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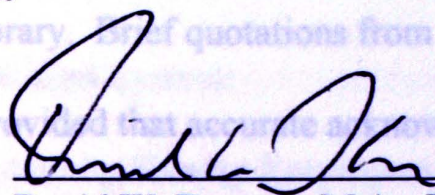
A PERFORMANCE APPRAISAL SYSTEM:  
PROCEDURAL JUSTICE PERCEPTIONS AMONG HOURLY EMPLOYEES

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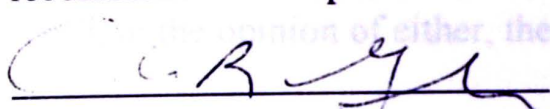
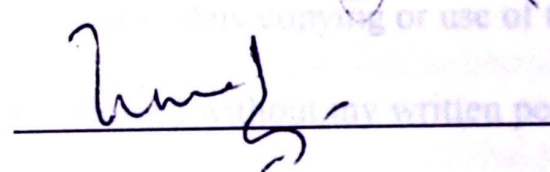
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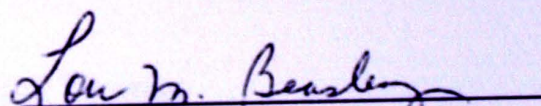
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## Abstract

Perceptions of organizational justice (employee fairness perceptions), distributive and procedural justice, are important for organizational success. This study was

designed to examine the perceptions of procedural justice of a new performance

appraisal system. Thirty employees participated in this

### **Procedural Justice Perceptions Among Hourly Employees**

of the new appraisal system. It was hypothesized that employee

participation in discussion during the appraisal session, understanding of appraisal

process and importance of self-appraisal would lead to perceptions of procedural

justice. Statistically significant positive correlations were found between perceptions

A Thesis Presented in Partial Fulfillment for the Master of Arts Degree

Austin Peay State University

Laura Gail Redick Thomas

December 2002

## TABLE Abstract CONTENTS

Two types of organizational justice (employee fairness perceptions), distributive and procedural justice, are important for organizational success. This study was conducted to examine the perceptions of procedural justice of a new performance appraisal system. Thirty-seven hourly manufacturing employees participated in this study by responding to a 12-item survey designed to measure procedural justice perceptions of the new appraisal system. It was hypothesized that employee opportunity for discussion during the appraisal session, understanding of appraisal criteria, and importance of self-appraisal would lead to perceptions of procedural justice. Statistically significant positive correlations were found between perceptions of procedural justice and opportunity of discussion, understanding of appraisal criteria, and importance of self-appraisal.	PAGE 1
<b>I. The Present Study</b>	4
<b>II. METHODS</b>	14
Participants	14
Measures	15
Data Analysis Strategy	18
<b>III. RESULTS</b>	19
<b>IV. DISCUSSION</b>	22
Conclusion	24
Suggestions for Future Research	24
<b>LIST OF REFERENCES</b>	25
<b>APPENDIXES</b>	30
A. Waiver of Informed Consent Form	31
B. Cover Letter	33
C. Performance Appraisal Questionnaire	34
D. Demographic Information Sheet	37
E. A.	38

# TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION.....	1
Conceptual Clarification and Review of Literature .....	4
The Present Study.....	7
II. METHODS.....	14
Participants.....	14
Materials.....	15
Measures.....	15
Procedure.....	17
Data Analysis Strategy.....	18
III. RESULTS.....	19
IV. DISCUSSION.....	22
Conclusion.....	24
Suggestions for Future Research.....	24
LIST OF REFERENCES.....	25
APPENDIXES.....	30
A. Waiver of Informed Consent Form.....	31
B. Cover Letter.....	33
C. Performance Appraisal Questionnaire.....	34
D. Demographic Information Sheet.....	37
VITA.....	38

## CHAPTER I

### INTRODUCTION

Nowhere in the functioning of an organization is fairness more important than in the area of Human Resources. It is the primary goal of most Human Resources practitioners to strive for fair and equitable policies and procedures throughout the organization. It is the organization's system of policies and procedures that is the foundation of the organization. Organizational policies and procedures often influence decisions in areas such as employee selection, transfers, demotions, lay offs, terminations, conflict management, pay, and performance appraisals (Lind & Tyler, 1988). Therefore, policies and procedures considered fair by employees can be advantageous to an organization, while those thought of as unfair can lead to numerous difficulties (Cropanzano & Greenberg, 1997). Greenberg (1996) termed employees' perception of fairness in the workplace as organizational justice.

Cropanzano & Greenberg (1997) assert that organizational justice has received a great deal of attention from researchers in various fields of organizational study in the last several years. Greenberg (1986) distinguished between two types of organizational justice. The first type of organizational justice is distributive justice. Distributive justice refers to people's perceptions of the end result or outcome they receive as a result of their effort. Early work in the field of justice focused on theories such as social exchange theory which was developed with a wide variety of social interactions in mind (Greenberg, 1990). Much of this work was then applied to organizational issues in an effort to explain employee behavior (Greenberg, 1996).

Adams's (1965) equity theory is an example of a theory based on the social exchange concept (Colquitt, Conlon, Wesson, Porter & Ng, 2001; Mowday, 1996; Greenberg, 1990). Adams (1965) contended that fairness could be thought of as the ratio between an individual's effort to his or her outcome. This ratio could then be compared to another individual's ratio of effort to outcome in order to determine if the ratios were equitable (Adams, 1965; Colquitt et al., 2001; Cropanzano & Folger, 1996; Greenberg, 1990). This theory is based social exchange theory as employees make certain investments (inputs) and expect particular payoffs (outcomes) (Mowday, 1996). For example, a person who attains a certain level of education (input) expects a certain amount of pay (outcome). The input outcome ratio is compared to a coworker's (i.e. comparison other) level of education to pay ratio. If an inequity exists, the person feels a need to restore equity. According to Adams (1965), equity may be restored in different ways. Muchinsky (2003) states the equity can be restored by either cognitive or behavioral methods. Examples of ways to reduce equity include reducing effort, altering the inputs or outcomes of the comparison other, mentally distorting inputs or outcomes, quitting, or selecting a different individual with whom to compare themselves (Cropanzano & Folger, 1996; Mowday, 1996).

Cropanzano & Folger (1996) assert that one of the limitations of equity theory is its lack of ability to determine what type of action a person might take in order to restore equity. They state that equity theory focuses too much on the outcomes and not enough on the process used to determine the outcomes.

The second type of organizational justice is termed procedural justice and focuses on an individual's perception of the fairness of the process used to determine outcome (Folger & Cropanzano, 1998). Cropanzano & Folger (1996) suggest that distributive and procedural justice differences can be explained by exploring the way trials are carried out in the courtroom. From this perspective, judges have the responsibility of seeing that the rules (i.e. policies and procedures) are adhered to with regard to conducting the trial. The jury is then responsible for making sure that the outcome or verdict is fair considering the actions of the accused. Perceptions of both distributive justice and procedural justice can result from organizational decisions in areas such as pay raises, selection, promotions, and performance appraisals (Cropanzano & Greenberg, 1997).

In studying legal processes, Thibaut & Walker (1975) found that opponents experience two types of control in resolving legal debates: process control and decision control. Process control refers to control over the procedures, while decision control refers to control over the outcome. Findings of the Thibaut & Walker (1975) study indicate that individuals prefer process control over decision control (Colquitt et al., 2001; Konovsky, 2000; Cropanzano & Greenberg, 1997). Cropanzano & Greenberg (1997) assert that overall, people will tolerate outcomes more if they are the product of fair procedures than if they are the product of unfair procedures.

Studies of procedural justice have included a variety of areas important to human resource management including performance management (Taylor, Tracy, Renard, Harrison, & Carroll, 1995); pay allocation (Greenberg, 1987); employee theft (Greenberg, 1996); selection systems (Gilliland, 1994); workplace smoking bans

(Greenberg, 1996 ); and performance appraisals (Greenberg, 1996). The present study focuses on the perceptions of procedural justice in one area of human resource management: performance appraisal systems.

### Conceptual Clarification and Review of Literature

Performance appraisal utility. Most organizations require that managers and supervisors semi-annually or annually evaluate their employees' job performance. Performance appraisals are often used to make decisions regarding pay, placement, and training (Cawley, Keeping & Levy, 1988; Erdogan, Kraimer & Liden, 2001). In addition, performance appraisals provide important information to employers regarding employee motivation and counseling (Landy, Barnes, & Murphy, 1978). Performance appraisals can prove to be an invaluable tool in employment discrimination litigation. Findings by Werner & Bolino (1997) state that judges consider the fairness of a performance appraisal system as a key determinant in decisions regarding employment case law. Further, Erdogan et al., (2001) assert that performance appraisal usefulness can be assessed by the fairness of the appraisal process. In determining perceptions of procedural justice in performance appraisals, it is important to investigate the factors employees perceive as contributing to the fairness of the appraisal.

Opportunity for discussion. Landy, Barnes, & Murphy (1978) studied how fair and factual a performance appraisal system was viewed among exempt employees in a production division of a manufacturing company. The performance appraisal system in place in the organization was based on a Management by Objectives approach.

Landy et al., (1978) used a 12 item questionnaire to examine employee opinions concerning criticism, compliments, pay based on appraisal results, and reasons for conducting appraisals. Samples were split into two groups in order to cross-validate. Using a step wise multiple regression technique, an analysis was run on the first sample to identify which variables were significant enough to be included in the final equation. The participants noted the most significant factors they

Findings by Landy et al., (1978) indicate that opportunity for expression, existence of a formal evaluation system, supervisor's understanding of employee's duties and performance, plans to correct weaknesses, and frequency of appraisals were related to employee perceptions of fair and accurate evaluations. Each of these findings relate to the procedural portion of the evaluation. based on a procedural

Landy, Barnes-Ferrell, & Cleveland (1980) conducted a second study as a follow-up to their 1978 study. This study looked at the possibility that perceptions of justice are influenced by the preceding performance appraisal rating (high or low ratings). Participants were exempt managers and professional employees in a manufacturing firm. The same questionnaire was used for this study as with the previous Landy et al., (1978) study. Data was collected anonymously in the previous study; however, in this study participants were asked to provide their name on the questionnaire. Regression analysis was used to determine the extent to which justice perceptions were affected by rating levels (high or low). Results indicated that level of previous evaluation did not affect perceptions of justice and accuracy (Landy et al., 1980). in performance appraisal systems.

In another study designed to discover what determines perceptions of fairness in performance appraisals, Greenberg (1986) conducted a study of 217 mid-level managers from cable TV companies, wholesale pharmaceutical distributors, and credit unions located in the United States. Using the critical incident technique, 56 managers were instructed to recall a situation where they were given a fair or an unfair performance appraisal. The participants noted the most significant factors they perceived as contributing to the fairness or unfairness of the appraisal.

A Q-sort technique was used by 40 managers from the same sample to categorize the elements into seven categories. An additional 75 participants from the same sample rated the categories importance in contributing to appraisal fairness. Factor analysis revealed two separate factors. Five items loaded on a procedural justice factor and two loaded on a distributive justice factor. Procedural justice factors included (1) asking for feedback before the appraisal and utilizing it (2) communication by both parties during the appraisal session (3) opportunity to dispute the evaluation (4) appraiser familiarity with the employee's performance and (5) consistent use of rules. Distributive justice factors were (1) rating resulting from job performance and (2) recommendation for pay increase/advancement as a result of rating. The factors requesting feedback before the appraisal, two-party communication during the appraisal interview, and opportunity to dispute were all factors relating to opportunity for discussion. This finding is consistent with the Landy et al., (1978) finding that opportunity for discussion is related to perceptions of fairness in performance appraisal systems.

Using similar methods, Dipboye & de Pontbriand (1981) conducted a study on perceptions of the performance evaluation process for exempt associates from a research and development firm. Survey results revealed positive perceptions of the appraisal and the system provided employees be given opportunity for discussion in the appraisal session, plans and objectives be determined, and the appraisal factors be revelant to the job.

It is interesting to note that previous research has primarily focused on exempt employees, mostly managers and professionals. In light of this information, one might wonder if the same results would be found if participants were hourly employees. While it is known that there are differences between these two groups of employees, it is reasonable to expect findings to generalize to hourly employees.

### The Present Study

Given the generally accepted finding that meetings to discuss performance appraisals are viewed positively by employees, it seems plausible that the length of time spent in discussion could affect perceptions of fairness. With this idea in mind, and to extend the population to hourly manufacturing employees, the following hypothesis was formulated:

**HYPOTHESIS 1:** Employees who feel they were given sufficient time to discuss their performance appraisal during the appraisal session will perceive the performance appraisal system as procedurally fair.

Knowledge of appraisal criteria. It seems plausible that in order for employees to perceive the performance appraisal system as procedurally just, they be

provided information about the performance factors on which they will be rated prior to the evaluation session.

Bretz, Milkovich, & Reed (1992) conducted a review of performance evaluation research and practice literature between 1985 and 1990. In reviewing practices at that time, Bretz et al., (1992) report that most performance appraisal raters receive training on conducting evaluations, while most ratees do not.

A study of insurance company employees designed to explore the effects of procedural knowledge (i.e. amount of information provided to employees regarding organizational procedures) on associates' perceived work satisfaction, company loyalty, and procedural justice, found procedural justice to be more valued than procedural knowledge (Schappe, 1996). Findings of the study indicate that fair procedures, rather than just knowledge of procedures, lead employees to rate their supervisors higher, be more satisfied, and more committed (Schappe, 1996).

Another study looked at procedural justice and performance evaluations in the form of system procedural justice and rater procedural justice (Erdogan et al., 2001). Erdogan et al., (2001) distinguished system procedural justice from rater procedural justice. System procedural justice was described as the perceived fairness of companies policies and procedures with regard to performance appraisals. Rater procedural justice was described as the fairness of the procedures used by the supervisor to rate the employee. Participants in this study were bank employees. Findings reveal a relationship between system procedural justice and employees' knowledge of the criteria on which they will be evaluated as well as the validity of the evaluation criteria (Erdogan et al., 2001).

It appears that both knowledge of procedures and knowledge of appraisal criteria are important for perceptions of procedural justice. It is possible that beyond merely knowing what the performance elements are, actually understanding how the elements relate to performance could enhance fairness perceptions. Understanding of appraisal criteria might be accomplished through training sessions that provide employees with specific examples of how a particular performance element might be used to measure performance. Based on this concept and the literature reviewed above, the following hypothesis is suggested:

**HYPOTHESIS 2:** Employees who understand the appraisal criteria will perceive the performance appraisal system as procedurally fair.

Importance of self-appraisal. Research reveals that controversy exist over the utility of self-ratings as a source of evaluation data (Greenberg, 1996). Self-evaluations are often biased in favor of the employee and believed to be perceived as fairer than evaluations conducted by the supervisor alone (Greenberg, 1996). While it appears that self-ratings help employee attitudes more than supervisor ratings only, psychometric evidence is not very promising (Folger & Cropanzano, 1998).

A study by Korsgaard (1996) looked at the impact of self-evaluations on reactions to feedback from others. The purpose of this study was to evaluate MBA students' responses to feedback from their instructors on class presentations. It was hypothesized that agreement with feedback and self-appraisals conducted later would be influenced by the degree to which feedback is compatible with an individual's self-appraisal, whereas satisfaction with feedback and later job performance would be influenced by the degree to which feedback is more positive than a person's self-

evaluation. Korsgaard (1996) found that when students' self-evaluations were consistent with the evaluator's appraisal, they were more inclined to include evaluator feedback into their next self-appraisal. However, no significant relationship was found between satisfaction and self-evaluations.

Roberson, Torkel, Korsgaard, Klein, Diddams, & Cayer (1993) conducted a field experiment to determine the effects of both the employee and the supervisor completing an evaluation prior to the performance appraisal session. Participants were managers of a retail company. Roberson et al., (1993) noted a distinction between formal and informal self-appraisals. Participants in the treatment group (formal self-appraisals) were given specific instructions on how to fill out their self-appraisals. They were also instructed to predict how their supervisors would rate them. Participants in the control group were not given specific instructions on how to self-appraise (Roberson et al., 1993).

Findings of Roberson et al., (1993) were contrary to their proposed hypotheses. Results revealed that employees who participated in the formal self-appraisal reported less control during the evaluation session, less agreement with supervisory assessment, and less satisfaction with the evaluation. It seems that employees who participated in the formal self-appraisal may have thought they would have a great deal of input into the final appraisal. However, the authors suggest that employees' formal self-appraisals may have been overshadowed by the supervisors' attempt to maintain control over the appraisals (Roberson et al., 1993).

It may be that employees' perceptions of self-appraisals differ depending on the way self-appraising is presented to them. Provided that self-appraisal is presented

as a means to improve communication between the employee and the supervisor and to help them establish goals for improvement or continued success, self-appraisals may be perceived as procedurally fair. Employees would then understand that supervisors often place a great deal of importance on self-appraisals and use them as a tool to help the employee be successful on the job. Therefore, the following hypothesis is purposed:

**HYPOTHESIS 3:** Employees who think that management will place a great deal of emphasis on the self-appraisals will perceive the performance appraisal system as procedurally fair.

The present study was conducted in order to determine employees' procedural justice perceptions of a new performance appraisal system. Prior to the implementation of this system, no formal measure of performance had been in place for a number of years. Since it was possible that human resource management might have met with some resistance to the new system, it was important to determine if the procedures used were viewed as fair.

Before the appraisal meetings, supervisors and managers were trained on how to properly conduct performance appraisals. The supervisors/managers were instructed that employees would be allowed to self-appraise using the same evaluation form as the supervisor/manager would use for the actual appraisal. Supervisors were told to allow employees to discuss the reasons why they evaluated themselves the way they did. The purpose of the discussion was for the supervisor/manager and the employee to come to an understanding of the actual performance of the employee in order to improve future performance.

Participants in the study were hourly manufacturing employees who had recently met with their supervisors to discuss their performance. This was the first formal review of performance using the newly developed performance appraisal system. Specific information sought from this sheet included gender,

Prior to the appraisals, meetings were held with all hourly personnel describing the new evaluation system. The Human Resources Manager and Representative described each of the performance elements so that employees clearly understood the evaluation criteria. Employees were given copies of the appraisal forms and asked to fill them out in time for their evaluation meeting. They were instructed that the self-appraisals would be used as tools to help them prepare for the evaluation meetings. Employees were told that their supervisor/manager would tell them if they should turn the evaluations in before or during the formal meeting.

All hourly employees were given the opportunity to participate in the study. Those who elected to do so were given instructions and asked to complete the 12-item questionnaire measuring their perceptions of procedural justice. Participants received a cover letter briefly describing the reason for the study and the questionnaire. For the purposes of this study, procedural justice was defined as the perceived fairness of the recently implemented performance appraisal system. Specifically, this researcher believes that perceptions of procedural justice could be predicted by measuring the amount of discussion between the supervisor/manager during the evaluation session, employees' understanding of the evaluation criteria, and the amount of importance employees perceive management places on self-appraisals.

Participants were asked to complete a short demographic sheet for research purposes only. The demographic information sheet stated that completing the sheet would be voluntary and that the information provided would not be used to identify participants in any way. Specific information sought from this sheet included gender, and age (within a range).

TABLE 1

NUMBER AND PERCENTAGE OF PARTICIPANTS IN EACH DEMOGRAPHIC CATEGORY

Category	n	%
Gender		
Male	22	59
Female	9	24
Age		
18-24	6	16
25-34	2	5
35-44	6	16
45-54	8	22
55-64	10	27
65+	4	11
Education		
High School	7	19

## CHAPTER II

### METHODS

#### Participants

The participants in this study were thirty-seven hourly manufacturing employees from a manufacturing facility in the Southeastern United States. The numbers and percentages of participants in each demographic category are reported in Table 1. The sample represents 26 % of the hourly workforce.

TABLE 1

NUMBER AND PERCENTAGE OF PARTICIPANTS IN EACH DEMOGRAPHIC CATEGORY

Table 1

Demographic Category	n	%
Sex		
Male	22	59
Female	9	24
Unreported	6	16
Age		
18-25	2	5
26-35	6	16
36-45	8	22
46-55	10	27
55-65	4	11
Unreported	7	19

Note: N=37

## Materials

Each participant received a cover letter (Appendix B), a twelve-item questionnaire (Appendix C), a demographic information sheet (Appendix D), a waiver of informed consent form (Appendix A), and a stamped, addressed envelope (addressed to the principal researcher). All employees including participants were provided copies of the performance appraisal forms approximately one week prior to their appraisal meetings.

## Measures

Items measuring the three predictor variables, opportunity for discussion, understanding of appraisal criteria, and importance of self-appraisal were developed specifically for this study. The outcome variable, perceptions of procedural justice, was measured using a slightly modified version of Dulcbohn & Farris' (1999) scale which measures the fairness of performance appraisal policies and procedures (Appendix C). All items were measured using a 5-point Likert-type scale.

Procedural justice. The dependent variable for this study was perceptions of procedural justice. The dependent variable was measured using a slightly modified version of a six-item survey designed to measure procedural justice in performance appraisals (Dulcbohn & Ferris, 1999). The scale measures how much employees think their supervisor based the appraisal on relevant and factual information. The scale also includes items designed to measure fairness perceptions of the entire performance appraisal system. Four of the items were measured using a five-point scale from (1) *Strongly disagree* to *Strongly agree*. Two items were measured from (1) *Not at all* to (5) *Very much*. The following are examples of the items used to

measure perceptions of procedural justice: (1) "The important aspects of your work were considered in your performance review" and (2) "Overall, how hard did the supervisor who rated your performance try to be fair to you?" The first item was rated from (1) *Strongly disagree* to (5) *Strongly agree*, and the second item was rated from (1) *Not at all* to (5) *Very much*. Remaining items were rated from (1) *Strongly disagree* to (5) *Strongly agree* or (1) *Not at all fair* to (5) *Very fair*. The mean of these items was 3.57. Using the modified version of the scale described previously, the coefficient alpha for this study was .87. Measures for the independent variables (1) opportunity for discussion (2) understanding of appraisal criteria, and (3) importance of self-appraisal are described below.

Opportunity for discussion. Opportunity for discussion was measured by the following two items developed for this study: (1) "I feel like I had sufficient time to discuss my evaluation." (2) "During my appraisal, my supervisor permitted me to state my opinions and provide examples of my performance." Both items were measured using a five-point scale from (1) *Strongly disagree* to *Strongly agree*. The mean of these items was 2.73. The coefficient alpha computed for this scale was .61.

Understanding of appraisal criteria. This variable will be measured using the following two items developed for this study: (1) "I understood the factors used to evaluate my performance." (2) "The factors used to evaluate my performance were explained to me in a way that helped me to be prepared for my review session." Both items were measured using a five-point scale from (1) *Strongly disagree* to *Strongly agree*. The mean of these items was 2.48. The coefficient alpha for this scale was .78.

Importance of self-appraisal. The self-appraisal variable was measured by the following two items developed for this study: (1) How important do you think the self-appraisal was in your evaluation? This item was measured on a five-point scale from (1) *Extremely unimportant* to (5) *Extremely important*. (2) I think my supervisor placed a great deal of emphasis on my self-appraisal when evaluating my performance. This item was measured using a five-point scale from (1) *Strongly disagree* to (5) *Strongly agree*. The mean of these items was 3.00. A coefficient alpha of .76 was computed for this scale.

#### Procedure

Approximately two weeks after employees were evaluated by their immediate supervisor/manager signs were posted advertising the survey. Six signs announcing the opportunity for hourly employees to participate in the upcoming survey were posted in the break rooms of four buildings: one location in building one, two locations in building two, one location in the maintenance shop and two locations in building three. These locations were chosen because management presence in these locations is rare. Therefore, employees would not have to be concerned that a member of management would be likely to see them taking a survey.

After the advertisement period, surveys were placed below the signs in the stated locations. Attached to each survey (see appendix C) was a waiver of informed consent document informing the potential participant about the study. The waiver of informed consent document did not require signature (see appendix A). A cover letter (see appendix B), demographic sheet (see appendix D), and addressed, stamped envelope (addressed to the principal researcher with home address) were also

attached to each survey. All employees were given the opportunity for discussion during the appraisal session and were instructed on the appraisal criteria. Hourly manufacturing employees were given an equal opportunity to participate in the study.

Participants were asked to complete a twelve-item questionnaire with six-items designed to measure their perceptions of procedural justice with regard to the newly developed performance appraisal system. The remaining six-items measured how employees perceived that the three independent variables added to their perceptions of procedural justice. Each of the independent variables, opportunity for discussion, understanding of appraisal criteria, and importance of self-appraisal were measured by two items (Appendix C). Participants were expected to complete the survey in approximately 10 to 15 minutes.

### Data Analysis Strategy

Means were calculated for each of the predictor variables, opportunity for discussion, understanding of appraisal criteria, and importance of self-appraisal in order to determine scale scores. Both correlation and regression analyses were conducted. It was expected that a positive relationship would be found between perceptions of procedural justice and the variables opportunity of discussion, understanding of appraisal criteria, and importance of self-appraisal. Multiple regression was conducted in order to examine the amount of variance in perceptions of procedural justice accounted for by the combination of independent variables. In addition, a comparison of the three correlations was conducted to determine which of the independent variables has the strongest relationship to perceptions of procedural justice.

## RESULTS

**Descriptive statistics.** The means, standard deviations, and correlations are reported in Table 2. Reliabilities (Cronbach's alphas) are reported on the diagonal in Table 2. Means reported for variables opportunity for discussion and understanding of appraisal criteria are below 3 which indicates that participants in this sample did not feel they were given ample opportunity for discussion nor did they understand the appraisal criteria.

TABLE 2

MEANS, STANDARD DEVIATIONS, RELIABILITIES, AND  
INTERCORRELATIONS

Table 2

Variable	<u>M</u>	<u>SD</u>	1	2	3	4
1. Opportunity for discussion	2.73	.59	.61			
2. Understanding of appraisal criteria	2.48	.67	.45*	.78		
3. Importance of self-appraisal	3.00	1.03	.21	.66**	.76	
4. Perceptions of procedural justice	3.58	.71	.44*	.69**	.62**	.87

Note: N= 37; \* $p < .05$ , \*\*  $p < .001$

Test of hypothesis. A Pearson product-moment correlation analysis was performed to test the three hypotheses (See Table 1 for the relevant means and standard deviations). The first hypothesis stated that employees who feel they were given sufficient time to discuss their performance appraisal during the appraisal session will perceive the performance appraisal system as procedurally fair. A significant positive correlation was found between opportunity for discussion and perceptions of procedural justice ( $r = .44, p < .05$ ). The second hypothesis stated that employees who understand the appraisal criteria will perceive the performance appraisal system as procedurally fair. A significant positive correlation was found between understanding of appraisal criteria and perceptions of procedural justice ( $r = .69, p < .001$ ). The third hypothesis asserted that employees who think that management will place a great deal of emphasis on the self-appraisals will perceive the performance appraisal system as procedurally fair. A significant positive correlation was also found between importance of self appraisal and perceptions of procedural justice ( $r = .61, p < .001$ ). The probabilities for all three correlations have been adjusted for the number of correlations using the Bonferroni method. The adjustment of probabilities using this method minimizes the probability of making a type-1 error (incorrectly rejecting a "true" null hypothesis).

Regression analysis results. When regressing procedural justice perceptions on to the three independent variables, the regression was significant at .001. The squared multiple R was .567, and the adjusted squared multiple R was .528. As expected, opportunity for discussion, understanding of appraisal criteria, and

importance of self-appraisal were all found to predict perceptions of procedural justice of the performance appraisal system.

Correlations analysis results. In an effort to determine which of the significant bivariate correlations between the independent variables and the dependent variable was the strongest, the Hotelling-Williams test (Bobko, 1995) was performed. This test involved computing a t-statistics for the significance of the difference between two dependent correlations, i.e., each independent variable is correlated with the same dependent variable. The three pairs of correlations were compared—procedural justice perceptions and opportunity for discussion with procedural justice perceptions and understanding of appraisal criteria, procedural justice perceptions and opportunity for discussion with procedural justice perceptions and importance of self-appraisals, and procedural justice perceptions and understanding of appraisal criteria with procedural justice perceptions and importance of self-appraisal. None of the t-statistics was statistically significant. This result suggests that the observed differences in the sample correlations were specific to this sample and would likely not be present in the population of correlations.

## CHAPTER IV

### DISCUSSION

The purpose of this study was to examine procedural justice perceptions of a new performance appraisal system among hourly manufacturing employees and the opportunity for discussion between employee and supervisor during the appraisal session, employee understanding of the evaluation factors, and employee perception of the degree of emphasis the supervisor placed on the self-appraisal. Opportunity for discussion, understanding of appraisal criteria, and importance of self-appraisal were predicted to increase employee perceptions of procedural justice.

The hypothesis that employees who feel they are given sufficient time to discuss their performance appraisal during the appraisal session will perceive the performance appraisal system as procedurally fair was supported. This finding is consistent with the findings of Landy et al., (1978), Greenberg (1986), and Dipboye & de Pontbriand (1981). These findings suggest that supervisors may be able to increase fairness perceptions by taking time during the appraisal session to explain the reasoning behind the appraisal ratings and by allowing the employee time to comment.

The hypothesis that employees who understand the appraisal criteria will perceive the performance appraisal system as procedurally fair was supported. These findings suggest that taking the time to train employees on the evaluation factors is an important part of the performance appraisal process. It appears that when employees have a clear understanding of what the organization expects of them, they are more likely to perceive their performance evaluation as fair.

The hypothesis that employees who think that management will place a great deal of emphasis on the self-appraisals will perceive the performance appraisal system as procedurally fair was also supported. It seems that if employees believe that their supervisors use the self-appraisals as a tool to aid in their evaluation, they will perceive the appraisal system as fair.

The finding that opportunity for discussion between employee and supervisor during the appraisal session, employee understanding of the evaluation factors, and employee perception of the degree of emphasis the supervisor places on the self-appraisals lead to employee perceptions of procedural justice has organizational implications. Overall, employees in this study did not feel they were given ample time for discussion, nor did they feel they understood the appraisal criteria or that the self-appraisals were important. While the performance appraisal process used in this study was time consuming, it appears that in order to increase perceptions of procedural justice among employees, more time should be spent on discussion, training on criteria, and self-appraisals. If organizations are seriously concerned about fairness perceptions in the context of performance appraisals, then based on current findings, those perceptions can be increased by improving employee attitudes of the variables investigated in this study.

A possible limitation of the study may have been the sample size. This may have been due, in part, to the survey procedure. In order to insure that employees were not coerced in any way to participate in the study, the surveys were left in the employee break rooms. It is possible that some of the employees did not enter the break rooms during the data collection period. In addition, employees were instructed to return the surveys in attached stamped, addressed envelopes. It is also possible that had someone

verbally explained the process and administered the survey in person, rather than having them returned by mail, the sample size might have improved.

In addition, response bias may have affected the results. It may be that some employees wished to respond in a way that would be pleasing to management. However, given that the surveys were anonymous, this limitation should be minimal.

Multicollinearity is also a possible limitation in this study. Because of the correlation between understanding of appraisal criteria and importance of self-appraisal, it is difficult to clearly separate the effects of these variables on perceptions of procedural justice.

### Conclusion

The results of this study indicate that the variables opportunity for discussion, understanding of appraisal criteria, and importance of self-appraisals influence perceptions of procedural justice. If managers and supervisors can improve employee attitudes on these variables then perceptions of procedural justice will be strengthened.

### Suggestions for Future Research

Future research on procedural justice perceptions and performance appraisals should consider the role of additional variables in predicting procedural justice perceptions. It would be interesting to note if employees from different types of organizations perceive procedural justice differently. Different types of performance appraisals should also be studied in order to determine if some types of appraisals lead to greater fairness perceptions than others.

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## APPENDIX

Statement of Intent  
Consent to Participate in a Research Study  
North Perry School District

You are being asked to participate in a research study. The purpose of this study is to provide you with information about the research study. You may ask the researcher for more information about the study. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District.

TITLE OF RESEARCH STUDY: A Study of the Effect of the North Perry School District on the North Perry School District.

PRINCIPAL INVESTIGATOR: [Name], [Title], [Institution]  
[Address]  
[Phone Number]  
[Email Address]

APPENDIX

THE PURPOSE OF THE RESEARCH STUDY: The purpose of this study is to provide you with information about the research study. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District.

THE RESEARCHER'S OBLIGATIONS: The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District.

THE RESEARCHER'S OBLIGATIONS: The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District. The researcher is not affiliated with the North Perry School District.

## APPENDIX A

### **Waiver of Informed Consent to Participate in a Research Study Austin Peay State University**

You are being asked to participate in a research study. This form is intended to provide you with information about this study and to answer any of your questions. You may ask the researcher listed below about this study or you may call the Office of Grants and Sponsored Research, Box 4517, Austin Peay State University, Clarksville, TN 37044, (931) 221-7881 with questions about the rights of research participants.

**TITLE OF RESEARCH STUDY:** A Performance Appraisal System: Procedural Justice Perceptions Among Hourly Employees.

**2. PRINCIPAL INVESTIGATOR: FACULTY INVESTIGATOR:**

Laura G. Thomas, graduate student  
Austin Peay State University  
Phone: (270) 887-6320  
E-mail: laura.thomas@fvna.com

Dr. David Denton,  
Department of Psychology  
Phone: (931) 221-7232  
E-mail: dentond@apsu.edu

**3. THE PURPOSE OF THE RESEARCH:** Along with fulfilling a graduate requirement, the purpose of this study is to provide employees of Freudenberg Nonwovens a means to voluntarily and anonymously voice their opinions regarding the fairness of the Company performance appraisal system. Additional purposes of the study include adding to the existing research on the procedural justice of performance appraisals and possibly improving the existing performance appraisal process.

**4. PROCEDURES FOR THIS RESEARCH:** You will be asked to fill out a ten-item questionnaire regarding the fairness of your recent performance appraisal. You should be able to complete the questionnaire in 10-15 minutes. After completing the survey, please return it to the researcher by mail in the attached self-addressed stamped envelope within five days.

**5. CONFIDENTIALITY:** You will not be asked to provide any identifying information. Therefore, there will be no way to connect your survey responses to you. Only the researcher and researcher advisor, Dr. David Denton, Austin Peay State University will have access to individual surveys. A summary report combining all information may be reported to management later. As you will not be providing your name, there will be no way to know how you responded.

6. **POTENTIAL RISK:** As your name will not be recorded, there is no way to determine who sent in the surveys. Therefore, there are no known risks involved in participating in this study.

7. **POTENTIAL BENEFITS:** The benefits of this study include the opportunity to participate in a research study and the opportunity to provide feedback in order to possibly improve performance appraisal system of the organization.

8. **INFORMED CONSENT STATEMENT:**

**Please read the statements below. They describe your rights and responsibilities as a participant.**

I have read the above and understand what the study is about, why it is being done, and any benefits or risks involved.

I understand that I do not have to take part in this study, and my refusal to participate will involve no penalty of loss of rights.

I agree to participate in this study being conducted by Laura Thomas and supervised by Dr. David Denton, Austin Peay State University, and understand that by agreeing to participate I have not given up any of my human rights.

I understand that I have the right to withdraw my consent and stop participating at any time prior to mailing my survey.

I understand that filling out this survey is **not** a requirement of my employment, nor is it part of my job.

I understand that by filling out the attached survey, I am agreeing to participate in the study.

## APPENDIX B

### Cover Letter Performance Appraisal Questionnaire

I am collecting data as part of my graduate work at Austin Peay State University, not as part of my job. The data includes employees' opinions of the fairness of the performance appraisal process here at Freudenberg. You are being asked to **voluntarily** answer this questionnaire as part of this research study.

In addition to being a participant in a research study, your responses to the survey items may help to determine how to improve the Company's performance appraisal system. Your participation is voluntary, and you will not be required to put any identifying information on the questionnaire. Participation in this study is not a requirement of your employment nor part of your job. As you will not be signing anything or supplying any type of identifying information, there is no way to trace your responses back to you.

Management may receive a report with data grouped together; however, they will not receive any individual surveys. Again, as no names will be on the surveys, there will be no way to know who completed them.

Should you decide to participate, please read the instructions on the questionnaire, respond to the questions, and mail the survey to me in the attached addressed, stamped envelope within five days. It should take approximately 10-15 minutes to complete the survey.

I hope that you will take this opportunity to help me with my research project and maybe improve our performance appraisal process.

Thank you.

Laura Thomas  
Graduate Student  
Austin Peay State University

## APPENDIX C

## Performance Appraisal Questionnaire

**PLEASE DO NOT PUT YOUR NAME ON THIS QUESTIONNAIRE**

Please circle the response that best describes your feelings about your recent performance review.

1. I feel like I had sufficient time to discuss my evaluation.

(1)	(2)	(3)	(4)	(5)
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

- \*2. The supervisor treated me with consideration when giving me my performance review results.

(1)	(2)	(3)	(4)	(5)
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

3. The factors used to evaluate my performance were explained to me in away that helped me to be prepared for my review session.

(1)	(2)	(3)	(4)	(5)
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

- \*4. The important aspects of my work were considered in my performance review.

(1)	(2)	(3)	(4)	(5)
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

5. During my appraisal, my supervisor permitted me to state my opinions and provide examples of my performance.

(1)	(2)	(3)	(4)	(5)
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

\*6. Overall, how fairly were you treated by the supervisor who rated your performance?

(1)	(2)	(3)	(4)	(5)
<i>Not at all fair</i>	<i>Slightly fair</i>	<i>Neither fair or unfair</i>	<i>Fair</i>	<i>Very Fair</i>

7. I understood the factors used to evaluate my performance.

(1)	(2)	(3)	(4)	(5)
<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neither agree nor disagree</i>	<i>Agree</i>	<i>Strongly agree</i>

8. The self-appraisal helped my supervisor to better understand the areas in which I need improvement.

(1)	(2)	(3)	(4)	(5)
<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neither agree nor disagree</i>	<i>Agree</i>	<i>Strongly agree</i>

\*9. Overall, how hard did the supervisor who rated your performance try to be fair to you?

(1)	(2)	(3)	(4)	(5)
<i>Not at all fair</i>	<i>Slightly fair</i>	<i>Neither fair or unfair</i>	<i>Fair</i>	<i>Very Fair</i>

10. How important do you think the self-appraisal was in your evaluation?

(1)	(2)	(3)	(4)	(5)
<i>Extremely unimportant</i>	<i>Unimportant</i>	<i>Neither important nor unimportant</i>	<i>Important</i>	<i>Extremely Important</i>

\*11. The supervisor rated me on how well I did my job, not on his personal opinion of me.

(1)	(2)	(3)	(4)	(5)
<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neither agree nor disagree</i>	<i>Agree</i>	<i>Strongly agree</i>

## APPENDIX D

\*12. The supervisor that evaluated me showed concern for my rights as an employee.

## Demographic Information

(1) Strongly disagree (2) Disagree (3) Neither agree nor disagree (4) Agree (5) Strongly agree

response to this information is completely voluntary. Should you choose not to respond to the questions for any reason, you may leave this page blank.

Please do not put your name on this sheet.

Fill in the blanks below and return with your survey in the attached addressed, stamped envelope.

Gender:

\_\_\_\_ Male \_\_\_\_ Female

Age:

\_\_\_\_ 18-25 \_\_\_\_ 26-35 \_\_\_\_ 36-45 \_\_\_\_ 46-55 \_\_\_\_ 55-65

\*Items adapted from Dulcbohn, J.H., & Ferris, G. R. (1999). The Role of Influence Tactics in Perceptions of Performance Evaluations' Fairness. *Academy of Management Journal*, 42 (3), 288-303.

## APPENDIX D

### Demographic Information

The demographic information is collected for research purposes only.

The information will not be used to identify participants in any way. However, your response to this information is completely voluntary. Should you choose not to respond to the questions for any reason, you may leave this page blank.

**Please do not put your name on this sheet.**

Fill in the blanks below and return with your survey in the attached addressed, stamped envelope.

**Gender:**

\_\_\_ Male      \_\_\_ Female

**Age:**

\_\_\_ 18-25    \_\_\_ 26-35    \_\_\_ 36-45    \_\_\_ 46-55    \_\_\_ 55-65

## VITA

Laura Gail Redick Thomas was born in Detroit, Michigan. She received an Associates of Arts degree from Hopkinsville Community College in August 1995. She received a Bachelor of Science degree in Psychology from Middle Tennessee State University in December 1997. She entered Austin Peay State University in August 2000 and received a Master of Arts degree in Psychology in December 2002.

She is presently employed as Human Resources Representative at Freudenberg Nonwovens in Hopkinsville, Kentucky.