

Embedding Procedural Justice in Performance Management Systems

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Abstract

Procedural justice is the sole opinion of organizational fairness such as policies and procedures, process, methods and mechanism used in evaluating their work. In this regards, it refers to the fairness or process. As a result, outcomes are to be paid but not exactly to the fairness outcomes. It is usually appraised on the basis of whether organizations equally apply rules and regulations to every member of the organization, avoid bias in the decision-making process, ethical in correcting mistakes, adequately notify employees before decisions that affect the organization to be heard, appeal, receive accurate information and make input in the decision process. Procedural Justice helps to solve problems and assign wealth. This research study investigates the mediating role of Procedural justice in the relationship with past and current research with the help of moderating variable of Digital Performance Management System (PMS) and Social-economic condition of the market

1. Introduction

In juridical system, performance appraisal is one of the most useful management tools. Those Organizations who did not listen their employee voice and did not facilitate them results in an environment where staff becomes diverged. In these types of environments an assigned work may be hampered and subsequently it affects the organizational performance. Work dissatisfaction internally combined with the external interaction to provide better services to the community can challenge the authority of the law enforcement agency as well as the

broader criminal justice system. Procedural justice helps the role of procedural climate which is related to the perceptions of organization appraisal factors (performance appraisal system) maintaining working atmosphere for the organization.

Leventhal (1980) says that when individual feel his concern about procedural process, it is ethically appropriate for the employee voice. These points become part of the procedural process. The procedural justice affects what workers believe about the organization as a whole. According to Armstrong (2006), individual practice having dissimilar sympathetic functions includes mentoring, coaching, performance appraisal, job specific training. Development Dimensions International (2000) stated that in global business world the second main concern was performance management and how to develop great leadership.

A performance appraisal system is just a one-time as well an ongoing process. It is the source for the organization to motivate the employee. It can be defined as the “fairness in different techniques and processes in all the legal functions. Justice in the organizational procedural and especially in the HR practices is very important for the organization. It is suitable at all stage of the organization. It supports in better work place relations between employees and management. It diminishes the chances of misrepresentation in performance appraisal system. It increases all acceptable levels for the performance of procedural justice.

2. Problem Statement

People want to be respected and be treated fairly. Justice is important in an organization, because employees feel that they are more respected and more rewarded when they are treated fairly. This will lead to a more peaceful surrounding and the employees will eventually be more loyal to the Company (Kristie Rogers. 2018). Hence, there is a requirement of procedural justice and determining various context factors that influence the organizational system. At present there does not exist any comprehensive framework to implement procedural justice in an organization. The result of this absence leads to stress at the work place due to high level of competition and performance. This further leads to ethical dilemmas which creates manipulation of performance appraisal resulting in increased dissatisfaction levels and misunderstanding among the employees.

The lack of motivation, feedback, and participatory issues are some of the factors that reduces employees overall progress. The solution to this problem lies in implementing a procedural justice paradigm within the organization and to develop a comprehensive frame work. The focal problem that will be researched in this research work is the perceived justice in an organization. The problem statement for this research is "What are the Factors influencing Procedural Justice in Performance Management System?".

3. Research Gap

In organizations, procedural justice is an important variable to improved employee performance. According to the different studies have shown that if unfair treatment occurs with the employees, it reduced the output from the employees as a usual response to the unfair treatment. At present no such study has been conducted in our local environment where the procedural justice is manipulated by the top management at will thus leading to a gap between employee satisfaction and procedural justice in performance management systems.

4. Literature Review

Although the procedural justice is basically important for the organization which becomes more importance in the current world mainly due to competitive nature of job market and due to squeezing job opportunities in the work life, especially in performance management system (De Simon, Werner, & Harris, 2002). Aim of performance management system should be to create a reliable working atmosphere for an organization. Mossholder, Bennett, and Martin (1998) concluded in their number of observations that individuals who perceive greater procedural justice report more job satisfaction. Performance management is "a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization" (Aguinis, 2009; De-Simon et al., 2002), so it becomes the functions for human resource management and therefore operation business managers is one of the most important purposes, uses to do with man support business managers.

Armstrong (2006) stated that management dealings associated with individual as well as different functions like compensation and rewards, ongoing coaching and mentoring, performance appraisal, continuous feedback, job specific training and skill building etc. which are related to performance management. A study that was conducted by Development Dimensions International in 2000 kept performance management as the second highest priority of global businesses whereas their top most priority was leadership development. As a complete work system, a performance management system should start from the joining of the worker at the end of an employee's job tenure.

Many writers in the past research have made this mistake of attributing performance management to the sole practice of performance appraisal (Aguinis, 2009). A good performance management system is just

one time as well as ongoing process for the job tenure of the employee. A performance management system motivates the employee and results in high performance. Procedural justice can be well-defined as the “fairness in different processes and techniques in all the above-mentioned functions of performance management system” (Armstrong, 2006).

Decenzo and Robbins (2002) mentioned six step process of performance management system. These steps include establishing performance standards, organizational mission and vision, setting mutually acceptable goals, measuring performance, comparison of performance with the set standards, feedback mechanism and corrective actions. Cascio (2003) argued that prime purpose behind the performance management system to gain optimum level of performance from employees of the organization. “Performance management requires willingness and a commitment to focus on improving performance at the level of individual or team every day.” Cascio emphasized on certain important factors that shows the employees limits, facilitating performance and related reward mechanism. Similarly, the procedural justice and ethical consideration is also important with respect to performance management system. Hussain and Shahzad (2018) found that using the underpinning role of social identity theory (SIT). The leader member exchange also affects the job performance of employees in the organizations. Therefore, it can be concluded that role of leader member exchange also has link with the organization justice.

Haines and St-Onge (2012) stated in past research the performance management has focused on technical and measurement aspect. But very little research has focused on effectiveness and the useful practices that could enhance the efficiency of performance management system. Hence, the effective practices for performance management will enhance. New approaches concerning procedurally system should be addressed the

light of organizational contextual factors; that may vary across business sectors (Iqbal, Akbar, & Budhwar, 2015).

Literature review of various variables can be reviewed now Such as willingness of the top management, leadership role and especially the transformational leadership. If the top management adopts a transformational role, it maintains the organizational shape that having a good operational business. Some other researches also support this area of study (Agle, Nagarajan, Sonnenfeld, & Srinivasan, 2006; Colbert, Kristof-Brown, Bradley, & Barrick, 2008). Haines and St-Onge (2012) stated that, managers need to be well trained in the related aspects. Much of the research in the past has also focused on performance management related training for managers (Bernardin, Buckley, Tyler, & Wiese, 2000; Tziner, Murphy, & Cleveland, 2005). There may be different types of trainings that may be useful for the supervisors in effective rating process. For example, frame of reference training is one such example of trainings for supervisors. Posthuma and Campion (2008) stated that training interventions may rise the perception justice within the organization with reference to performance management system. Haines and St-Onge (2012) mention in their research the progressive relationship in appraisal relevant trainings of supervisors. Haines and St-Onge (2012) stated that feedback is critical for effectiveness of the organizations. Especially if it is the multi-source feedback then it can greatly help the organizations' employees in having a perception of justice with reference to performance management practices.

Multi-source feedback is the alternate name for 360-degree performance appraisal. Smither, London, and Reilly (2005) stated that performance improves for those employees who receive multi-source feedback. Performance appraisal is related with the communication process such that examines the relationship between the direction of procedural justice and job

satisfaction. They have given a detailed literary review of previous research in favor of representing post appraisal voice of employee and betterment in the performance management systems. Latham, Almost, Mann, and Moore (2005) stated that accountability of assessor after the performance appraisal can enhance the perception and effectiveness of justice. They followed better satisfaction, improved working relationship, less distortion of performance appraisal system, digital performance management system platform, socio-economic condition and the procedural justice system.

5. Objectives

Following are the objectives of the research:

- To understand the gap between past and current research on technology.
- To improve the general performance management system and performance appraisal system
- To analysis the systematic literature review on the organizational context factors influencing procedural justice in performance management system that can enhance the performance and satisfaction of the workplace.

6. Hypothesis

In the light of the literature review and the above framework model, the researcher has come up with the following framework design.

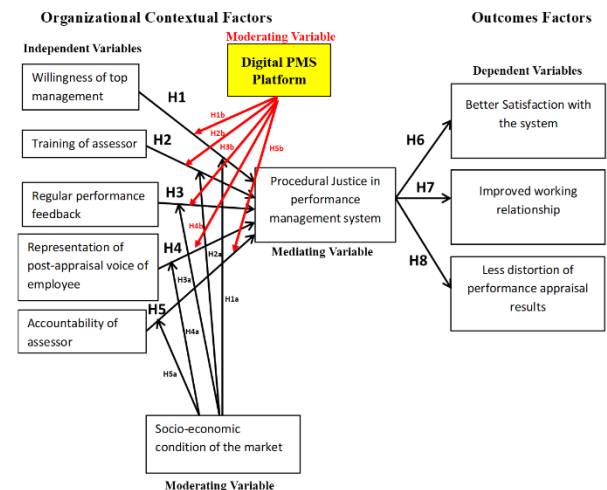


Figure: Conceived Research Framework

Digital Performance Management System (PMS) is added to the base paper model because in order to achieve fairness and to ensure eradication of any biases based on human involvements. As the result the Digital PMS deliver the smoothest, fastest digital experience to all whether they are customers of a digital business or the workforce of a multinational enterprise to secure high revenue. Evidence shows that using the Digital performance management system by the company HR department is to improve the employee morale, and increase productivity as well as transform APM measurement, testing and analysis through its focus on customer experience. So PM system enables managers to cascade the strategic targets into team and individual performance objectives and development plans; to reinforce sense of accountability and performance oriented culture in the organization, to enhance employee's motivation and commitment and to evaluate the capabilities of people for future business.

The main objective of PMS related HRM practice is to increase the organizational performance and highlight the missing gap through individual and group performance by improving performance-related behavior such as motivation, job satisfaction, organizational commitment such as silence, absenteeism, fluctuation and conflict (Conlon-Meyer-Nowakowski, 2005). In the base paper model

there existed a gap where the digital performance management system was missing. Without having that digital integration, procedural justice cannot be implemented in performance management systems because of human element which creates negative biases. The literature review evidence provides a research frame work that influence and enabling the researcher to formulate hypothesis for this study as under.

Leadership of role and transformational is very important for the effectiveness for the organizations management. If the top management adopts a transformational role, it may support to maintain the organization shape. Some other researches also support this area of study (Agle, Nagarajan, Sonnenfeld, & Srinivasan, 2006; Colbert, Kristof-Brown, Bradley, & Barrick, 2008). Hence on the basis of a wide range of observation from organizations and on the basis of above literary debate, following hypothesis have been extracted for this research study.

H1: Willingness of top management of organizations (independent variable) for creating a transparent system of performance management enhances the level of procedural justice in performance management system (Mediating variable) of the organization. Here the socio-economic condition of the market (**H1a**) is the mediator variable in the base paper, act as the moderator variable with Digital PMS platform (**H1b**) in comprehensive framework.

Haines and St-Onge (2012) argued with above mentioned critical functions of managers, where manager are well trained to their related aspects. Much of the research in the past has also focused on performance management related training for managers (Bernardin, Buckley, Tyler, & Wiese, 2000; Tziner, Murphy, & Cleveland, 2005). There may be different types of trainings that may be useful for the supervisors in effective rating process. For example, frame of reference training is one such example of

trainings for supervisors. Posthuma and Campion (2008) stated that training interventions may increase the perception of justice within the organization with reference to performance management system. Haines and St-Onge (2012) stated in their research that there is positive association in appraisal relevant trainings of supervisors and effectiveness of performance management system. Hence on the basis of literary debate and past research, following is the hypothesis 2 of this research.

H2: Pre-appraisal training of assessor by supervisor, (independent variable) enhances the level of overall procedural justice in performance management system (Mediating variable) of the organizations. Socio-economic condition of the market (**H2a**) which is the mediating variable in the base paper act, as the moderate variable with Digital PMS platform (**H2b**) in comprehensive framework.

Haines and St-Onge (2012) stated that feedback is critical for effectiveness of the organizations. Especially if it is the multi-source feedback then it can greatly help the organizations' employees in having a perception of justice with reference to performance management practices. Multi-source feedback is the alternate name for 360-degree performance appraisal. Smither, London, and Reilly (2005) stated that performance improves for those employees who receive multi-source feedback. Hence on the basis of general observation and above stated literary debate, following is the hypothesis 3 of this research.

H3: Periodic (continuous) performance related regular feedback (independent variable) of supervisor to the employee enhances the perception of procedural justice in performance management system (Mediating variable) with the organization. Socio-economic condition of the market (**H3a**) which is the mediating variable in the base paper act as the moderate variable with

Digital PMS (**H3b**) in comprehensive framework.

Performance appraisal related with the link between communication, procedural justice and job satisfaction. They have given a detailed literary review of previous research in favor of representing post appraisal voice of employee and betterment in the performance management systems. Hence, based on the previous literary debate, following is the hypothesis 4 of this research.

H4: Representation of post appraisal voice of employee (independent variable) in front of acceptable HRM personnel and in front of top management enhances the level of procedural justice in performance management system. Socio-economic condition of the market (**H4a**) which is the mediating variable in the base paper act as the moderate variable with Digital PMS platform (**H4b**) in comprehensive framework.

Latham, Almost, Mann, and Moore (2005) stated that the accountability of assessor after the performance appraisal can enhance the perception and effectiveness of justice process. Hence on the basis of general observation and on the basis of previous related researches, following is the hypothesis 5 of this research.

H5: Post appraisal accountability of assessor (independent variable) enhances the procedural justice in performance management system (Mediating variable) level of the organizations. Socio-economic condition of the market (**H5a**) which is the mediating variable in the base paper, act as the moderate variable with Digital PMS (**H5b**) in comprehensive framework.

H6: Procedural Justice in Performance Management System (mediating variable) in comprehensive framework results in “Better satisfaction with the system” is dependent variable.

H7: Procedural Justice in Performance Management System (mediating variable) in comprehensive framework results in “Improved working relationship” is dependent variable.

H8: Procedural Justice in Performance Management System (mediating variable) in comprehensive framework results in “Less distortion of performance appraisal results” is dependent variable.

Digital performance management platform acts as a moderating variable along-with socio-economic situation of the market because Digital performance system is basically prepared only to highlight the economic condition of the market. Following are thus the variables of the research.

Independent Variables

- Willingness of top management
- Training of assessors
- Regular performance feedback
- Representation of post-appraisal voice of employees
- Accountability of assessor

Dependent Variables

- Better satisfaction with the system
- Improved working relationship
- Less distortion of performance appraisal results

Moderating Variables

- Digital performance management system platform
- Socio economic condition of the market

Mediating Variable

- Procedural justice in performance management system

7. Significance of Research

Procedural justice study helps to compare different researcher's point of views about past and current researchers. It provides better workplace and maintains a good relation between employees and management. It reduces the distortion chance and increasing the level of acceptance for the appraisal system. Therefore, the result is positive so significance of such a study has enhanced in the present scenario of economic crisis in commercial world including Pakistan. In this research, level of procedural justice was studied in the process of new employees. Overall there are four types of organization justice which is most significance for this research. It has a positive impact for the receivers as well as the organizations authority. Such work has proved to be of significance underpinning importance for contemporary research.

This research gives eight propositions, giving feedback related of supervisor to the employee enhance of the procedural system. In the past research, the appraisal system help to reach the voice of employee in front of acceptable Human Resource Management (HRM) personal as well as in front of top management for creating a transparent system of performance management, post appraisal accountability, socio-economic conditions, and the last three propositions with the procedural justice are as follows with satisfaction, reduces distortion and contribute that results in order to improved management system, appraisal system, and working conditions.

8. Research Methodology

The research work focuses on designing a comprehensive framework (management and performance appraisal system) to implement procedural justice in an organization. The research is quantitative in nature. A survey was conducted from within various organizations (mobile operators). The survey comprised of specific questionnaires relating to the focused area of research. The end-

user's questionnaire focuses on views of the organization's employees.

- Methodology

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- Survey Instrument

The instrument is devised after the thorough study of the previously conducted researches relating to the research topic. A survey was conducted to help gain reliable data from the respondents. Survey questionnaire had Likert Scale Ratings.

- Sample Size

The data was collected from the banking sector (2016-2018) and hence the sample size and the total number of observations were 200. The sample consisted of public sector commercial banks, conventional banks, Islamic Banks and specialized banks operating inside in Pakistan. Fifty (50) questionnaire/samples were taken from each of the four mobile operators (Ufone, Telenor, Zong and Mobilink) in the country.

- Data Analysis

Discussed are the responses and the survey results obtained from the target respondents. The analysis was done through SPSS. The validity of the instrument was measured through testing questionnaire's using the data collected from the study. The test was conducted to refine the questionnaires so that the respondents feel no problems in answering the questions. The clarity of

questions was established and to ensure that there exists no problem regarding the accurate recording of the data. This result in the assessment of the validity of data will be collected (Saunders L. a., 2009).

Procedural Justice in Performance Management					
	1	2	3	4	5
Do you believe the past research highlighted the need for the exploring organizational contextual factors?					
Do you believe the organizational contextual factors impact the overall performance management system?					
Do you believe you understand the concept of procedural justice in performance management system?					
Do you believe there is a lack of understanding the procedural justice system?					
Does the country procedural justice in performance management system policy & strategy cover issues related to law?					
Does the procedural activity are helpful and beneficial for the needy and poor people?					

Table: Designed Questionnaire

- Research Instrument

The research instrument in this research work was the Questionnaires. Statistical Measurement Tests for Hypothesis were:

- Simple Linear Regression Analysis
- Pearson's Product Moment Correlation Analysis
- Multiple Linear Regression Analysis

9. Conclusion

The conceptual research model was validated through the analysis of the replies from the respondents. The hypothesis was tested and was in conformity of the conceived model. The research work designed a comprehensive framework (management and performance appraisal system) to implement procedural justice in an organization. Future research can look at additional factors in the Embedding Procedural Justice in Performance Management Systems.

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