

**RELATIONSHIP BETWEEN PERFORMANCE APPRAISAL POLITICS
AND JOB SATISFACTION: DOES DISTRIBUTIVE JUSTICE ACT AS A
MEDIATING ROLE?**

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TABLE OF CONTENTS

Acknowledgement	iii
Table of Contents	iv-v
List of Figure	vi
List of Table	vii
Abstract	viii

1. Chapter 1: Introduction

1.0	Introduction	1
1.1	Background of Study	2
1.2	Problem Statement	3-4
1.3	Research Objective	4
	1.3.1 General Objective	
	1.3.2 Specific Objective	
1.4	Conceptual Framework	5
1.5	Research Hypothesis	6
	▪ General Hypothesis	
	▪ Specific Hypothesis	
1.6	Operational Definitions of term	6-7
1.7	Significant of the Study	7-8
1.8	Limitations of the Study	8-9
1.9	Conclusions	9

2. Chapter 2: Literature Review

2.0	Introductions	10
2.1	Performance Appraisal Politics	11
	2.1.1 Definitions of Performance Appraisal Politics	
2.2	Elements in Performance Appraisal Politics	12-13
2.3	Motivational Motive	13-14
2.4	Punishment Motive	15-16
2.5	Distributive Justice	16-17
2.6	Job Satisfactions	17-18
2.7	Theoretical Evidence	19-20
2.8	Empirical Evidence	20-21
2.9	Conclusions	21

3. Chapter 3: Methodology

3.0	Introductions	22
3.1	Research Design	23
3.2	Research Location, Population and Sample	23-24
3.3	Measures	25-26
3.4	Data Collection Technique	26-27
	3.4.1 Phase 1: In-depth interviews	
	3.4.2 Phase 2: Pilot study	
	3.4.3 Phase 3: Actual study	
3.5	Data Analysis	27-29
3.6	Conclusions	29

4. Chapter 4: Findings and Discussion

4.0	Introduction	30
4.1	Findings of Interview	31-32
4.2	Participant Characteristics	33
4.3	Data Screening Test Results	34-35
4.4	Psychometric Assessment	36-37
4.5	Descriptive and Pearson Correlation Analysis	37-38
4.6	Testing Mediating Model	38-40
4.7	Discussion and Research Implications	41
	4.7.1 Implications of Research on Existing Theories	
	4.7.2 Implications of Research on Research Methodology	
	4.7.3 Implications of Research on Human Resource Practitioner	
4.8	Conclusion	42

5. Chapter 5: Summary, Recommendations and Conclusions

5.0	Introduction	43
5.1	Summary of Study	44
5.2	Recommendation	45-46
5.3	Conclusions	46
	Bibliography	47-50
	Appendix	51-61

LIST OF FIGURE

Diagram 1 Research Framework	5
Diagram 2 Suggested Research Framework	46

LIST OF TABLES

TABLE 1 7 level of Likert scale	26
TABLE 2 Findings of Interview	31-32
TABLE 3 Participant Characteristics	33
TABLE 4 Data Screening Test Results	34-35
TABLE 5 Goodness of Data	37
TABLE 6 Descriptive Statistics and Pearson Correlation Analysis	38
TABLE 7 Result for Stepwise Regression Analysis with Distributive Justice as the Mediator and Job Satisfaction as the Dependent Variable	39

ABSTRACT

RELATIONSHIP BETWEEN PERFORMANCE APPRAISAL POLITICS AND JOB SATISFACTION: DOES DISTRIBUTIVE JUSTICE ACT AS A MEDIATING ROLE?

Awangku Mohamad Najib

The study was conducted to examine the mediating role of distributive justice in the relationship between performance appraisal politics and job satisfaction. This study used a sample of 150 usable questionnaires that were gathered from employees who have worked in the management and non-management level in Pejabat Pos Malaysia Berhad, Sarawak. Outcomes of stepwise regression analysis showed that the inclusion of distributive justice into analysis had increased effect of performance appraisal politics (i.e., motivational motive and punishment motive) on job satisfaction. This result demonstrates that distributive justice does act as a full mediator in the performance appraisal practices of the organization. In addition, implications of this study to performance appraisal practice and theory, methodological and conceptual limitations, as well as directions for future research, are discussed.

Keywords: Performance Appraisal Politics, Motivational Motive, Punishment Motive, Distributive Justice and Job Satisfaction

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter includes nine sections. The first section explains the background of the study. The second section identifies the problem statement. The third section states the research objectives; consist of general and specific objectives. The research conceptual framework will be showed in the fourth section. The fifth section discusses about the research hypothesis. The importance of the study is explained in the sixth section. The seventh section defines the important terms used in the conceptual framework. The eighth section, explains the limitations of study. The conclusion is elaborated in the last section.

1.1 Background of Study

Performance Appraisal is a central function of human resource management and has remained an important topic of investigation among organizational researchers (Dulebohn & Feris, 1999). Managers often use Performance Appraisal as a tool to determine the development, goal, and objectives of their organization.

Most organizations view performance appraisal as a cyclical process of determining the performance expectations to support performance reviewing through appraising performance in the purpose of managing performance standards (Marchington & Wilkinson, 1996). The main focus in conducting a performance appraisal is to provide a feedback evaluation on the employees' job performance.

Many studies about performance appraisal practices show that a performance appraisal process which has been influenced by element of political factors, are later known as Performance Appraisal Politics. Poon (2004) in his research of performance appraisal politics, has addressed the characteristics of politics in appraisal, which are; the motivational motive and punishment motive. These new existing phenomenon has highlighted a new perception of justice among the members of the organization.

A political purpose in performance evaluations is influenced through the manipulating of 'rating' in the performance outcomes. Performance is typically judged subjectively because performance in many jobs is not amenable to the objective assessment (Ferris & Judge, 1991). This type of subjectivity has enables a rater's personal agenda to drive the appraisal rating process. The rater may manipulate ratings as a means to satisfy their personal goals and to accommodate contextual demands (Fried & Tieg, 1995). These practices will influences employee feeling of justice that affect in their behaviors and attitudes towards achieving job satisfaction (Alexander & Ruderman, 1987; Ball, Trevino & Sims, 1994).

1.2 Problem Statement

In the early studies of performance appraisal, most research is more towards explaining the quality of the appraisals, which emphasizes more in term of social and contextual factors in performance appraisal research based on cognitive models (Bretz, Milkovich & Read 1992; Ilgen, Barnes-Farrell & McKellin 1993). With the focus is greater towards the quality of the appraisal systems, the examining views of the people who are being the subject of performance appraisal is slightly ignored. It is because the focus is tended to be more on the appraiser side with the reliability and validity of instruments used in appraisal process (Cook & Crossman, 2004).

In the organizational environment, many studies issued that the political behaviors to be identified as an important contextual factor of performance appraisal which may strongly affect job satisfaction (Murphy & Cleveland, 1991). Political behavior or politicking has been used as an alternative to make performance appraisal decisions in the organizations management (Prasad, 1993). As a result, it creates a politically influence workplace that is stressful and is non-conducive environment which surely decreases the employees satisfaction towards their works.

Besides that, recent studies have revealed that the strength of relationship between performance appraisal politics and job satisfaction has changed when distributive justices are present in organizations (Vigoda, 2000). The used of motivational motive and punishment motive in performance appraisal politics has developed a new perceptions among the workers. These elements in evaluating the employee performance have drawn a reaction towards perceiving such rating manipulations and the political motives behind them (Poon, 2004).

Therefore, it appears that adequacy of job satisfaction achieved from motivational and punishment motive used in performance appraisal politics been a major determinant of an employee's job satisfaction. In these relationships, the role of distributive justice is less emphasized into counting distributive justice as playing a mediator in the relationship between performance appraisal politics and

job satisfaction in previous studies. With little empirical knowledge about these relationships, the need for further research in this area is imperative.

1.3 Research Objective

This research has two types of objective, which are general and specific objectives:

1.3.1 General Objective

The main objective of this study is to examine the mediating effect of distributive justice in the relationship between performance appraisal politics and job satisfaction.

1.3.2 Specific Objectives

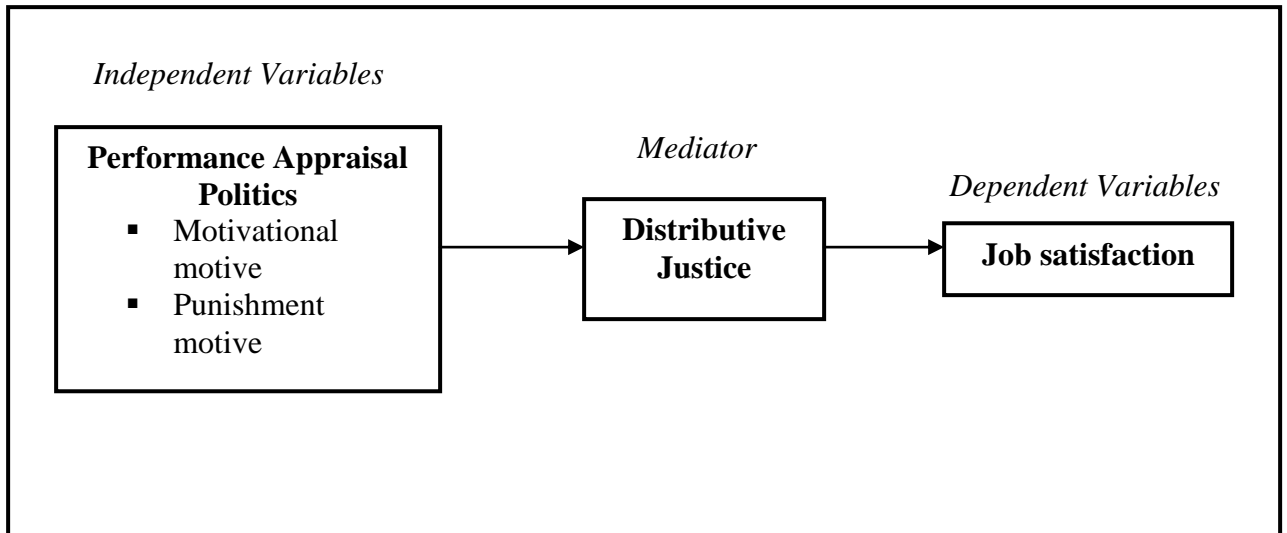
The specific objectives of this study are:

- To investigate the mediating effect of distributive justice in the relationship between motivational motive and job satisfaction.
- To investigate the mediating effect of distributive justice in the relationship between punishment motive and job satisfaction.

1.4 Conceptual Framework

Diagram 1.0 show the conceptual framework which is developed based on performance appraisal literature. This framework highlights that effect of the independent variable e.g., performance appraisal politics, is indirectly influenced by the mediating variable e.g., distributive justice, on the dependent variable e.g., job satisfaction.

Diagram 1.0: Distributive justice as a mediator in the relationship between performance appraisal politics and job satisfaction.



1.5 Research Hypothesis

This research has two major types of hypothesis, that is general hypothesis and specific hypothesis.

General hypothesis: Perceptions of distributive justice affect the relationship between performance appraisal politics and job satisfaction.

Specific hypothesis

H1A: Perceptions of distributive justice positively affect the relationship between motivational motive and job satisfaction.

H1B: Perceptions of distributive justice negatively affect the relationship between punishment motive and job satisfaction.

1.6 Operational Definitions of Term

1.6.1 Performance Appraisal Politics

The managers/ appraisers used their motive to determine the outcomes of the evaluations by rating the employee based on the raters' objectives.

1.6.2 Motivational Motive

The managers/ appraisers used the performance ratings as a tool to motivate their subordinates to achieve the organization goals.

1.6.3 Punishment Motive

The managers/ appraisers use the performance ratings as a tool to punish their subordinates as a result of misconduct or biased.

1.6.4 Distributive Justice

Individuals compare their effort with the rating that they have received with their colleagues. As a result, employees will feel fair/ unfair towards it.

1.6.5 Job Satisfaction

The employee experience favor/ unfavor about their work life and conditions of job.

1.7 Significant of the Study

This research will contribute to three parties, which are:

1.7.1 Significant to Theory

Performance appraisal research literature shows that performance appraisal politics has an indirect effect toward the outcomes of job satisfaction (Kacmar, Bozeman, Carlson & Anthony 1999; Poon, 2003; Vigoda, 2000). This study is performed to recognize the role of distributive justice as a mediator that affect the relationship between performance appraisal politics and job satisfaction. The outcomes from the research is hope to enrich the theories exist to support the indirect relationship of the variables of studies for future references.

1.7.2 Significant to Practitioners

In towards the HR practitioners, it is hopefully would contribute in terms of conducting a better performance appraisal system, so that the goals of performance appraisal system could be better achieved. Organizations and managers might use this finding to manage political influence and develop a strategic performance management plan. Therefore, it would aid the development of employees, and enhance their

performance, and in turns will aid the development of the organizations itself.

1.7.3 Significant to the Past Methodology

This study was meant to help in supporting past studies or even shed some unclear issues regarding the role of justice in mediating the relationship between performance appraisal politics and job satisfaction. The data and information collected from performance appraisal politics literature, in-depth interviews, and survey questionnaire will helps to accomplish a minimum standard of validity and reliability and this will leads to a finding of more accurate results and outcomes as well as providing suggestion to avoid limitation.

1.8 Limitations of the Study

In this research, there are a few possible limitations that would occur:

- i. The sample of research is only being made based on one single organization. The sample taken may limit the ability to generate the accuracy result of this research to be compared with other organizations.
- ii. The perception of justice is abstract, and thus is subjective to internal and external factors affecting the organizational workers. Therefore, the answer given by the respondent could reflect his/her overall feelings toward the management system at that given time, and not on his/her opinion to the performance appraisal systems.
- iii. The feedback received from the subject might be influenced in term of integrity, loyalty, and the willingness to answer questions truthfully by the organizational employees.

- iv. The subject is only analyzed based from a small sample size taken from a large population. A larger sample might strengthen the results.

1.9 Conclusion

This chapter has discuss about the background of study, problem statement, research objective, the development of the conceptual framework, research hypothesis, definition of terms, significant of the study, and limitations of the study. The objective of my research is to study the outcome of the interaction between distributive justice in the relation with performance appraisal politics and job satisfaction. The result of the study will reveal whether it accept or reject for the findings of past research. Besides that, the conceptual framework shows distributive justice moderates the relationship between performance appraisal politics and job satisfaction. The next chapter will discuss about the importance concept, empirical, and theoretical evidence based from literature findings.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter has nine sections. The first section explains the concept and definitions of performance appraisal politics. The second section discuss about the elements involve in performance appraisal politics. The third and fourth section elaborated about motivational motive and punishment motive. The fifth section will discuss about distributive justice. The sixth section explains about job satisfactions. In the seventh and eight sections, it will reveal the theoretical and empirical evidence that support distributive justice in mediating the relationship between performance appraisal politics and job satisfactions. Lastly, the ninth section will explain the conclusion of this chapter.

2.1 Performance Appraisal Politics

The concepts of performance appraisal politics are developed from the existing political motives behind it. In performance appraisal politics, the accuracy of a formal appraisal is not characterized by the ability of the raters, but by their motivation that determines it (Cleveland & Murphy, 1992). The raters may be able yet not want to provide accurate appraisals because it is not in their best interests to do so. There is some evidence that managers deliberately distort subordinates' performance ratings for political reasons (Longenecker, Sims & Gioia, 1987). For example, a manager may inflate ratings to gain employee goodwill or avoid confrontations over lower performance ratings (Fried & Tieg, 1995).

Political behavior in the raters is a behavior that is not formally sanctioned by the organization, but is strategically designed to maximize self-interest (Ferris, Russ & Fandt, 1989). It is more likely to occur in the working environments characterized by high ambiguity. The nature of ambiguity in many performance appraisal situations provides a fertile ground for the emergence of politics. Besides that, politics are also being inherent in the very contextual fabric of the organizations (Ferris, Frink, Galang, Zhou, Kachmar & Howard, 1996). Therefore, it can't be denied that political behaviors have an important influence on the performance appraisal processes and outcomes (Murphy & Cleveland, 1991).

2.1.1 Definitions of Performance Appraisal Politics

Performance appraisal politics is defined as an evaluation system which is typically influenced by political reasons that make use of a standardized rating form to be used to measure various aspects of employee performance. (Longenecker *et al.*, 1987; & Desimone, Werner & Harris, 2002). It is characterized by the political behavior of the appraiser that has a political motive behind it. Political behavior in the raters is a behavior that is not formally sanctioned by the organization, but is strategically designed to maximize self-interest (Ferris *et al.*, 1989

2.2 Elements in Performance Appraisal Politics

Murphy and Cleveland (1991) have stated the goals in performance appraisal politics. It drives from the raters' objectives and agendas that determine towards the appraisal ratings outcome. Specifically, the goals of performance appraisal politics are:

a) Task-performance goals

The raters determine employees' performance ratings to achieve task-performance goals. The purpose of doing so is to motivate or maintain their performance. Therefore, the organizations will gain benefits in their operations when their employees' performance is on the maximum level and avoid unnecessary training cost for the workers.

b) Interpersonal goals

Working in an organization environments need communications skill to enable the employees' to perform well, especially in terms of interpersonal skills. This has been the main purpose for the raters in influencing the performance appraisal outcome to maintain a positive work group climate among the employee's. Therefore, it would help the organizations itself to achieve maximum productions in their process.

c) Strategic goals

A potential employee is important to be developed and promoted. Those workers can bring-up large impact towards the organizations management at the present or in the future. It is proper to retain them or by giving them promotions for their excellent work achievement, through performance appraisal evaluations outcome. By doing so, it would increase one's standing in the organization not only for the employees itself, but for the benefits of the organizations also.

d) Internalized goals

In all organizations, there are several employees' that can be viewed as important and senior level persons. This type of employees has their own perspective values to the organizations. In order to protect that type of individual, the raters tend to use the performance appraisal outcomes as a tool. It is done on the purpose to maintain one's values in the organizations.

2.3 Motivational motive

The motivational motive is defined as a motive that is based on the psychological process to arouse, direct, and persist a behavior to the goal directed (Desimone, Werner & Harris, 2002). Gray and Starke define motivation as "the result of processes internal or external to the person that arouse enthusiasm, desire, and the persistence to take a certain course of action".

The raters' motivational motive is driven from their motive to use performance appraisal outcomes as a tool to motivate their employee's performance Basically there are five (5) accepted motivation theories widely been used, the theories are; (i) Equity Theory, (ii) Frederick Herzberg's Two Factor Theory, (iii) Goal-setting Theory, (iv) Expectancy Theory, and (v) Reinforcement Theory.

For example; in the Reinforcement Theory, it stressed the process of shaping individual behavior by controlling the consequences of the behavior. Basically, it has two features:

- Emphasizes on the consequences of performances.
- Technique for assessing performance and evaluating effectiveness.

Reinforcement theory or also known as ‘behavior modification program’ is applied to performance appraisal to motivate workers to maintain their performance over extended period of times. Basically, there four type of Reinforcement Theory:

i. Positive reinforcement

The managers/ appraisers sets up a reward to gain desired behavior from their employees. E.g.; job promotions, higher pay salary.

ii. Negative reinforcement

The managers/ appraisers informs of the consequences from employees low performance in job to avoid low productivity in job task. E.g.; demotions.

iii. Punishment

Consist of the act by punishing the employees from their low performance. E.g.; suspending without pay, demotions, or even sacking.

iv. Extinction

It is similar in conduct of punishment with the purpose of reducing unwanted behavior. E.g.; assign low ratings of performance to a productive employee because of a slight decrease in his/ her performance to avoid them from continuing decrease performances.

The manipulation of the evaluation outcomes is done due to the rater’s self agenda with the organizations (Fried & Tiegs, 1995). Although such manipulations represent managerial discretion, the raters’ is guided through motivation theory that is used to direct the employees’ behavior toward achieving certain aimed goal. This type of evaluation is rather to be manipulated, but it also has the potential to benefit individual employees’ job satisfaction and the organization as a whole.

2.4 Punishment Motive

The punishment motive is defined as a motive that is based on the action taken as a result of a wrongdoing, in purpose to correct the mistakes and put it to the level of higher discipline (Rynes, Brown & Colbert, 2002). The rater's punishment motive is one of the political motives behind performance appraisal politics.

As stated for its purpose, the raters' tend to use evaluation outcomes as a tool to punish their employees (Kacmar *et al.*, 1999). Punishment motive occurs when the raters' is influenced by affective reasons such as personal liking and even for the purpose of punishing the employees itself (Moon, 2004).

For example, there are few types of error that would usually occur in the evaluations process. Among the types of error that usually occur during the evaluations processes are:

- i. Similar to me
The raters' give high marks to the employees who he/she viewed as having similar characteristics to them.
- ii. Leniency
The raters' is being too lenient to all his/her employees' that enable them to receive an overall high rating.
- iii. Strictness
The raters' is being too strict to all his/her employees' that wanted them to achieve a set of achievement in order to get an optimum rating.
- iv. Horns
The raters' are influence by a single negative performance aspect that motivates him/her to give an overall low rating to the employees'.

v. Halo

The raters' are influence by a single positive performance aspect that motivates him/her to give an overall high rating to the employees.

This type of error has become a crucial issue in organizational justice, especially in term of distributive justice that would later affecting the employees' job satisfaction (Greenberg, 1986). Besides committing types of error, the raters' also uses the performance evaluations as a mean to punish the employees' for the form of misconduct. Therefore, it would avoid any other managerial actions and by this way would retain the employees' motivations to improve their work and performance.

2.5 Distributive Justice

The distributive justice is part of the larger organizational justice element that other consist of procedural and interactional justice (Cropanzano & Greenberg, 1997). The concept of distributive justice is based on equity theory (Adams, 1965). It is defined as the perceived fairness of outcomes that an individual receives (Cropanzano & Folger, 1991). According to Adams, individual in the organizations tend to 'compare their contribution and rewards with that of other individuals in the organization. The employees hope to get what they deserve, not less and not more'.

In general terms, organizational justice is important because perceptions of justice have been found to affect a number of behaviors and attitudes including job satisfaction (Alexander & Ruderman, 1987) and in human resource specific aspect of performance appraisal (Greller, 1975).

In distributive justice, there are two (2) broad psychological theories pertaining to perceptions of justice; (i) the self-interest model of justice, and (ii) the relational model of justice. The "self-interest" or "resource" model, suggest that people want to pursue self-interest by maximizing their own resources