The Reason and Source of Injustice Experiences in the Performance Appraisal Process

Introduction

Performance appraisals are current topic in Finland, where the whole public sector has been in the process of massive base pay reform in order to increase productivity and competitiveness of state employer. In the new pay systems base pay should be determined by job and performance evaluation. Particularly the performance based pay has changed the role of supervisors, because they have a key role in determining performance based pay of an employee through the process of performance appraisal. (Huhtanen– Jämsén– Maaniemi – Lahti– Karppinen 2005.)

If the pay system is supposed to have any influence on employee behavior, it should be accepted by employees. As Murphy and Margulis (1994) suggest, a good measure of pay system’s success is how those appraised and rewarded perceive the fairness of the performance appraisal program. Research has demonstrated that instead of only concentrating on pay system’s technical issues, measures and following pay outcomes, the focus should be also increasingly on perception of fair procedures and procedures related to pay system implementation (Mulvey - Le Blanc - Heneman – McInerney 2002; Folger – Konovsky 1989; Greenberg 1987). If employees perceive to be treated fairly in the performance appraisal process, they are more likely to accept the following pay outcomes and commit to the pay system (Cox 2000, 372). This paper aims to identify reasons for employees’ injustice experiences and sources of these injustice experiences i.e. who is considered to be responsible for perceived injustice.

Concept of justice

The concept of justice is usually distinguished into three sub-categories (e.g. Colquitt – Greenberg – Zapata-Phelan 2005, 5). Individuals are concerned not only assessment’s just outcome in other words distributive justice (e.g. Adams 1965; Deutsch 1985), but also the process through which decisions are made, i.e. procedural justice (e.g. Thibaut – Walker, 1975; Leventhal 1980; Lind-Tyler 1988; Konovsky 2000), and how they have been treated in this process, i.e. interactional justice (e.g. Bies-Moag, 1986; Tyler 1989). Particularly when the responsibilities and power in pay issues is delivered to supervisors, the procedures they use in pay decisions become important. Employees evaluate these procedures when they judge fairness and acceptability of the pay system (Cox 2000, 372) and distribution of pay (Mulvey et al. 2002). Thus, this paper focuses particularly on procedural and interactional justice principles.

Leventhal (1980) outlined procedural rules, which are used to evaluate the procedural practices in the decision making process:

- **Consistency:** procedures should be consistent across time and persons. This means that procedural characteristics are stable to some extent. Consistency across persons requires that no person has special advantage (i.e. equality of opportunities).

- **Bias suppression:** personal self-interests or existing preconceptions should not affect procedures.

- **Accuracy:** procedures should be based on valid and sufficient information, with a minimum of error.

- **Correctability:** there is possibility for grievances and appeals and also opportunity to change or reverse decisions.

- **Representativeness:** procedures must take account basic concerns, attitudes and values of individuals or subgroups influenced by procedures. This rule reflects the concept of “voice” (process control) by Thibaut and Walker (1975).

- **Ethicality:** procedures must be consistent with general moral and ethical codes and values. There should not exist for example deception, blackmailing, bribery etc. (Leventhal 1980.)

In addition to procedural fairness, interactional justice refers to the quality of the interpersonal interaction and treatment between individuals when organizational procedures are enacted (Bies – Moag 1986, 44). Interactional justice is proposed to have at least two components itself (see e.g. Greenberg 1993; Colquitt et al. 2001). The first one is interpersonal justice which refers to propriety and respectfullness of the procedures. The second component is related to informational side of interactional justice which refers to truthfulness and justification of the procedures. (Bies-Moag 1986 46-50; Greenberg 1993, Colquitt et al. 2001; Colquitt et al. 2005, 30.)

Procedural justice tends to have greater impact on general systems and authorities such as management or organization as a whole (see, e.g. Greenberg 1990; Lind - Tyler 1988; Sweeney – McFarlin 1993). Interactional justice tends to be in relation to supervisor related outcomes (Colquitt et al. 2001; Masterson – Lewis – Goldman – Taylor 2000).

Despite the procedural justice and interactional justice usually are considered to have different level outcomes, they can be a function of either organizational system or individual effect. Thus Leventhal’s and Bies – Moag’s justice rules can be as much a function of supervisor behavior (individual agent) as of formalized decision-making procedures (organizational system). (Colquitt et al. 2001, 438; Colquitt et al. 2005, 34; Colquitt – Shaw 2005, 117-118.) This is supported by the idea of account-
ability (Folger et al. 1998). When individuals perceive injustice, they try to identify the accountable party (who or what is responsible for injustice experience). Therefore, injustice experiences can be attributed to many parties, not only to the pay system itself. In order to improve the functionality and effects of the performance appraisals, it is vital to identify those parties that employees consider to challenge the fairness of the appraisal process.

Research questions
The aim is to answer following research questions: 1) What kinds of injustice experiences do employees have related to performance appraisal process? More specifically this question tries to define both reason and source (responsible party) of injustice experience. 2) How these injustice experiences are related to the procedural and interactional justice rules defined in the literature?

Data generation and methods
The data of this study was generated in 2004 from one government sector organization, which launched evaluation based pay system during the year 2003. The case organization can be characterized as an expert organization and it employs about 150 employees. For this research, 24 employees were interviewed. Interviews were semistructured (different styles e.g. Fontana-Frey 1994, 2000; Rubin-Rubin 1995), focusing on the experiences involving the annual appraisal interviews.

The method of the data analysis could be characterized as Grounded theory approach (Glaser-Strauss 1999; Strauss 1987; Strauss-Corbin, 1994, 1990; Goulding 2002) but it also had influences from traditional deductive “theory driven” analysis (see e.g. Robson 2002). However, these approaches were used in different phases of analysis.

In the first analysis phase the aim was to define, find and outline injustice experiences from the text. The first critical data reduction issue was to decide the unit of analysis. In this study it was an expressed experience of injustice in the text. More specifically, the injustice experience was here defined as an event or episode, where person feels that she/he/some other was mistreated. To study justice by focusing on injustice experiences was an intentional choice. Although the research usually talks about psychology of fairness, they are actually unfair events that affect lay people’s reactions stronger than fair ones (Gilliland – Benson, Schepers 1998; Van den Bos 2005, 280). This was also found out in the interviews. Employees talked more about unfairness than good treatment that they had experienced in the process of determining the performance based pay.

Accordingly, all expressions of injustice were collected from the text and coded according to their content. Content of injustice expression was defined as the reason (why?) of injustice expression as well as the source (i.e. responsible party) of the injustice experience. Through the different categorization stages the 191 initial expressions of injustice were reduced to the final 3 core categories

In the second analysis stage, when the found injustice experiences were compared to justice rules in the literature, the role of previous theory was more emphasized (i.e. justice rules of Leventhal 1980 and Bies – Moag 1986).

Results
Identified injustice categories were related to either performance appraisal interview, measurement of performance or artificial commensurability of appraisals. The sources of injustice experiences were targeted to four sources; 1) individuals, 2) pay system’s support functions, 3) management and 4) pay system itself (see table 1, columns in the middle).

Table 1. Summary of the results

<table>
<thead>
<tr>
<th>Reason for injustice experience</th>
<th>SOURCES OF INJUSTICE EXPERIENCES</th>
<th>Proposed connection to justice rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. THE PERFORMANCE APPRAISAL INTERVIEW</td>
<td>1) INDIVIDUAL EFFECT</td>
<td>Consistency, Accuracy</td>
</tr>
<tr>
<td></td>
<td>2) SUPPORT FUNCTIONS</td>
<td>Consistency, Accuracy</td>
</tr>
<tr>
<td></td>
<td>3) MANAGEMENT</td>
<td>Consistency, Accuracy, Bias suppression, Ethicality</td>
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<tr>
<td></td>
<td>4) PAY SYSTEM</td>
<td>Interpersonal justice, Consistency</td>
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</tbody>
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<tr>
<th>Style and motives of the subordinate</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive style</td>
<td>Consistency, Accuracy</td>
</tr>
<tr>
<td>Active style</td>
<td>Consistency, Accuracy</td>
</tr>
</tbody>
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<tr>
<th>Motivation and goals of the supervisor</th>
<th>X</th>
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</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>Consistency, Accuracy</td>
</tr>
<tr>
<td>Goals</td>
<td>Consistency, Accuracy, Bias suppression, Ethicality</td>
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<th>Quality of interaction</th>
<th>X</th>
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<tbody>
<tr>
<td>Interpersonal chemistry</td>
<td>Consistency, Accuracy, Bias suppression, Ethicality</td>
</tr>
<tr>
<td>Respect and sensibility</td>
<td>Interpersonal justice, Consistency</td>
</tr>
</tbody>
</table>
When injustice experiences were considered to be a function of individual effect (column 1), the reasons for experiences were related to 1) Style and motives of the subordinate in performance appraisal interview, 2) Motivation and goals of supervisor in performance appraisal interview 3) Quality of interaction of subordinate and supervisor in performance appraisal interview, 4) Supervisor’s lack of knowledge about performance 5) Supervisors different interpretations related to pay system (scales and measures). Injustice experiences of this category violated all justice rules defined in the literature, particularly emphasizing the rules of consistency and accuracy.

In addition, injustice experiences were considered to be a function of more impersonal parties responsible for pay system, such as HR –functions (see column 2). Injustice experiences were seen as a lack of Support functions for pay system. Reasons for injustice experiences in this category were related to unclear definitions related to performance scales and criteria. Lack of clear definitions and multiple interpretations relating the appraisal scale challenged the rule of accuracy as well as created problems to the consistent conduction of appraisals between different supervisors.

In the third category, injustice experiences were considered to be a function of management responsible for overall pay policy of an organizations (column 3). Reasons for injustice experiences related to 1) Restrictive guidelines related to appraisals and 3) Afterward scaling of appraisal results (if they did not meet the expectations of Gaussian distribution at the organizational level). Injustice experiences of this category violated the representativeness (when appraisals were no longer based on individual performance), accuracy (when results were changed afterwards, they were not based on accurate information) and ethicality rules (changing appraisal results artificially violates the whole idea of performance appraisals, and thus is morally doubtful).

In the last category, injustice experiences were targeted to pay system itself (column 4). Reasons for injustice experiences were related to arguments concerning 1) Inherent subjective nature of evaluation 2) Inherent subjective nature of used performance scales and criteria. Interviewees criticized the ideal of objective measurement of performance, in which appraisals were always based on subjective perception. Because appraisals were considered to be based on subjective interpretation, the rules of accuracy and consistency became challenged.

Conclusions

Results emphasize that injustice experiences can be targeted to many sources and thus justice rule violations can occur by different actors and parties. A fine pay system by itself doesn’t guarantee the functionality of the system; implementation procedures in different organization levels are in the key role when the fairness of the pay system is evaluated (e.g. Folger – Konovsky 1989; Greenberg 1987; Mulvey et al. 2002). At the individual level this requires more emphasizes on interactional skills in which appraisal interview is based on. Also increased communication about scales and criteria is needed between different parties in order to create shared understanding about the content of appraisal criteria and scales. Also successful appraisal system needs proper support functions, such as HR, that provides information and directions concerning the appraisals and evaluation tools used. Consequently, to gain maximum “objectivity”, in other words fair appraisals, requires acceptance of inherent subjectivity which is always present in these kind of pay systems based on evaluation. More communication is needed about the content of performance criteria and scales in order to avoid artificial operations to ensure commensurability of appraisals in the organizational level.
Literature


