out of these beliefs leads to discrepancy that results in dissatisfaction. This discrepancy model is aligned with equity theory (Adams, 1963; Homans, 1961) and job attitude formation model (Hulin, 1991). The model highlights that difference between expected and received outcomes drives attitudes and behaviors in performance appraisal process. Besides discrepancy model, in line with the referent cognition theory, justice model suggests that employees re-assess the distributive justice based on their perception about the process used to calculate their reward and interaction with their managers during the enactment of performance appraisal process. They may accept unfair appraisal if they perceive that their appraisal process is fair and interpersonal and informational justice exists. In this scenario, employees change their beliefs about their assessment and they are satisfied with their performance assessment, performance appraisal system and manager (Thurston, 2001; Thurston & McNall, 2010).

The focus of distributive justice is on outcomes, thus it is mainly linked to cognitive, affective and behavioral reactions to particular outcomes (Cohen-Charash & Spector, 2001). The outcome which is not fair impacts emotions of employee (i.e anger or guilt; Weiss, Suckow, & Cropanzano, 1999), cognitions (e.g., input and outcome distortion; Adams, 1965), and behavior (i.e performance). Cohen-Charash and Spector (2001) have highlighted that employee reactions are focused toward their entire organization instead of their task. They described that approach adopted by organizations while allocating resources is represented by procedures that are used for determining allocations by organizations. Procedures followed by organizations in allocation of resources are thus cause of concern for employees. According to social exchange theory, organization are arena for social interactions and transactions where justice is regarded as an important input from organizations or supervisor (Cropanzano & Prehar, 1999; Greenberg & Scott, 1996; Wayne, Shore, & Liden, 1997; Masterson et al., 2000). Therefore, cognitive, affective, and behavioral reactions toward the organization are predicted by/ related to procedural justice. Accordingly, attitudes toward the organization and its authorities that are influenced by

Procedural justice in turn affect employee performance (Brockner & Wiesenfeld, 1996; Greenberg, 1987).

Interpersonal behavior of representatives of organizational management determine interactional justice, therefore, interactional justice (which incorporates interpersonal and informational justice) relate to cognitive, affective, and behavioral reaction of employees toward their supervisors who are representatives of the organizations (Bies & Moag, 1986; Cropanzano & Prehar, 1999; Masterson, Lewis-McClearn, Goldman, & Taylor, 2000). Accordingly, when employees perceive interactional justice, they react positively toward their supervisor and are satisfied with their supervisors. Cohen-Charash and Spector (2001) dwelling on the mechanism of relationship between interactional justice and performance, regarded it to be via employee attitude toward supervisor i.e satisfaction with supervisor leads to enhanced performance.

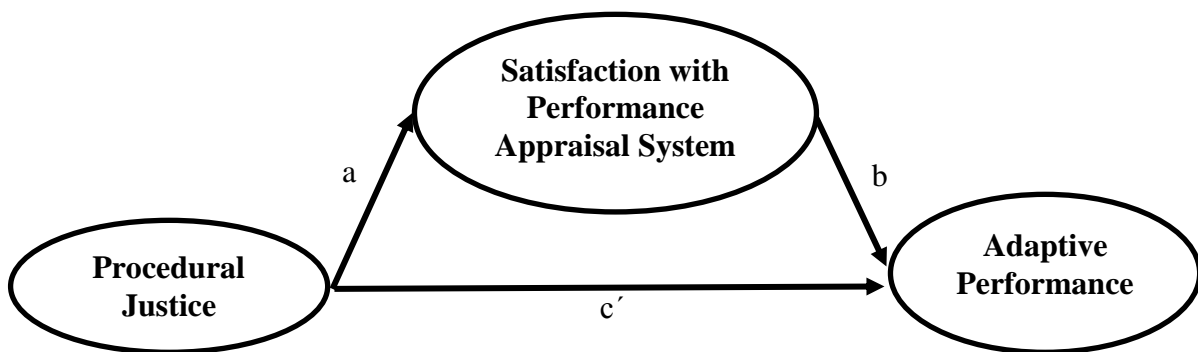
Rupp and Cropanzano, (2002) have suggested social exchange relationships with organization and supervisor mediates the relationship of justice (procedural and interactional) with job performance and OCB. Suliman, (2007) have postulated hypothesis for indirect relationship between justice and performance wherein satisfaction mediated the relationship between justice and performance. Thurston and McNall (2010) have hypothesized indirect relationship between justice and performance, wherein perceptions of PJ were indirectly related to performance i.e organization citizenship behaviour toward organization through SPAS. In-direct relationship between justice and performance has been also hypothesized by authors, wherein perceptions of INFJ and INTJ were indirectly related to organization citizenship behaviour toward supervisor through SWS. Warokka et al (2012) have hypothesized relationship between organizational justice in performance appraisals i.e DJ, PJ and Interactional Justice and employee performance mediated by performance appraisal satisfaction. Colquitt et al. (2013) have hypothesized that justice and reciprocate behaviors (task performance, OCB, CWB) relationship is mediated by social exchange quality. Xerri, (2014) has hypothesized that justice (procedural and interactional) indirectly influences performance (innovative behaviour) through satisfaction (job satisfaction). Based on the foregoing following indirect hypotheses are postulated

**H<sub>12</sub>:** A positive relationship between distributive justice and employee adaptive performance is mediated through satisfaction with the performance appraisal.



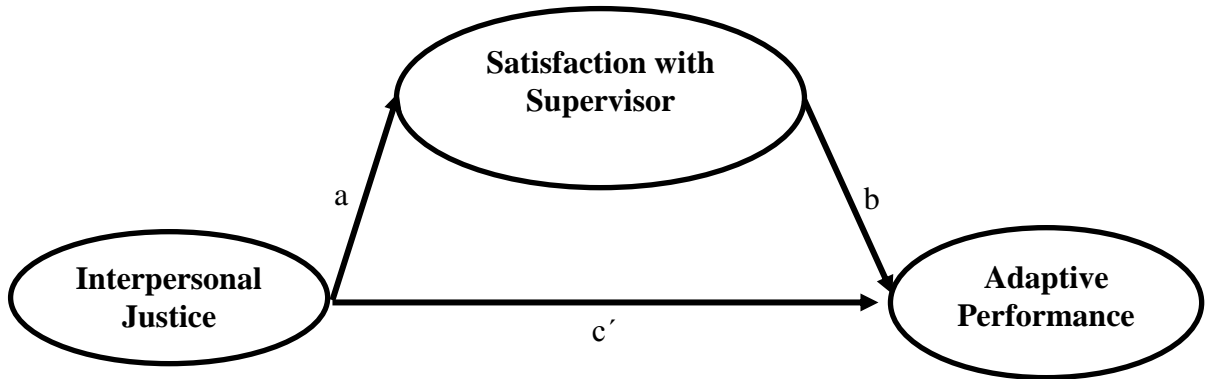
**Figure 2.1** Relationship between DJ and AP as mediated by SPA

**H<sub>13</sub>:** A positive relationship between procedural justice and employee adaptive performance is mediated through satisfaction with the performance appraisal system.



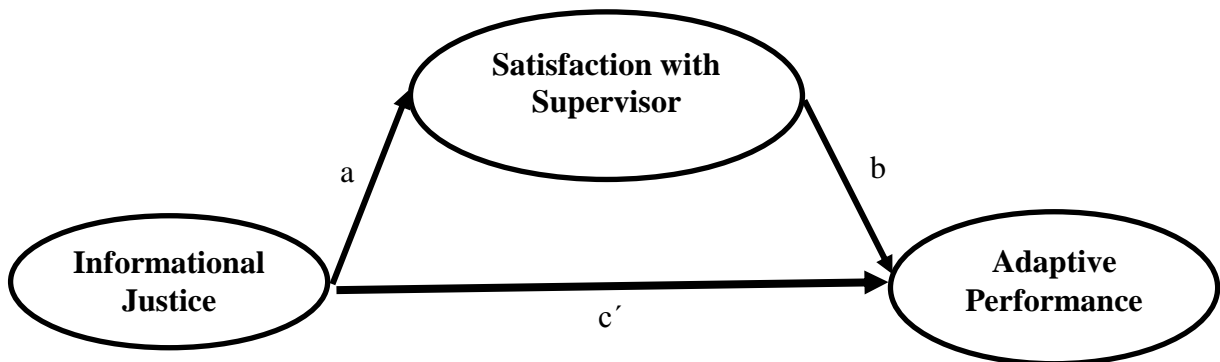
**Figure 2.2** Relationship between PJ and AP as mediated by SPAS

**H<sub>14</sub>:** A positive relationship between interpersonal justice perceptions and employee adaptive performance is mediated through satisfaction with the supervisor.



**Figure 2.3** Relationship between INTJ and AP as mediated by SWS

**H<sub>15</sub>:** A positive relationship between informational justice perceptions and employee adaptive performance is mediated through satisfaction with the supervisor.

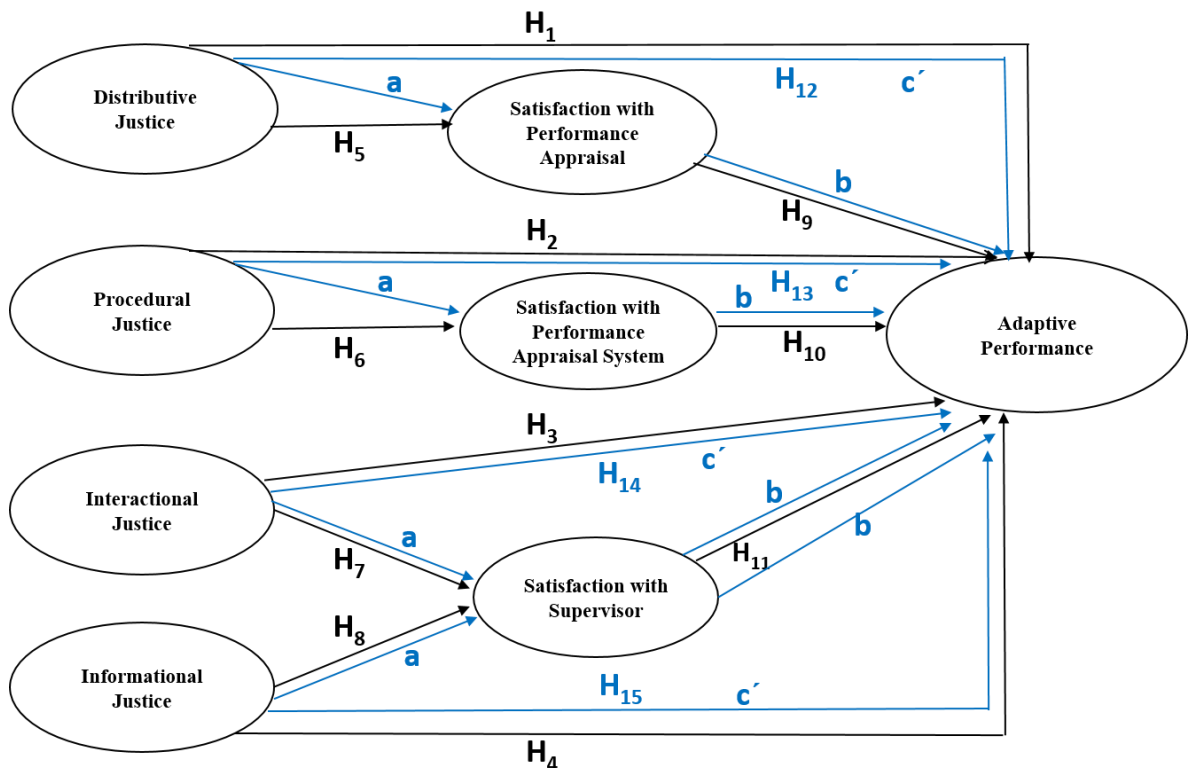


**Figure 2.4** Relationship between INFJ and AP as mediated by SWS

### 2.13 Theoretical framework

The theoretical framework was developed based on the stipulations of organizational justice theory, social exchange theory and perceptible, affective and behavioral constructs

model consistent with organizational adoption model proposed by Hulin et al. (1985) and Organ (1995), proposing that perceptions influence affective/ attitudinal reactions which in-turn effect behaviour. Three classes of variables were included in the theoretical framework which were categorized as independent, mediating and dependent variables. Justice dimensions namely DJ, PJ, INTJ and INFJ were taken as independent variables. Satisfaction pertaining to appraisal process namely SPA, SPAS and SWS were mediating variables. Adaptive performance was the dependent variable. Figure 2.5 depicting theoretical framework show direct linkages between dimensions of justice and adaptive performance i.e. linkage between DJ and AP, PJ and AP, INTJ and AP, INF and AP. It also reflect direct paths between justice dimensions and satisfaction constructs i.e. DJ and SPA, PJ and SPAS, INTJ and SWS, INFJ and SWS. Direct linkage of satisfaction constructs with adaptive performance is also depicted in the research model namely SPA and AP, SPAS and AP, SWS and AP. Paths between these variables, investigated in this research study, are illustrated in the Figure 2.5.



**Figure 2.5 Theoretical Framework**

**Table 2.2** Constructs Representing Variables

<b>Variable</b>	<b>Constructs</b>
<b>Distributive Justice (DJ)</b>	Accuracy of Assessment/ Rating based on equity ( <b>AOA</b> )
	Concern Over Assessment/Rating not based on politics ( <b>COA</b> )
<b>Procedural Justice (PJ)</b>	Performance Planning/ Setting performance expectations ( <b>PP</b> )
	Rater Confidence/ Assigning raters ( <b>RC</b> )
	Seeking Appeals ( <b>SA</b> )
<b>Interpersonal Justice (INTJ)</b>	Treatment by Manager ( <b>TBM</b> )
	Sensitivity in Supervision ( <b>SIS</b> )
<b>Informational Justice (INFJ)</b>	Clarifying Expectations and Standards ( <b>CES</b> )
	Providing Feedback ( <b>FB</b> )
	Explaining Rating Decisions ( <b>ERD</b> )
<b>Satisfaction</b>	Satisfaction with Performance Appraisal ( <b>SPA</b> )
	Satisfaction with Performance Appraisal System ( <b>SPAS</b> )
	Satisfaction with Supervisor ( <b>SWS</b> )
<b>Performance</b>	Adaptive Performance ( <b>AP</b> )

## 2.14 Operational Definitions

### 2.14.1 Operational Definition of Independent Variable (OJ)

According to Greenberg (1980) fairness at work is referred to as organizational justice. Shalhoop (2003) argued that justice primarily represented perceptions of employees regarding experience of fair treatment either from organizations or from organizational agents. Greenberg (1993) proposed organizational justice to be composed of four-factors, which was later confirmed in the West by other researchers (Colquitt et al. 2001; Thurston & McNall, 2010). Based on the said model, four dimensions of justice namely DJ, PJ, INTJ and INFJ were adopted to represent organizational justice.



### **2.14.1.1 Distributive Justice (DJ)**

Distributive justice is fairness perception of the employees' performance appraisal or rating. Employees' perceptions related to their reward/ outcome reflect distributive justice. DJ is basically outcome fairness as perceived by employees that their received outcome is consistent with their input in comparison with other employees (Adams, 1965; Greenberg, 1990; Homans, 1961).

The performance assessment or rating which an employee receives is usually used as a basis for numerous decisions in organizations for administrative or developmental purposes. Apart from this, within the perspective of performance appraisal process, rating is also regarded as an outcome in itself. With regard to the distributive justice aspect of performance appraisal, when performance appraisal/rating is considered as an outcome; decision norms (equity) and rater's personal objectives (conflict avoidance, receiving personal favors, motivating employee, teaching employee) are two associated structural forces. When employees receive distributions that structurally conform to prevalent social norms e.g. equity they consider these distributions to be fair (Thurston & McNall, 2010). In this purview, the construct, Accuracy of Assessment (AOA) as proposed by the Thurston and McNall (2010) has been used as first construct for investigating distributive justice perceptions of employees. The AOA construct included items like "appraisal is effort based" and "My assessment reflects how well I do my work".

With regard to the second structural force linked to distributive justice in performance appraisal, Thurston and McNall (2010) have pointed out personal goals of the rater to be influencing employees' perceptions of fairness of their rating or outcome. They have suggested that rating may be viewed as fair, when employees perceives their manager to be struggling to enhance their performance or is trying to raise their motivation level. On the other hand, if manager's goals are conflict avoidance, favoritism and politics, these may not be perceived as fair by employees. Thurston (2001) have also highlighted that culture, prevalent values, norms and political pressures in an organization might be instrumental in influencing rater while allocating ratings to employees in that rater may allocate ratings contrary to the prevalent equity norms. These ratings could be perceived as unfair by

employees. The aforesaid is covered under the construct Concern over Assessment (COA). The items in this construct had been based on studies of (Thurston 2001; Tziner, Prince, & Murphy, 1997; Walsh, 2003; Thurston & McNall, 2010). Items in the construct included “The performance assessment standards are applied consistently across all employees” and “Assessments are not based on person’s status or personality”.

#### **2.14.1.2 Procedural Justice (PJ)**

Procedural justice is fairness of the process by following which employee performance appraisal or rating outcomes is achieved. Thaibaut and Walker, (1975) and Leventhal (1980) first suggested that employees’ perceptions regarding fairness of the procedures, followed to arrive at a decision, are important. Justice in the procedures used to determine employee ratings/ outcome is referred to as PJ. These procedures might be followed while planning performance, assignment of rater, evaluation of performance or while providing feedback.

Employees’ fairness perceptions pertaining to structural components of procedures followed during process of performance appraisal have been subject of PJ (Leventhal, 1980). It reflects the way decisions pertaining to the outcomes are made in the organizations. Thurston and McNall (2010) have stipulated that procedures involved in Planning of Performance (PP), Rater Confidence i.e. Assignment of Raters (RC), and Seeking of Appeals (SA) by the employees have been noticeable in the research on performance appraisals.

The significance of construct PP i.e. setting performance criteria/expectations have been also underscored by (Folger et al., 1992; Taylor et al., 1995). Thurston (2001) and Thurston and McNall (2010) proposed PP construct reflecting PJ has been employed in study. Items in this construct included “My performance expectations/objectives measure what I really do for the organization” and “I understand each of my performance objectives at the start of the reporting period”.

With regard to RC, researchers have established that employee' fairness perceptions of performance appraisals and accuracy in appraisals is influenced by procedures involved in the assignment of raters. These are also affected by assignment of rater who is informed of his subordinate's job and performance in addition to having familiarity and awareness of performance appraisal system (Landy et al., 1978; Klasson et al., 1980; Murphy & Cleveland, 1991; Tang & Sarsfield-Baldwin, 1996; Thurston & McNall, 2010). Accordingly, RC representing assignment of rater construct has been second aspect of the PJ. The items measuring the construct included e.g. "Manager understands the requirements and difficulties of my work".

Alexander and Ruderman (1987) have worked on appeal procedures and have established it to be linked positively to evaluation of supervisors, trust in management and job satisfaction. Various other researchers have considered freedom of employees to launch an appeal against appraisal that is not fair, accurate or is biased to be very vital in formation of employee's procedural fairness perceptions (Thurston & McNall, 2010). Accordingly, SA represented PJ. Items representing the construct are "I can get a fair review of my appraisal if I request for it" and "Process to appeal against appraisal is available".

### **2.14.1.3 Interpersonal Justice (INTJ)**

Interpersonal justice is fairness perceptions of the way manager treat employees during the enactment of performance appraisal process. Treatment received by employees during enactment of performance appraisal process represents INTJ (Bies & Moag, 1986; Bies & Shapiro; 1987; Greenberg, 1993). Interpersonal justice perceptions of employees are influenced by nature of treatment they receive from their managers during the process of performance appraisal. Respect shown by manager during enactment of performance appraisal is instrumental in this regard (Bies & Moag, 1986; Greenberg, 1993). Greenberg (1986) has found that sensitivity shown by the supervisors and other organizational agents highly influence employees. Especially expression of regret i.e. apologies and other expressions of guilt shown by the managers alleviated employees' unfairness perceptions.

Accordingly, TBM and SIS have been represented this dimension of organizational justice (Bies & Moag, 1986; Thurston & McNall, 2010). The items in the TBM construct include “Manager is almost always polite and is rarely rude” and “Was given sufficient opportunity to respond to my supervisor’s assessment”. Whereas the items of SIS construct are “My Manager does not invade my privacy” and “My Manager shows concern for my rights as an employee”.

#### **2.14.1.4 Informational Justice (INFJ)**

Informational justice is fairness perception of the information provided by the manager during the enactment of performance appraisal process. The procedural explanations for why something occurred or reasoning given for certain procedure followed or for distribution of outcome in some way is the perspective of INFJ (Bies & Moag, 1986; Bies & Shapiro, 1987; Greenberg, 1993). Informational justice perceptions are socially constructed phenomenon which relate to the events that occur prior to outcome determination. It is similar to that of PJ perceptions, however, it is socially constructed unlike PJ which is structurally determined aspect. The INFJ focuses on managerial explanations as to why certain procedures were adopted during the performance appraisal process. The employees’ perceptions in this context are formed due to the result of information exchange quality between manager and an employee (Thibaut & Walker, 1975; Bies & Moag, 1986; Greenberg, 1986; Bies & Shapiro, 1987). The information explaining and justifying use of certain procedures for determining the employee rating/ outcome may be factual, frank and rational. Three constructs which served as a basis of employees’ informational justice perceptions are CES, FB and ERD (Thurston & McNall, 2010).

The items in which clear explanations of manager regarding “standards that will be used to evaluate employee work” and “what he or she expects of his performance” have been included in the CES construct. The items “My manager frequently informs me how I am doing” and “My manager lets me know how I can improve my performance” have been included in FB construct. Lastly the ERD construct have items e.g. “My manager gives me

clear and real examples to justify his appraisal of my work” and “My manager lets me ask him or her questions about my performance appraisal”.

### **2.14.3 Operational Definition of Dependent Variable (AP)**

AP is performance demonstrated by employees in adjusting behaviour to changing situations at work (Hesketh & Neal, 1999; Pulakos et al., 2000; Griffin et al., 2007). It includes “dealing with uncertain or unpredictable work situations, handling emergencies or crisis situations, solving problems creatively, handling work stress, learning new tasks, technologies and procedures, demonstrating interpersonal adaptability, demonstrating cultural adaptability, and demonstrating physically oriented adaptability” (Pulakos et al., 2000). However, Charbonnier-Voirin and Roussel (2012) found Creativity, Reactivity in the Face of Emergencies or Unexpected Circumstances, Interpersonal Adaptability, Training and Learning Effort, and Managing Stress to represent AP. These have been used to represent AP in this study. The items used to measure AP included “I do not hesitate to go against established ideas and propose an innovative solution” and “I willingly adapt my behaviour whenever I need to in order to work well with others”.

### **2.15 Summary**

Performance appraisal remains the one of the most important human resource practice. Despite of importance of performance appraisal process, its effectiveness in impacting attitudes and behaviours has been questioned by researchers and practitioners both. In this perspective, initial research concentrated on individual aspects of the process (i.e. psychometric and political) through utility and quantitative criteria and the entire appraisal process has been seen limitedly in organizational context. In the recent past, researchers have endeavored to look into the appraisal process using qualitative criteria. However, use of organizational justice (four-factor model) in impacting employee AP has not attracted due attention of researchers.

The main focus of performance appraisals must be evaluation of employees' adaptive performance. The adaptive performance is linked to employees' satisfaction; whereby the employees' satisfaction is associated with justice perceptions of employees. The concept has been primarily viewed through the lens of organizational justice theory, social exchange theory and perceptual-affective-behavioral organization adoption model.

Literature review on performance, employee reactions i.e. justice and satisfaction, organizational justice theory and social exchange theory along with account of research conducted on the subject depicting gap led to hypothesis postulation and theoretical framework that guided conduct of further research. The theoretical framework helped understand linkages between employees' justice perceptions, satisfaction and adaptive performance in the perspective of performance appraisal process. The theoretical framework depicted that employees adaptive performance is dependent on their satisfaction with various facets of appraisal process which in-turn is caused by justice constructs.

Four hypotheses (H<sub>1</sub> to H<sub>4</sub>) have depicted direct relationship of justice dimensions namely DJ, PJ, INTJ and INFJ with AP. Relationships between justice and satisfaction constructs have been hypothesized by postulating four hypotheses (H<sub>5</sub> to H<sub>8</sub>) i.e between DJ and SPA; PJ and SPAS; INTTJ & INFJ and SWS. For linkage of satisfaction constructs with AP, three hypotheses (H<sub>9</sub> to H<sub>11</sub>) have been postulated i.e between SPA and AP; SPAS and AP; INTJ and AP and INFJ and AP. Hypotheses 12 to 15 (H<sub>12</sub> to H<sub>15</sub>) have been postulated for mediating relationships i.e relationships of DJ and AP mediated by SPA, PJ and AP mediated by SPAS, INTJ and AP mediated by SWS, and lastly INFJ and AP mediated by SWS.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The account of methodology followed for conduct of this study, in particular testing of hypotheses is purview of this chapter. Research methodology including research design, ethical and access aspects, sampling, survey instrument, data collection and data analysis methods etc. are discussed in this chapter. Contribution of this chapter to the study can be seen in the provision of description of detailed process by following which research was conducted.

#### **3.2 Research Design**

##### **3.2.1 Quantitative Research**

Constructs representing organizational justice (distributive justice, procedural justice, interpersonal justice and informational justice), satisfaction with performance appraisal (satisfaction with performance appraisal, satisfaction with performance appraisal system and satisfaction with supervisor) and adaptive performance are not new. All these variable were available. These had been tested in different contexts and in different combinations utilizing different theories, particularly in the developed countries. Thus the purpose of research was not “what” question i.e discovering ideas, rather this study presents

relationship between these constructs followed by hypotheses testing, therefore, quantitative research was more apt.

Furthermore, review of literature highlighted prevalence of quantitative studies in existing paradigm specifically in the domain of performance appraisal process across the globe. Review of relevant literature pertaining to Pakistani context also showed that majority of researches are in the quantitative domain. Thus account of studies clearly indicated that quantitative research had been adopted in majority of studies with the exception of few. More importantly, research questions of this study dictated conduct of quantitative study, therefore, quantitative research was done.

### **3.2.2 Research Philosophy – Positivist**

The focus of this research was objective analysis, discovering, confirming and connecting causal law to predict behavior, human activity and events i.e. justice perception causing employee adaptive performance as mediated by satisfaction. Therefore, research philosophy for this study was positivist. Furthermore, positivist research philosophy also correspond to quantitative study, therefore, conduct of quantitative study also justified positivist philosophy for the study.

### **3.2.3 Research Approach – Deductive**

This study explains causal relationship between justice, satisfaction and performance. Organizational justice theory, equity theory, social exchange theory, and performance appraisal theory had been already developed. Based on these it was theorized that organizational justice is instrumental in impacting the employees' adaptive performance through the mediation of satisfaction constructs. The variables had already existed which were adopted for theory testing in the Pakistani context. Hypotheses were postulated and



study design was framed to test the hypotheses wherein there was search to explain causal relationship between variables. This all corresponded to deductive approach. Additionally, positivist research philosophy of study also dictated use of deductive approach. Hence, deductive approach was employed for the study.

### **3.2.4 Research Strategy – Survey**

The study was based on positivist research philosophy and employed deductive approach thus survey research strategy was considered most appropriate. Researchers' arguments about surveys that its information is basically statistical also supported use of survey strategy in the study. Apart from this, methodological review of previous studies on appraisal effectiveness also justified use of survey research strategy. It also allowed collection of quantitative data that was subsequently analyzed using descriptive and inferential statistics. Other secondary dictates of using survey questionnaire included collection of data from a large sample economically, the data collected was standardized, and comparison was easy. It also allowed enhanced control over the process of research.

With regard to the data collection many methods were available. Saunders et al. (2009) found questionnaire to be the most often used technique for data collection in business and management research. Further Sekaran (2003) and Dillman (2007) suggested use of questionnaire for collecting data pertaining to opinion, behavioural and attribute variables. Benefits of using self-administered questionnaires included completed questionnaires could be collected in shorter timeframe, explanations/ clarifications required by respondents could be addressed, topic and variables could be introduced to respondents, researcher might be able to inspire respondents to render their candid and honest replies (Sekaran, 2003). Therefore, use of self-administered questionnaires was more suitable for the study.

### **3.2.5 Time-Horizon of the Study - Cross Sectional**

This study required information gathering just after appraisals were conducted so that respondents memories were fresh and that their perceptions were not changed since their appraisal, therefore, data was been collected just once that too soon after respondents' appraisals. This was not possible through longitudinal time horizon as employee perceptions could have changed while studying the phenomenon over period of time. In view of this, cross sectional time horizon that also corresponded to quantitative study design was more suited option.

### **3.2.6 Data Collection Method**

Data pertaining to employees' justice perceptions of their performance appraisal process, their satisfaction level with various facets of appraisal process and level of their adaptive performance was neither matter of public record nor readily available. Therefore, primary method of data collection was used for this study.

The questionnaire had four parts and respondents were asked to respond as a ratee while responding to questionnaires. Part one of the questionnaire measured employees' justice perceptions. Part two of questionnaire measured reactions of employees in that it measured satisfaction constructs. Part three of the questionnaire measured employees' adaptive performance. Last part collected information on demographics.

Recommendations of Saunders et al. (2009) were implemented, to maximize response rate and cater for the issue of social desirability bias, in that questions were carefully designed, effort was made to keep arrangement of questionnaire vibrant and attractive, purpose of the questionnaire was enumerated at the front page of questionnaire, and it was administered after thorough and careful planning.

Covering letters, duly incorporating the aspects of informed consent accompanied the questionnaires to persuade respondents to fill and return the questionnaires. Once questionnaires were made ready, management of organizations/ head of departments were contacted for access to their respective organization with regard to participation in study. The meetings were then arranged in the organizations to handover questionnaires to focal persons and to employees/ respondents, where authorized by management of the organizations. Focal persons and respondents were informed about study objectives and were ensured that their identity would not be disclosed. Large number, (approximately more than 100), of drop boxes were arranged for placing at various locations in the organizations for return of filled questionnaires. Effort was basically to maintain anonymity of the respondents and to avoid interaction between respondents and focal persons, after focal persons/ managers had explained study objectives to the respondents and had handed over the questionnaires to them. Number of times organizations were visited to collect the filled in questionnaires and to replenish the drop boxes. Most of the times organizations were visited thrice in a week for collection of questionnaires and to address respondents' queries pertaining to the questionnaires. The aforementioned measures apart from catering for the issue of social desirability bias resulted in high response rate.

Five-point Likert-type scale is most common approach used for scaling employee responses in survey based research. Based on the recommendations of Zikmund et al. (2014), Likert Scale being simple to manage and extremely popular in business research, was used to measure response of respondents to questions. Accordingly, five-point Likert scale from 1 to 5, representing strongly disagree to strongly agree was used.

### **3.3 Ethics Issues**

Ethics involve pertinence of behaviour of researcher in relation to right of respondents or those who are affected by the research. Issues that affect research process generally include "privacy of participants, voluntary nature of participation, right to withdraw partially or completely from the process, consent of participant, maintenance of

confidentiality of data provided by individuals or identifiable participants and their anonymity, reactions of participants to the way in which researcher seek to collect data, effects on participants of way in which you use, analyze and report data, and behaviour and objectivity of researcher” (Saunders et al., 2009, p. 149).

According to Zikmund et al. (2014) research involve interactions between individuals and these interactions entail ethical issues. Hence, for research to provide best results, entities involved in research are to act ethically. The ethics of survey research dictate that respondents must voluntarily answer questions for which informed consent “the individual understands what the researchers wants him or her to do and consents to the research study” is paramount. Once informed consent has been obtained from respondents, it becomes research respondent obligation to be truthful in providing answers to questions. While it is expected out of respondent to be truthful, it is responsibility of researcher to maintain confidentiality of respondent. This is because of the fact that once respondents are sure of their confidentiality than they are at ease for rendering truthful responses. Thus confidentiality is an instrument for truthful response. The ethical issues with respect to researchers involve that they must ensure that they have accurate data, they may not endeavor to prove their point intentionally and they may not misrepresent study results.

Therefore, in order to achieve truthful response and to address above mentioned ethical issues, informed consent was obtained. It was informed to the respondents that participation in study would be purely for academic purposes. Furthermore, their participation was completely voluntary and would be kept confidential/ anonymous. They were well informed that option to withdraw from study is always available at any time as per their desire. Privacy of respondents was not invaded while probing into beliefs, backgrounds, and behaviour that reveal intimate private details.

### **3.4 Access Issues**

It was anticipated that organizations or individuals might hesitate to participate in the study being extra activity due to scarcity of time and resources. Furthermore, organizations

might find itself in a difficult situation owing to external events. However, to tackle these issues many recommended strategies were adopted to gain access. Sufficient time was allowed for the research. Use of existing contacts was made and efforts were also made to develop new contacts through networking. Purpose of study was made explicit and amount of access needed was clearly briefed. Efforts were made to overcome organizational concerns in order to ensure access for the study especially in the wake of security concerns in prevalent environment. Use of suitable language was made while requesting access and organizations were facilitated with regard to ease of reply when requesting access. Apart from ongoing access was made incrementally while establishing credibility.

After grant of access from the organizations contact point was earmarked. These were mostly HR/ Operations managers of the organizations. Detailed briefings were given to these managers and employees regarding study objectives and how to fill the questionnaire. These managers also helped circulate questionnaires and collect the same from their respective organizations.

### **3.5 Measurement – Standardized Instrument**

Measurement of employees' justice perceptions of appraisal process, ascertaining employees' satisfaction level in the perspective of their performance appraisal process and employees' performance level in their respective organizations was among the study objectives. Accordingly, employees' perceptions of justice constructs, satisfaction constructs and adaptive performance were investigated by use of corresponding constructs. Standardized measurement instruments were used in this study. For measurement of justice perceptions of employees questionnaire developed by Thurston (2001) and Thurston and McNall (2010) was adopted. For constructs representing satisfaction with facets of performance appraisal process questionnaire developed by Walsh (2003) was adopted. With regard to adaptive performance, instrument developed by Charbonnier-Voirin and Roussel (2012) was adopted.

**Table 3.1** Constructs of the Study and Items

<b>Constructs (Items)</b>	<b>Items</b>
Performance Planning/ Setting Performance Expectations	Appraisal procedures ensures that performance objectives are set at start of reporting period, performance standards measure what I really do for the organization, performance objectives reflect the most important factors in my job, procedures make sure my involvement in setting performance standards, allows performance standards to be changed if my work changes (Thurston, 2001; Thurston & McNall, 2010).
Assigning Raters/ Rater Confidence	I am assigned a manager who is qualified to evaluate my work, knows what I am supposed to be do, understands the necessities and difficulties of my work, is accustomed with the assessment procedures and knows how to evaluate my performance (Thurston, 2001; Thurston & McNall, 2010).
Clarifying Expectations	Manager explains me what he or she with regard to my performance, standards that will be used to evaluate my work and how I can improve my performance. My manager gives me chance to question how I should achieve my work objectives and regularly explains to me what he or she expects of my performance (Thurston, 2001; Thurston & McNall, 2010).
Providing Feedback	Manager frequently informs me how I am doing, gives me information that I can use to improve performance, gives me critical feedback in a constructive manner, reviews with me the progress I have made towards my objectives and lets me know how I can improve my performance (Thurston, 2001; Thurston & McNall, 2010).
Rating based on Equity/ Accuracy of Assessments	My assessment reflects how much work I do, how well I do my work, ways I have contributed to the organization, my responsibilities at work place and efforts which I put into the job (Thurston, 2001; Thurston & McNall, 2010).
Explaining Rating Decisions	My manager helps me to understand the process used to evaluate my performance, takes the time to explain decisions that concern me, lets me ask him or her questions about my appraisal, and gives me clear and real examples to justify his appraisal of my work. My manager helps me understand what I need to do to improve my performance (Thurston, 2001; Thurston & McNall, 2010).
Seeking Appeals	I have ways to appeal a performance appraisal that I think is biased or inaccurate. I can get a fair review of my performance appraisal if I request for it and challenge a performance appraisal if I think it is unfair. My performance appraisal can be changed if I can show that it is incorrect or unfair. A process to appeal against appraisal is available to me anytime if I may need it (Thurston, 2001; Thurston & McNall, 2010).
Ratings Not Based on Politics/Concern Over Assessment	My manager gives me assessment that I earn even if it might upset me. Manager do not give me higher assessment to avoid bad feelings among employees. My assessment is not higher than one I would earn based on my contributions and is not based on my status. The assessment is result of my manager applying standards consistently across employees without pressure and prejudice (Thurston, 2001; Thurston & McNall, 2010).
Treatment by Manager	My manager is almost always polite, is rarely rude to me and treats me with respect and dignity. I was given sufficient time to prepare for my assessment interview (Thurston, 2001; Thurston & McNall, 2010).
Sensitivity in Supervision	My manager does not invade my privacy, is sensitive to my feelings, treats me with kindness, shows concern for my rights as an employee and does not make hurtful statements about me (Thurston, 2001; Thurston & McNall, 2010).
Satisfaction with Performance Appraisal	I am satisfied with may last performance rating, my most recent performance rating was fair, it reflected how I did on the job and it was pretty accurate (Walsh, 2003).
Satisfaction with Performance Appraisal System	Organization has an excellent performance appraisal system, I am satisfied with the way the performance appraisal system is used to set my performance expectations for each assessment period, am satisfied with the system used to evaluate and rate my performance. The performance appraisal has helped me to improve my job performance (Walsh, 2003).

Satisfaction with Supervisor	I am satisfied with the amount of support and guidance from my supervisor, am satisfied with quality of supervision, have a good and competent supervisor who takes the appraisal system and process seriously (Walsh, 2003).
Adaptive Performance	I do not hesitate to go against established ideas and propose an innovative solution. Within my department people rely on me to suggest new solutions. I use variety of sources/types of information to come up with an innovative solution and develop new tools and methods to resolve new problems. I am able to completely understand the situation to act quickly, quickly decide on the actions to take to resolve problems. I easily reorganize my work to adapt to the new circumstances. Developing good relationships with all my counterparts is an important factor of my effectiveness, I try to understand the viewpoints of my counterparts to improve my interaction with them, I learn new ways to do my job better in order to collaborate with such people, I willingly adapt my behaviour whenever I need to in order to work well with others. I undergo training on a regular basis to keep my competencies up to date, I am on the lookout for the latest innovations in my job to improve the way I work. I look for every opportunity that enables me to improve my performance, I prepare for change by participating in every project or assignment that enables me to do so. I keep my cool in situations where I am required to make many decisions, I look for solutions by having a calm discussion with colleagues, My colleagues ask for my advice regularly when situations are difficult because of my self-control (Charbonnier-Viorin & Roussel, 2012).

### 3.6 Face and Content validity

The face validity establishes that “a scale logically reflects the concepts being measured” whereas the content validity establishes that “measures cover the domain of interest”. Therefore, experts from various domains i.e. academia and industry HR managers were approached to help establish the face and content validity in order to ascertain that items represented corresponding constructs (Netemeyer, Bearden, & Sharma, 2003). In this context the measurement instrument was deliberated with/ handed over to two professors of Bahria University, Islamabad campus and four managers from telecom and banking sector each for their feedback on items’ grammar, clarity, spellings, structure, font-size and whether the items were relevant in measurement of what these were meant to measure. Lastly, whether respondents would be able to comprehend the items (Oluwatayo, 2012). For the said purpose, the experts were asked to mark the favorable items as “Yes” and unfavorable items as “No”.

Cohen's Kappa Index (CKI) by Cohen (2013) for establishing face validity of the questionnaire and Content Validity Index (CVI) for establishing content validity of the questionnaire were available (Lynn, 1986). However, measure of percentage was used for ascertaining the level of agreement between the experts (Bowling, 2009). For face validity, in a panel of 10 experts, agreement of 80% depicted that item(s) met the criteria and required no change. Similarly, for content validity, in a panel of 10 experts, agreement of 80% depicted that item(s) belonged to thematic domain, did not reflect objectivity and appropriateness concerns and were relevant to the concept being investigated. Thus eight out of ten experts were to agree for the item to be included in the final questionnaire. Content validity criteria of Oluwatayo, (2012) employed for the purpose of this study is placed at Appendix-II.

### 3.7 Reliability - Pilot Survey

The most commonly used indicator for reliability of multi-item scale is Cronbach's Coefficient alpha ( $\alpha$ ). Its value range is 0 to 1, where 1 indicate entirely consistent and 0 show inconsistency. The values from 0.80 – 0.95 represent very good reliability, 0.7 – 0.8 represent good reliability, 0.6-0.7 represent fair reliability and the values below 0.6 depict poor reliability (Hulin, Netemeyer, & Cudeck, 2001). Accordingly, 50 employees from select organizations were pilot surveyed in order to assess instrument reliability, after the establishment of face and content validity. All the scales had reliabilities more than 0.70. The results of reliability analysis are shown in Table 3.2.

**Table 3.2:** Construct reliability

<b>Construct</b>	<b>Cronbach's Coefficient (<math>\alpha</math>)</b>
PP	.981
RC	.986
SA	.983
AOA	.755
<b>Construct</b>	<b>Cronbach's Coefficient (<math>\alpha</math>)</b>
COA	.775
FB	.931



CES	.962
ERD	.903
TBM	.905
SIS	.844
SPA	.868
SPAS	.750
SWS	.936
AP	.993

### 3.8 Unit of Analysis

The level at which data is aggregated during analysis stage is referred to as unit of analysis and is determined by study research question (Sekaran, 2003). The unit of analysis specifies “what or who should provide the data and at what level of aggregation” (Zikmund et al., 2014). Accordingly, individual employees in organizations who had their performance appraised in last one year were the unit of analysis.

### 3.9 Sampling

Business researchers are always bounded by time, budget and access constraints. These constraints do not allow them to go for census. Therefore, researchers are to rely on sampling i.e. selection of smaller/ limited number of population elements (Zikmund et al., 2014; Saunders et al., 2009). When a researcher decides to go for sampling, determination of target population takes precedence. For this study data collection was not possible from entire population, therefore, sampling was undertaken. All the private sector telecom organizations (Mobilink, Warid, Zong, Telenor and Ufone) were selected for the purpose of this study. With regard to banking sector organizations, there were 22 private sector banks available for this study. Among these 22 private banks, five major competitors (ABL, HBL, MCB, UBL and Alfalah) that made up around 57% of deposits and 53% of advance in the economy were chosen for the purpose of this study being the largest banks. Accordingly, the banks were listed down and five major banks (selected on the basis of asset based

criteria and contribution to national economy) were considered for the purpose of this study. Furthermore, for the purpose of geographical similarity, the organizational setup of these organizations in Rawalpindi and Islamabad area was targeted.

Thus management of five major private banks and all private sector telecom sector organizations at Islamabad and Rawalpindi was approached who agreed to participate in this study, provided their identity is kept anonymous. Permanent employees of these organizations who underwent appraisal in the last one year were target population for the study. Data of respondents provided by HR departments helped develop sampling frame. The probability sampling being associated with survey based research was to be adopted for selection of samples for the study (Saunders et al., 2009, p. 171). According to Neuman (2006) time, cost and accuracy are also major factors that influence selection of sampling technique. As face to face contact was not requirement for research and there were no clusters and strata, simple random sampling technique was to be employed for study (Saunders et al., 2009, p. 179). The contact persons in telecom and banking sector organization shared list of members of population and sample was earmarked utilizing simple random number tables. Questionnaires were handed over to these contact persons for onward distribution to the respondents. Thus, practically convenience sampling was resorted to.

Recommendations of Saunders et al. (2009) led to calculation of minimum sample size for the study. 95% is recommended normal certainty level at which researchers work, this level of confidence represent precision of population estimates. 3% margin of error which describe precision of estimates was used to calculate minimum sample size. For the population of 8000 (data provided by the HR departments of the organizations surveyed; banking sector organizations population 5100 and telecom sector organizations population 2900) at 95% level of certainty and 3% margin of error, the minimum sample size was 930. Saunders et al. (2009) recommended undermentioned formula was then used for calculation of actual sample size.

$$n^a = \frac{n \times 100}{\text{re\% (Estimated response rate)}}$$

Where

$n^a$  = actual sample size

$n$  = minimum (or adjusted minimum) sample size

$$n^a = \frac{930 \times 100}{94.5} = 981$$

Saunders et al. (2009) had noted that while collecting primary data, there can be considerable variation in response rate. Researchers had reported various response rates for questionnaire surveys during their researches. Willimack et al. (2002) and Saunders et al. (2009) reported it to be 50 to 60% and 41 to 100%, respectively. Saunders et al. (2009) suggested that response rate can be as high as 98% in case questionnaires and covering letters are printed and collection boxes are made ready, respondents are contacted in working hours, questionnaires are handed over to employees during meetings, anonymity and confidentiality is emphasized while handing over questionnaires and questionnaires are returned in drop boxes by respondents.

In the Pakistani context, researchers have been getting enormously good response rate in their research studies. Bowra et al. (2011) reported response rate of 78.33 %. Amil and Raja (2011) had initial response rate of 90.4 % which after excluding unusable questionnaire came out to be 88.8 %. Saeed and Shahbaz (2011) had initial response rate of 91.3 % which after excluding unusable questionnaire came out to be 88 %. Ikramullah et al. (2012) while investigating fairness perception of performance appraisal system in civil services sector of Pakistan had experienced response rate of 95%. Naeem et al. (2017) had initial response rate of 86.25 % which after excluding unusable questionnaire came out to be 79 %. Awais (2018) while investigating the effect of performance appraisal on employees' performance in polyester industry of Pakistan had response rate of 75 %. Recommendations and guidance provided by researchers were followed for preparation, distribution and collection of questionnaires. In line with cultural environment, personal contacts were used for early and effective data collection and high rate of response. Out of 981 distributed questionnaires, 932 were received back. The efforts resulted in 95 % rate of

response which also proved validity of the actions recommended by researchers for enhancement in the response rate.

### **3.10 Data Analysis Techniques**

Structural Equation Modeling (SEM) was employed and AMOS V21 Joreskog and Sorborn (1993) helped data analysis. Statistical Package for Social Sciences (SPSS) also assisted analyses of the data. Details of data analyses procedure are in ensuing paragraphs.

Objectives of this study included the investigation of direct relationship of justice dimensions with their anticipated consequence i.e. satisfaction with appraisal process and adaptive performance. Covariance based Structural Equation Modeling (SEM) was employed for the same as it is used when data is relatively normally distributed and allows evaluation of models with second order constructs. Furthermore, it also help examine how well a process model that links independent variable to some dependent variable through one or more intervening pathways fits the observed data (Hair, Hult, Ringle, & Sarstedt, 2016). With regard to Estimation techniques, in SEM these are dependent on characteristics of data. If the data is normally distributed, Maximum Likelihood Estimation (MLE) technique is apt (Hair, Black, Babin, & Anderson, 2006). Accordingly, measurement model was estimated by using Maximum Likelihood Estimation (MLE) method/technique subsequent to data normality assessment.

Measurement of employees' justice perceptions of appraisal process, employees' satisfaction level in the perspective of performance appraisal process and employees' adaptive performance level in their organizations was also implicit objectives of this study. To meet these objectives, response of respondents was measured on a five-point Likert Scale from 1 through 5 representing strong disagreement to strong agreement, respectively. An additional interpretive scale was also employed to assist in interpretation of results generated. The values of 1.5 or less depicted Strong Disagreement of the respondents, the

Disagreement was shown by score from 1.51 – 2.5. The score of 2.51 – 3.5 represented “Neither Agree Nor Disagree” and 3.51 – 4.5 represented Agreement. Whereas Strong Agreement was represented by score of 4.51 and above. Measure of mean was calculated to establish level of employees’ justice perceptions, satisfaction and adaptive performance.

### **3.11 Assessment of Underlying Assumptions of Multivariate Data**

**3.11.1 Outliers** Outliers is referred to any score on variable that seems to be extreme in comparison to other scores on the variable. Cohen and Cohen (1983) have highlighted that a value can be regarded as outlier if it is 3 to 4 standard deviation away from the mean value. In line with this definition the results of distribution of data revealed no outliers.

**3.11.2 Missing Values** SPSS was used to identify the missing values as Byrne and Cropanzano (2001) stipulated that missing values in case of incomplete responses can bias results drawn from such data. Results of the same are presented in next chapter.

**3.11.3 Normality Assessment** Kline (1998) suggested that in case Structural Equation Modeling (SEM) is to be employed for the analysis of data, normality of the data needs to be established first. This is because of the reason that estimation techniques in SEM are dependent on characteristics of data. Thus normality of data was ascertained. Hair et al. (2014) suggested that normality of each construct may be individually ascertained as there exist no direct and comprehensive test for establishing multivariate normality. In case the constructs are individually normal, multivariate normality can be assumed. Hence normality assessment of individual construct was assessed by Skewness and Kurtosis estimates being normally utilized mean. Researchers suggested that in case values of skewness and kurtosis are between -2 and +2 than the data is to be regarded normally

distributed (Trochim & Donnelly, 2006; Field, 2009; George & Mallery, 2010; Gravetter & Wallnau, 2014). Hence, the values of  $\pm 2$  were considered limits for normality assessment.

### **3.12 Measurement Model**

Anderson and Gerbing (1988) and Hair et al. (2006) suggested that development of measurement model constitutes first step in SEM as indicators for each latent construct are specified during the process. It allows for construct validity and reliability assessment. Therefore, measurement model was developed for assessment after presentation of descriptive statistics results. Step by step approach i.e model specification, model identification, model estimation, model evaluation and model re-specification, if required and model reporting was followed (Hair, Babin, & Krey, 2017).

#### **3.12.1 Model Specification**

For the purpose of measurement, fourteen first-order constructs and four second order constructs adopted from past research were utilized. The literature review chapter had dwelled adequately on these constructs explicitly that helped model specification.

#### **3.12.2 Model Identification**

Statistical identification deals with the model's ability to fully examine measurement validity (Blalock, 1966). In this perspective, under-identification of a model, "an inability to mathematically derive a solution due to insufficiency", like information lack is regarded as an issue. Accordingly, minimum of three indicators for any construct are recommended in order for model to be identified. Hair et al. (2017) recommended that construct is to have

four or more items as indicators in order for these to over-identify. This guidance was used to ascertain the aspect of model identification.

### 3.12.3 Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis was undertaken in the study with an aim to analyze fitness of the conceived measurement model. Model goodness of fit was checked by executing CFA. Researchers suggested that partial CFA of the measurement model involving separate CFAs of each construct might enable assessment of convergent validity in each factor, however, it might not allow examination of discriminant validity. Hence discrepancy in model fitness produced in case indicators of one construct co-vary strongly with indicators of another construct might not be assessed. Furthermore, strong correlations among the constructs implying lack of discriminant validity might not be detected. Therefore, Hair et al. (2017) recommended conducting CFA while including all latent constructs and variables. Thus CFA for entire model was conducted.

To establish fitness of the measurement model various measures like size of standardized factor loadings, internal consistency reliability, indicator reliability, convergent validity, discriminant validity, fit validity and over all validity were analyzed. The criteria for reliability and validity assessment is presented in Table 3.3 below.

**Table 3.3:** Criteria for Reliability and Validity Assessment

Internal Consistency Reliability(CR)	$\geq 0.7$
Indicator Reliability (IR)	Factor loading expected $\geq 0.7$
Convergent Validity (CV)	AVE $> 0.5$
Discriminant Validity (DV)	Factor loading of an indicator on the related construct must be greater than all of its loadings on other variables.

### 3.13 Estimation of Measurement Model

Furr (2011) suggested three sets of parameters i.e. fit indices, modification indices and parameter estimates for estimation of measurement model. The same were used in this study.

#### 3.13.1 Fit Indices

Overall adequacy of measurement model was examined by use of fit indices. Good fit reflects measurement model to be adequate and consistent with data. With regard to model fit indices, Hu and Bentler (1999) suggested  $TLI > 0.95$ ,  $CFI > 0.95$ ,  $RMSEA \leq 0.06$  and  $SRMR < 0.06$  for continuous data. Hair et al. (2017) suggested reporting final  $\chi^2$  value with final degrees of freedom arguing that model complexity and sample size should be kept in view while judging results. In suggesting criteria for judgment of ‘good fit’, authors recommended that p-values for very simple models i.e. models having degrees of freedom of 5 or less should be strictly insignificant. However, for sample size of more than 250, Hair et al. (2010) expected significant p-values. Additionally, these authors suggested  $CFI \geq 0.95$ ,  $SRMR$  0.08 or less and  $RMSEA$  value to be  $< 0.07$ . Hair et al. (2017) further suggested that in case models are more complex, less stringent criteria ( $CFI > 0.92$  and  $RMSEA < 0.08$ ) might be used for establishing goodness of fit. Browne and Cudeck (1993) proposed  $RMSEA$  standard to be good fit (0 to 0.05), reasonable fit (0.05 to 0.08), mediocre fit (0.08 to 0.1) and poor fit (beyond 0.1). Accordingly, fit indices cutoff limits used in this study are shown in Table 3.4.

**Table 3.4:** Measurement Model Fit Indices

Indexes	Shorthand	General rule for acceptable fit
<b>Absolute Fit</b>		
Chi-square	$\chi^2$	Ratio of $\chi^2$ to $df \leq 2$ or 3
<b>Comparative Fit</b>		
Comparative Fit Index	CFI	$\geq .95$ for acceptance
<b>Others</b>		



Root Mean Square Error of Approximation	RMSEA	< 0.06 to 0.08 with confidence Interval
Standardized Root Mean Square Residual	SRMR	$\leq 0.08$

### 3.13.2 Modification Indices

Modification indices of items are examined in case fit indices indicates poor or inadequate fit and to find out whether hypothesized measurement model fitness can be further improved (Furr, 2011). Large modification indices dictate removal of items to improve model fitness as per general practice Hair et al. (2006), however, theory must have to be consulted before item deletion. In case of change in hypothesized measurement model as a result of item deletion, the measurement model is to be considered re-specified. Thus assessment of the modification indices was also undertaken in the data analysis part.

### 3.13.3 Parameter Estimates

These estimates incorporated evaluating factor loadings and association among factors as suggested by (Furr, 2011). Standardized regression weights indicating factor loadings were examined to see whether these were above the threshold level of 0.5 and ranged between  $\pm 1$  (Hair et al., 2006). Schreiber, Nora, Stage, Barlow, and King (2006) suggested analyzing Squared Multiple Correlations (SMCs) for assessment of observed variables' reliability in relation to latent constructs. These measures were used for estimating parameters.

## 3.14 Structural Model Evaluation

The structural model was composed of eight main constructs. Amongst these eight constructs SPA, SPAS, SWS and AP were first order constructs. DJ, PJ, INTJ and INFJ

were four second-order constructs. Subsequent to successful examination of measurement model and specification, assessment of structural model was undertaken for examining theoretical linkages between latent variables. Accordingly, structural model included eight main constructs namely SPA, SPAS, SWS and AP being first-order constructs and DJ, PJ, INTJ and INFJ being four second-order constructs. Williams and MacKinnon (2008) suggested that simulation research consider bootstrapping to be one of the more valid and powerful method for testing intervening variable effects and for this reason alone, it should be the method of choice. Hence, bootstrapping was implemented for testing hypotheses related to intervening variable effects. The structural model is presented in Fig 3.1.

### **3.15 Summary**

The chapter explicitly presents the quantitative design of this study highlighting detailed methodology for conduct of this study. It presents salient of the research design and methods followed to find answers to the study questions and achievement of study objectives.

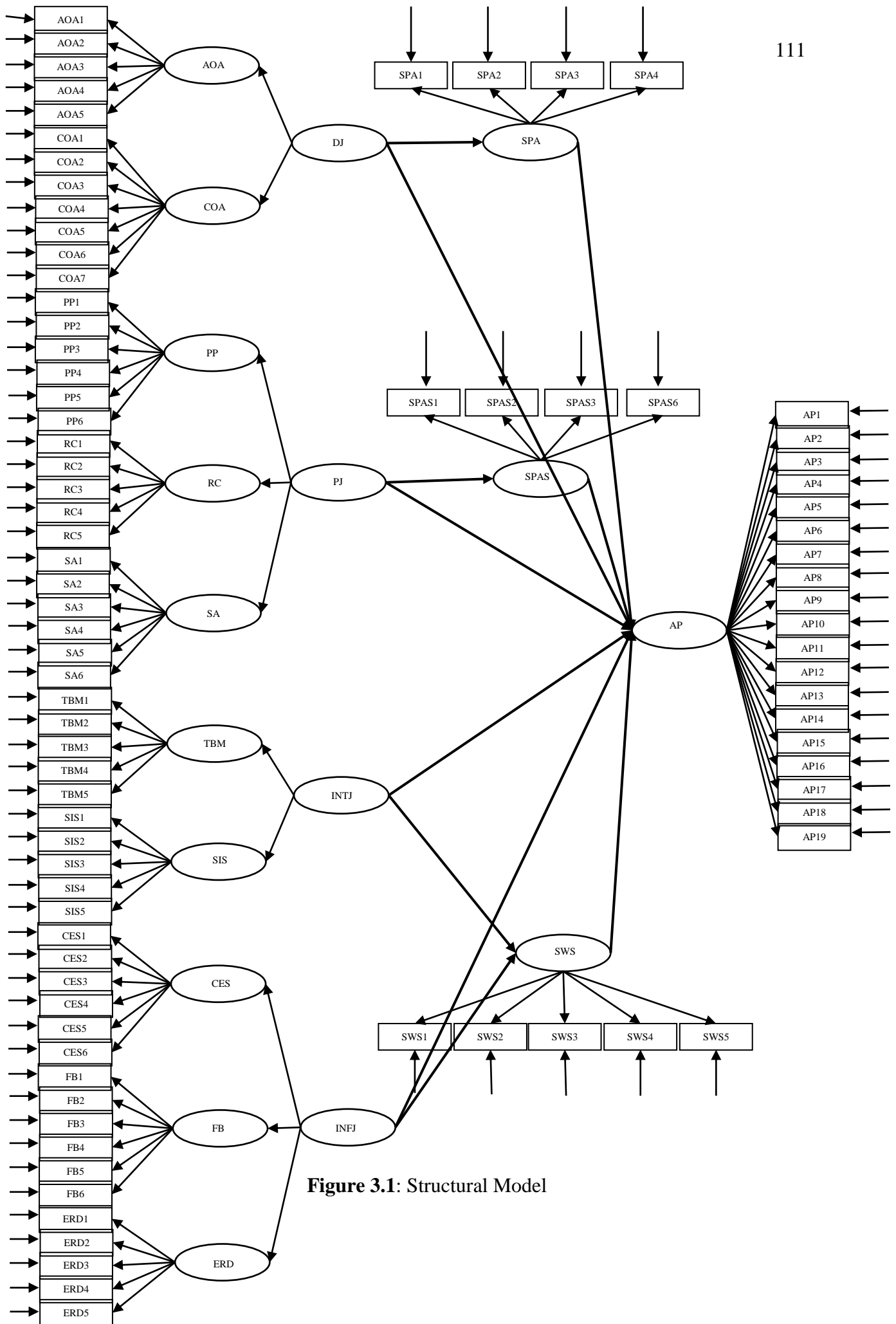


Figure 3.1: Structural Model

## CHAPTER 4

### ANALYSIS AND RESULTS

#### 4.1 Introduction

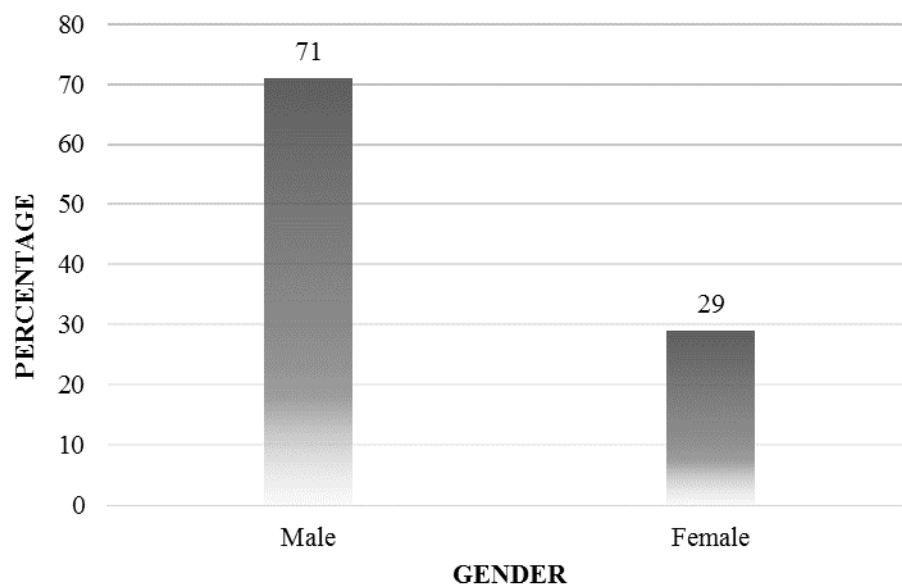
The results of empirical examination of justice, satisfaction and performance constructs being independent, mediating and dependent variables are presented in this chapter. Results of hypotheses testing between these variables are also enumerated in this chapter. The initial part of this chapter presents commentary on demographic profile of respondents and remainder part presents result related to study objectives.

#### 4.2 The Demographic Profile

Out of 932 respondents, 71% (n=662) were male whereas percentage of female came out to be 29% (n=270). The difference in percentages of male and female also reflected ratio of males to females in the country. The results of 6<sup>th</sup> census conducted in Pakistan from 15 March 17 to 25 May 2017 reported male population of the country as 51.2% whereas female population accounted for 48.76% (Pakistan Bureau of Statistics, 2019). The male to female ratio of respondents in this study although did not exactly correspond to the ratio reported in the aforementioned census as there were other socio-cultural factors that restricted females to work in the organizations, outside their homes in Pakistan. The results of demographic profile with regard to gender, age, education, job category, tenure and ethnicity are presented in Table 4.1 to Table 4.6.

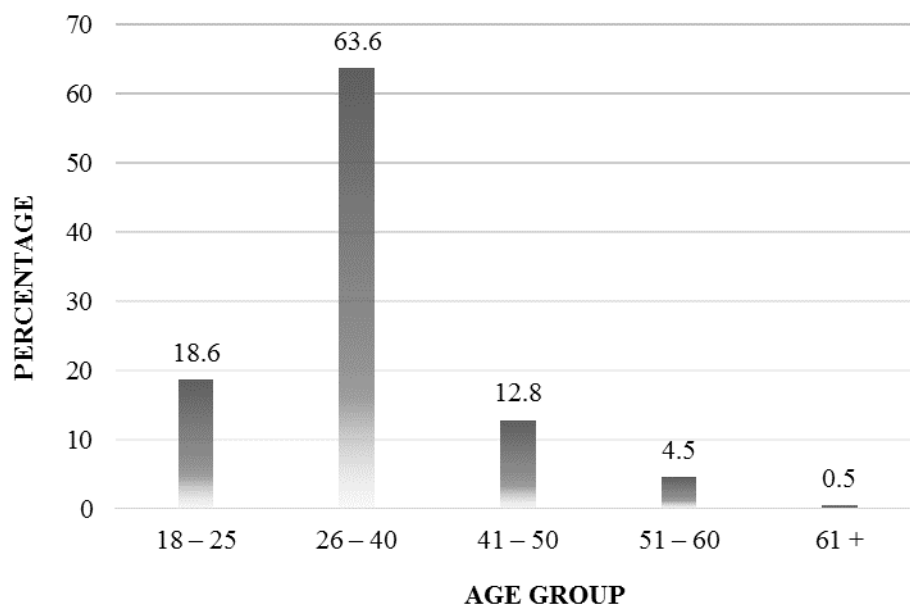
**Table 4.1:** Participants Statistics According to Gender

<b>Gender</b>	<b>Number</b>	<b>Percent</b>
Male	662	71
Female	270	29
<b>Total</b>	<b>932</b>	<b>100</b>

**Figure 4.1:** Participants Statistics According to Gender

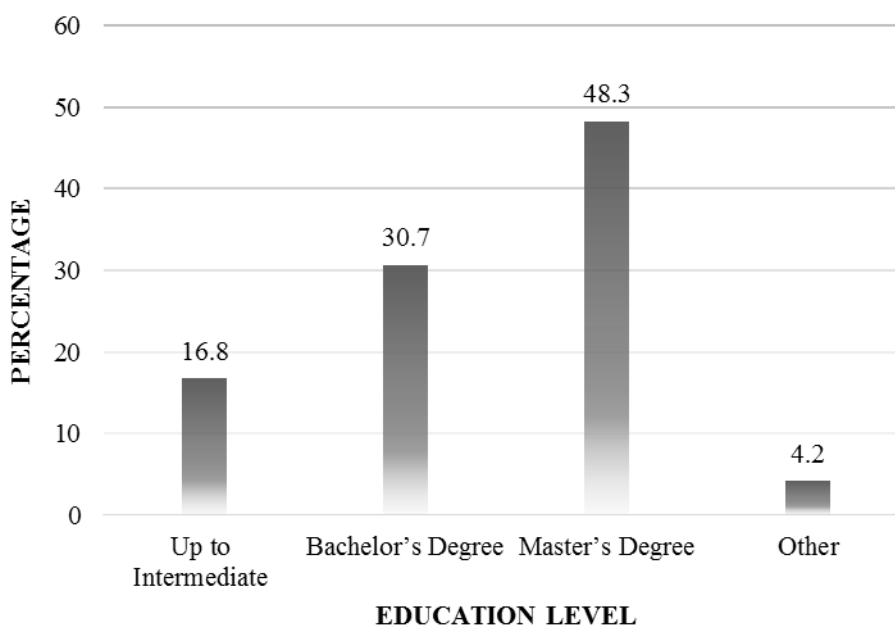
**Table 4.2:** Participants Statistics According to Age

<b>Age Group</b>	<b>Number</b>	<b>Percent</b>
18 – 25	173	18.6
26 – 40	593	63.6
41 – 50	119	12.8
51 – 60	42	4.5
61 +	5	0.5
<b>Total</b>	<b>932</b>	<b>100</b>

**Figure 4.2:** Participants Statistics According to Age

**Table 4.3:** Participants Statistics According to Formal Education Level

<b>Education Level</b>	<b>Number</b>	<b>Percent</b>
Up to Intermediate	157	16.8
Bachelor's Degree	286	30.7
Master's Degree	450	48.3
Other	39	4.2
<b>Total</b>	<b>932</b>	<b>100</b>

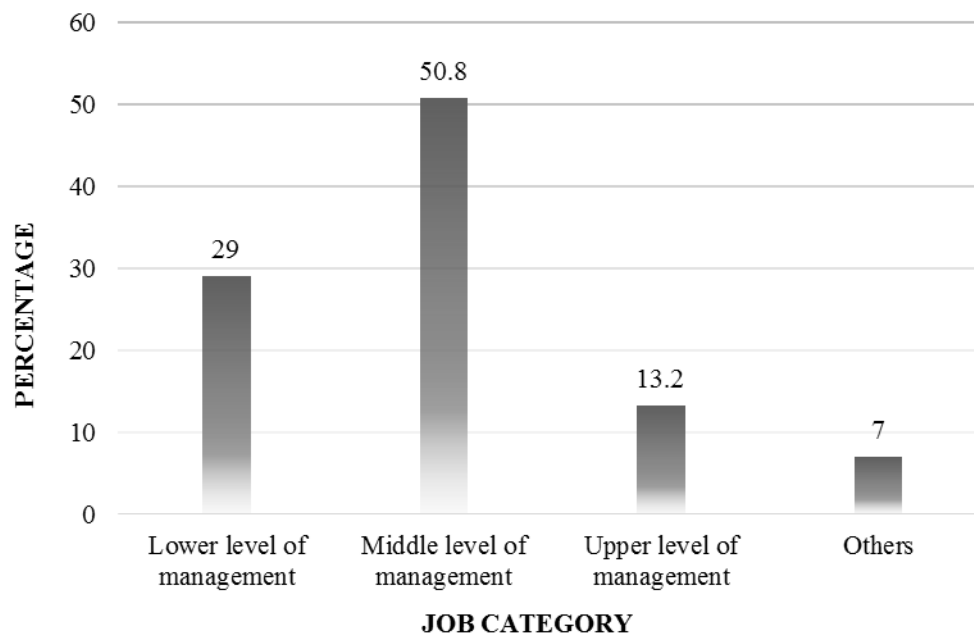
**Figure 4.3:** Participants Statistics According to Formal Education Level

In the context of age group, majority of respondents, 63.6% (n=593) represented the 26 - 40 yrs age group. Whereas least number of respondents 0.5% (n=5) represented the 61+ years. The level of education reported by respondents depicted that majority of the respondents i.e. nearly half 48.3% (n= 450) representing biggest group to be having

Master's degree. Majority of employees with Master's degree corresponded to generally observed phenomenon that over a period of time Bachelor's degree has become very common and is losing its value, employees have struggled enhancing their qualification in order to boost their image and professional value. Furthermore, organizations have also included acquisition of Master's degree as a criteria for advancement to higher positions.

**Table 4.4:** Participants Statistics According to Job Category

<b>Job Category</b>	<b>Number</b>	<b>Percent</b>
Lower level of management	271	29
Middle level of management	473	50.8
Upper level of management	123	13.2
Others	65	7
<b>Total</b>	<b>932</b>	<b>100</b>

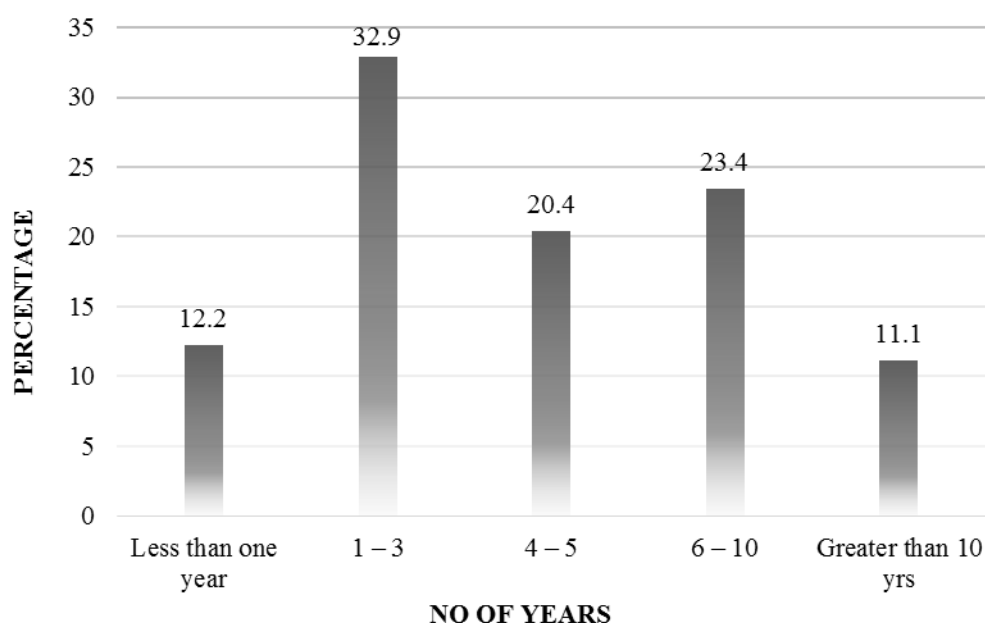


**Figure 4.4:** Participants Statistics According to Job Category



**Table 4.5:** Participants Statistics According to Tenure in the Department

No of Years	Number	Percent
Less than one year	114	12.2
1 – 3	307	32.9
4 – 5	190	20.4
6 – 10	218	23.4
Greater than 10 yrs	103	11.1
<b>Total</b>	<b>932</b>	<b>100</b>

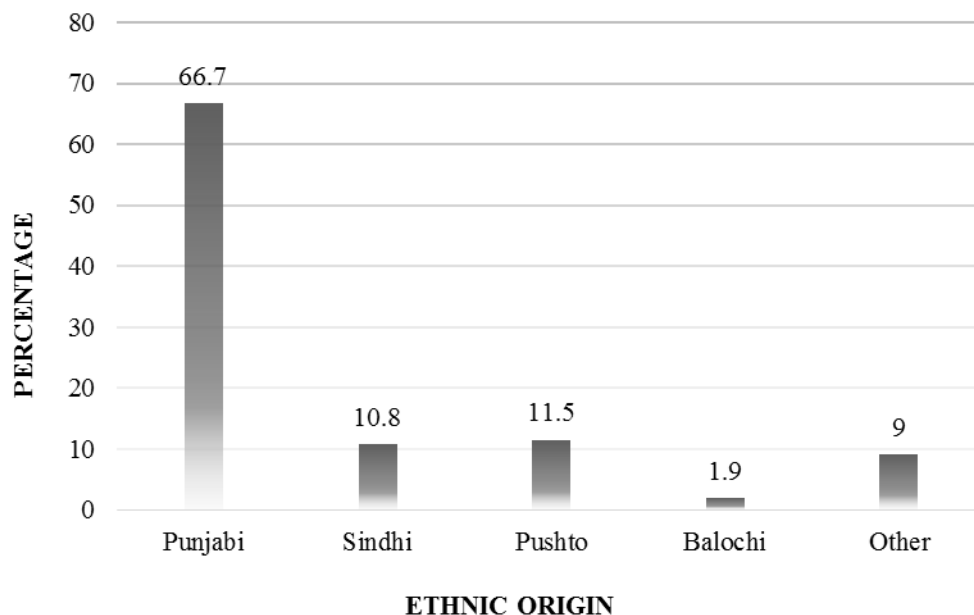
**Figure 4.5:** Participants Statistics According to Tenure in the Department

In the context of ethnicity, the biggest group of respondents 66.7% (n=622) reported their ethnic origin to be Punjabi. This corresponded to fact that the survey was conducted in Islamabad and Rawalpindi region. Surprisingly, respondents from Sindhi and Pushto ethnic origin came out to be 10.8% (n=101) and 11.5% (n=107), respectively despite of major geographic separation between Khyber Pakhtunkhwa and Rawalpindi/ Islamabad as

compared to Sindh and Rawalpindi/ Islamabad. The representation of Sindhi origin employees in organizations was considered to be on the higher side as compared to employees with Pushto origin. This might be due to fact that internal security situation in Sindh, especially Karachi had not been stable for a considerable period of time and people had shifted their businesses and had migrated from Sindh to Punjab in pursuit of peaceful living.

**Table 4.6:** Participants Statistics According to Ethnicity

<b>Ethnic Origin</b>	<b>Number</b>	<b>Percent</b>
Punjabi	622	66.7
Sindhi	101	10.8
Pushto	107	11.5
Balochi	18	1.9
Other	84	9
<b>Total</b>	<b>932</b>	<b>100</b>



**Figure 4.6:** Participants Statistics According to Ethnicity

Comparison of demographics across telecom and banking sector organizations revealed similarity amongst demographics to a larger extent which led to consider that the employees of both telecom and banking sector to be similar to enhance their adaptive performance. Thus, the data was analyzed in entirety. Table 4.7 shows comparison of demographics across sectors.

**Table 4.7:** Participants Comparison across Sectors

<b>DEMOGRAPHICS</b>	<b>BANKING SECTOR (%)</b>	<b>BANKING SECTOR (%)</b>
<b>GENDER</b>		
<b>Male</b>	71.70	70.68
<b>Female</b>	28.30	29.32
<b>AGE</b>		
<b>18-25</b>	18.87	18.40
<b>26-40</b>	62.58	64.17
<b>41-50</b>	14.15	12.05
<b>51-60</b>	4.40	4.56
<b>&gt; 60 years</b>	0	0.81
<b>EDUCATION</b>		
<b>Intermediate</b>	14.47	18.08
<b>Bachelors</b>	27.36	32.41
<b>Masters</b>	53.14	45.77
<b>Other</b>	5.03	3.75
<b>LEVEL OF MANAGEMENT</b>		
<b>Lower Level of Management</b>	27.99	29.64
<b>Middle Level of Management</b>	48.43	51.95
<b>Upper Level of Management</b>	16.04	11.73
<b>Other</b>	7.55	6.68
<b>TENURE IN DEPARTMENT</b>		
<b>&lt; 1 year</b>	11.01	12.87
<b>1 - 3 years</b>	33.33	32.74
<b>4 - 5 years</b>	18.24	21.50
<b>6 -10 years</b>	24.21	22.96
<b>&gt; 10 years</b>	13.21	9.93
<b>ETHNICITY</b>		
<b>Punjabi</b>	70.13	64.98
<b>Sindhi</b>	8.49	12.05
<b>Pushto</b>	10.69	11.89
<b>Balochi</b>	1.57	2.12
<b>Other</b>	9.12	8.96

Results revealed that respondents of the questionnaire varied significantly in age, education and experience. Guidance provided by researchers including use of simple language, avoiding complicated words, biased language and tone, appropriate structure, proper framing of survey questions, short and clear questions, not using double-barreled and leading questions, and use of multiple questions for better clarity of concepts helped catering for the response bias (Bradburn, Sudman & Wansink, 2004). Additionally, face and content validity, pilot survey and conduct of survey just after employees' performance appraisals while their memories were fresh and respondents were able to recall recent events also helped cater for the response bias.

### 4.3 Descriptive Statistics

Results of mean, median and standard deviation with regard to employees' perceptions pertaining to ten justice constructs, three satisfaction constructs and adaptive performance are presented in this section. Normality assessment by using measures of skewness and kurtosis is also covered in this section. The values of mean, median, standard deviation, skewness and kurtosis of constructs are shown in Table. 4.8 and are discussed subsequently in the ensuing paragraphs.

**Table 4.8:** Descriptive Statistics

<b>Construct</b>	<b>Mean</b>	<b>Median</b>	<b>SD</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>Distributive Justice</b>	4.29	4.08	0.559	-0.643	0.949
Accuracy of Assessment	4.35	4.20	0.611	-0.667	0.405
Concern Over Assessment	4.25	4.00	0.629	-0.857	1.758
<b>Procedural Justice</b>	4.33	4.31	0.557	-0.750	1.919
Performance Planning	4.30	4.00	0.663	-0.734	0.925
Rater Confidence	4.32	4.00	0.674	-0.837	1.373
Seeking Appeals	4.37	4.42	0.691	-1.239	1.794
<b>Interpersonal Justice</b>	4.30	4.30	0.526	-0.855	1.696
Treatment by Manager	4.23	4.20	0.601	-0.660	1.072
Sensitivity in Supervision	4.37	4.20	0.616	-0.851	1.129

<b>Construct</b>	<b>Mean</b>	<b>Median</b>	<b>SD</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>Informational Justice</b>	4.32	4.29	0.516	-0.572	1.107
Clarifying Expectations and Standards	4.27	4.00	0.668	-0.679	0.814
Providing Feedback	4.34	4.17	0.630	-0.770	0.916
Explaining Rating Decisions Construct	4.35	4.00	0.636	-1.101	0.134
<b>Satisfaction with Performance Appraisal</b>	4.32	4.00	0.678	-0.756	0.479
<b>Satisfaction with Performance Appraisal System</b>	3.83	3.83	0.682	-0.263	0.337
<b>Satisfaction with Supervisor</b>	4.21	4.00	0.675	-0.524	0.001
<b>Adaptive Performance</b>	4.41	4.05	0.613	-0.716	0.306

### **4.3.1 Descriptive Statistics: Independent Factors**

Employees' perceptions were measured by adopting scale developed by Thurston and McNall, (2010). Dimensions of Organizational Justice included Distributive Justice (DJ), Procedural Justice (PJ), Interpersonal Justice (INTJ) and Informational Justice (INFJ).

#### **4.3.1.1 Distributive Justice**

The values of skewness and kurtosis for DJ depicted data of the dimension to be moderately negatively skewed but within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depict data to be symmetric. DJ was represented by two constructs AOA and COA. The value of AOA mean depicted that employees perceived their ratings to be assessed accurately. The mean of COA depicted that employees' concerns with regard to their assessment/ rating were taken care of in the process of performance appraisal. Furthermore, the value DJ mean depicted that employee's perceived distributive justice to be present in their appraisal process.

Comparison of distributive justice perceptions of employees about their performance appraisal in telecom and banking sector depicted that employees in both the sectors perceived distributive justice to be existing in their appraisal process. However employees of telecom sector had slightly better perceptions (mean 4.36) than that of banking sector employees (mean 4.26). The effect of demographics on these perceptions was also looked into and is presented in Table 4.9.

**Table: 4.9** Demographics across Telecom and Banking Sector – Justice Constructs

	TELECOM SECTOR				BANKING SECTOR			
	DJ	PJ	INTJ	INFJ	DJ	PJ	INTJ	INFJ
<b>Over-all Mean</b>	<b>4.3606</b>	<b>4.4449</b>	<b>4.3472</b>	<b>4.3522</b>	<b>4.2599</b>	<b>4.2785</b>	<b>4.2783</b>	<b>4.2998</b>
	TELECOM SECTOR				BANKING SECTOR			
	DJ	PJ	INTJ	INFJ	DJ	PJ	INTJ	INFJ
<b>Gender</b>	<b>4.3422</b>	<b>4.4249</b>	<b>4.3318</b>	<b>4.3217</b>	<b>4.2210</b>	<b>4.234</b>	<b>4.2504</b>	<b>4.2642</b>
<b>Male</b>	4.3845	4.4708	4.3671	4.3919	4.3151	4.3416	4.3180	4.3502
<b>Female</b>	4.3000	4.3791	4.2967	4.2516	4.1269	4.1265	4.1828	4.1781
<b>Age Bracket</b>	<b>4.4148</b>	<b>4.4837</b>	<b>4.3746</b>	<b>4.3914</b>	<b>4.1071</b>	<b>4.1317</b>	<b>4.1243</b>	<b>4.207</b>
<b>18-25</b>	4.5403	4.6275	4.5117	4.5775	4.4417	4.5268	4.4805	4.5310
<b>26-40</b>	4.2969	4.3852	4.3010	4.2888	4.2487	4.2432	4.2579	4.2611
<b>41-50</b>	4.3759	4.4601	4.3289	4.3255	4.0563	4.1081	4.1473	4.1773
<b>51-60</b>	4.4464	4.4622	4.3571	4.3739	4.3720	4.3803	4.2357	4.3361
<b>&gt; 60</b>	-	-	-	-	3.4167	3.4000	3.5000	3.7294
<b>Education</b>	<b>4.394</b>	<b>4.5349</b>	<b>4.3997</b>	<b>4.4344</b>	<b>4.3003</b>	<b>4.3254</b>	<b>4.3039</b>	<b>4.314</b>
<b>Intermediate</b>	4.4411	4.6143	4.4825	4.5351	4.4233	4.4875	4.4306	4.4584
<b>Bachelor's</b>	4.3458	4.4787	4.3839	4.3536	4.2910	4.2436	4.2472	4.2841
<b>Master's</b>	4.3674	4.3975	4.3249	4.3220	4.2370	4.3037	4.3114	4.3209
<b>Other</b>	4.3750	4.5699	4.3250	4.4265	4.1268	4.1049	4.1000	4.0486

	TELECOM SECTOR				BANKING SECTOR			
	DJ	PJ	INTJ	INFJ	DJ	PJ	INTJ	INFJ
<b>Job Category</b>	<b>4.3749</b>	<b>4.4571</b>	<b>4.351</b>	<b>4.3565</b>	<b>4.2556</b>	<b>4.2624</b>	<b>4.2615</b>	<b>4.2756</b>
<b>Lower</b>	4.4588	4.4732	4.4775	4.3913	4.3535	4.3717	4.3615	4.4040
<b>Middle</b>	4.3025	4.3976	4.2779	4.3262	4.2335	4.2491	4.2643	4.2722
<b>Upper</b>	4.3529	4.5606	4.3529	4.3679	4.0938	4.2034	4.1153	4.2010
<b>Other</b>	4.3854	4.3971	4.2958	4.3407	4.3415	4.2253	4.3049	4.2253
<b>Tenure</b>	<b>4.3935</b>	<b>4.4909</b>	<b>4.3959</b>	<b>4.3943</b>	<b>4.2664</b>	<b>4.2938</b>	<b>4.2808</b>	<b>4.3259</b>
<b>&lt; 1 year</b>	4.5905	4.6588	4.6371	4.6622	4.4546	4.5525	4.4949	4.5175
<b>1 - 3 years</b>	4.3160	4.3374	4.2472	4.3097	4.2371	4.2558	4.2443	4.2455
<b>4 - 5 years</b>	4.4224	4.4949	4.3259	4.3124	4.1686	4.1506	4.2030	4.2509
<b>6 -10 years</b>	4.2619	4.3850	4.3052	4.2574	4.3121	4.3116	4.3468	4.2895
<b>&gt; 10 years</b>	4.3770	4.5784	4.4643	4.4300	4.1598	4.1986	4.1148	4.3259
<b>Ethnicity</b>	<b>4.3338</b>	<b>4.3764</b>	<b>4.2794</b>	<b>4.279</b>	<b>4.1682</b>	<b>4.2418</b>	<b>4.1982</b>	<b>4.2044</b>
<b>Punjabi</b>	4.3886	4.4830	4.3740	4.3904	4.345	4.3245	4.3436	4.3948
<b>Sindhi</b>	4.2901	4.2375	4.1259	4.0806	4.1104	4.1232	4.1581	4.0866
<b>Pushto</b>	4.1299	4.2561	4.2824	4.2076	4.0788	4.1612	4.1808	4.1104
<b>Balochi</b>	4.3833	4.3176	4.1600	4.2118	4.2115	4.2941	4.1923	4.2760
<b>Other</b>	4.4770	4.5882	4.4552	4.5051	4.0955	4.3059	4.1164	4.1540

#### 4.3.1.2 Procedural Justice

The values of skewness and kurtosis for PJ depicted data of the dimension to be moderately negatively skewed but within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depicted data to be symmetric. PJ was represented by three constructs PP, RC and SA. The value of PP mean depicted that employees perceived that their performance was fairly planned. The mean of RC meant employees had confidence in their raters and that their raters were fairly

assigned. The mean of SA depicted that procedures are in place in their respective organizations for appeals against appraisals and these were perceived as fair by them. Furthermore, the value PJ mean depicted that employees perceived their appraisal process to be procedurally just.

Comparison of procedural justice perceptions of employees about their performance appraisal in telecom and banking sector depicted that employees in both the sectors perceived procedural justice to be existing in their appraisal process. However, employees of telecom sector had slightly better perceptions (mean 4.44) than that of banking sector employees (mean 4.28). The effect of demographics on these perceptions was also looked into and is presented in Table 4.9.

#### **4.3.1.3 Interpersonal Justice**

The values of skewness and kurtosis for INTJ depicted data of the dimension to be moderately negatively skewed but within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depicted data to be symmetric. INTJ was represented by two constructs TBM and SIS. The value of TBM mean (mean=4.23; SD=0.601) depicted that employees perceived they were fairly treated by their manager during the appraisal process. The mean of SIS (mean=4.37, SD=0.620) showed employees perceived their managers to be sensitive in supervising their employees. Furthermore, the value INTJ mean (mean=4.3, SD=0.526) depicted that employees perceived interpersonal justice to be present in their appraisal process.

Comparison of interpersonal justice perceptions of employees about their performance appraisal in telecom and banking sector depicted that employees in both the sectors perceived interpersonal justice to be existing in their appraisal process. However employees of telecom sector had slightly better perceptions (mean 4.35) than that of banking sector employees (mean 4.28). The effect of demographics on these perceptions was also looked into and is presented in Table 4.9.



#### **4.3.1.4 Informational Justice**

The values of skewness and kurtosis for INFJ depicted data of the dimension to be moderately negatively skewed but within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depicted data to be symmetric. INFJ was represented by three constructs CES, FB and ERD. The value of CES mean (mean=4.27; SD=0.668) depicted employees perceived that their managers fairly clarified the organizational expectations and standards during enactment of performance appraisals. The mean of FB (mean=4.34; SD=0.630) depicted employees perceived their managers to be fair in providing feedback pertaining to process of performance appraisals to them. The mean of ERD (mean=4.35; SD=0.636) showed that employees perceived their managers explained rating decisions fairly to them. Furthermore, the value INFJ mean (M=4.32; SD=0.516) depicted that employees perceived their appraisal process to be informationally just.

Comparison of informational justice perceptions of employees about their performance appraisal in telecom and banking sector depicted that employees in both the sectors perceived informational justice to be existing in their appraisal process. However, employees of telecom sector had slightly better perceptions (mean 4.35) than that of banking sector employees (mean 4.30). The effect of demographics on these perceptions was also looked into and results pertaining to the same are presented in Table 4.9. The aforementioned results depicted that employees perceived their performance appraisal process to be distributively, procedurally, interpersonally and informationally just.

#### **4.3.2 Descriptive Statistics: Mediating Variable**

Results depicting level of employees' satisfaction as measured through the constructs are discussed in following paragraphs.

### 4.3.2.1 Satisfaction with Performance Appraisal (SPA)

The values of skewness and kurtosis for SPA were within acceptable limit of  $\pm 2$  that depicted data to have normal distribution. Comparison of its mean and median depicted data to be symmetric. The value of mean (mean=4.32; SD=0.678) depicted employees to be satisfied with their performance evaluations/ ratings. Comparison of employees' satisfaction with performance appraisal in telecom and banking sector depicted employees in both the sectors were satisfied with their performance appraisals/ ratings. However, employees of telecom sector were little more satisfied with their performance appraisal (mean 4.43) than that of banking sector employees (mean 4.26). The effect of demographics on satisfaction of employees with their appraisals/ ratings was also looked into and results of the same are presented in Table 4.10.

Table: 4.10 Demographics across Telecom and Banking Sector – Satisfaction Constructs

	TELECOM SECTOR				BANKING SECTOR			
	SPA	SPAS	SWS	AP	SPA	SPAS	SWS	AP
<b>Overall Mean</b>	<b>4.4332</b>	<b>4.0466</b>	<b>4.3040</b>	<b>4.412</b>	<b>4.2638</b>	<b>3.7286</b>	<b>4.1352</b>	<b>4.3795</b>
<b>Gender</b>	<b>4.3903</b>	<b>4.0179</b>	<b>4.3464</b>	<b>4.4323</b>	<b>4.2330</b>	<b>3.7237</b>	<b>4.1171</b>	<b>4.3358</b>
<b>Male</b>	4.4890	4.0841	4.4018	4.5219	4.3076	3.7354	4.1608	4.4414
<b>Female</b>	4.2917	3.9519	4.2911	4.3427	4.1583	3.7120	4.0733	4.2301
<b>Age Bracket</b>	<b>4.5286</b>	<b>4.1422</b>	<b>4.4467</b>	<b>4.5449</b>	<b>4.2081</b>	<b>3.5974</b>	<b>4.0155</b>	<b>4.2237</b>
<b>18-25</b>	4.5917	4.2389	4.5600	4.6272	4.5243	3.9130	4.4673	4.6181
<b>26-40</b>	4.3555	3.9523	4.2975	4.4036	4.2176	3.7039	4.0853	4.3426
<b>41-50</b>	4.4889	4.1519	4.3867	4.5099	4.0878	3.5856	3.9351	4.2212
<b>51-60</b>	4.6786	4.2262	4.5429	4.6391	4.4107	3.8512	4.1500	4.5263
<b>&gt; 60 years</b>					3.8000	2.9333	3.4493	3.4105
<b>Education</b>	<b>4.5036</b>	<b>4.1405</b>	<b>4.4840</b>	<b>4.5147</b>	<b>4.2874</b>	<b>3.8271</b>	<b>4.1982</b>	<b>4.3617</b>
<b>Intermediate</b>	4.6277	4.4540	4.5605	4.6263	4.4213	4.1440	4.4253	4.4976
<b>Bachelor's</b>	4.4310	3.9310	4.3609	4.4876	4.2601	3.7312	4.1055	4.3901
<b>Master's</b>	4.4098	4.0513	4.3385	4.4587	4.2909	3.6673	4.1217	4.4162
<b>Other</b>	4.4219	3.8125	4.6000	4.3750	4.0435	3.4493	3.9130	4.0069

	TELECOM SECTOR				BANKING SECTOR			
	SPA	SPAS	SWS	AP	SPA	SPAS	SWS	AP
<b>Job Category</b>	<b>4.4528</b>	<b>4.0545</b>	<b>4.3539</b>	<b>4.4878</b>	<b>4.244</b>	<b>3.7114</b>	<b>4.1039</b>	<b>4.3487</b>
<b>Lower</b>	4.5365	4.1779	4.4944	4.5831	4.3269	3.8178	4.2703	4.4821
<b>Middle</b>	4.3490	3.9448	4.3455	4.3923	4.2610	3.7194	4.1110	4.3648
<b>Upper</b>	4.5196	4.1928	4.2510	4.5222	4.1076	3.4954	3.9028	4.2076
<b>Other</b>	4.4063	3.9028	4.3250	4.4539	4.2805	3.8130	4.1317	4.3402
<b>Tenure</b>	<b>4.4784</b>	<b>4.0856</b>	<b>4.4158</b>	<b>4.5189</b>	<b>4.3002</b>	<b>3.7324</b>	<b>4.1424</b>	<b>4.3998</b>
<b>&lt; 1 year</b>	4.7071	4.3619	4.6229	4.7398	4.5506	3.9895	4.4152	4.5949
<b>1 - 3 years</b>	4.3608	4.0267	4.3057	4.3908	4.2363	3.7695	4.1950	4.3192
<b>4 - 5 years</b>	4.3578	3.9626	4.3345	4.4955	4.0890	3.5934	3.9667	4.2883
<b>6 -10 years</b>	4.3831	3.9502	4.2831	4.3746	4.2642	3.7033	4.0894	4.4401
<b>&gt; 10 years</b>	4.5833	4.1270	4.5333	4.5940	4.3607	3.6066	4.0459	4.3563
<b>Ethnicity</b>	<b>4.4068</b>	<b>3.99</b>	<b>4.3267</b>	<b>4.3859</b>	<b>4.1408</b>	<b>3.5923</b>	<b>4.0276</b>	<b>4.2583</b>
<b>Punjabi</b>	4.4619	4.0732	4.3928	4.5037	4.3365	3.8116	4.2180	4.4687
<b>Sindhi</b>	4.3704	4.1852	4.2074	4.3918	4.0878	3.7140	4.0135	4.1629
<b>Pushto</b>	4.1397	3.8333	4.2706	4.2988	4.1918	3.4658	3.9370	4.2480
<b>Balochi</b>	4.4500	3.8667	4.2800	4.1895	3.9423	3.3974	3.9692	4.1619
<b>Other</b>	4.6121	3.9943	4.4828	4.5463	4.1455	3.5727	4.0000	4.2498

#### 4.3.2.2 Satisfaction with Performance Appraisal System (SPAS)

The values of skewness and kurtosis were within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depicted data to be symmetric. The value of mean (mean=3.83; SD=0.682) depicted employees to be satisfied with their performance appraisal system. Comparison of employees' satisfaction with performance appraisal system in telecom and banking sector depicted employees in both the sectors were satisfied with their performance appraisal system. However, employees of telecom sector were slightly more satisfied with their performance appraisal system (mean 4.05) than that of banking sector employees (mean 3.73). The effect of demographics on satisfaction of employees with their appraisal system was also looked into and result pertaining to the same is presented in Table 4.10.

### **4.3.2.3 Satisfaction with Supervisor (SWS)**

The values of skewness and kurtosis for SWS were within acceptable limit of  $\pm 2$  that dictated data of dimension to be normally distributed. Comparison of its mean and median depict data to be symmetric. The value of mean (mean=4.21; SD=0.675) depicted employees to be satisfied with their supervisor. Comparison of employees' satisfaction with supervisor in telecom and banking sector depicted employees in both the sectors were satisfied with their supervisors. However, employees of telecom sector were little more satisfied with their supervisors (mean 4.30) than that of banking sector employees (mean 4.13). The effect of demographics on satisfaction of employees with their supervisor was also looked into and results of the same are presented in Table 4.10. The aforementioned results depicted that employees were satisfied with their performance appraisal, performance appraisal system and supervisor.

### **4.3.3 Descriptive Statistics: Dependent Variable**

#### **4.3.3.1 Adaptive Performance (AP)**

Nineteen items measured respondents' response pertaining to construct "Adaptive Performance" which represented dependent variable. The value of overall mean came out to be 4.41 (SD=0.613), and was classified in the "Agree" response category; which meant employees reported their adaptive performance to be in acceptable range. Apart from mean statistic, value of median was also analyzed to assess central tendency of data pertaining to the construct. The value of median came out to be 4.05. As overall value of mean = 4.41 and median=4.05 were approximately same, the data was assumed to be symmetric. The normality was established by assessing skewness and Kurtosis. Results showed skewness = -0.716 and kurtosis=0.306. These values were within the acceptable limit of  $\pm 2$ , which dictated data of construct to be having normal distribution.

Comparison of employees' adaptive performance in telecom and banking sector depicted that employees in both the sectors had satisfactory level of adaptive performance. However, mean of adaptive performance level of employees of telecom sector (mean 4.412) was little more than the mean of adaptive performance level of employees of banking sector (mean 4.380). The effect of demographics on adaptive performance was also looked into and result pertaining to same is presented in Table 4.10. The aforementioned results depicted that employees' adaptive performance level was satisfactory.

#### **4.4 Missing Values Analysis**

In this study, total of 932 duly completed questionnaires received back from the respondents were used for the quantitative analysis. Amongst these 932 questionnaires, there were nine missing values from 4 respondents who left at least one question as unanswered among the 4 constructs. Two participants did not respond to three items. And one participant did not respond to two questions. This indicated that none of the 932 respondents had equal to or more than 5 % of no response rate. The analysis revealed no specific pattern underlying the missing values. With regard to treatment of missing values, Hair et al. (2017) suggested that in case missing data is nominal i.e. < 5%, there would be no practical difference in results. The authors recommended EM imputations in case missing values are more than 10%, for which pair-wise and list-wise (case-wise) deletions might be considered. However, based on the recommendations of Hair et al. (2014) mean imputation was considered suitable and mean scores of variable values were inserted in place of missing values.

#### **4.5 Normality Assessment**

Hair et al. (2014) suggested that normality of each construct may be individually ascertained as there exist no direct and comprehensive test for establishing multivariate normality and in case the constructs are individually normal, multivariate normality can be

assumed. Hence, normality assessment of individual constructs was assessed by Skewness and Kurtosis estimates being the commonly utilized measures. The values of  $\pm 2$  were considered limits of normality assessment. The assessment of normality was done along with descriptive statistics and data was assessed to be normally distributed. Subsequent to the aforementioned results pertaining to the descriptive statistics, the measurement model was assessed.

#### 4.6 Measurement Model Assessment

Limit of fit indices are shown in Table 4.11.

**Table 4.11:** Measurement Model Fit Indices Cut off Limits

<b>Indexes</b>	<b>Shorthand</b>	<b>General rule for acceptable fit</b>
<b>Absolute Fit</b>		
Chi-square	$\chi^2$	Ratio of $\chi^2$ to $df \leq 2$ or 3
<b>Comparative Fit</b>		
Comparative Fit index	CFI	$\geq 0.95$ for acceptance
<b>Others</b>		
Root Mean Square Error of Approximation	RMSEA	$< 0.06$ to $0.08$ with confidence Interval
Standardized Root Mean Square Residual	SRMR	$\leq 0.08$

The results of CFA conducted to ascertain the model goodness of fit depicted value of normed chi-square to be 2.308, the comparative fit Index was 0.972, TLI was 0.971, RMSEA was 0.037 and the SRMR value was 0.0261. The aforementioned results met the recommended limits of the Indices, hence the model met the criteria of ‘good fit’. Table 4.12 shows measurement model fit indices.

**Table 4.12:** Measurement Model Fit Indices

<b>Fit indices</b>	<b>Values</b>
Chi-Square ( $\chi^2$ )	8543.811
Degrees of Freedom	3702
CMIN/DF	2.308
CFI	0.972
TLI	0.971
RMSEA	0.037
SRMR	0.0261

#### 4.7 Construct Reliability and Validity Assessment

Reliability and item analysis of the instrument used to measure respondents' responses is generally established by calculating internal consistency. Cronbach's alpha ( $\alpha$ ) being the statistical index for internal consistency is normally utilized for establishing internal consistency of each construct wherein reliability of instrument is established against normal acceptable limit criteria of  $\alpha=0.70$ . Although Cronbach's alpha ( $\alpha$ ) is generally used indicator for the reliability, however, Composite Reliability (CR) with an acceptable value of 0.7 and above is regarded as better estimate of reliability as it is regarded relatively less biased.

According to Campbell and Fiske (1959), construct validity is established by ascertaining convergent and discriminant validity wherein convergent validity represent degree of confidence level pertaining to measurement of a trait by its indicators and the discriminant validity represent indicators measuring various traits are not related. The aspect of construct validity while using Structural Equation Modeling is assessed by Confirmatory Factor Analysis.

Fornell and Larcker (1981) suggested criteria for assessment of construct validity i.e. shared variance between latent variables of the model. The convergent validity is assessed

by Average Variance Extracted (AVE) which is amount of variance captured by construct viz-a-viz its level because of measurement error (with an acceptable limit of 0.5 and above). In order to establish reliability and validity of various constructs used in the study, factor loadings ( $\lambda$ ), Cronbach's alpha ( $\alpha$ ), Composite Reliability (CR) and Average Variance extracted (AVE) were estimated. Results of estimates are presented in Table 4.13.

**Table 4.13:** Reliability and Convergent Validity Statistics

Items	$\lambda$	Indicator Reliability	$\alpha$	CR	AVE
AOA1	0.915	0.837			
AOA2	0.860	0.740			
AOA3	0.904	0.817			
AOA4	0.935	0.874			
AOA5	0.888	0.789			
<b>AOA Construct</b>			0.955	0.979	0.811
COA1	0.929	0.863			
COA2	0.898	0.806			
COA3	0.881	0.776			
COA4	0.892	0.796			
COA5	0.900	0.810			
COA6	0.890	0.792			
COA7	0.880	0.774			
<b>COA Construct</b>			0.966	0.983	0.802
PP1	0.997	0.994			
PP2	0.969	0.939			
PP3	0.978	0.956			
PP4	0.977	0.955			
PP5	0.987	0.974			
PP6	0.976	0.953			
<b>PP Construct</b>			0.990	0.990	0.960
RC1	0.994	0.988			
RC2	0.983	0.966			
RC3	0.983	0.966			
RC4	0.982	0.964			
RC5	0.980	0.960			
<b>RC Construct</b>			0.990	0.990	0.960
SA1	0.996	0.992			



SA2	0.957	0.916			
SA3	0.957	0.916			
SA4	0.956	0.914			
SA5	0.951	0.904			
SA6	0.955	0.912			
<b>SA Construct</b>			0.980	0.990	0.920
TBM1	0.974	0.949			
TBM2	0.866	0.750			
TBM3	0.871	0.759			
TBM4	0.852	0.726			
TBM5	0.863	0.745			
<b>TBM Construct</b>			0.947	0.970	0.790
SIS1	0.964	0.929			
SIS2	0.924	0.854			
SIS3	0.89	0.792			
SIS4	0.928	0.861			
SIS5	0.915	0.837			
<b>SIS Construct</b>			0.967	0.980	0.850
CES1	0.935	0.874			
CES2	0.971	0.943			
CES3	0.960	0.922			
CES4	0.956	0.914			
CES5	0.971	0.943			
CES6	0.958	0.918			
<b>CES Construct</b>			0.985	0.990	0.920
FB1	0.993	0.986			
FB2	0.937	0.878			
FB3	0.960	0.922			
FB4	0.927	0.859			
FB5	0.861	0.741			
FB6	0.832	0.692			
<b>FB Construct</b>			0.971	0.980	0.850
ERD1	0.984	0.968			
ERD2	0.927	0.859			
ERD3	0.949	0.901			
ERD4	0.941	0.885			
ERD5	0.960	0.922			
<b>ERD Construct</b>			0.980	0.990	0.910
SPA1	0.995	0.990			

SPA2	0.964	0.929			
SPA3	0.966	0.933			
SPA4	0.967	0.935			
<b>SPA Construct</b>			0.986	0.990	0.950
SPAS1	0.965	0.931			
SPAS2	0.932	0.869			
SPAS3	0.939	0.882			
SPAS4	0.225	0.051			
SPAS5	0.222	0.049			
SPAS6	0.952	0.906			
<b>SPAS Construct</b>			0.972	0.980	0.897
SWS1	0.984	0.968			
SWS2	0.954	0.910			
SWS3	0.942	0.887			
SWS4	0.937	0.878			
SWS5	0.952	0.906			
<b>SWS Construct</b>			0.980	0.990	0.910
AP1	0.995	0.990			
AP2	0.986	0.972			
AP3	0.989	0.978			
AP4	0.989	0.978			
AP5	0.990	0.980			
AP6	0.991	0.982			
AP7	0.984	0.968			
AP8	0.985	0.970			
AP9	0.976	0.953			
AP10	0.986	0.972			
AP11	0.985	0.970			
AP12	0.986	0.972			
AP13	0.985	0.970			
AP14	0.986	0.972			
AP15	0.988	0.976			
AP16	0.980	0.960			
AP17	0.978	0.956			
AP18	0.984	0.968			
AP19	0.935	0.874			
<b>AP Construct</b>			0.991	0.990	0.970

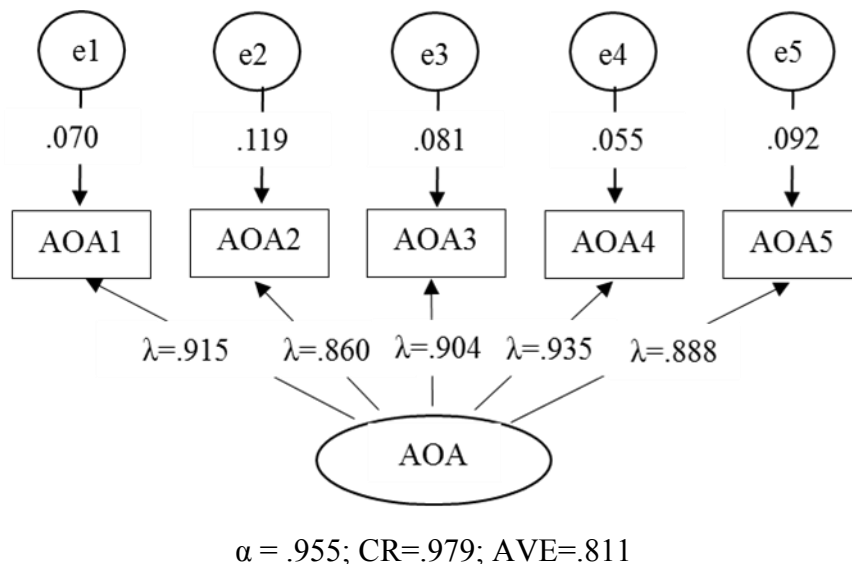
Note: \*\*p<.01,  $\lambda$ : Factor loading,  $\alpha$ : Cronbach's alpha, CR: Composite Reliability, AVE: Average Variance extracted

#### 4.7.1 Reliability and Convergent Validity: Independent Factors

According to Hair et al. (2017), in order to get full test of construct validity, testing in a piecemeal is to be avoided. The authors recommended conduct of CFA for adequate assessment of fit validity after all constructs and variables are included. Hence in order to establish construct validity, CFA of the model was conducted, after inclusion of all constructs and variables.

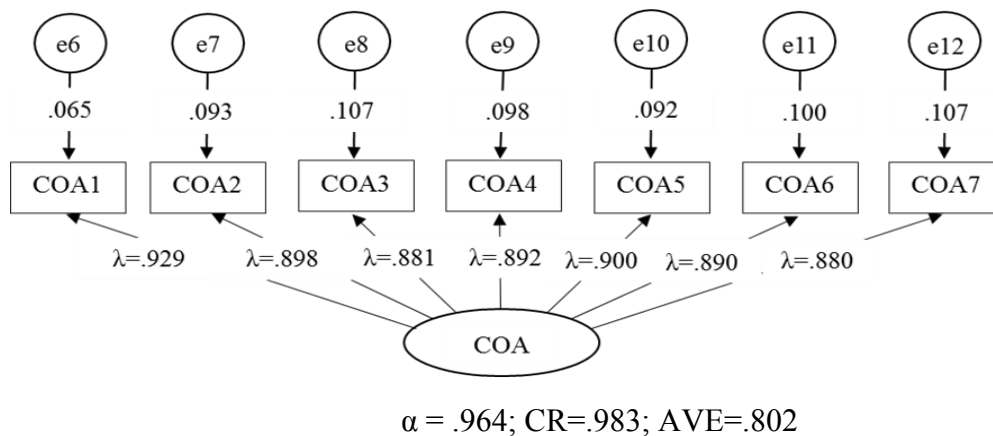
##### 4.7.1.1 Reliability and Convergent Validity of DJ Scale

- Accuracy of Assessment (AOA)** Results of factor loadings for all the five items that measured this construct ranged between 0.860 and 0.935 and were significant. Indicator reliability ranging between 0.740 and 0.874 were also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.955$ ) and Composite reliability (0.979) for the construct were above the normal acceptable level of 0.7. Thus, reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.7.



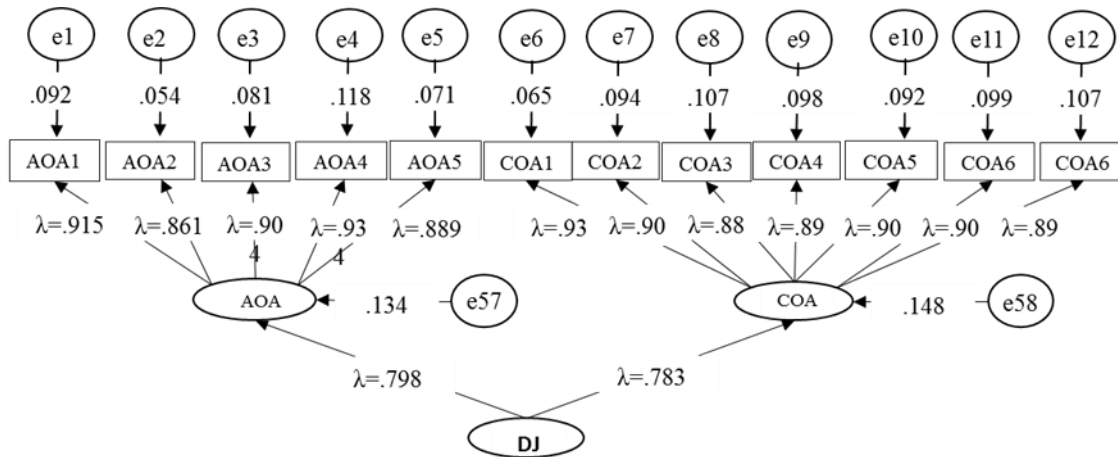
**Figure 4.7:** Accuracy of Assessment Construct with Convergent Validity Statistics

- Concern Over Assessment (COA)** Results of factor loadings of all items ranged between 0.880 and 0.929 and were significant. Indicator reliability ranging between 0.774 and 0.863 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.96$ ) and Composite reliability (0.93) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The result pertaining to the reliability were consistent with Thurston and McNall (2010) i.e above the acceptable limit of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.8.



**Figure 4.8:** Concern over Assessment Construct with Convergent Validity Statistics

- Distributive Justice (DJ)** The loading of the first-order constructs AOA and COA were above the threshold level of 0.7. Moreover, the relationships of these two first-order constructs with second-order construct DJ were statistically significant. Therefore, these two relationships were regarded vital components and identified DJ. This second-order construct is depicted in Figure 4.9.

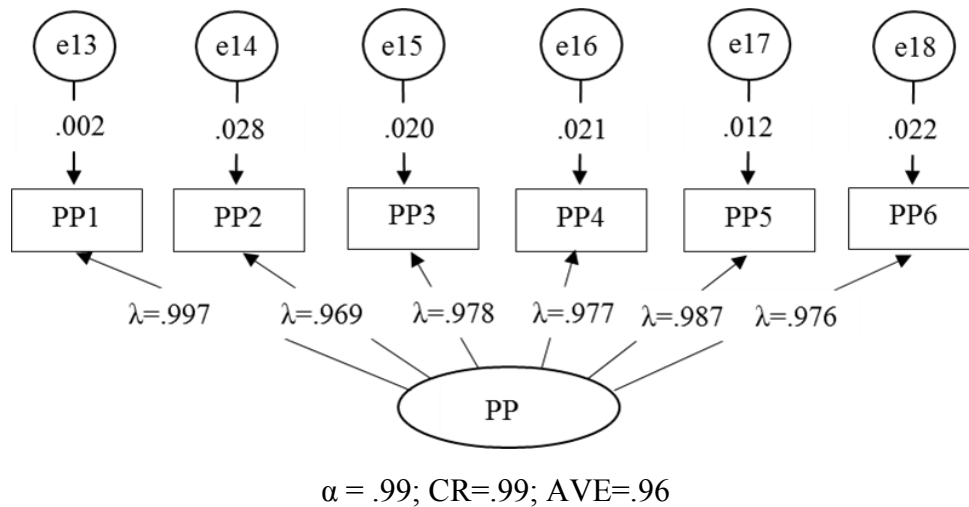


**Figure 4.9:** Distributive Justice - First Second-Order Construct

#### 4.7.1.2 Reliability and Convergent Validity: Procedural Justice Scale

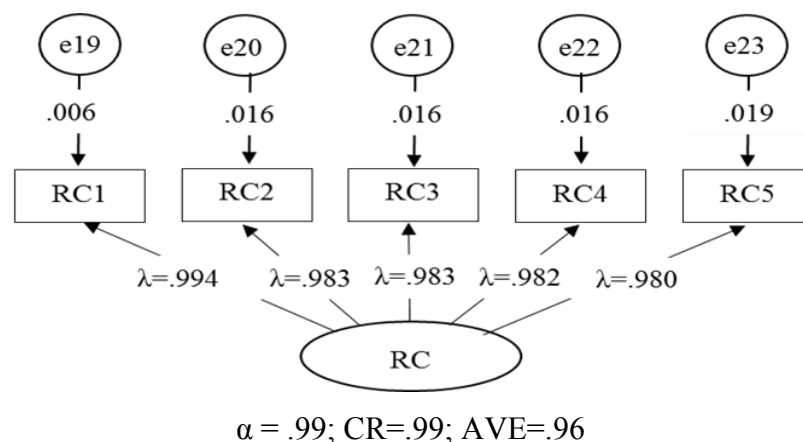
The results depicting reliability and convergent validity analysis of three constructs representing PJ and that of PJ are presented hereafter.

- Performance Planning (PP)** Results of factor loadings for all the six items that measured this construct ranged between 0.976 and 0.997 and were significant. Indicator reliability ranging between 0.939 and 0.994 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.99$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.10.



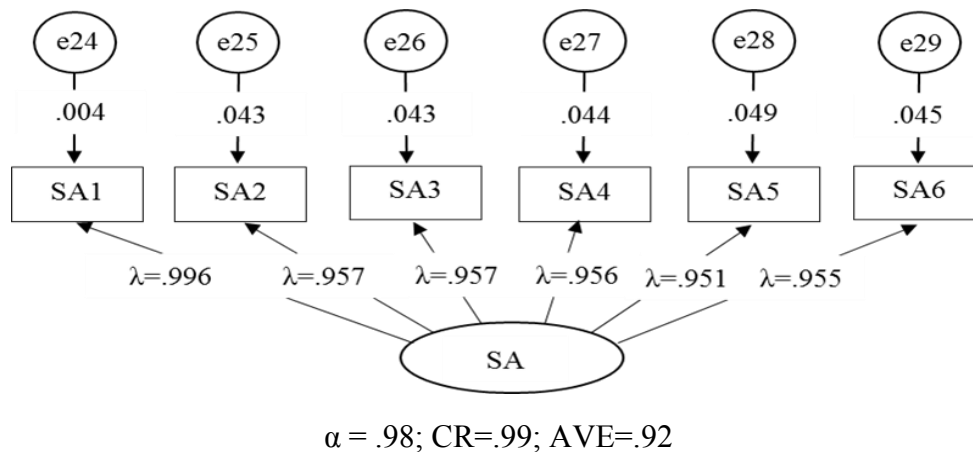
**Figure 4.10:** Performance Planning Construct with Convergent Validity Statistics

- Rater Confidence (RC)** Factor loadings of all items ranged between 0.980 and 0.994 and were significant. Indicator reliability ranging between 0.960 and 0.988 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.99$ ) and Composite reliability (0.99) were above normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. Results were consistent with Thurston and McNall (2010) study who also found items to be reliable. Construct is presented graphically in Fig. 4.11.



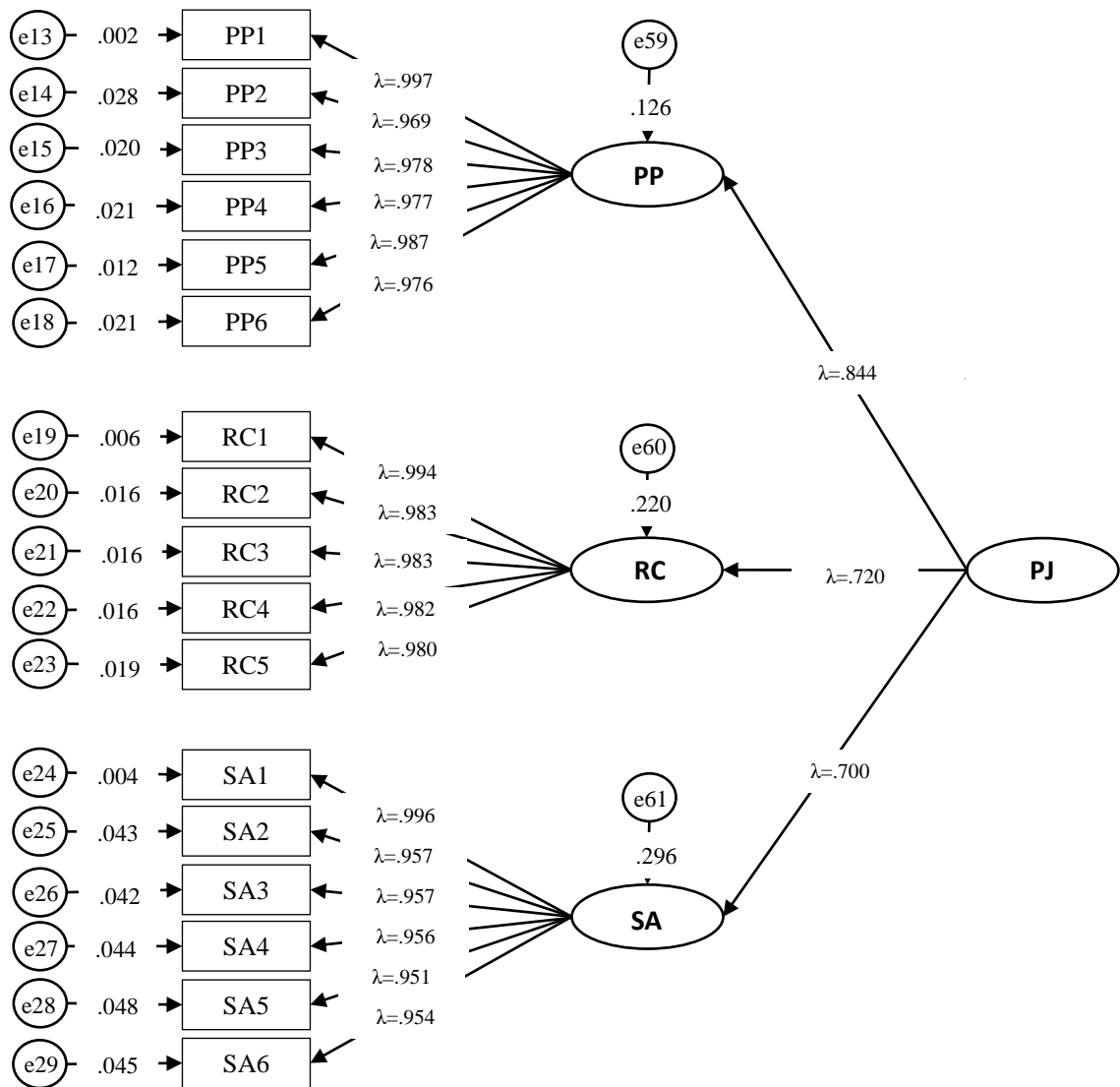
**Figure 4.11:** Rater Confidence Construct with Convergent Validity Statistics

- Seeking Appeals (SA)** Results of factor loadings for all the six items that measured this construct ranged between 0.951 and 0.996 and were significant. Indicator reliability ranging between 0.904 and 0.992 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.98$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.12.



**Figure 4.12:** Seeking Appeals Construct with Convergent Validity Statistics

- Procedural Justice (PJ)** The loadings for first-order constructs of PP, RC and SA were 0.844, 0.720 and 0.700 respectively. Moreover, the relationships of these three first-order constructs with second-order construct PJ were statistically significant. Therefore, these three relationships were regarded vital components and identified PJ. This second-order construct is depicted in Figure 4.13.



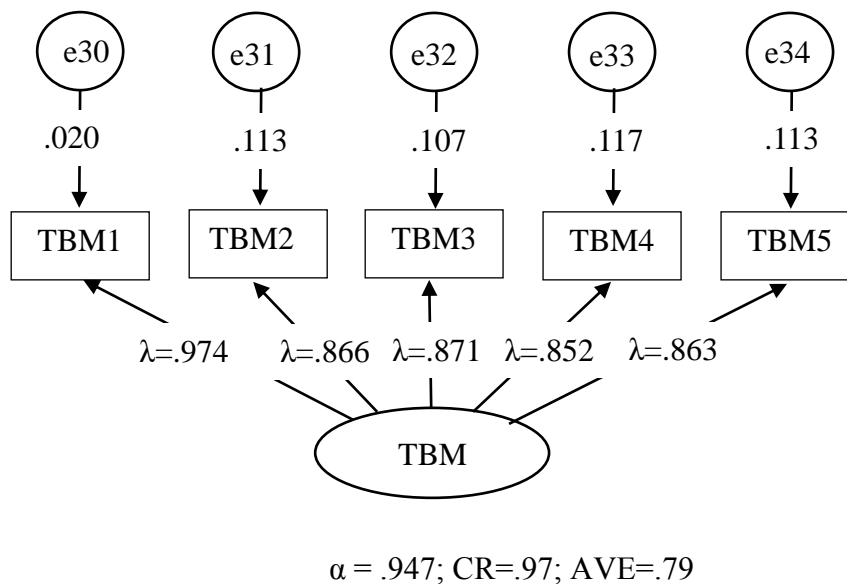
**Figure 4.13:** Procedural Justice – Second-Order Construct

#### 4.7.1.3 Reliability and Construct Validity: Interpersonal Justice Scale

The results depicting reliability convergent validity analysis of two constructs representing INTJ and that of INTJ are presented hereafter.



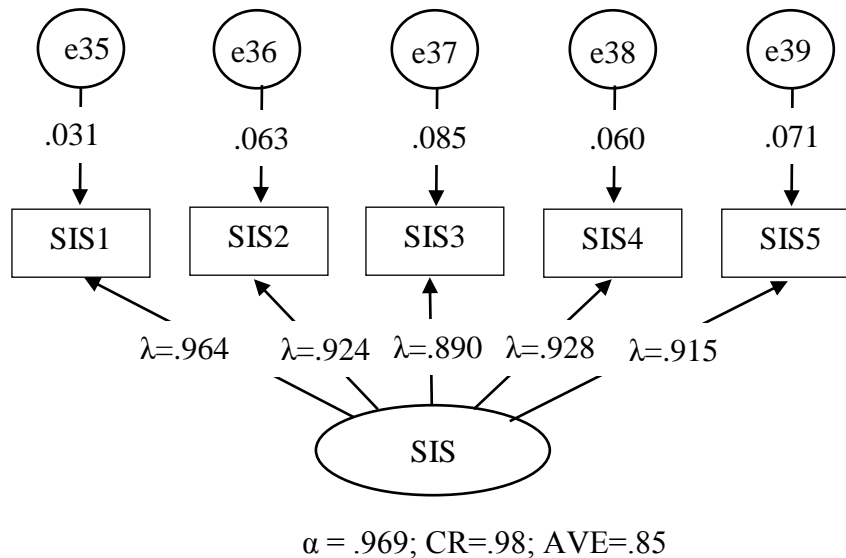
- Treatment by Manager (TBM)** Results of factor loadings for all the six items that measured this construct ranged between 0.852 and 0.974 and were significant. Indicator reliability ranging between 0.726 and 0.949 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.947$ ) and Composite reliability (0.97) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.14.



**Figure 4.14:** Treatment by Manager Construct with Convergent Validity Statistics

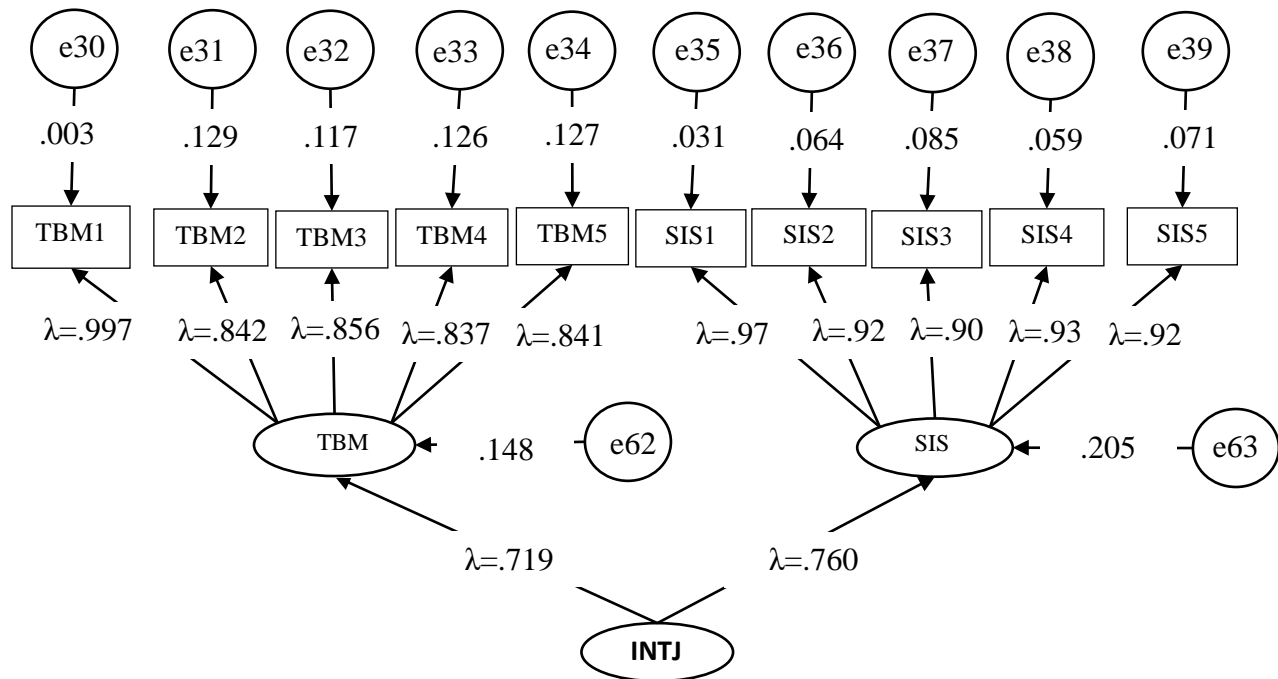
- Sensitivity in Supervision (SIS)** Results of factor loadings for all the five items that measured this construct ranged between 0.890 and 0.964 and were significant. Indicator reliability ranging between 0.792 and 0.929 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.967$ ) and Composite reliability (0.98) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who

also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.15.



**Figure 4.15:** Sensitivity in Supervision Construct with Convergent Validity Statistics

- Interpersonal Justice (INTJ)** The loading of first order construct TBM was 0.719 and that for SIS was 0.760. Moreover, the relationships of these two first-order constructs with second-order construct INTJ were statistically significant. Therefore, these two relationships were regarded vital components and identified INTJ, the third second-order construct. This second order construct is depicted in Fig 4.16.

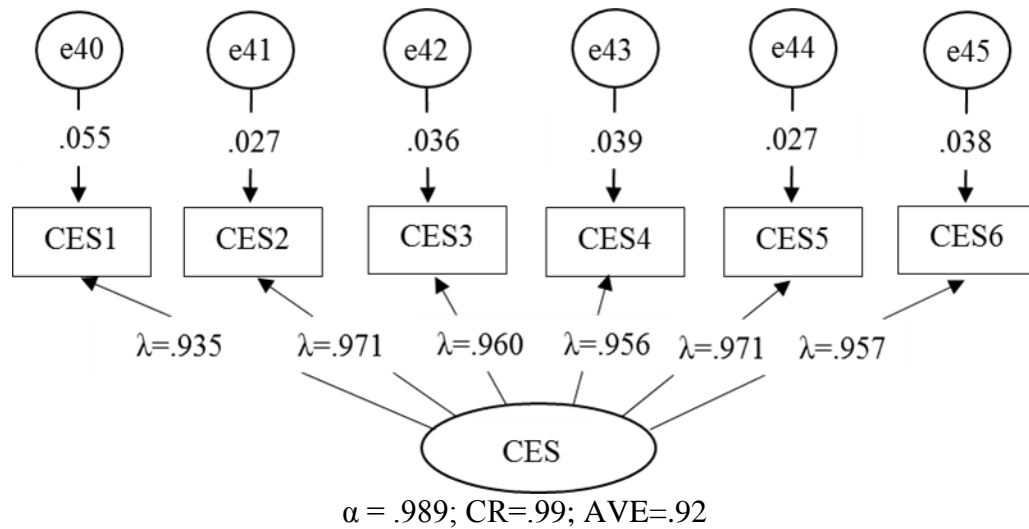


**Figure 4.16:** Interpersonal Justice - Second-Order Construct

#### 4.7.1.4 Reliability and Construct Validity: Informational Justice Scale

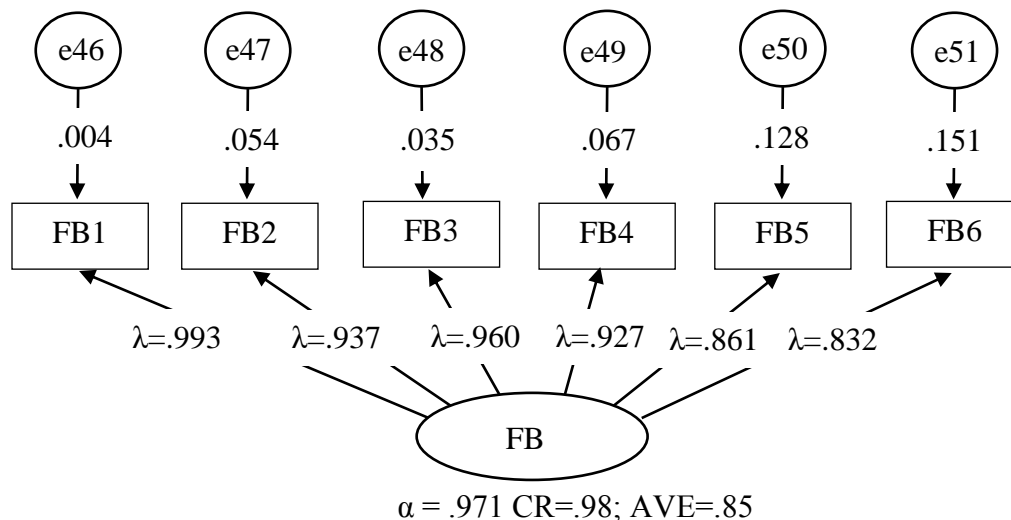
The results depicting reliability and convergent validity analysis of three constructs representing INFJ and that of INFJ are presented in next paragraphs.

- Clarifying Expectations and Standards (CES)** Results of factor loadings for all the six items that measured this construct ranged between 0.935 and 0.971 and were significant. Indicator reliability ranging between 0.874 and 0.943 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.985$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is at Fig. 4.17.



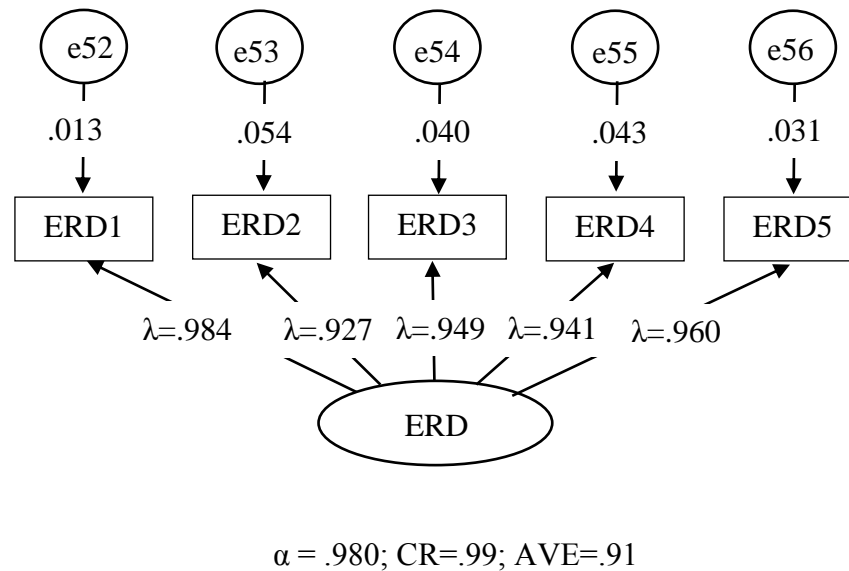
**Figure 4.17:** Clarifying Expectations and Standards Construct with Convergent Validity

- Providing Feedback (FB)** Results of factor loadings for all the six items that measured this construct ranged between 0.832 and 0.993 and were significant. Indicator reliability ranging between 0.741 and 0.986 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.971$ ) and Composite reliability (0.98) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.18.



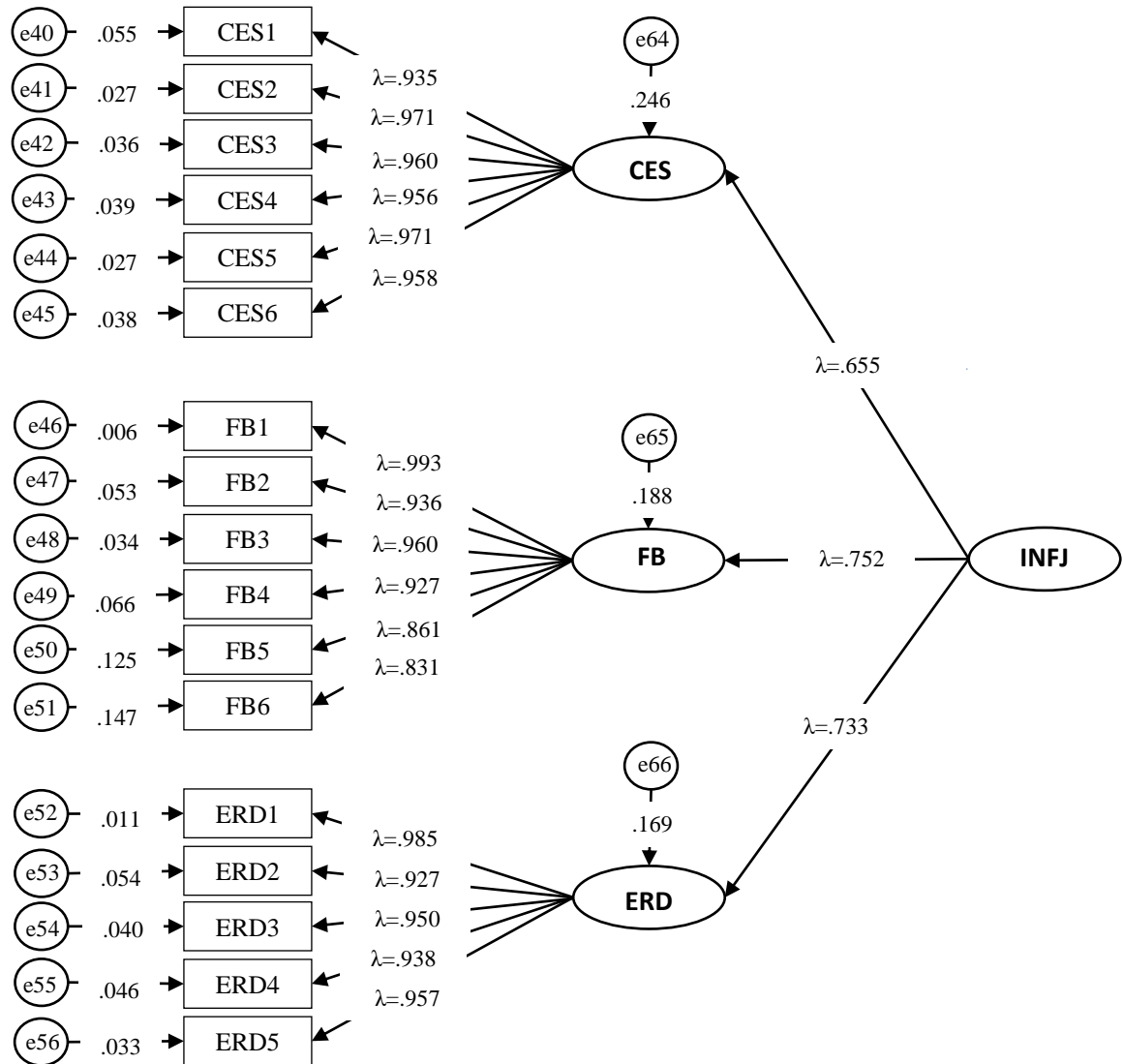
**Figure 4.18:** Providing Feedback Construct with Convergent Validity Statistics

- Explaining Rating Decision (ERD)** Results of factor loadings for all the five items that measured this construct ranged between 0.927 and 0.984 and were significant. Indicator reliability ranging between 0.885 and 0.968 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.980$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Thurston and McNall (2010) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.19.



**Figure 4.19:** Explaining Rating Decisions Construct with Convergent Validity Statistics

- Informational Justice (INFJ)** The loading of first-order construct CES was 0.655, FB was 0.752 and ERD was 0.733. The relationships of these three first-order constructs with second-order construct 'Informational Justice were also statistically significant. Therefore, these three relationships were regarded vital components and identified Informational Justice, the fourth second-order construct. This second-order construct is depicted in Figure 4.20.



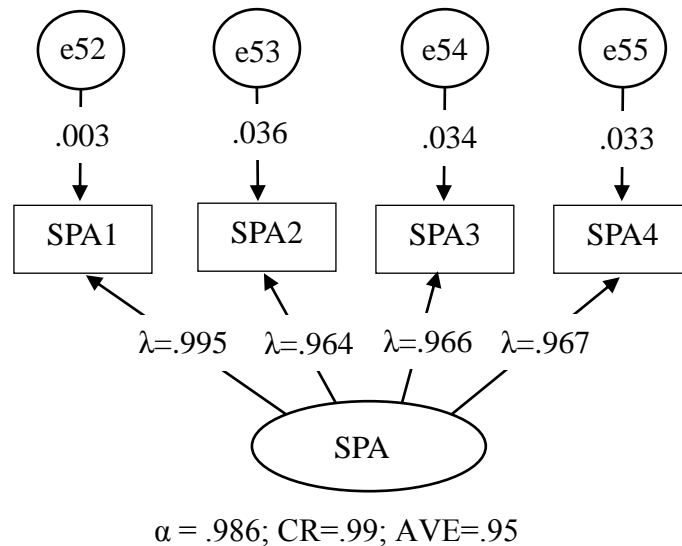
**Figure 4.20:** Informational justice: Second-Order Construct

## 4.7.2 Reliability and Convergent Validity: Mediating Variable

### 4.7.2.1 Reliability and Convergent Validity: SPA Scale

Results of factor loadings for all the 4 items that measured this construct ranged between 0.964 and 0.995 and were significant. Indicator reliability ranging between 0.929

and 0.990 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.986$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The construct is presented graphically in Fig. 4.21.

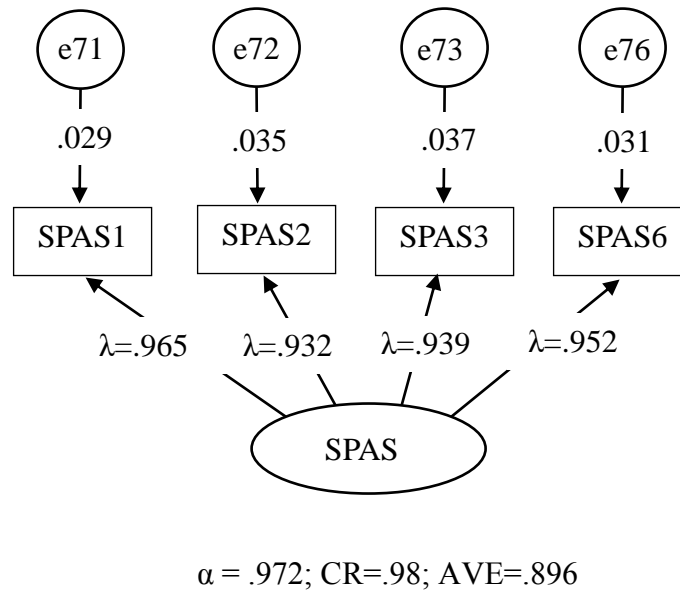


**Figure 4.21:** Satisfaction with Performance Appraisal Construct with Convergent Validity Statistics

#### 4.7.2.2 Reliability and Convergent Validity: SPAS Scale

Six items were used to measure response of subjects pertaining to the construct. According to CFA results, factor loadings ranged between 0.222 and 0.965. Two items SPAS4 and SPAS5 had factor loadings below the level of 0.700 i.e. 0.222 and 0.225 respectively. Therefore, these two items were deleted and were not considered for further analysis. Therefore, remaining four items of the construct were retained for further analysis. Results of factor loadings for all the 4 items that measured this construct ranged between 0.932 and 0.965 and were significant. Indicator reliability ranging between 0.882 and 0.931 was also beyond the threshold value. Accordingly, all these items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.972$ ) and Composite reliability (0.98) for the construct were above the normal acceptable level of 0.7. Thus

reliability and convergent validity of the construct was established. The construct is presented graphically in Fig. 4.22.

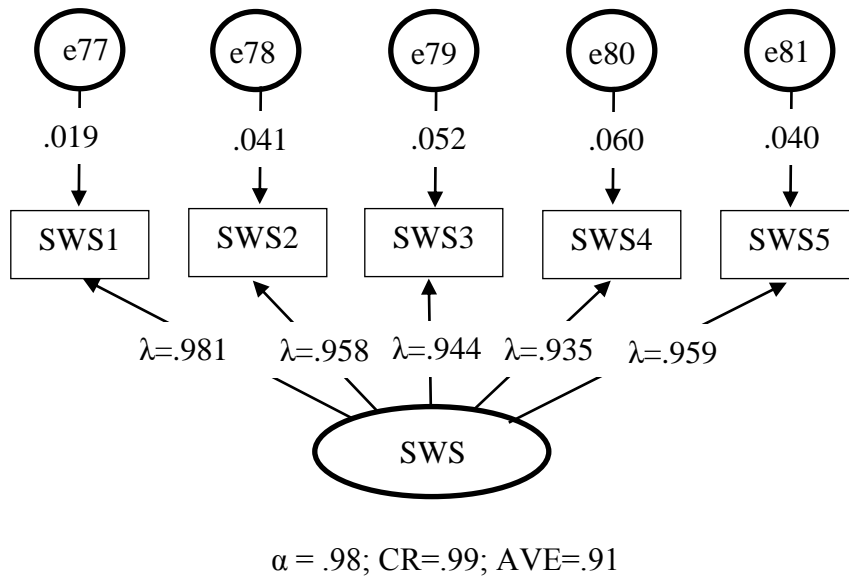


**Figure 4.22:** Satisfaction with Performance Appraisal System Construct with Convergent Validity Statistics

#### 4.7.2.3 Reliability and Convergent Validity: SWS Scale

Results of factor loadings for all the 5 items that measured this construct ranged between 0.937 and 0.984 and were significant. Indicator reliability ranging between 0.878 and 0.968 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.98$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The construct is presented graphically in Fig. 4.23.



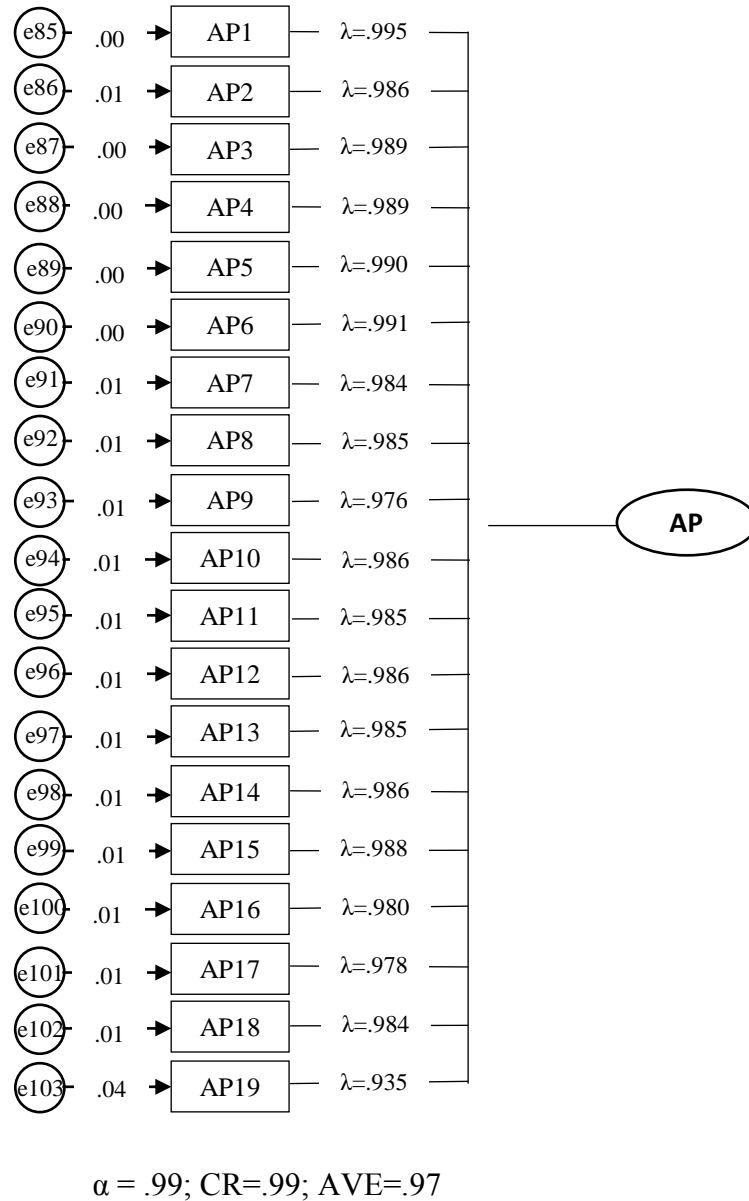


**Figure 4.23:** Satisfaction with Supervisor Construct with Convergent Validity Statistics

### 4.7.3 Reliability and Convergent Validity: Dependent Variable

#### 4.7.3.1 Reliability and Convergent Validity: AP Scale

Results of factor loadings for all the 19 items that measured this construct ranged between 0.935 and 0.990 and were significant. Indicator reliability ranging between 0.874 and 0.990 was also beyond the threshold value. Accordingly, all items of the construct were retained for further analysis. The value of Cronbach's alpha ( $\alpha=0.991$ ) and Composite reliability (0.99) for the construct were above the normal acceptable level of 0.7. Thus reliability and convergent validity of the construct was established. The results were consistent with Charbonnier-Voirin and Roussel (2012) study who also found reliability of the scale to be beyond the normal acceptable limits of  $\alpha=0.70$ . The construct is presented graphically in Fig. 4.24.



**Figure 4.24:** Adaptive Performance Construct with Convergent Validity Statistics

#### 4.8 Discriminant Validity

The discriminant validity is “the extent to which a construct is truly distinct from other constructs” (Hair et al., 2006, p. 778). It means that items characterize single construct with no cross loadings. Two methods are provided by CFA for assessment of

discriminant validity. According to first method, discriminant validity is adequate when coefficient of correlation between two constructs is significant with the upper limit of 0.9 (Bagozzi, Philips, & Yi, 1991). The second method is analysis of AVE in relation to the squared correlations wherein AVE of a latent construct is to be greater than construct's squared correlations with all other latent constructs (Fornell & Larcker 1981; Anderson & Gerbing, 1988; Bagozzi & Foxall, 1996; Hair et al., 2017).

Following the assessment of convergent validity, results of inter-construct correlation were estimated. The results pertaining to inter-construct correlations estimates are presented in Table 4.14. The results revealed low level to moderate association between constructs and all coefficients were significant ( $p=0.000$ ). The results also depicted that all coefficients of correlation estimates were well below the threshold level of 0.90, meeting the criteria suggested by (Bagozzi et al., 1991). These results implied discriminant validity.

Squared inter-construct correlations and values of AVE are presented in Table 4.15. According to Fornell and Larker (1981) criteria for ascertaining discriminant validity between constructs, the value of AVE for the construct shall be higher than all the squared inter-construct correlation between the construct and all other latent variables. The values of AVE of constructs ranged between 0.785 and 0.964; and no value of squared correlations of the constructs surpassed the lowest AVE value of 0.785. These results implied that all constructs met the criteria and exhibited discriminant validity. The preceding results pertaining to construct reliability and validity (convergent and Discriminant) supported the construct validity and model fitness of overall measurement model, depicting that the first milestone of SEM was completed.

Table 4.14: Inter-Construct Correlations

	AOA	COA	PP	RC	SA	TBM	SIS	CES	FB	ERD	SPA	SPAS	SWS	AP
AOA	0.955													
COA	.625**	0.966												
PP	.264**	.245**	0.99											
RC	.253**	.235**	.598**	0.99										
SA	.207**	.193**	.490**	.470**	0.98									
TBM	.200**	.186**	.383**	.368**	.301**	0.95								
SIS	.179**	.167**	.343**	.329**	.270**	.498**	0.97							
CES	.370**	.344**	.272**	.261**	.214**	.213**	.190**	0.98						
FB	.580**	.539**	.426**	.409**	.335**	.333**	.298**	.507**	0.97					
ERD	.417**	.388**	.307**	.294**	.241**	.239**	.214**	.364**	.570**	0.98				
SPA	.460**	.429**	.368**	.353**	.289**	.349**	.313**	.333**	.521**	.374**	0.98			
SPAS	.501**	.466**	.219**	.210**	.172**	.254**	.227**	.264**	.414**	.297**	.511**	0.97		
SWS	.432**	.401**	.486**	.467**	.382**	.374**	.335**	.339**	.530**	.381**	.564**	.419**	0.98	
AP	.679**	.632**	.492**	.472**	.386**	.365**	.327**	.484**	.758**	.545**	.671**	.559**	.647**	0.99

Note: Correlations are shown below the diagonal and scale reliability ( $\alpha$ ) at the diagonal.

\*\*Correlation significant at the 0.01 level (2-tailed) & \*Correlation significant at the 0.05 level (2-tailed)

Table 4.15: Discriminant Validity Statistics

Fornell-Larcker criteria	AOA	COA	PP	RC	SA	TBM	SIS	CES	FB	ERD	SPA	SPAS	SWS	AP
AOA	0.811													
COA	0.390	0.802												
PP	0.070	0.060	0.960											
RC	0.064	0.055	0.358	0.960										
SA	0.042	0.037	0.240	0.221	0.925									
TBM	0.040	0.036	0.147	0.135	0.091	0.785								
SIS	0.032	0.027	0.118	0.108	0.073	0.248	0.854							
CES	0.137	0.118	0.074	0.068	0.046	0.045	0.036	0.918						
FB	0.337	0.291	0.181	0.167	0.112	0.111	0.089	0.257	0.846					
ERD	0.174	0.151	0.094	0.086	0.058	0.057	0.046	0.132	0.325	0.907				
SPA	0.212	0.184	0.135	0.125	0.084	0.122	0.098	0.111	0.271	0.120	0.946			
SPAS	0.251	0.217	0.048	0.044	0.030	0.065	0.051	0.070	0.171	0.088	0.261	0.896		
SWS	0.187	0.160	0.236	0.218	0.146	0.135	0.112	0.115	0.281	0.145	0.318	0.176	0.910	
AP	0.461	0.004	0.242	0.223	0.149	0.133	0.107	0.234	0.574	0.297	0.45	0.312	0.419	0.966

Note: Values on diagonal are AVEs and off-diagonal values are squared inter-construct correlations

#### **4.9 Underlying Factor Structure Assessment: Organizational Justice**

Underlying factor structure of the ten constructs that were used to measure employee's perceptions of justice in the context of performance appraisal process was also studied. Based on current literature, five models were developed for comparison in order to test the relationship of ten justice for underlying constructs. The first model comprised all the items which were used to ascertain the justice perceptions under one-factor. Second model depicting the traditional distinction between DJ and PJ was first two-factor model. Second two-factor model was based on the conception of separation between social (interpersonal and Informational) and structural (Distributive and Procedural) elements of organizational justice. The fourth model was three-factor model and was based on the suggestion of (Skarlicki & Folger, 1997). In this model, the first two factors were based on two structural forms of justice i.e. distributive and procedural justice whereas, the third factor was interactional justice with underlying facets of Interpersonal and Informational justice. Lastly four-factor model was built on the stipulation of (Greenberg, 1993) and confirmed by other researchers (Colquitt, 2001; Thurston & McNall, 2010). This model consisted Distributive, Procedural, Informational and Interpersonal justice as four distinct factor representing organizational justice.

The results of CFA of afore discussed five models are presented in Table 4.16. The values of fit indices  $CMIN/DF=1.673$ ,  $GFI = 0.914$ ,  $IFI = 0.989$ ,  $TLI = 0.988$ ,  $CFI = 0.989$ ,  $RMSEA = 0.027$ ) showed that amongst all models, four-factor model had best fit as compared to other models. Therefore, four-factor model was used for further analysis in study. Analyses of the values of  $CMIN/DF$ ,  $GFI$ ,  $IFI$ ,  $TLI$ ,  $CFI$  and  $RMSEA$  showed that amongst the one, two and three factor models, the three-factor model had better fit than that of one and two factor models. With regards to one and two factor models, analyses of the values showed that two-factor models had better fit than that of one-factor model.

**Table 4.16:** Comparison of Models Depicting Underlying Factor Structure of Organizational Justice

<b>Model</b>	<b>CMIN/DF</b>	<b>GFI</b>	<b>IFI</b>	<b>TLI</b>	<b>CFI</b>	<b>RMSEA</b>
One factor Justice model	2.164	0.885	0.981	0.980	0.981	0.035
Distributive-Procedural Two factor model	2.151	0.884	0.981	0.980	0.981	0.035
Structural-Social Two factor model	2.151	0.885	0.981	0.980	0.981	0.035
Distributive-Procedural- Interactional Three factor model	1.835	0.906	0.986	0.986	0.986	0.030
Distributive-Procedural- Interpersonal-Informational Four-factor model	1.673	0.914	0.989	0.988	0.989	0.027

#### 4.10 Structural Equation Modeling

The results of Structure Equation Modeling are presented in Table 4.17. These result implied that structural model fulfilled the criteria of good model fit. The significant ( $p=0.000$ ) value of Chi-square 9057.860 with 3713 degrees of freedom corresponded to existing literature which suggest the value of Chi-square to be significant when the sample size is large. In this study the sample size ( $n=932$ ) was large hence, the value of Chi-square was also significant. The value of  $\chi^2/df = 2.439$  was below the acceptable threshold level of 3.00. The value of incremental fit index, CFI= 0.969, was also beyond the stipulated standard of  $\geq 0.95$ . The value of TLI=0.971 was also beyond the specified limit of  $\geq 0.95$ . The value of absolute fit index GFI=0.822 below the level of 0.9 corresponded to the argument of researchers as they suggested value of GFI to be sensitive to sample size. The value of GFI, below the level of 0.9 was assumed to be due large sample size ( $n=932$ ). The value of RMSEA= 0.039 (badness-of-fit) was also below the established acceptance

standard of  $\leq 0.05$ . The value of SRMR = 0.0669 was although not below the ideal limit of  $< 0.05$ , however, it was within the acceptable limit of  $\leq 0.08$ . In view of the model complexity viz-a-viz large sample size; these results implied the specified structural model to be a good fit. Subsequent to establishment of model fitness, study research questions and hypotheses were tested.

**Table 4.17:** Estimates of Overall Structural Model

<b>Fit indices</b>	<b>Values</b>
Chi-Square ( $\chi^2$ )	9057.860
Degrees of Freedom	3713
CMIN/DF	2.439
CFI	0.969
TLI	0.968
RMSEA	0.039
SRMR	0.066

#### **4.11 Results: Hypotheses Testing**

##### **4.11.1 Results: Direct Relationships**

Three objectives pertained to the assessment of relationships between justice constructs, satisfaction constructs and adaptive performance. Total of eleven hypotheses postulated direct relationship between four Justice Constructs, three Satisfaction constructs and Adaptive Performance in line with study objectives.

##### **4.11.1.1 Results of Direct Relationships between Justice and AP**

“What is the relationship of employees’ justice perceptions of appraisal process with adaptive performance?” was one first question of the study. Corresponding to the this questions, the study objective was to examine relationship of employees’ justice perceptions of appraisal process with adaptive performance. For the purpose, four



hypothesis were postulated depicting direct relationship of DJ, PJ, INTJ and INFJ with Adaptive Performance. These hypotheses were tested by the applying SEM. Table 4.18 show results (standardized path coefficients -  $\beta$ , un-standardized path coefficients -  $B$ ,  $t$ -values, Standard error and  $p$ -values) pertaining to direct relationships.

The first hypothesis ( $H_1$ ) postulated positive relationship between DJ and AP. The result showed un-standardized regression weight of the structural path between DJ and AP as positive and significant ( $B = 0.622$ ;  $t=5.118$ ;  $p=0.000$ ). Hence based on this result, it was inferred that  $H_1$  is supported by data wherein DJ positively influenced AP. For analysing dummy variables, value of  $F$  statistic showed that model was statistically significant at conventional standard. The value of un-standardized  $B = 0.081$ ;  $t\text{-stat} = 2.593$  for male employees showed that they had better performance then females. Performance of employees in the age bracket of 18-25 yrs was better than the control group (age between 51 to 60);  $B = 0.393$ ;  $t\text{-stat} = 1.99$ . Employees with Master's degree also had better performance then the control group ( $B = 0.152$ ;  $t\text{-stat} = 3.760$ ). Lastly, employees with tenure between 1 – 3 yrs had lower performance then the control group representing employees with more than 10 yrs tenure ( $B = -0.122$ ;  $t\text{-stat} = 2.486$ ).

The second hypothesis ( $H_2$ ) postulated positive relationship between PJ and AP. The results showed that un-standardized regression weight of the structural path between PJ and AP as positive and significant ( $B = 0.208$ ;  $t=3.556$ ;  $p=0.000$ ). Hence based on this result, it was inferred that  $H_2$  was supported by data wherein PJ positively impacted AP. With regard to dummy variables, male employees had better performance then female employees ( $B = 0.095$ ;  $t\text{-stat} = 2.559$ ). Employees in the age bracket 18-25 yrs and 51-60 yrs had better performance then control group (age more then 60 yrs);  $B = 0.518$ ;  $t\text{-stat} = 2.217$  and  $B = 0.553$ ;  $t\text{-stat} = 2.276$ . The values of  $B = 0.269$ ;  $t\text{-stat} = 3.043$ ,  $B = 0.159$ ;  $t\text{-stat} = 3.093$ , and  $B = 0.157$ ;  $t\text{-stat} = 3.263$  for employees with Intermediate, Bachelor's and Master's degree, respectively showed their performance to be better then control group. Punjabi origin employees had better performance then the control group representing other origin employees ( $B = 0.142$ ;  $t\text{-stat} = 2.411$ ).

Hypothesis number 3 (H<sub>3</sub>) postulated positive relationship between INTJ and AP. The result showed that un-standardized regression weight of the structural path between INTJ and AP was negative and insignificant (B = -0.085; t=-1.347; p=0.178). Hence based on result, it was inferred that H<sub>3</sub> was not supported by data.

The fourth hypothesis (H<sub>4</sub>) postulated positive relationship between INFJ and AP. The result showed un-standardized regression weight of the structural path between INFJ and AP as positive and significant (B = 0.458; t=2.942; p=0.003). Hence based on this result, it was inferred that H<sub>4</sub> was supported by data in that INFJ positively impacted AP. With regard to analyses of demographic factors, the values of un-standardized B = 0.551; t-stat = 2.756, B = 0.516; t-stat = 2.618, B = 0.513; t-stat = 2.563, and B = 0.653; t-stat = 3.146 for employees in the age brackets of 18 - 25 yrs, 26 - 40 yrs, 41 - 50 yrs and 51 - 60 yrs, showed their performance to be better than control group (age more than 60 yrs). Employees having Intermediate, Bachelor's and Master's degrees had better performance than control group (B = 0.212; t-stat = 2.809, B = 0.139; t-stat = 3.143, and B = 0.138; t-stat = 3.344 respectively).

**Table 4.18:** Parameter Estimates of Direct Relationships

Hypothesis Number	Relationship	B	B	SE	t- Value	P Value	Decision
H1	DJ-----AP	.475	0.622	.122	5.118	0.000	Hypothesis Accepted
H2	PJ-----AP	.175	0.208	.059	3.556	0.000	Hypothesis Accepted
H3	INTJ-----AP	-.058	-0.085	.063	-1.347	0.178	<b>Hypothesis Rejected</b>
H4	INFJ-----AP	.261	0.458	.156	2.942	0.003	Hypothesis Accepted
H5	DJ-----SPA	.657	0.982	.060	16.397	0.000	Hypothesis Accepted
H6	PJ-----SPAS	.384	0.418	.043	9.631	0.000	Hypothesis Accepted
H7	INTJ-----SWS	.323	0.544	.089	6.101	0.000	Hypothesis Accepted
H8	INFJ-----SWS	.480	0.964	.101	9.569	0.000	Hypothesis Accepted
H9	SPA-----AP	.081	0.071	.024	2.905	0.004	Hypothesis Accepted
H10	SPAS-----AP	.078	0.085	.022	3.883	0.000	Hypothesis Accepted
H11	SWS-----AP	.059	0.052	.023	2.306	0.021	Hypothesis Accepted

Note: β: Standardized regression weight; B: un-standardized regression weight; SE: Standard Error

The aforesaid study results depicted that three hypotheses postulating positive link of DJ, PJ and INFJ with AP were been supported by the data. Whereas, relationship of INTJ with AP was not supported by the data. The said results led to answering the study question “What is the relationship of employees’ justice perceptions of appraisal process with adaptive performance”? Accordingly, the objective associated with this question pertaining to examination of relationship of employees’ justice perceptions of appraisal process with adaptive performance was achieved.

#### **4.11.1.2 Results of Direct Relationships between Justice and Satisfaction Constructs**

“What is the relationship between employees’ justice perceptions of appraisal process and satisfaction with various facets of appraisal process?” was another main question of the study. Corresponding to the said study question, investigation of linkage between justice perceptions of appraisal process and employees’ satisfaction with various facets of employees’ satisfaction with appraisal process was objective of this study. Four hypotheses were postulated for investigating direct relationship between Justice and Satisfaction constructs.

The fifth hypothesis (H<sub>5</sub>) investigated positive link of DJ with SPA. Result showed structural path between Distributive Justice and Satisfaction with Performance Appraisal as positive and significant ( $B = 0.982$ ;  $t=16.397$ ;  $p=0.000$ ). Hence based on this result, it was inferred that H<sub>5</sub> was supported by data wherein DJ impacted SPA. With regard to analyses of demographic factors, employees with tenure of 1-3 yrs, 4-5 yrs, 6-10 yrs had lower satisfaction with their performance appraisal than the control group representing employees with more ten 10 yrs tenure ( $B=-.181$ ;  $t=-2.713$ ;  $B=-.279$ ;  $t=-3.886$ ;  $B=-.172$ ;  $t=-2.446$ ). For education the values of  $B = 0.405$ ;  $t\text{-stat} = 4.001$  for employees having Intermediate degree was statistically significant, which meant their satisfaction with performance appraisal to be better then control group.

The sixth hypothesis (H<sub>6</sub>) investigated positive link of PJ with SPAS. Result showed un-standardized regression weight of the structural path between Procedural Justice and Satisfaction with Performance Appraisal System as positive and significant (un-standardized path coefficient  $B = 0.418$ ;  $t=9.631$ ;  $p=0.000$ ). Hence based on this result, it was inferred that H<sub>6</sub> was supported by the data wherein PJ positively impact SPAS. Results of demographic factors analyses revealed employees in the age bracket of 18 - 25 yrs ( $B = 0.892$ ;  $t\text{-stat} = 2.910$ ); having Intermediate degree ( $B = 0.840$ ;  $t\text{-stat} = 7.408$ ); with tenure below 1 yr ( $B = 0.242$ ;  $t\text{-stat} = 2.656$ ) had better level of satisfaction with performance appraisal system than the control groups. Furthermore, employees of Punjabi origin had better satisfaction with their performance appraisal system ( $B = 0.192$ ;  $t\text{-stat} = 2.475$ ) than that of control group.

The seventh hypothesis (H<sub>7</sub>) investigated positive relationship between INTJ and SWS. The result showed structural path between Interpersonal Justice and Satisfaction with Supervisor as positive and significant ( $B = 0.544$ ;  $t=6.101$ ;  $p=0.000$ ). Hence based on this result, it was inferred that H<sub>7</sub> was supported by the data wherein INTJ positively impacted SWS. With regard to analyses of demographic factors; employees in the age bracket of 18 - 25 yrs and employees having Intermediate degree had higher level of satisfaction with their supervisor ( $B = 0.585$ ;  $t\text{-stat} = 2.088$  and  $B = 0.405$ ;  $t\text{-stat} = 3.812$ , respectively) The value of un-standardized  $B = -0.157$ ;  $t\text{-stat} = -2.09$  for employees with tenure 4-5 yr showed them to less satisfied with their supervisor than that of control group.

The eighth hypothesis (H<sub>8</sub>) postulated positive relationship between INFJ and SWS. The result showed structural path between Informational Justice and Satisfaction with Supervisor to be positive and significant ( $B = 0.964$ ;  $t=9.59$ ;  $p=0.000$ ). Hence based on this result, it was inferred that H<sub>8</sub> was supported by the data wherein INFJ positively impacted AP. With regard to analyses of demographic factors, the value of standardized  $B = 0.579$ ;  $t\text{-stat} = 2.160$  for employees in the age bracket of 18 - 25 yrs showed that they have higher level of satisfaction with their supervisor than the control group. The value of  $B = 0.362$ ;  $t\text{-stat} = 3.573$  for employees with Intermediate degree depicted that they had higher satisfaction with their supervisors than that of control group.

The aforesaid study results depicted that four hypotheses postulating positive link of DJ with SPA; PJ with SPAS; INTJ with SWS and INFJ with SWS were supported by the data. This led to answering the study question “What is the relationship between employees’ justice perceptions of appraisal process and satisfaction with various facets of appraisal process?” and achievement of associated study objective.

#### **4.11.1.3 Results of Direct Relationships between Satisfaction and AP**

Three hypotheses were postulated for investigating direct relationship between Satisfaction constructs and Adaptive Performance in an effort to answer study question “What is the relationship between employees’ satisfaction with appraisal process and adaptive performance in telecom and banking sector private organizations?” and achievement of associated objective of examining relationship between employees’ satisfaction with appraisal process and adaptive performance.

The ninth hypothesis (H<sub>9</sub>) postulated positive relationship between SPA and AP. The result showed un-standardized regression weight of the structural path between SPA and AP as positive and significant (B = 0.071; t=2.905; p=0.000). Hence based on this result, it was inferred that H<sub>9</sub> was supported by the data wherein SPA positively impacted AP. Analyses of demographic factors revealed male employees had higher adaptive performance than that of control group (B = 0.100; t-stat = 3.0459). In case of employees’ age, all categories had higher adaptive performance than that of default group (B = 0.761; t-stat = 3.715 for 18 - 25 yrs; B = 0.674; t-stat = 3.327 for 26 - 40 yrs; B = 0.656; t-stat = 3.186 for 41 - 50 yrs and B = 0.732; t-stat = 3.430 for 51 - 60 yrs). For education level, employees having Intermediate, Bachelor’s and Master’s degrees had higher adaptive performance than the default group (B = 0.259; t-stat = 3.340, B = 0.127; t-stat = 2.784, and B = 0.125; t-stat = 2.932, respectively).

The tenth hypothesis (H<sub>10</sub>) postulated positive relationship between SPAS and AP. The result showed structural path between SPAS and AP as positive and significant (B = 0.085; t=3.883; p=0.000). Hence based on this result, it was inferred that H<sub>10</sub> was supported

by the data wherein SPAS positively impacted AP. With regard to effect of demographic factors, male employees had higher adaptive performance than that of default group ( $B = 0.176$ ;  $t\text{-stat} = 4.466$ ). In case of employees' age, all categories had higher adaptive performance than that of default group ( $B = 0.795$ ;  $t\text{-stat} = 3.186$  for 18 - 25 yrs;  $B = 0.628$ ;  $t\text{-stat} = 2.547$  26 - 40 yrs;  $B = 0.590$ ;  $t\text{-stat} = 2.356$  41 - 50 yrs; and  $B = 0.757$ ;  $t\text{-stat} = 2.911$  for 51 - 60 yrs). For education level the values of un-standardized  $B = 0.325$ ;  $t\text{-stat} = 3.406$ ,  $B = 0.213$ ;  $t\text{-stat} = 3.865$ , and  $B = 0.218$ ;  $t\text{-stat} = 4.226$  for employees having Intermediate, Bachelor's and Master's degrees, respectively depicted their AP to be better than default group employees. Employees with tenure of 1-3 yr had lower AP than the default group ( $B = -0.125$ ;  $t\text{-stat} = -0.199$ ). Lastly. Employees of Sindhi origin had lower AP than the default group ( $B = -0.176$ ;  $t\text{-stat} = -2.172$ ).

The eleventh hypothesis ( $H_{11}$ ) postulated positive relationship between SWS and AP. The result showed structural path between SWS and AP as positive and significant ( $B = 0.052$ ;  $t=2.306$ ;  $p=0.021$ ). Hence based on this result, it was inferred that  $H_{11}$  was supported by the data wherein SWS positively impacted AP. With regard to effect of gender, male employees had higher adaptive performance than that of default group ( $B = 0.144$ ;  $t\text{-stat} = 4.289$ ). In case of employees' age, all categories had higher adaptive performance than that of default group ( $B = 0.597$ ;  $t\text{-stat} = 2.799$  for 18 - 25 yrs;  $B = 0.537$ ;  $t\text{-stat} = 2.555$  for 26 - 40 yrs;  $B = 0.534$ ;  $t\text{-stat} = 2.498$  for 41 - 50 yrs; and  $B = 0.666$ ;  $t\text{-stat} = 3.003$  for 51 - 60 yrs). For education level the values of  $B = 0.273$ ;  $t\text{-stat} = 3.415$ ,  $B = 0.198$ ;  $t\text{-stat} = 4.229$ , and  $B = 0.199$ ;  $t\text{-stat} = 4.539$  for employees having Intermediate, Bachelor's and Master's degrees, respectively depicted their AP were better than the default group. The value of un-standardized for employees with tenure 1-3 yr had lower level of AP than the control group ( $B = -0.103$ ;  $t\text{-stat} = -1.931$ ).

The aforesaid study results depicted that three hypotheses postulating positive link of SPA, SPAS and SWS with AP were supported by the data. These results led to answering the study question "What is the relationship between employees' satisfaction with appraisal process and adaptive performance in telecom and banking sector private organizations"? Furthermore, with these results, associated objective of examining

relationship of employees' satisfaction with appraisal process and adaptive performance was achieved.

#### **4.11.2 Results of Indirect relationships: Justice, Satisfaction and AP**

“What is the mediating role of satisfaction with appraisal process in the relationship of employees' justice perception of appraisal process and adaptive performance in telecom and banking sector private organizations?” was one of the study questions. Corresponding to the same determining role of constructs representing satisfaction with performance appraisal process in the relationship of employees' justice perceptions of appraisal process and adaptive performance was the study objective. Therefore, subsequent to the evaluation of direct relationships, in-direct effects of satisfaction constructs in the relationship of justice constructs and Adaptive Performance were assessed. Four hypotheses were postulated to investigate mediating effect of three Satisfaction constructs in relationships of four Justice Constructs with AP. However, fourteenth hypotheses was not evaluated as INTJ did not had direct linkage with AP.

The twelfth hypothesis (H<sub>12</sub>) predicted relationship between DJ and AP to be mediated by SPA. For the purpose, first of all direct effect of DJ on AP was analyzed which was  $\beta = 0.830$ . Then the effect of DJ on SPA was analyzed which was  $\beta = 0.563$ . In the third step the effect of SPA and DJ on AP was analyzed. The effect of DJ on AP did not disappear completely rather it still existed, but in smaller magnitude ( $\beta = 0.663$ ). This dictated that SPA partially mediated between DJ and AP. The result supported the hypothesis in that DJ had indirect effect on AP through mediation of SPA (standardized indirect coefficient  $0.563 \times 0.297 = 0.168$ ). Table 4.19 shows results of in-direct relationship.

**Table 4.19:** Parameter Estimates of DJ – SPA – AP Relationships

Model	B		B		SE	R <sup>2</sup>
	DJ	SPA	DJ	SPA		
<b>Direct</b>						
SPA	0.563		0.827		0.056	0.32
AP	0.663	0.297	0.864	0.264	0.052	0.75
<b>Indirect</b>						
SPA						
AP	0.168		0.218			
<b>Total</b>						
SPA	0.563		0.827			
AP	0.830	0.297	1.082	0.264		

Note:  $\beta$ : Standardized regression weight; B: un-standardized regression weight; SE: Standard Error

Bootstrapping method was employed to estimate the indirect effect. The significance of the indirect effect was established by estimating the confidence interval. The same signs of both, Lower bound and Upper bound implied significance of the indirect effect estimate. Table 4.20 presents result pertaining to this estimate.

**Table 4.20:** Parameter Estimates of In-Direct Relationships

CASES	Relationship	$\beta$	$\beta$	Indirect	Confidence Interval
		Path a	Path b	Effect (a.b)	(Lower, Upper)
Case-1	DJ-----SPA-----AP	0.56	0.30	0.168	(0.118, 0.216)
Case-2	PJ-----SPAS-----AP	0.28	0.42	0.116	(0.074, 0.155)
Case-3	INFJ-- SWS-----AP	0.59	0.21	0.130	(0.077, 0.170)

Thirteenth hypothesis (H<sub>13</sub>) predicted relationship between PJ and AP to be mediated by SPAS. For the purpose, first of all direct effect of PJ on AP was analyzed which was  $\beta = 0.622$ . Then the effect of PJ on SPAS was analyzed which was  $\beta = 0.278$ . In the third step the effect of SPAS and PJ on AP was analyzed. The effect of PJ on AP did not disappear completely rather it still existed, but in smaller magnitude ( $\beta = 0.506$ ). This dictated that SPAS partially mediated between PJ and AP. The results supported the hypothesis in that



PJ had indirect effect on AP through mediation of SPAS (standardized indirect coefficient  $0.278 \times 0.418 = 0.116$ ). Table 4.21 shows result of in-direct relationship.

**Table 4.21:** Parameter Estimates of PJ – SPAS – AP Relationships

Model	B		B		SE	R <sup>2</sup>
	PJ	SPAS	PJ	SPAS		
<b>Direct</b>						
SPAS	0.278		0.292		0.039	0.08
AP	0.506	0.418	0.586	0.462	0.039	0.55
<b>Indirect</b>						
SPAS						
AP	0.116		0.135			
<b>Total</b>						
SPAS	0.278		0.292			
AP	0.622	0.418	0.721	0.462		

Note:  $\beta$ : Standardized regression weight; B: un-standardized regression weight; SE: Standard Error

Bootstrapping method was employed to estimate the indirect effect. The significance of the indirect effect was established by estimating the confidence interval. The same signs of both, Lower bound and Upper bound implied significance of the indirect effect estimate. Table 4.20 presents result pertaining to this estimate.

The last hypothesis (H<sub>15</sub>) predicted relationship between Informational Justice and Adaptive Performance to be mediated by Satisfaction with Supervisor. For the purpose, first of all direct effect of INFJ on AP was analyzed which was  $\beta = 0.850$ . Then the effect of INFJ on SWS was analyzed which was  $\beta = 0.595$ . In the third step the effect of SWS and INFJ on AP was analyzed. The effect of INFJ on AP did not disappear completely rather it still existed, but in smaller magnitude ( $\beta = 0.720$ ). This dictated that SWS partially mediated between INFJ and AP. The result supported the hypothesis in that informational Justice had indirect effect on Adaptive Performance through mediation of Satisfaction with Supervisor (standardized indirect coefficient  $0.595 \times 0.218 = 0.130$ ). Table 4.22 shows results of SEM pertaining to the in-direct relationship.

**Table 4.22:** Parameter Estimates of INFJ – SWS – AP Relationships

Model	$\beta$		B		SE	R <sup>2</sup>
	INFJ	SWS	INFJ	SWS		
<b>Direct</b>						
SWS	0.595		1.097		0.080	0.35
AP	0.720	0.218	1.18	0.193	0.078	0.75
<b>Indirect</b>						
<b>SWS</b>						
AP	0.130		0.212			
<b>Total</b>						
<b>SWS</b>						
	0.595		1.097			
AP	0.850	0.218	1.392	0.193		

Note:  $\beta$ : Standardized regression weight; B: un-standardized regression weight; SE: Standard Error

Again, bootstrapping method was employed to estimate the indirect effect. The significance of the indirect effect was established by estimating the confidence interval. The same signs of both, Lower bound and Upper bound implied significance of the indirect effect estimate. Table 4.20 presents results pertaining to this estimate.

The aforesaid study results depicted that satisfaction constructs partially mediated relationship between justice constructs and AP. With the said results, study question “What is the mediating role of satisfaction with appraisal process in the relationship of employees’ justice perception of appraisal process and adaptive performance in telecom and banking sector private organizations?” stood answered. Accordingly, corresponding objective i.e. determining role of constructs representing satisfaction with performance appraisal process in the relationship of employees’ justice perceptions and adaptive performance was achieved.

#### 4.12 Summary

This chapter presented insight of the results viz-a-viz study objectives. After the demographic profile, the descriptive statistics were presented. Analysis of descriptive

statistics showed that employees found their appraisal process to be distributively, procedurally, interpersonally and informationally just. Results also depicted employees to be satisfied with their performance appraisals, performance appraisal system and manager/rater. Furthermore, results reflected that employees had satisfactory level of adaptive performance. With regard to factor structure, results revealed four-factor organizational justice model to be the best fit.

Hypotheses postulated between DJ, PJ, INFJ and AP were supported by the structural model results. However, the hypothesis postulating linkage of INTJ and AP was not confirmed. Data analyses confirmed the hypotheses between DJ and SPA, PJ and SPAS, INTJ and SWS and between INFJ and SWS. Results confirmed the three hypotheses between SPA, SPAS, SWS and AP. Results with regard to indirect hypotheses reported relationship between DJ and AP to be mediated by SPA, relationship between PJ and AP to be mediated by SPAS and lastly relationship between INFJ and AP to be mediated by SWS.

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

#### **5.1 Introduction**

The chapter presents discussion with regard to research questions, objectives, hypotheses and results. Thereafter contributions made by this study are highlighted followed by implications and conclusion. Finally, limitations are discussed prior to suggesting future research direction.

#### **5.2 Discussion**

Discussion pertaining to first research question and associated objective of the study leading to hypotheses postulating direct relationships of justice constructs and AP is presented hereafter.

##### **5.2.1 Direct Relationship between Justice Constructs and AP**

“What is the relationship of employees’ justice perceptions of appraisal process with adaptive performance in telecom and banking sector private organizations?” was the first question of the study. Corresponding to the said study question, the study objective was to

examine relationship of employees' justice perceptions of appraisal process with adaptive performance. Accordingly in this study four hypotheses postulated direct relationship of DJ, PJ, INTJ and INFJ with AP. Limited studies had investigated these relationships, specifically no study was found that investigated these links in the perspective of performance appraisal process. Thus, this study was unique in a sense that it investigated link between justice perceptions of performance appraisal process and adaptive performance. This study was also unique as it investigated link of justice perceptions and adaptive performance in the Pakistani context which is different from Western settings where the research is generally initiated.

The relationship of justice dimensions with adaptive performance in the perspective of performance appraisal process had not attracted due attention of researchers. There were some studies that had explored relationship of justice constructs with some aspects of AP in isolation. However, relationship of justice had been tested with other facets of employee performance namely TP, CP including OCB, interpersonal facilitation, job dedication and CWB. Accordingly the study hypotheses are discussed with reference to aforementioned studies.

#### **5.2.1.1 Direct Relationship between DJ and AP**

The result of first hypothesis postulating positive effect of DJ with AP was supported by data which is consistent with stipulations of equity theory. The finding pertaining to this hypothesis showed that DJ positively influenced AP ( $\beta = 0.475, p < .05$ ).

Simmons (2006) postulated link of DJ with creativity and suggested that when distributive justice is perceived by employees, it positively influenced employees' ability to focus on creative work. Akram et al. (2020) studied impact of DJ on innovative work behaviour in telecom sector of China. Results of their study revealed that DJ caused 17 % variance in the innovative work behaviour. Cohen-Charash and Spector (2001) meta-analytic study found DJ to be related to work performance consisting elements of task

performance. DJ was although related to work performance, however, it was relatively poor correlate as the weighted mean for DJ and work performance came out to be  $r = 0.13$  in field studies;  $r = 0.05$  in laboratory studies. Suliman (2007) investigated relationship between justice and performance. Author found that DJ had significant and positive relationship with supervisor-rated employee performance ( $r=0.48$ ) and self-rated performance ( $r=.21$ ). Wang et al. (2010) hypothesized relationship of DJ with TP and CP. The authors found weak relationship of DJ with TP ( $\beta = 0.13, p < .05$ ) and Job dedication ( $\beta = 0.10, p < .1$ ).

Saboor et al. (2018) investigated link between DJ and CP. Their hypothesis postulating positive relationship between DJ and CP was supported by the data ( $\beta=.38, <0.05$ ). Krishnan et al. (2018) hypothesized relationship of DJ with TP. Findings of their study confirmed the hypothesis postulating positive relationship of DJ with TP ( $\beta=0.194, p<0.05$ ). Phuong (2018) hypothesized relationship of DJ with TP and findings of their study confirmed the hypothesis postulating positive relationship of DJ with TP ( $\beta=0.184, p<0.05$ ). The aforesaid depicted that DJ positively impacts employee task or contextual performance.

Hence, based on the Zikmund et al. (2014) description of theory, finding pertaining to the hypothesis postulating direct relationship of DJ with AP is consistent with findings of studies investigating justice-performance relationship as discussed above while not including the dimension of AP.

#### **5.2.1.2 Direct Relationship between PJ and AP**

The second hypothesis postulating positive effect of PJ on AP was confirmed ( $\beta = 0.175, p < .05$ ). The findings pertaining to this hypothesis depicted that hypothesis was supported by the data and was also consistent with stipulations of Sweeney and McFarlin (2003) who found that beyond DJ, PJ is also instrumental in affecting employee performance.

Simmons (2006) link of PJ with creativity suggesting that when procedural justice is perceived it positively influences employees' ability to focus on creative work. Their regression analyses supported the hypothesis ( $\beta = .199$ ). Akram et al. (2020) studied impact of procedural justice on innovative work behaviour in telecom sector of China. Results of their study revealed that PJ caused 21.1 % variance in the innovative work behaviour. Judge and Colquitt (2004) studied link between justice and stress. The authors found PJ effected stress ( $\beta = -.21$ ). Meta-analysis by Cohen-Charash and Spector (2001) found PJ to be related to work performance ( $r = 0.45$  in field studies and  $r = 0.11$  in laboratory studies). Aryee, Chen and Budhwar (2004) investigated effect of justice on performance in that they hypothesized relationship of PJ with TP and CP. They found PJ to be significantly related to TP ( $\beta = 0.34$ ,  $p < .01$ ) and CP i.e. interpersonal facilitation ( $\beta = 0.20$ ,  $p < .01$ ) and job dedication ( $\beta = 0.35$ ,  $p < .01$ ). Suliman (2007) investigated relationship between justice and performance. The author found that PJ had significant and positive relationship with supervisor-rated performance ( $r=0.33$ ) and self-rated performance ( $r=.22$ ). Zapata-Phelan et al. (2009) studied the effect of PJ on employee performance. Results of their study found that procedural justice had significant direct effect on TP ( $\beta = 0.39$ ,  $p < .05$ ). Wang et al. (2010) hypothesized relationship of PJ with TP and CP (comprising interpersonal facilitation, and job dedication) in order to investigate the direct effect of justice on performance. With regard to the relationship of PJ with CP, the authors found weak relationship between PJ and job dedication ( $\beta = 0.10$ ,  $p < .1$ ).

Suliman and Kathairi (2013) investigated justice and performance link in that the authors hypothesized positive relationship of PJ with job performance. The job performance variable included elements like understanding work skills, work duties, work performance (work quantity and quality), work enthusiasm and readiness to innovate. The authors found that PJ positively influenced performance ( $\beta = 0.309$ ,  $p = 0.000$ ). Saboor et al. (2018) investigated link between PJ and CP in health sector of Pakistan. Their hypothesis regarding positive effect of PJ on CP was supported by the data ( $\beta=.62$ ,  $<0.05$ ). Their study results revealed that 38.4% of variance in CP to be explained by PJ.

The aforesaid discussion depicted that PJ positively impacted employee performance. Hence, based on the Zikmund et al. (2014) description of theory, findings pertaining to the

hypothesis postulating direct relationship of PJ with AP are consistent with findings of the studies investigating justice-performance relationship as discussed above while not including the dimension of AP.

### **5.2.1.3 Direct Relationship of INTJ and INFJ with AP**

The third and fourth hypotheses were based on stipulations of researchers that interactions linked to appraisal process between rater and ratee are also instrumental in the process of performance appraisal and impacts performance of employees (Bies & Moag, 1986). The result pertaining to third hypothesis postulating positive relationship between INTJ and AP was not significant ( $\beta = -0.058, p > .05$ ). So, contrary to the expectation it was found that employees' perceptions of INTJ did not have a link with AP. This finding has no explanation with regard to methodology as validity of INTJ scale was supported by the reliability and factor structure. The non-significant relationship between INTJ and AP was perhaps due to the collectivistic nature of respondents in the Pakistani context. According to Hofstede's cultural model, subordinates/ employees in the collectivistic society know their humble roles and superiors/ managers expect their superior role. Due to this variation, employees are aware that despite their managers are fair in deciding their rating and fair procedures are employed for calculation of their ratings, the managers might not be polite, open and show concern for employee rights. Hence, as this treatment is expected by employees, they may not alter their performance due to nature of their manager's behaviour. It is assumed that it is because of this reason that INTJ had insignificant relationship with AP that led to rejection of hypothesis postulating positive relationship between interpersonal justice and employee adaptive performance ( $\beta = -0.058, p > .05$ ). Although this study hypothesis was not supported by the data, it is possible that the hypothesis might get support for other sectors of society.

Fourth hypothesis postulating positive relationship between INFJ and AP was confirmed. The finding pertaining to this hypothesis showed positive link between Informational Justice and Adaptive Performance ( $\beta = 0.261, p < .05$ ).



Akram et al. (2020) studied impact of interactional justice on innovative work behaviour in telecom sector of China. Results of their study revealed that interactional justice caused 14.7 % variance in the innovative work behaviour. Judge and Colquitt (2004) studied link between justice and stress. The authors found that INTJ effected stress ( $\beta = -.13$ ). Cohen-Charash and Spector (2001) meta-analytic study found Interactional Justice (incorporating the aspects of interpersonal and informational justice) to be related to work performance. Interactional justice was although related to work performance, however, it was relatively poor correlate as the weighted mean for interactional justice and work performance came out to be  $r = 0.16$  in field studies. Suliman (2007) investigated relationship between justice and performance and found that interactional justice had significant and positive relationship with supervisor-rated performance ( $r=0.46$ ) and self-rated performance ( $r=.28$ )

Wang et al. (2010) hypothesized relationship of Interactional Justice with TP and CP (i.e. interpersonal facilitation, and job dedication) to investigate the direct effect of justice on performance. The authors found strong relationship of interactional justice with TP ( $\beta = 0.26, p < .05$ ) and CP i.e. interpersonal facilitation ( $\beta = 0.19, p < .05$ ) and job dedication ( $\beta = 0.38, p < .05$ ).

Suliman and Kathairi (2013) investigated link between justice and performance in that the authors hypothesized positive link of interactional justice and job performance. The job performance variable included elements like understanding work skills, work duties, work performance (work quantity and quality), work enthusiasm and readiness to innovate. The authors found interactional justice to be positively influencing performance ( $\beta = 0.317, p = 0.000$ ). Saboor et al. (2018) investigated link between Interactional Justice and CP in health sector of Pakistan. Their hypothesis postulating positive relationship between interactional justice and CP was supported by the data ( $\beta=.373, p<0.05$ ).

Zikmund et al. (2014) pointed out that purpose of any researcher's study is pursuit of reality and knowledge expansion. The means used to achieve this purpose is building a theory, which present explanation of the phenomenon by illustrating how other things relate to the phenomenon. The authors consider theory to be formal, testable explanation of some

events that include explanations of how things relate to one another, which help people understand relationships. Theory building processes involve reviewing findings of similar previous research, “simple logical deduction”, and allowing us to predict the behaviour of one phenomenon from the knowledge of another. Theory building involve deductive reasoning which is the logical process of deriving a conclusion about a specific instance based on a known general premise or something known be true.

Discussion made in the previous sections of this chapter with evidence from literature suggests that organizational justice impact employees’ performance namely TP and CP in the perspective of performance appraisals. Furthermore, elements of creativity, uncertainty management, stress management and training and learning effort have been shown to be impacted by organizational justice in general. However, the effect of various justice dimensions on AP in the domain performance appraisal process has been limitedly tested. The aforesaid discussion on linkage of justice constructs with TP, CP, and elements of AP dictate that it is a known general premise or truth that organizational justice impacts employee performance. Hence, based on the Zikmund et al. (2014) description of theory, the preceding discussion depict that findings pertaining to hypotheses of this study postulating direct relationship of DJ, PJ and INFJ with AP are consistent with findings of studies investigating justice-performance relationship while not including the dimension of AP. Hence, foregoing discussion and study findings that DJ, PJ and INFJ positively influence AP dictate that first research question of the study is answered and accordingly the first study objective is achieved.

### **5.2.2 Direct Relationships between Justice and Satisfaction Constructs**

“What is the relationship between employees’ justice perceptions of appraisal process and satisfaction with various facets of appraisal process in telecom and banking sector private organizations?” was second question of the study. Corresponding to the said study question, investigation of linkage between justice perceptions of appraisal process and

employees' satisfaction with various facets of employees' satisfaction with appraisal process was objective of this study. Accordingly in this study four hypotheses were postulated for investigating direct relationships between Justice and Satisfaction constructs in order to answer the second research question and achievement of second study objective.

### **5.2.2.1 Direct Relationship between DJ and SPA**

The fifth hypothesis looked into positive link of DJ with SPA. The finding pertaining to this hypothesis showed that distributive justice was positively linked to satisfaction with performance appraisal ( $\beta = 0.657, p < .05$ ).

Cohen-Charash and Spector (2001) in their meta-analytic study looked into relationship of DJ and SPA. Their Meta-analytic study results revealed that DJ was related to SPA (weighted mean,  $r=0.63$ ). Apart from the effect of DJ on SPA, the authors found DJ to be also related to supervisory satisfaction (weighted mean,  $r = .58$  &  $.55$  in the field and laboratory studies respectively). Jawahar (2007) investigated influence of justice perceptions on performance appraisal reactions in the Indian context. The author formulated hypothesis postulating positive link between DJ and satisfaction with performance ratings. Results of the study confirmed the hypothesis in that 68% of variance in dependent variable was explained by DJ. Path coefficient for the relationship was statistically significant ( $\beta=0.83, p < .05$ ). Thurston and McNall (2010) while investigating justice perceptions of performance appraisal practices formulated hypothesis postulating positive link of justice with satisfaction constructs. The authors hypothesized positive relationship between DJ and SPA. Findings of their study supported the hypothesis wherein DJ primarily predicted SPA ( $\beta=0.623, p < .05$ ). Ahmed and Sattar (2018) investigated employees' justice perceptions in the performance appraisal process and its effect on satisfaction in telecom sector of Pakistan. While looking into the effect of justice on satisfaction constructs, the authors formulated hypothesis depicting positive link between DJ and SPA. Findings of their study confirmed the hypothesis in that DJ was found to be positively impacting SPA ( $\beta=.89, p < 0.05$ ).

The aforementioned discussion on the relationship of DJ with SPA amply reveals that DJ has positive link with SPA. Thus, results of this study are in consort with findings of earlier studies on the subject providing adequate support to the fifth hypothesis of this study that DJ has positive influence on employees' satisfaction with performance appraisal.

#### **5.2.2.2 Direct Relationship between PJ and SPAS**

Sixth hypothesis looked into positive link of PJ and SPAS. The finding pertaining to this hypothesis showed that procedural justice had positive link with SPAS ( $\beta = 0.384$ ,  $p < .05$ ). The aforesaid results i.e. positive link of DJ with SPA and PJ with SPAS were also consistent with (Sweeney & McFarlin, 1993).

Jawahar (2007) investigated effect of justice perceptions on employee reactions towards performance appraisal in the Indian context. The author hypothesized positive relationship of PJ with SPAS. Results supported the hypothesis in that 42% of variance in SPAS was explained by PJ. Path coefficient for the relationship was statistically significant ( $\beta=0.65$ ,  $p < .05$ ). Thurston and McNall (2010) while investigating justice perceptions of performance appraisal practices postulated hypothesis pertaining to relationship between justice and satisfaction constructs. The authors hypothesized positive relationship between PJ and SPAS. Findings of their study supported the hypothesis wherein PJ predicted SPAS ( $\beta=0.77$ ,  $p < .05$ ). Selvarajan and Cloninger (2012) investigated PJ and SPAS link and hypothesized positive relationship. Their study results confirmed the hypothesis ( $\beta=0.27$ ,  $p < .01$ ). Ahmed and Sattar (2018) investigated employees' justice perceptions in the appraisal process and its linkage with satisfaction in telecom sector of Pakistan. In an effort to look into the link of justice with satisfaction, the authors formulated hypothesis depicting positive effect of PJ on SPAS. Findings of their study confirmed the hypothesis wherein PJ positively impacted SPAS ( $\beta=.90$ ,  $p < 0.05$ ).

The aforementioned discussion on the relationship of PJ with SPAS amply reveals that PJ has positive link with SPAS. Thus, results of this study are in consort with findings

of earlier studies on the subject providing adequate support to the sixth hypothesis wherein, PJ has positive influence on employees' satisfaction with performance appraisal system.

### **5.2.2.3 Direct Relationships between INTJ and SWS**

The seventh hypothesis looked into positive link between INTJ and SWS. Finding pertaining to this hypothesis showed that Interpersonal Justice had positive influence of Satisfaction with Supervisor ( $\beta = 0.323$ ,  $p < .05$ ).

Cohen-Charash and Spector (2001) in their meta-analysis study hypothesized relationship of interactive justice with supervisory satisfaction. The interactive justice incorporated the elements of interpersonal and informational justice. Results of their meta-analysis supported the link (weighted mean,  $r = .52$ , in the field study). Jawahar (2007) studied the impact of justice perceptions on performance appraisal reactions in the Indian context. The author formulated hypothesis postulating positive link of INTJ with SWS. Results of the study did not provide support for the hypothesis as path coefficient for the relationship was not statistically significant. Thurston and McNall (2010) in their study that looked into justice perceptions of appraisal process formulated hypothesis postulating positive link of justice with satisfaction constructs. The authors hypothesized positive relationship between INTJ and SWS. Findings of their study supported the hypothesis wherein INTJ predicted SWS ( $\beta=0.44$ ,  $p < .05$ ).

Taneja et al. (2015) hypothesized INTJ to be positively related to SWS in the Indian sector. Their study found satisfaction with rater to be influenced positively by INTJ ( $\beta=0.28$ ,  $p < .001$ ). Ahmed and Sattar (2018) investigated justice perceptions of employees related to the appraisal process and its effect on satisfaction; in the context of Pakistan. While investigating relationship between justice and satisfaction constructs, the authors postulated hypothesis positing positive relationship between INTJ and SWS. Findings of their study confirmed the hypothesis in that INTJ was found to be positively impacting SWS ( $\beta=.35$ ,  $p < 0.05$ ).

The aforementioned discussion on the relationship of INTJ with SWS amply reveals that INTJ has positive link with SWS. Thus, findings of this study correspond to and are consistent with findings of earlier studies on the subject providing adequate support to the seventh hypothesis of this study wherein INTJ has positive influence of satisfaction of employees with supervisor.

#### **5.2.2.4 Direct Relationships between INFJ and SWS**

The eighth hypothesis of this study looked into positive link between INFJ and SWS. The finding pertaining to this hypothesis showed INF to be having positive link with SWS ( $\beta = 0.480$ ,  $p < .05$ ). As discussed in the previous section, Cohen-Charash and Spector (2001) meta-analysis looked into relationship of interactive justice and supervisory satisfaction. The interactive justice incorporated the elements of interpersonal and informational justice. Results supported the hypothesis (weighted mean,  $r = .52$ , in the field study).

Jawahar (2007) investigated impact of justice perceptions on reaction of employees toward appraisal process in the Indian context. The author hypothesized positive relationship between INFJ and satisfaction with rater. Results supported the hypothesis wherein 30% of variance in satisfaction with rater was explained by INFJ. Path coefficient for the relationship was statistically significant ( $\beta=0.46$ ,  $p < .05$ ). Thurston and McNall (2010) in their study that looked into justice perceptions of performance appraisal practices have formulated hypothesis between justice and satisfaction constructs. The authors hypothesized positive relationship between INFJ and SWS. Findings of their study supported the hypothesis wherein INFJJ predicted SWS ( $\beta=0.51$ ,  $p < .05$ ).

Taneja et al. (2015) hypothesized INTJ to be positively impacting SWS. Findings of the research revealed that apart from INTJ, satisfaction with rater was also impacted by INFJ ( $\beta = 0.20$ ,  $p < 0.01$ ). Ahmed and Sattar (2018) investigated justice perceptions of appraisal process and its effect on satisfaction. While investigating relationship between

justice and satisfaction constructs, the authors postulated hypothesis positing positive relationship between INFJ and SWS. Findings of their study confirmed the hypothesis wherein INFJ positively impacted SWS ( $\beta=.58$ ,  $p < 0.05$ ). Norton (2018) investigated positive impact of INFJ and appraisal satisfaction. Although author named the satisfaction construct as SPA, however, analysis of three items which measured the construct revealed the same to be measuring SWS. Results of their study supported the hypothesis postulating the said link ( $\beta=.66$ ,  $p < 0.001$ ).

The aforementioned discussion on the relationship of INFJ with SWS amply reveals that INFJ has positive link with SWS. Thus, findings of the study are in consort with results of earlier research on the subject providing adequate support to the eighth hypothesis of this study. Results of this study dictated that justice dimensions are instrumental in the prediction of affective reactions of employees toward their supervisor. Results of this study correspond to and are consistent with studies on the subject conducted in the West (Bies & Moag, 1986; Thurston & McNall, 2010). More importantly, foregoing discussion and study findings that DJ positively influence SPA, PJ positively influence SPAS, and INTJ and INFJ positively influence SWS dictates that second research question of the study is answered and accordingly the second study objective achieved.

### **5.2.3 Direct relationships between Satisfaction Constructs and AP**

Three hypotheses were postulated for investigating direct relationship between Satisfaction constructs and Adaptive Performance in an effort to answer third research question “What is the relationship between employees’ satisfaction with appraisal process and adaptive performance in telecom and banking sector private organizations?” and achievement of associated objective Accordingly, in this study three hypotheses were postulated for investigating direct relationship between satisfaction constructs and Adaptive Performance i.e. relationship between SPA, SPAS, SWS and Adaptive Performance.

The ninth hypothesis of this study pertained to the positive link of SPA with AP. The finding pertaining to this hypothesis showed that Satisfaction with Performance Appraisal had positive link with AP ( $\beta = 0.081$ ,  $p < .05$ ). Result of this study revealed the effect size to be small. The tenth hypothesis was formulated to check positive link of SPAS with AP. The finding pertaining to this hypothesis supported the postulation ( $\beta = 0.078$ ,  $p < .05$ ). Again, as of previous case, the size of the effect was found to be small. The eleventh hypothesis pertained to positive link of SWS with AP. The finding pertaining to this hypothesis showed that SWS had positive link with AP ( $\beta = 0.059$ ,  $p < .05$ ), however, the size of the effect was found to be small.

Thurston and McNall (2010) hypothesized positive relationship of appraisal system satisfaction with IWP (OCB). The relationship of appraisal system satisfaction with employee citizenship behaviour toward organization was supported by the data ( $\beta=0.15$ ,  $p < .05$ ). The authors also hypothesized positive link of SWS and IWP (OCB). The relationship of appraisal system satisfaction with employee citizenship behaviour toward supervisor was supported by the data ( $\beta=0.18$ ,  $p < .05$ ). Warokka et al. (2012) found satisfaction with performance appraisal system to be positively impacting work performance ( $\beta=0.30$ ,  $p < .01$ ).

This was the first study that looked into relationship of three facets of satisfaction in appraisal process, namely SPA, SPAS, SWS and Adaptive Performance. The relationship of satisfaction constructs with adaptive performance has not been looked into earlier, therefore, inferences are drawn from the studies investigating linkage of appraisal process satisfaction and performance.

Although there was no study found to compare the results with as relationship between constructs representing satisfaction with appraisal process and adaptive performance had not been the agenda of research, specifically in the perspective of appraisal process. However, literature do support link of satisfaction constructs with other dimensions of IWP based on which are inferences are drawn. Furthermore, researchers stipulated that distributive justice predict affective and cognitive reactions toward outcomes (Austin & Walster, 1974). Procedural justice predict attitudinal reactions toward organization (Alexander & Ruderman, 1987). Interactional justice predict attitudinal



reaction toward managers and their decisions (Bies & Shapiro, 1987). Thus results of this study are important in this context.

In addition to the aforesaid, three meta analytic studies had also focused on satisfaction-performance relationship. Amongst these studies, Petty et al. (1984) found mean corrected correlation between job satisfaction and job performance to be 0.31. Iaffaldano and Muchinsky (1985) found an average correlation score for job satisfaction and job performance relation to be 0.17. While, Judge et al. (2001) found the correlation score of 0.30 between job satisfaction and job performance. Organ (1988) suggested that when performance is conceptualized more broadly e.g to include both task performance and OCB, its correlation with job satisfaction will increase. In this study only adaptive performance dimension was used as a dependent variable thus narrowing the conceptualization of performance. This might have resulted in decreasing the effect of satisfaction on performance. Apart from the aforesaid, Judge et al. (2001) highlighted that job complexity moderate the relationship of job satisfaction with job performance. Organizational tenure, cognitive ability, career stage, personality traits, self esteem etc are some other moderators of satisfaction – performance relationship. Studying effect of these variables on satisfaction – performance relationship was beyond the scope of this study, these may have been instrumental in weak relationship of satisfaction constructs and adaptive performance.

The discussion on results of study hypotheses postulating positive relationship of three facets of satisfaction with adaptive performance has been presented in the preceding section. The results of study hypotheses showed SPA, SPAS, SWS to be positively impacting employees' AP, though the effect size came out to be small. This study is important as it provided empirical support to the prevalent satisfaction-performance relationship debate, contributing to the existing literature. Thus, foregoing discussion and study findings that SPA, SPAS and SWS positively influence AP dictated that third research question of the study is answered and accordingly the third study objective achieved.

#### 5.2.4 Indirect Relationships between Justice, Satisfaction and AP

“What is the mediating role of satisfaction with appraisal process in the relationship of employees’ justice perception of appraisal process and adaptive performance in telecom and banking sector private organizations?” was fourth research question. Corresponding to the same, determining role of constructs representing satisfaction with performance appraisal process in the relationship of employees’ justice perceptions of appraisal process and adaptive performance was the fourth study objective.

This study endeavored to investigate satisfaction constructs i.e. SPA, SPAS and SWS to mediate the relationship between Justice constructs and adaptive performance. First indirect hypothesis (H<sub>12</sub>) predicting relationship between DJ and AP to be mediated by SPA was supported by the data. Results showed direct effect of DJ on AP ( $\beta = 0.830$ ) and effect of DJ on SPA ( $\beta = 0.563$ ). While investigating the effect of SPA and DJ on AP it was analyzed that the effect of DJ on AP did not disappear completely, rather it still existed, but in smaller magnitude ( $\beta = 0.663$ ). This dictated that SPA partially mediated between DJ and AP. DJ had indirect effect on AP through mediation of SPA (standardized indirect coefficient  $0.563 \times 0.297 = 0.168$ ).

Thirteenth hypothesis (H<sub>13</sub>) predicted relationship between PJ and AP to be mediated by SPAS. Results depicted direct effect of PJ on AP ( $\beta = 0.622$ ) and effect of PJ on SPAS ( $\beta = 0.278$ ). With regard to the effect of SPAS and PJ on AP, results revealed that the effect of PJ on AP did not disappear completely, rather it still existed, but in smaller magnitude ( $\beta = 0.506$ ). This dictated that SPAS partially mediated between PJ and AP. PJ had indirect effect on AP through mediation of SPAS (standardized indirect coefficient  $0.278 \times 0.418 = 0.116$ ).

Study hypothesis also predicted relationship between INFJ and AP to be mediated by SWS. Results illustrated direct effect of INFJ on AP ( $\beta = 0.850$ ) and effect of INFJ on SWS ( $\beta = 0.595$ ). With regard to the effect of SWS and INFJ on AP, results showed that the effect of INFJ on AP did not disappear completely, rather it still existed, but in smaller magnitude ( $\beta = 0.720$ ) than the direct effect. This dictated that SWS partially mediated

between INFJ and AP. INFJ had indirect effect on Adaptive Performance through Satisfaction with Supervisor (standardized indirect coefficient  $0.595 \times 0.218 = 0.130$ ).

Thurston and McNall (2010) hypothesized indirect relationship between justice and performance, wherein perceptions of PJ were indirectly related to citizenship behaviour toward organization through SPAS. The indirect relationship of PJ with citizenship behaviours toward organization through appraisal system satisfaction was although reliable statistically ( $p < .05$ ), however, the effect size was small as variance between 2 and 3 percent in citizenship behaviour toward organization was explained by PJ and SPAS. Indirect relationship between justice and performance were also hypothesized by these researchers, wherein perceptions of INFJ and INTJ were indirectly related to citizenship behaviour toward supervisor through SWS. The indirect relationship of INTJ and INFJ with citizenship behaviours toward supervisor through supervisor satisfaction was although reliable statistically ( $p < .01$ ), however, the effect size was small as variance between 3 and 4 percent in citizenship behaviours toward supervisor was explained by INTJ, INFJ and satisfaction with the supervisor.

Although there was no study found to compare the results with as Adaptive Performance dimension of IWP had not been tested earlier as a dependent variable in the relationships investigating mediating role of satisfaction constructs between justice and performance, specifically in the perspective of appraisal process. However, literature supports mediation of satisfaction constructs in the relationship of justice and other dimensions of IWP based on which inferences are drawn. Furthermore, based on Equity theory, justice theory and Social Exchange theory researchers suggested that DJ focuses on outcomes, therefore, it is primarily related to cognitive, affective, and behavioral reactions to specific outcomes (Austin & Walster, 1974). Attitudes toward organization and its authorities are influenced by Procedural justice and these attitudes in turn affect performance (Brockner & Wiesenfeld, 1996; Greenberg, 1987). Interactional justice relates to cognitive, affective, and behavioral reactions of employees toward their supervisors who are representatives of the organizations (Bies & Moag, 1986). Thus results of this study are important in this context and adds to the existing body of knowledge.

Justice in performance appraisal process enhances satisfaction of employees, which in turn lead to enhancement in employee performance. When satisfaction among employees increases due to justice in their appraisal process, positive emotions are experienced by them, this enhanced positive affect further motivates employees and as a result they enhance their performance. When the employees are dissatisfied due to injustice in their performance appraisal processes, it results into negative emotions, due to negative affect employees are demotivated, ultimately they reduce their performance. The findings of this study showed that satisfaction constructs mediated relationship between justice constructs and adaptive performance. Justice constructs (with the exception of INTJ) had direct as well as indirect effect on adaptive performance via satisfaction constructs. Finding of the study that that satisfaction constructs partially mediated between justice constructs and adaptive performance led to confirming the theoretical framework and extend support to the literature presented in the second chapter.

Thus, study findings that SPA partially mediates relationship of DJ with AP, SPAS partially mediates relationship of PJ with AP and SWS partially mediates relationship of INFJ with AP, dictated that fourth research question of the study is answered and accordingly the fourth study objective achieved.

### **5.2.5 Employee Attitudes and Reactions**

The findings of this study showed that respondents perceived justice in their performance appraisal process. The study results reported value of mean of DJ to be 4.29, while the values of mean for two factors i.e. AOA and COA underlying DJ were 4.35 and 4.25, respectively. Thurston and McNall (2010) in their study in USA found distributive justice to be existing in the appraisal process as measured through the constructs representing Accuracy of Assessment/ Rating based on Equity (mean 5.6) and Concern over Assessment/ Absence of Politics (mean 5.8). Jawahar (2007) in his study found mean value of distributive justice to be 3.79. Ikramullah et al. (2011) in their study conducted in Pakistani context found distributive justice to be present in the performance appraisal

process (mean 2.21). Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found that employees perceived distributive justice in the performance appraisal process (mean 2.13). Saboor et al. (2018) in their study found employees to be reporting distributive justice in their performance appraisal process (mean 4.84). The aforementioned discussion amply reveals that employees consider their performance appraisal processes to be having distributive justice and results of this study are in consistence with findings of earlier studies on the subject.

The mean value of Procedural Justice ( $M=4.33$ ;  $SD=0.557$ ) depicted that respondents perceived PJ to be existing in performance appraisal process employed in their respective organizations. The values of mean for three factors i.e. PP, RC and SA underlying PJ came out to be 4.30, 4.32 and 4.37, respectively. Thurston and McNall (2010) in their study found performance appraisal process to be procedurally just as measured through the constructs representing Rater Confidence/ Assigning Raters (mean 5.8), Performance Planning/ Setting Performance Expectations (mean 5.0) and Seeking Appeals (mean 5.2). Jawahar (2007) found mean value of procedural justice to be 3.44. Ikramullah et al. (2011) in their study conducted in Pakistani context found procedural justice to be present in the performance appraisal process (mean 2.23). Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found employees to be perceiving their performance appraisal process as procedurally just (mean 2.32). Saboor et al. (2018) in their study found employees to be reporting procedural justice in their performance appraisal process (mean 3.56). The aforementioned discussion amply reveals that employees consider their performance appraisal processes to be having procedural justice and results of this study are in consort with findings of earlier studies on the subject.

The mean of Interpersonal Justice (mean=4.33,  $SD=0.526$ ) depicted that respondents perceived INTJ to be existing in performance appraisal process employed in their respective organizations. The values of mean for two factors i.e. TBM and SIS underlying INTJ came out to be 4.23 and 4.37, respectively. Thurston and McNall (2010) in their study conducted in USA found Interpersonal justice to be existing in the appraisal process as measured through the constructs representing Treatment by Manager (mean 6.3) and

Sensitivity in Supervision (mean 6.2). Jawahar (2007) found mean value of interpersonal justice to be 4.51. Ikramullah et al. (2011) in their study conducted in Pakistani context found interpersonal justice to be present in the performance appraisal process (mean 1.99). Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found performance appraisal process to be interpersonally just (mean 2.24). The aforementioned discussion reveals that employees considered their performance appraisal processes to be having interpersonal justice and results of this study are in consort with findings of earlier studies on the subject.

The mean of Informational Justice ( $M=4.32$ ;  $SD=0.516$ ) depicted that respondents perceived INFJ to be existing in performance appraisal process employed by their respective organizations. The values of mean for three factors i.e. CES, FB and ERD underlying INFJ came out to be 4.27, 4.34 and 4.35, respectively. Thurston and McNall (2010) in their study found Informational justice to be existent in the appraisal process as measured through the constructs representing Clarifying Expectations and Standards (mean 5.4), Providing Feedback (mean 5.2) and Explaining Rating Decisions (mean 5.5). Jawahar (2007) in his study found mean value of informational justice to be 3.95. Ikramullah et al. (2011) in their study conducted in Pakistani context found informational justice to be present in the performance appraisal process (mean 2.25). Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found performance appraisal process to be informationally just (mean 2.34). The aforementioned discussion amply reveals that employees consider their performance appraisal processes to be having informational justice and results of this study are in consort with findings of earlier studies on the subject.

Hence, foregoing discussion and study findings that employees perceived their performance appraisal process to be distributively, procedurally, interpersonally and informationally just are consistent with literature on the subject.

The value of mean of the construct Satisfaction with Performance Appraisal (mean=4.32,  $SD=0.678$ ) depicted employees to be satisfied with their performance evaluations/ratings. Thurston and McNall (2010) in their study found employees to be satisfied with their performance appraisal (mean 6.4). Jawahar (2007) in his study found

mean value of satisfaction with performance appraisal to be 3.94. Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found employees to be satisfied with their performance appraisals (mean 2.36). The aforementioned discussion reveals that employees are satisfied with their performance appraisals and results of this study are in consort with findings of earlier studies on the subject.

The value of mean for the construct Satisfaction with Performance Appraisal System (mean=3.83, SD=0.682) depicted that employees are satisfied with performance appraisal system instituted in their respective organizations. Thurston and McNall (2010) in their study found employees to be satisfied with their performance appraisal system (mean 5.5). Jawahar (2007) in his study found mean value of satisfaction with performance appraisal system to be 4.52. Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found employees to be satisfied with their performance appraisal system (mean 2.47). The aforementioned discussion amply reveals that employees are satisfied with their performance appraisal systems and results of this study are in consort with findings of earlier studies on the subject.

The value of mean for the construct Satisfaction with Supervisor (mean=4.21, SD=0.675) meant that employees were satisfied with their supervisor during the enactment of appraisal process. Thurston and McNall (2010) in their study found employees to be satisfied with their supervisor (mean 6.0). Jawahar (2007) in his study found mean value of satisfaction with supervisor to be 4.67. Ahmed and Sattar (2018) in their study of telecom sector of Pakistan found employees to be satisfied with their supervisor (mean 2.24). The aforementioned discussion amply reveals that employees are satisfied with their supervisors during the enactment of performance appraisal process and results of this study are in consort with findings of earlier studies on the subject.

The result of the study reported mean value of 4.41 for the AP. The said value of mean dictated that employees reported satisfactory level of their adaptive performance. As AP has been investigated for the first time in the perspective of performance appraisal process, therefore, there being no study to compare the results with discussion in this regard has been void.

Five models i.e. one factor model, two factor models (distributive-procedural model; social-structural model), three factor model (distributive-procedural-interactional justice model) and four-factor model (distributive-procedural-interpersonal and informational justice model) have been studied in an effort to ascertain the underlying factor structure of five models. Results of the CFA revealed four-factor model to be the best fit (GFI = 0.914, IFI = 0.989, TLI = .988, CFI = 0.989, RMSEA = 0.027). Thurston and McNall (2010) operationalized four-factor organizational justice model in the performance appraisal process and investigated underlying factor structure of organizational justice in the American context. They compared six models i.e. one factor model, two factor models (distributive-procedural model; social-structural model), three factor models and four-factor model (distributive-procedural-interpersonal and informational justice model) in an effort to ascertain the underlying factor structure of organizational justice. Results of the CFA analysis revealed four-factor model to be the best fit (GFI = 0.94, CFI = 0.98, RMSEA = 0.084 & Standardized RMR=0.026). Ahmed and Sattar (2018) investigated underlying factor structure of organizational justice in the telecom sector of Pakistan. They compared five models i.e. one factor model, two factor models (distributive-procedural model; social-structural model), three factor model (distributive-procedural-interactional justice model) and four-factor model (distributive-procedural-interpersonal and informational justice model) in an effort to ascertain the underlying factor structure of organizational justice. Results of the CFA analysis revealed four-factor model to be the best fit (GFI = 0.828, CFI = 0.919, RMSEA = 0.052). thus finding of this study that four factor structure of the organizational had the best fit is consistent with existing studies on the subject and provided support to the structure of organizational justice in Pakistani context.

### **5.3 Contribution**

#### **5.3.1 Theoretical Contribution**

Four-factor organizational justice model, proposed by Greenberg (1993), was operationalized in the domain of appraisals by Thurston and McNall (2010) in the American context, however, it had not attracted attention of researchers in the Pakistani



context. This study has validated underlying four-factor structure of organizational justice in the Pakistani context which is different from the West. Results of this study found that four-factor model had best fit as compared to two and three factor models. Thus, validation of underlying four-factor structure of organizational justice in the Pakistani context has been one of the significant contributions of this study towards structure of organizational justice.

Another important aspect of this study has been its contribution toward organizational justice theory. The theory highlights importance of justice wherein perceptions of justice influence employee attitudes and behaviors. When employees experience justice, positive affect is created that in-turn raises motivation level and binding on the employees to reciprocate. The positive affect leading to higher motivation and binding to give back causes enhancement in employee performance on one hand and on the other it influences employee attitudes/affective reactions. Thus, results of this research that justice (DJ, PJ and INFJ) impact employee adaptive performance and justice influences employees' attitudes (i.e DJ influences SPA, PJ influences SPAS and INTJ and INFJ influences SWS) provide adequate support to the provisions of organizational justice theory.

Equity theory suggests that employees compare ratio of their outcome to input to the ratio of others' outcome to input. If these ratios are comparative, then employees have sense of justice i.e distributive justice. Based on the same, employees' perceptions of distributive justice were measured in this study wherein employees were found to be perceiving distributive justice in their organizations within the perspective of appraisal process. Thus this study finding supports the provisions of the equity theory. Proponents of equity theory also stipulate that perceptions of equity transforms into positive behavior and attitudes. Findings of this study that DJ predicts AP and it also causes SPA provide support to the stipulations of equity theory.

Social exchange theory highlight that helping behaviours by the management are seen as beneficial by employees and these generate binding on the employees to give back i.e. reciprocate. The exchange relationships are of two types: economic and social. The

economic, relevant in the perspective of DJ, are regarded contractual in nature and are driven by explicit schedule of rewards and reciprocations e.g. for consistent ratings, the employees perform in the organization. The social, relevant in the perspective of procedural justice wherein, cognitive, affective, and behavioral reactions toward the organization are predicted by procedural justice. Social exchange relationships are also relevant in the perspective of interactional justice (interpersonal and informational) wherein it relates to cognitive, affective, and behavioral reactions of employees toward their supervisors who are representatives of the organizations. Therefore, findings of this study that DJ relates to SPA and AP, PJ relates to SPAS and AP, INTJ relates to SWS, and INFJ relates to SWS and AP support the provisions of social exchange theory.

The study supports the notion that justice dimension influence behavioral response (i.e adaptive performance) through attitudinal responses, thus it supports provisions of perceptual, affective and behavioural construct model which is consistent with organizational adaptation model as proposed by (Hulin, Roznowski, and Hacia (1985) and Organ (1995). The model suggests that perceptions influence affective /attitudinal reactions which in-turn effect behaviours. This model has been applied on the important human resource management practice of performance appraisal in Pakistan in order to see how organizations can enhance adaptive performance of employees in the private sector telecom and banking organizations. In the perspective of appraisal process, findings of this study reveal that fairness perceptions of employees lead to enhanced satisfaction which in-turn enhanced employees' adaptive performance. Thus the study provide support to the model in Pakistani context that perceptions of justice impact behavioural responses through attitudinal responses in the perspective of appraisal process.

Dimensions of IWP i.e. TP, CP and CWB have been looked into as an outcome variable by researchers through the use of organizational justice theory, social exchange theory and perceptual-affective-behavioural model while investigating effectiveness of appraisal process. However, AP, an important dimension of IWP, has not attracted attention in this regard. Thus, this study tested impact of justice perceptions on AP in the perspective of performance appraisal process. Findings of this study depicted that justice in appraisal process is an important aspect of private sector organizations of Pakistan. The study has

found that ratings of employees that are based on equity are instrumental in enhancing adaptive performance of employees. Setting of performance expectations justly i.e. planning of employee performance in a just manner at the beginning of assessment period, employees' confidence on their rater and existence of just mechanism for seeking appeals for performance appraisal, have been found to affect employee adaptive performance positively. Fair treatment by manager/ rater and display of sensitivity towards employee has been found to impact employees' adaptive performance in a positive manner. Furthermore, regular and fair clarifications about expectations and standards pertaining to assessment criteria, provision of just feedback to employees at regular intervals and fair explanations of the rating decisions have been also found to affect employees' adaptive performance. Thus, the finding pertaining to the positive affect of justice perceptions of employees' of their appraisal process on employees' adaptive performance is a significant contribution to the existing literature on the subject. Apart from the aforesaid, finding of the study pertaining to the positive affect of satisfaction with performance appraisal, performance appraisal system and supervisor on employees' adaptive performance is also significant contribution to the existing literature on the subject and also to the satisfaction – performance relationship debate.

### **5.3.2 Policy Contribution**

This study has found that organizational justice (distributive, procedural and informational) positively influence employees' behavior i.e adaptive performance. The study has also found justice constructs to positively influence employee attitudes/ affective reactions i.e satisfaction with performance appraisal, performance appraisal system and supervisor; which in-turn affect employee adaptive performance. Thus it highlights the significance of justice in the organizational practice of performance appraisal in the private sector telecom and banking organizations. Therefore, it is prudent that while designing performance appraisal process, aspects related to justice constructs are addressed. As those involved in design and implementation of the appraisal process follow policies made by

organizational management, therefore, management shall make policies which ensure development of appraisal process that caters for the aspects of organizational justice.

Findings of the study depicted favorable employee reactions i.e. justice perceptions and satisfaction with the process of performance appraisal. The results of ten constructs measuring employees' fairness perceptions and three constructs measuring satisfaction with various facets of performance appraisal substantiate the same. Thus this study has validated an effective tool to measure performance appraisal effectiveness in Pakistan. Organizational management may use it to ascertain fairness of their respective appraisal processes so that it can be managed to the advantage of the organizations. Information gained may be utilized to modify policies related to development and implementation of performance appraisal process for enhancement in adaptive performance of employees.

Employees contribute toward achievement of growth targets set by their organizations and expect certain reward in reciprocation. Fair performance appraisals are instrumental in recognizing contributions made by employees toward achievement of organizational goals and calculation of reward for them. In this perspective, interests of employees are required to be safeguarded. Government and regulators have shown commitment for provision of policy and regulatory framework to cater for the challenges faced by telecom industry and safeguard interest of its stakeholders (Pakistan Telecommunication Authority, 2018). Similar is the case for banking sector of Pakistan where interest of its employees are required to be safeguarded. Hence, policy framework by government and regulators for ensuring fairness in appraisal process may be instrumental in safeguarding interest of employees, in an effort to further enhance performance of telecom and banking sector organizations.

Lastly, study has found that "Seeking Appeals" underlying "Performance Planning" construct is important for procedural justice. Study has shown that procedural justice incorporating mechanism for review of performance appraisal and process to appeal against the appraisal which employee think is inaccurate or biased is instrumental in enhancing employees' satisfaction with the appraisal system. Therefore, organizational management shall make policy framework for institutionalizing an appeal procedure within the

perspective of performance appraisal process in private and telecom and banking organizations.

### **5.3.3 Practical Contribution**

Managers play critical role in formulation of any organizational practice. This study provided an important finding that perceived fairness contribute to satisfaction and performance. Thus while devising appraisal process in an organization, managers must consider this fact in mind and accordingly formulate the process of performance appraisal when it is being made. The study has also highlighted importance of ensuring equity while arriving at performance appraisal of employees as satisfaction of employees with their rating and their performance is also dependent on distributive justice. Therefore, managers must ensure employee assessment is based on equity and the ratings are not based on politics.

Managers are the ones who basically interact with employees and enact performance appraisals. The study has found that treatment of employees with respect and dignity by managers while enacting performance appraisal process is important. Similarly, the study has shown that managers must be sensitive to privacy and feelings of employees while interacting with them. These aspects have direct bearing on the employees' satisfaction with the supervisor which in-turn impacts employee performance. Therefore, while enacting appraisals, managers/ supervisors must treat their employees with respect, dignity and must be sensitive to the feelings, privacy and rights of subordinates.

Performance appraisal process also require managers to regularly interact with employees, give them feedback about performance and also let them know how to meet targets and make improvements in their performance. The study has shown that justice in this regard has direct effect on satisfaction of employees with their supervisor which ultimately influences employee performance. Therefore, managers must be made aware of importance of just feedback in the perspective of appraisal process and ensure regular, just

and effective performance feedback to employees. Lastly, managers /supervisors play vital role in shaping justice perceptions of employees. In order to ensure enhancement of employees' justice perceptions managers can be trained to pay attention to distributive, procedural, interpersonal and informational justice while enacting a very vital human resource management practice of performance appraisal.

#### **5.4 Implications**

In today's challenging conditions, employees' adaptive performance has become essential for maintaining and sustaining competitive advantage. For management of this performance, organizations put in place management system wherein performance appraisal process constitutes its essential element and remains an indispensable HR practice. For effectiveness of performance appraisal in bringing about desired changes in employees' adaptive performance, it has to be perceived as just, as justice in performance appraisal process positively influences affective and behavioral reactions of employees. Thus, apart from its measurement function, an important HR practice of performance appraisal can be used for enhancement in employee adaptive performance. Results of study highlighted the important effect employees' justice perceptions have on their affective reactions towards vital facets of performance appraisal process as well as employee behaviour, namely Adaptive Performance. In this context, results of this study have vivid implications. Organizations must endeavor to improve employees' perceptions pertaining to accuracy of their assessment ratings and address their concerns over assessment. The managers must struggle to institute fair procedures while planning employee performance, afford employees the opportunity to appeal against their appraisals resulting from appraisal process in case they desire, and ensure that employees have confidence in their rater. The study results also highlighted the important role played by the rater in appraisal process i.e. during the process of provisioning of information to employees while clarifying expectations and standards, during the feedback process and while explaining rating decisions. Therefore, managers must take this into account while interacting with employees for appraisal process. Additionally, organizations must also try that their managers interact

interpersonally in a fair manner in that they must treat the employees' fairly and must also show sensitivity during supervision. Managers must be polite, show respect to employees, take care of their dignity, be open and honest, must be sensitive to employee feelings and show concern for their rights. Thus, management shall take care of these aspects during enactment of performance appraisal process by the managers.

## **5.5 Conclusion**

In the wake of globalization, dynamic and frustrating economic environment, the ever present challenges have become more prominent for organizations. Among other challenges, organizations are struggling to find ways to improve performance of their employees to remain competitive. In this regard organizations put in place HR practices and endeavor to enhance effectiveness of these practices. Within the HR practices, performance management is being used for management of employee performance. As for effective management of performance it has to be measured first, therefore, performance appraisal process remains central to performance management (Cappelli & Conyon, 2018).

Traditionally researchers have endeavored to improve effectiveness of performance appraisals in affecting employee attitudes and behaviors, wherein three dimensions of IWP i.e task performance, contextual performance and counterproductive behavior have been looked into. In the fast pace dynamic environment, changing nature of technology and work, number of researchers has questioned the efficacy of these dimensions of IWP, rendering these to be ineffective and incompatible with today's business environment. They have proposed adaptive performance which is demonstrated by employees while adjusting behaviour to changing situations at work and with new events, to be an important dimension of IWP (Pulakos et al., 2000; Charbonnier-Voirin & Roussel, 2012; Allen, 2019). However, this aspect of employee performance has not attracted due attention of researchers and practitioners both. Thus this study looked into this aspect of employee performance; i.e how adaptive performance can be improved through the use of effective performance appraisal process in telecom and banking sector organization.

Despite the significance of performance appraisal process, managers and employees both are dissatisfied with the process (Posthuma & Campion, 2008). Researchers have been struggling to improve effectiveness of performance appraisals for which main focus of research have been on utilization and quantitative aspects of appraisals. Investigation of said individual aspects was not significant in causing improvements in appraisals (Pichler, Beenen & Wood, 2018). Researchers thus suggest that appraisal process as a whole system must be seen wherein qualitative criteria comprising employee reactions i.e justice perceptions and satisfaction are important in acceptance and usage of the process (Cardy & Dobbins, 1994; Murphy & Cleveland, 1995; Pichler, 2016; Pashkina & Plakhotnik, 2018). Study results are thus based on reactions of employees to different aspects of appraisal process and its impact on employees' adaptive performance.

The reaction criteria are almost always relevant and reactions that are not favorable may lead to failure of cautiously designed appraisal process (Cardy & Dobbins, 1994; Murphy & Cleveland, 1995). Thus reactions of employees to performance appraisal process (justice perceptions and satisfaction) as measured in this study are relevant in assessing success and acceptance of performance appraisal process thereby impacting adaptive performance of employees. Although, researchers have been reporting limited research on how performance appraisal process can help enhance employee performance, however, the question as to whether performance appraisal process improve employees' adaptive performance or not remained unanswered. Therefore, the prime aim of this study has been to investigate effectiveness of performance appraisals in affecting adaptive performance of employees. Accordingly, this study investigated impact of justice perceptions of employees on their adaptive as mediated by satisfaction with appraisal process in telecom and banking sector private organizations.

This research study answers the questions pertaining to the relationships of employees' justice perceptions and adaptive performance, justice perceptions and satisfaction with appraisal process, satisfaction with appraisal process and adaptive performance. This study also provides answer to questions related to mediating role of constructs representing satisfaction with three facets of appraisal process in the relationship of justice perceptions of appraisal process and adaptive performance. Questions relating to



level of employees' justice perceptions, employees' satisfaction with appraisal process and employees' adaptive performance are also answered in this study.

Accordingly, justice perceptions of employees (DJ, PJ, INTJ and INFJ), employees' reactions i.e. satisfaction of employees with three facets of performance appraisal process (SPA, SPAS and SWS) and level of employee's adaptive performance (AP) were measured. Subsequently, relationship between justice, satisfaction and adaptive performance constructs were examined and mediation of satisfaction in the justice-performance relationship was also tested

Advice of Folger et al. (1992) regarding use of organizational justice to predict affective and behavioral reactions of employees have been instrumental. Recommendation of Walsh, (2003) for utilizing four factor organizational justice model that too in private sector organizations is also relevant in conduct of this study. Organizational justice theory, equity theory, social exchange theory provided basis for formulation of study hypotheses. The perceptual, affective and behavioural constructs model suggesting that perceptions influence affective / attitudinal reactions which in-turn effect behaviours have been instrumental in development of theoretical framework for this study (Hulin et al., 1985; Organ, 1995).

Fifteen hypotheses were postulated to answer the questions and to achieve the objectives of this study. Relationship between Justice constructs (DJ, PJ, INTJ and INFJ) representing independent variables and Adaptive Performance (AP) being dependent variable was tested empirically by postulating four direct hypotheses. Four hypotheses depicted relationship of justice constructs with satisfaction constructs (SPA, SPAS and SWS). Three hypotheses were postulated to depict relationship between satisfaction constructs and AP. Four indirect hypotheses depicted relationships between justice constructs and AP, mediated by satisfaction constructs. Primary data collected through the use of standardized survey questionnaire.

Data collected from 932 employees of telecom and banking sector private organizations was analyzed using SEM and SPSS. It has been found that DJ, PJ and INFJ

had positive and significant relationship with adaptive performance however, INTJ - AP relationship had been insignificant. The relationship between DJ and SPA, PJ and SPAS, INTJ and SWS, and INFJ and SWS had been positive and significant. Similarly, satisfaction constructs had been positively and significantly related to adaptive performance. With regard to indirect hypotheses, SPA mediated DJ-AP relationship, SPAS mediated PJ-AP relationship, and SWS mediated INFJ-AP relationship. This depicted that organizational justice played a vital role in positively affecting employees' adaptive performance, and employees' satisfaction with three facets of performance appraisal process mediated the Justice - AP relationship. Employees of telecom and banking sector organizations considered their appraisal process to be distributively, procedurally, interpersonally and informationally just, they were satisfied with their performance appraisal, appraisal system and their supervisors, and had satisfactory level of adaptive performance.

Today's dynamic and fast pace changing environment has increased the challenges for telecom and banking sector organizations and managers of these organizations have an uphill task to improve adaptive performance of employees for achievement and maintenance of competitive advantage. Lack of understanding regarding the importance of justice perceptions of performance appraisal process in affecting adaptive performance of employees had been an impediment in meeting challenges facing these organizations. The findings of this study amply highlight that organizational justice play a vital role in positively effecting employees' adaptive performance and satisfaction with various facets of appraisal process, and satisfaction mediated relationship of justice and adaptive performance. The information gained could be used in developing appropriate strategies to enhance justice perceptions of appraisal process, satisfaction with appraisal process and adaptive performance of employees in private sector telecom and banking organizations thereby contributing to achievement of competitive advantage by the organizations.

## **5.6 Limitations**

The measures used in this study draw on self-reported data of employees' perceptions, attitudes and behaviors. Although, pre-control method, such as use of simple language, avoiding complicated words, biased language and tone, appropriate structure of questions, short and clear questions, avoiding double-barreled and leading questions, use of multiple questions and ensuring anonymity of respondents was employed; it may have led to common method variance thus negatively affecting reliability of the results.

Study investigated justice perceptions of employees, their satisfaction level with appraisal process and level of their adaptive performance through survey questionnaire. Tool used to evaluate employee performance and subsequent utility of appraisal process outcome were not included in the study scope.

This study suffers from threats to external validity. The study was conducted in ten organizations which were chosen for the convenience. The organizations in this study were chosen based on characteristics of contribution to services sector and geographical similarity to aid in data collection. Use of convenience sampling imply that the sample may not be representative of the larger population as it may lead to under or over representation of population thus limiting generalizability of the results. More work is needed to see if these results generalize to other organizations or industries, especially in cases where individuals feel that performance appraisal process is not meeting their expectations

## **5.7 Future Research Directions**

The employee perceptions were measured immediately after their performance appraisal was done so that time lapse may not erode their memories, therefore, cross sectional study was undertaken. However, different results might be achieved using longitudinal study as it involve investigation spread over longer time period and direct involvement. Furthermore, longitudinal design to measure the perceptions, attitudes and

behavioral outcomes, and to investigate causal relationship between these variables would also enhance reliability of results apart from strengthening the research design.

This study collected data from individual employees in the role of ratees. Justice perceptions of raters and ratees were not measured separately. The supervisors/ managers could have provided interesting insights of the appraisal process. Future research needs to collect data from managers and employees separately; multi-level perspective may capture better understanding of complex phenomenon of justice perceptions of performance appraisal process and provide more effective solutions. Hence, an effort is further required to investigate justice perceptions of managers and employees separately so that perspective of both sides could be analyzed.

Generally, it is agreed that difference in culture play a vital role in impacting attitudes and behaviours. The population had been telecom and banking sector employees from the organizations located in Rawalpindi and Islamabad area. Thus, the finding emerging out of study may not be generalized due to the fact that life style and culture of other parts of the country is distinct from Rawalpindi and Islamabad area. Therefore, expansion in the respondent base might provide interesting insight of the phenomenon.

Only private organizations of service sector industry were studied. Manufacturing sector organizations were not subject of study. This area may be considered for research in future studies. Comparison of services and manufacturing sector could be incorporated in future studies by novice researchers.

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**APPENDIX- 1**  
**STUDY QUESTIONNAIRE**



Dear Participant:

The performance appraisal process is used in organizations for goal setting, measuring and documenting employee performance and to give feedback, which may be subsequently used for administrative and developmental purposes. A study “Performance appraisal: Impact of Justice Perceptions on Employee Adaptive Performance as Mediated by Satisfaction with Performance Appraisal Process” is being conducted to ascertain how employees feel about the process and its usefulness as a performance improvement and management tool. The questionnaire attached is meant for collecting the data for this study which may also help to improve performance appraisal process practiced in organizations of Pakistan.

The scholar conducting study is in the process of completing his Ph.D degree at Bahria University Islamabad. Submission of thesis is a prerequisite for completion of the degree.

Your participation in this study is purely for academic purposes. It is important for success of this study that you give your professional opinion about the performance appraisal process in your organization. The information will be used to identify the strengths and weaknesses of the process. Your participation in the study is completely voluntary and information/data will be kept confidential.

Your cooperation is highly appreciated. If you have any questions/queries regarding the research study or would like additional information, please do not hesitate to contact me or my supervisor at the addresses listed below.

Yours Sincerely,

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**PART – I**

**ORGANIZATIONAL JUSTICE**

Think about the Performance Appraisal process as it is conducted in your Department. Carefully consider each statement and mark the answer that indicates the extent to which you agree/disagree with the statement.

**1=Strongly Disagree    2=Disagree    3=Neither Agree Nor Disagree    4=Agree    5=Strongly Agree**

**Performance Planning/Setting Performance Expectations**

- 1. My Manager and me agreed on my performance objectives at start of reporting period. -----  1  2  3  4  5
- 2. My performance expectations/objectives measure what I really do for the organization. -----  1  2  3  4  5
- 3. My performance objectives reflect the most important factors in my job. -----  1  2  3  4  5
- 4. I was involved in setting performance standards that are used to evaluate my performance. -----  1  2  3  4  5
- 5. The system allows the performance standards to be changed if what I do at work change. -----  1  2  3  4  5
- 6. I understood each of my performance objectives at the start of the reporting period. -----  1  2  3  4  5

**Assigning Raters/Rater Confidence**

- 7. I was assigned a Manager who is qualified to evaluate my work. -----  1  2  3  4  5
- 8. I was assigned a Manager who knows what I am supposed to be doing. -----  1  2  3  4  5
- 9. I was assigned Manager who understand the requirements and difficulties of my work. -----  1  2  3  4  5
- 10. The system ensures that my Manager is familiar with the assessment procedures. -----  1  2  3  4  5
- 11. The system ensures that my Manager knows how to evaluate my performance. -----  1  2  3  4  5

**Clarifying Expectations and Standards**

- 12. My Manager clearly explains me what he or she expects from me with regard to my performance.  1  2  3  4  5
- 13. My Manager clearly explains me the standards that will be used to evaluate my work. -----  1  2  3  4  5
- 14. My Manager explains how I can improve my performance. -----  1  2  3  4  5
- 15. My Manager gives me chance to question how I should meet my work objectives. -----  1  2  3  4  5
- 16. My Manager regularly explains to me what he or she expects of my performance. -----  1  2  3  4  5
- 17. My manager gives me chance to question why I have been given certain work objectives -----  1  2  3  4  5

**Feedback**

- 18. My Manager frequently informs me how I am doing. -----  1  2  3  4  5
- 19. My Manager regularly gives me information that I can use to improve performance -----  1  2  3  4  5
- 20. My Manager gives me critical feedback in a constructive manner. -----  1  2  3  4  5
- 21. My Manager lets me know how I can improve my performance. -----  1  2  3  4  5
- 22. My Manager gives me feedback that is relevant to the things I do at work. -----  1  2  3  4  5
- 23. My Manager reviews with me the progress I have made towards my objectives. -----  1  2  3  4  5

**Ratings based on Equity/Accuracy of Assessments**

- 24. My assessment reflects how well I do my work. -----  1  2  3  4  5
- 25. My assessment reflects how much work I do. -----  1  2  3  4  5
- 26. My assessment reflects the many ways I have contributed to the organization. -----  1  2  3  4  5
- 27. My assessment is based on the efforts which I put into the job. -----  1  2  3  4  5
- 28. My assessment is based on my responsibilities at work place. -----  1  2  3  4  5

1=Strongly Disagree    2=Disagree    3=Neither Agree Nor Disagree    4=Agree    5=Strongly Agree

**Explaining Rating Decisions**

- 29. My Manager give me clear and real examples to justify his/her appraisal of my work. -----  1  2  3  4  5
- 30. My Manager helps me to understand the process used to evaluate my performance. -----  1  2  3  4  5
- 31. My Manager takes the time to explain decisions that concern me. -----  1  2  3  4  5
- 32. My Manager lets me ask him or her questions about my performance appraisal. -----  1  2  3  4  5
- 33. My Manager helps me understand what I need to do to improve my performance. -----  1  2  3  4  5

**Seeking Appeals**

- 34. I have ways to raise an appeal for performance appraisal that I think is biased or inaccurate. -----  1  2  3  4  5
- 35. I can get a fair review of my performance appraisal if I request for it. -----  1  2  3  4  5
- 36. I can challenge a performance appraisal if I think it is unfair. -----  1  2  3  4  5
- 37. My performance appraisal can be changed if I can show that it is incorrect or unfair. -----  1  2  3  4  5
- 38. A process to appeal against appraisal is available to me anytime if I may need it. -----  1  2  3  4  5
- 39. I can challenge information in the evaluation that my rater gives me -----  1  2  3  4  5

**Ratings Not Based on Politics/Concern Over Assessment**

- 40. My Manager gives me assessment that I earn/deserve even if it might upset me. -----  1  2  3  4  5
- 41. The Manager do not give higher assessment to avoid bad feelings among his employee -----  1  2  3  4  5
- 42. The performance assessment standards are applied consistently across all employees. -----  1  2  3  4  5
- 43. The assessment I get is not higher than one I should earn based on my effort and contributions.-----  1  2  3  4  5
- 44. Assessments are not based on person’s status or personality. -----  1  2  3  4  5
- 45. Managers give assessments that not reflect, in part, their personal like or dislike of employees.-----  1  2  3  4  5
- 46. Assessments are not based on person’s popularity. -----  1  2  3  4  5

**Treatment by Manager/Supervisor**

- 47. My Manager is almost always polite and is rarely rude to me. -----  1  2  3  4  5
- 48. My Manager treats me with respect and dignity. -----  1  2  3  4  5
- 49. I was given sufficient time to prepare for my assessment interview. -----  1  2  3  4  5
- 50. My supervisor was open, honest and respectful during the assessment interview. -----  1  2  3  4  5
- 51. I was given sufficient opportunity to respond to my supervisor’s assessment. -----  1  2  3  4  5

**Sensitivity in Supervision**

- 52. My Manager does not invade my privacy. -----  1  2  3  4  5
- 53. My Manager is sensitive to my feelings. -----  1  2  3  4  5
- 54. My Manager treats me with kindness. -----  1  2  3  4  5
- 55. My Manager shows concern for my rights as an employee. -----  1  2  3  4  5
- 56. My Manager does not make hurtful statements about me. -----  1  2  3  4  5

**PART – II SATISFACTION**

1=Strongly Disagree    2=Disagree    3=Neither Agree Nor Disagree    4=Agree    5=Strongly Agree

**Satisfaction with Most Recent Rating or Performance Appraisal**

- 57. I am satisfied with the performance rating I received for this last reporting period. ----- 

1	2	3	4	5
---	---	---	---	---
- 58. My most recent performance rating was fair. ----- 

1	2	3	4	5
---	---	---	---	---
- 59. My most recent performance rating reflected how I did on the job. ----- 

1	2	3	4	5
---	---	---	---	---
- 60. The performance rating I received was pretty accurate. ----- 

1	2	3	4	5
---	---	---	---	---

**Satisfaction with Performance Appraisal System**

- 61. Overall, I think the company has an excellent performance appraisal system ----- 

1	2	3	4	5
---	---	---	---	---
- 62. I am satisfied with the way the performance appraisal system is used to set my performance expectations for each assessment period. ----- 

1	2	3	4	5
---	---	---	---	---
- 63. I am satisfied with the system used to evaluate and rate my performance. ----- 

1	2	3	4	5
---	---	---	---	---
- 64. I think my department should change the way they evaluate and rate job performance. ----- 

1	2	3	4	5
---	---	---	---	---
- 65. I think the performance appraisal process is a waste of time. ----- 

1	2	3	4	5
---	---	---	---	---
- 66. The performance appraisal has helped me to improve my job performance. ----- 

1	2	3	4	5
---	---	---	---	---

**Satisfaction with Your Supervisor**

- 67. I am satisfied with the amount of support and guidance I receive from my supervisor. ----- 

1	2	3	4	5
---	---	---	---	---
- 68. Overall, I am satisfied with the quality of supervision I receive at work from Manager/Supervisor. ----- 

1	2	3	4	5
---	---	---	---	---
- 69. All in all, I have a good supervisor. ----- 

1	2	3	4	5
---	---	---	---	---
- 70. My supervisor is a very competent person. ----- 

1	2	3	4	5
---	---	---	---	---
- 71. My supervisor takes the rating system and process seriously. ----- 

1	2	3	4	5
---	---	---	---	---

**PART-III ADAPTIVE PERFORMANCE**

- 72. I do not hesitate to go against established ideas and propose an innovative solution. ----- 

1	2	3	4	5
---	---	---	---	---
- 73. Within my department, people rely on me to suggest new solutions. ----- 

1	2	3	4	5
---	---	---	---	---
- 74. I use a variety of sources/types of information to come up with an innovative solution. ----- 

1	2	3	4	5
---	---	---	---	---
- 75. I develop new tools and methods to resolve new problems. ----- 

1	2	3	4	5
---	---	---	---	---
- 76. I am able to completely understand the situation to act quickly. ----- 

1	2	3	4	5
---	---	---	---	---
- 77. I quickly decide on the actions to take to resolve problems. ----- 

1	2	3	4	5
---	---	---	---	---
- 78. I analyze possible solutions and their ramifications quickly to select the most appropriate one ----- 

1	2	3	4	5
---	---	---	---	---
- 79. I easily reorganize my work to adapt to the new circumstances. ----- 

1	2	3	4	5
---	---	---	---	---
- 80. Developing good relationships with all my counterparts is an important factor of my effectiveness ----- 

1	2	3	4	5
---	---	---	---	---
- 81. I try to understand the viewpoints of my counterparts to improve my interaction with them. ----- 

1	2	3	4	5
---	---	---	---	---
- 82. I learn new ways to do my job better in order to collaborate with such people. ----- 

1	2	3	4	5
---	---	---	---	---
- 83. I willingly adapt my behaviour whenever I need to in order to work well with others. ----- 

1	2	3	4	5
---	---	---	---	---
- 84. I undergo training on a regular basis at or outside of work to keep my competencies up to date. ----- 

1	2	3	4	5
---	---	---	---	---
- 85. I am on the lookout for the latest innovations in my job to improve the way I work. ----- 

1	2	3	4	5
---	---	---	---	---
- 86. I look for every opportunity that enables me to improve my performance. ----- 

1	2	3	4	5
---	---	---	---	---
- 87. I prepare for change by participating in every project or assignment that enables me to do so. ----- 

1	2	3	4	5
---	---	---	---	---
- 88. I keep my cool in situations where I am required to make many decisions. ----- 

1	2	3	4	5
---	---	---	---	---
- 89. I look for solutions by having a calm discussion with colleagues. ----- 

1	2	3	4	5
---	---	---	---	---
- 90. My colleagues ask for my advice regularly when situations are difficult because of my self-control ----- 

1	2	3	4	5
---	---	---	---	---

**PART-IV PARTICIPANT INFORMATION**

**This information will be kept strictly confidential and is collected for statistical purposes only.**

1. What is your job category or group?
  - a. Lower Level of Management
  - b. Middle Level of Management
  - c. Upper Level of Management
  - d. Others (Please state)
  
2. How many years have you worked for this department?
  - a. Less than one year
  - b. 1 - 3 years
  - c. 4 - 5 years
  - d. 6-10 Years
  - e. Greater than 10 years
  
3. In which age bracket do you fall?
  - a. 18-25
  - b. 26 -40
  - c. 41-50
  - d. 51-60
  
4. What is your gender?
  - a. Male
  - b. Female
  
5. What is your racial/ethnic origin?
  - a. Punjabi
  - b. Sindhi
  - c. Pushto
  - d. Balochi
  - e. Other (Please state)\_\_\_\_\_
  
6. What is your highest level of formal education?
  - a. Matric
  - b. Intermediate
  - c. Bachelor's Degree
  - d. Master's Degree
  - e. Other (Please state)\_\_\_\_\_

**Please write any comments you may have about the Performance appraisal System in the box below.**

**APPENDIX- 1I****FACE AND CONTENT VALIDITY CRITERIA**

Face validity criteria:

- Item grammar is appropriate.
- Item is clear and unambiguous.
- Item spellings are correct.
- Item structure is correct.
- Item font size is appropriate.
- Instrument structure is correct.

Content validity criteria:

Item cover the domain it is supposed to cover.

Item is objectively structured.