

PERFORMANCE APPRAISAL: DETERMINANTS OF PUBLIC EMPLOYEES' ACCEPTANCE

By

TAEHEE KIM

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written under the direction of
Professor Marc Holzer
and approved by

Marc Holzer

Frank J. Thompson

Madinah Hamidullah

Quintus Jett

Kaifeng Yang

Newark, New Jersey

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Abstract

Performance appraisal is an important management tool that has two important functions: to support administrative decisions, and support employee development (Murphy and Cleveland 1990). This dissertation explores the view of public (non-management level) employees in assessing their perspective on performance appraisal. This paper assumes that once employees find the value in performance appraisal processes, the efficacy will be enhanced and affirmed.

Given the importance of employees' acceptance of their performance appraisal, this dissertation will examine under which contextual circumstances employee acceptance of performance measurement may be heightened using the data in a mixed-methods study that includes data from the Merit Principle Protection Board Survey (2005) merged with data from the Central Personnel Data File in 2005, New Jersey local employee survey, and focus groups including semi-structured interviews. Using previous theoretical frameworks, which identify three constructs namely, procedural justice, distributional justice, and instrument validity, this dissertation will measure public employees' acceptance of performance appraisal.

Findings show that there is an increase of public employees' acceptance of performance appraisal in terms of procedural justice, distributional justice, and instrument validity in the following conditions, when: performance appraisal is used more for employees' job performance improvement and capacity development to identify areas of improvement; there is an a direct alignment between employees' tasks and

agency's objectives; employees are offered an opportunity to voice their concerns or rebut decisions; they participate in setting performance standards and goals; and there are quality and trust-worthy relationships between supervisors as raters and employees as ratees. Of particular illumination on the effect of demographic characteristics, such as race, ethnicity, gender, age, and education, the findings show mixed results. However, when the organization is diversified in terms of race/ethnicity, employee acceptance of performance appraisal in terms of procedural justice turns out to be uniquely higher, and partially supports the theory of relational demography. Equally important finding is the effect of unionized workforce environment as well as the existence of rigid civil service system might have contrasting effects on employee acceptance of performance appraisal processes.

This study contributes to the current literature on performance appraisal by advancing our understanding of the process, refining related theories on performance appraisal, and capitalizing on public employees' perceptions and perspectives.

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CHAPTER 1 INTRODUCTION

Background

Many studies have explored performance measurement initiatives. These studies have examined the promises of performance management (Ingraham, 2005; Yang and Holzer 2006), antecedents to promoting the use of performance information or effectiveness of performance management (Julnes and Holzer 2001; Yang and Hsieh 2007), and the effect of job-related attitude on organizational performance (Crewson 1997; Bright 2007; Walker, Damanpour and Devece 2011; Moynihan, Pandey and Wright 2012). Although these prior studies have played a critical role in enhancing our understanding of performance measurement initiatives, most of them approached this issue from the perspective of top-level management (e.g., monitoring performance, formulating strategy, making better decisions, allocating resources in an efficient manner) and little research has examined the front-line employee's perspective, or those who perform the main tasks inherent in performance measurement (Roberts 1994). That is, relatively few existing studies have explored the ways to help employees make sense of performance measurement. Most of the prior studies were done from the top-management perspective except for some anecdotal observations or case studies (Donahue et al. 2000; Behn 2002). Those studies have observed that many public employees view performance measurement system as a main cause of rule proliferation and also as an administrative burden and exhibit legitimate fear with the perception that "result-based accountability

means punishment” (Behn 2002, 12; see also Julnes and Holzer 2001 and Moynihan 2008).

Once a performance management system is implemented in any organizations, the required procedures to measure and to evaluate performance can be perceived by employees as a control mechanism or an unnecessary bureaucratic burden. Moreover, employees fear having poor performance if the performance measurement system is operated as a punitive tool as Behn (2002:8) noted;

“[T]he explicit use of performance measures which is inherent to almost all forms of performance management creates some valid fears: “If my organization starts measuring performance, what might happen?” Many of the possible consequences of attempting to measure performance are not positive (Smith, 1995). The repercussions of any effort to measure performance are not necessarily positive for the individuals in the organization or for the organization itself. Little wonder that many public employees harbor some very legitimate fears of performance measurement”.

Negative perceptions, or cynicism, of public performance measurement of front-line employees have often been noted, but relatively few existing studies have considered these to be a major underlying cause for the under-fulfillment of promises when it comes to performance measurement. This issue is worthy of more attention because when employees have limited buy-in to performance measurement in terms of its purpose and its value, the performance measurement system will be ineffective both at the department and individual level. This study argues that dealing with these cynicisms by fostering employee acceptance of performance measurement system should be considered critical to building a successful and useful performance measurement system. Moreover, most of the earlier public sector literature has paid insufficient attention to the distinction between the management and measurement of employee job performance and that of agency

program performance and, in some studies, those two have been used interchangeably. In the context of performance management, there are four sub-management systems including financial management, human resource management, capital management, and information technology management (Donahue et al. 2000, 386). These sub-management systems can be further summarized into three: one for managing organizational performance; one for managing individual performance; and one for integrating both (Fletcher 2001).

This study examined the views of public employees on performance measurement, especially focusing on performance appraisal. This study chose performance appraisal as a subject for analysis among various human resource management tools for two reasons: first, performance appraisal is a tool that, when properly used, can link human resource management and government performance by measuring employee job performance, identifying challenges for employees or development needs, and motivating employees to perform better by linking their job performance to appropriate rewards (Donahue et al. 2000; Naff et al. 2013). Second, performance appraisal directly deals with human capital that requires greater attention from the agency because of two factors: 1) much of a public agency's budget is spent for personnel costs, and 2) the expected retirement of many eligible public employees is expected to result in greater loss of organizational knowledge and personnel and requires to examine ways to retain and motivate employees. More than anything else, people are key to successful performance management and improvement as Patricia (2005, 395) noted,

“Effective performance and efforts to measure it are—at their heart—about people: having the right people, with the right skills and talents, where and when they are needed. Capacity is not just structure and systems; it's creative, committed, talented people who make the systems work”.

In sum, this study will identify the key individual and organizational factors that affect employee acceptance of performance appraisal. When it comes to individual-level of performance appraisal, it should be noted that it requires multi-dimensional approach for better understanding. This is because this type of performance appraisal targets individual employees but is occurring within a specific organizational context. Without understanding the reactions of individual employees to performance appraisal, and its supportive organizational context, it is less likely for performance appraisal to be used for its original objective, which is performance improvement. Even though there are some studies that examined individual-level of performance appraisal and ratees' reaction to the process, few have examined the organizational context in which performance appraisal takes place (Levy and Williams 2004).

Any organization's success is dependent on how well employees perform in achieving organizational goals and mission. In addition, the negative perceptions of performance management held by employees cause resistance to it, leading to job-related stress, burnout (Gabris and Ihrke 2000) and even underperformance. As Daley (1992) points out, no matter how well a performance appraisal system is designed, it will become useless if there is a lack of employee acceptance of the performance appraisal system, or if they do not see it as useful or valid. Levy and Williams (2004) also note, "Good psychometrics cannot make up for negative perceptions on the part of those involved in the system" (p. 890).

However, relatively little attention has been paid to the perspective of front-line employees, and little research has been carried out on how to foster employee understanding and acceptance of performance measurement (Robert 1994). It is this gap

in the literature that this study aims to contribute by exploring employee acceptance of performance appraisal while considering the organizational context.

In sum, this study assumes that fostering employee acceptance of performance management and even their satisfaction with that system must be in place to order to effectively manage a performance measurement system and to improve organizational effectiveness. In this regard, this study aims to find factors that can change the perceptions of performance appraisal held by front-line employees and foster their acceptance of the process by employing various theoretical lenses, including enabling formalization, justice, trust, and leader-member exchange.

Purpose of Study

The main purpose of this study is to examine factors affecting and fostering public employee acceptance of performance appraisal process. This study will examine under which contextual circumstances employee acceptance of performance measurement may be heightened using the data in a mixed-methods study that includes data from the Merit Principle Protection Board Survey (2005), New Jersey local employee survey, and focus groups and semi-structured interviews. The anticipated results of this study included the identification of individual and organizational factors that can foster acceptance of the performance appraisal process on the part of organizational members that I believe lead to the efficacy of performance appraisal and overall organizational performance improvement.

Organization of the Dissertation

The first part of this dissertation examines the existing literature on the nature and the effectiveness of performance appraisal and address the importance of employee acceptance of performance appraisal. Chapter 2 begins with an overview of the history of performance appraisal and compares performance appraisal in theory and in practice, highlighting the benefits and challenges of the process. Chapter 3 will discuss the concept and importance of employee acceptance of performance appraisal and suggest a scale based on existing literature constructed to measure employee acceptance of performance appraisal in terms of three distinctive dimensions: procedural justice, distributional justice and instrumental validity. Chapter 4 describes various theoretical lenses used to suggest organizational and individual factors that predict employee acceptance of performance appraisal and its resulting research hypotheses.

Chapter 5 presents the research design and methodology. It begins with the rationale for choosing a mixed-methodology followed by a description of how secondary data was used for the federal employee study and the sampling and data collection for both survey and qualitative study at the local level. Chapter 6 explains the study variables and their measurement as well as the statistical procedures. It is followed by the preliminary findings and results.

Chapter 7 reports and discusses the statistical results of the local employee survey on performance appraisal. The direction and significance of all hypotheses are reported. Chapter 8 discusses the qualitative data analysis for both semi-structured interviews and focus group interviews and the key findings.

The last chapter summarizes the key findings and observations drawn from this study and discusses the study's limitations. Theoretical and practical implications as well as the future avenues of research are discussed.

CHAPTER 2 LITERATURE REVIEW

Overview

The purpose of this chapter is to review existing literature on the nature and the effectiveness of performance appraisal in order to frame the present research and illustrate its important contribution to the body of extant performance appraisal research. Performance appraisal as a pivotal management technique is believed to hold individual public employees accountable, and it has been extensively researched in numerous academic disciplines including business administration, psychology, applied psychology, and general management (Morrissey 1983; Murphy and Cleveland 1990; Daley 1992; Rubin 2011; Mulvaney et al. 2012).

However, there has been sporadic treatment of the topic in public sector literature, and as Rubin (2011) stated, “the literature on accountability and performance management often ignore the potential of appraisals” (p. 2). Naff et al. (2013) noted that even though managing and measuring employees’ job performance is distinct from one’s agency program performance in some aspects, most of the earlier public sector literature has paid insufficient attention to the distinction between the two and in some studies, those two have been used interchangeably.

Since developing performance appraisal and merit pay were mandated by the Civil Service Reform Act of 1978, a substantial body of public administration research has been generated to examine issues related to the effectiveness of merit pay systems (Pearce and Perry 1983) rather than the appraisal. When the Performance Management

and Recognition System, a policy that established the procedures for pay-for-performance, was terminated in 1993 due to its flaws – including “poor discrimination among performance levels, inadequate funding, and little demonstrable evidence that the system improved performance” (Perry et al. 2009, 40), more studies were generated to question the validity of keeping performance appraisal systems. These studies examined problems embedded in the federal performance appraisal process by illustrating its negative effect on public employees’ motivation. It was even described as a peril caused by “not-workable one size fits all strategy” (Broderick and Mavor 1991; Ingraham 1993; Kellough and Lu 1993; Milkovich and Wigdor 1991; Perry 1983, 1989, 1990).

Since 1995, when public agencies were allowed to develop their own performance appraisal by reforming and updating their current practices, the idea of performance appraisal – more specifically, pay-for-performance – started to be revisited by public administration scholars. Some of those studies have shifted their focus to the effects of merit pay on employees’ motivation. Those studies assumed that the majority of public sector employees are driven by non-monetary incentives rather than monetary incentives, and, therefore, merit pay systems that have an extrinsic motivation component might harm employees’ motivation. This notion resulted in a large volume of studies that examined the relationship between pay-for-performance and public employees’ public service motivation (Vandenabeele & Hondeghem 2006; Durant et al. 2006; Moynihan & Pandey 2007; Weibel et al. 2010). A central theme that emerged from these studies is that giving public employees monetary incentives may undermine their intrinsic motivation under certain circumstances, and this negative relationship is more prevalent in public sector organizations. Furthermore, the cumulative research that reviews performance

appraisal practices concludes, “pay-for-performance schemes have been generally unsuccessful” (Weibel et al. 2010, 388). Despite these challenges, the level of expectations for performance appraisal remains unchanged and intensified (Hyde 1988; Ammons & Condrey 1991).

Beyond motivational concerns related to performance appraisal, some scholars have focused on a psychometric approach that takes into account various factors, including the issue of measurement, the appraisal instrument, and rater error, in an effort to find ways to perfect the appraisal process. Such efforts, however, failed to produce successful results and limitations of these studies redirected the attention of academics and practitioners to the cognitive aspects of appraisal. As Ammons and Condrey (1991) noted that widespread frustration and dissatisfaction with performance appraisal may be attributed to a “flawed concept” (p. 254). They suggest that more efforts must be made toward finding the “warranty conditions for a fair trial performance appraisal” (p. 254).

A handful of researchers have examined cognitive aspects of performance appraisals (Longenecker et al. 1987; Murphy and Cleveland 1995; Daley 1992), but very little research used public sector organization data to assess public employees’ perception of the performance appraisal process while considering its organizational context. Moreover, relatively little research has been carried out on the issue of employees’ acceptance of performance appraisals, whereas much has been written about the performance measurement and management at the agency or department level. For that reason, this study suggests that employees’ acceptance of performance appraisal is one of the necessary conditions that needs to be secured for performance appraisal expectations to be fulfilled.

Taking the first step in filling gaps in knowledge around public performance appraisal processes, this study aims to redirect the discussion to the employees' acceptance of performance appraisals and provide quantitative and qualitative evidence for the claim that the acceptance of the process by employees can be heightened by specific organizational and individual factors. With these purposes in mind, the next section will briefly sketch the history of federal and local performance appraisal development.

History of Performance Appraisal

This section aims to provide a historical background of performance appraisal in the public sector. The very first law on performance appraisal was enacted in 1912 and required all agencies to develop a uniform efficiency rating system, which was used until 1950 when the Performance Rating Act was passed (Naff et al. 2013). This Act aimed to identify the strongest and weakest employees and required all federal agencies to establish appraisal systems that received prior approval from the Civil Service Commission. At this time, there was no provision that required a connection between appraisal and base pay, as well as no provision that required case awards. With the Incentive Awards Act of 1954, cash awards for superior accomplishment, suggestions, inventions, special acts or services, or other personal efforts were authorized. During the 1960s and the 1970s, however, evidence was accumulated showing that neither supervisors nor employees were satisfied with this reformed performance appraisal process (Naff et al. 2000) and saw it as “one more administrative burden that carries little or no personal benefit” (Morrisey 1983, p. 1). This resulted in a series of

incremental reforms. In 1977, the President's Personnel Management Project, which was composed of nine task forces, examined the civil service system and suggested employing an innovative human resource management practice such as a contingent pay system. This idea became the basis for the Civil Service Reform Act (CSRA) of 1978 that required agencies to develop performance appraisal systems for all federal employees (Perry, 1986; U.S. Office of Personnel Management 2008). This act made substantial changes including establishing the U.S. Office of Personnel Management, which was charged with assessing performance-based evaluation standards; encouraging employee participation in setting performance standards; promoting the use of performance appraisal results “as a basis for training, rewarding, re-assigning, promoting, demoting, retaining and removing employees”; and authorizing the removal of employees (U.S. Office of Personnel Management 2008). In addition, it required the agency to prepare a performance plan at the beginning of the performance appraisal period. Box 2.1 below presents the content of the Civil Service Reform Act of 1978.

Box 2.1. Civil Service Reform Act of 1978 (Public Law 95-454, October 13, 1978, 95th Congress of the United States)

Section 4302. Establishment of performance appraisal systems

- (a) Each agency shall develop one or more performance appraisal systems which—
 - (1) provide for periodic appraisals of job performance of employees;
 - (2) encourage employee participation in establishing performance standards; and
 - (3) use the results of performance appraisals as a basis for training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees.
- (b) Under regulations which the Office of Personnel Management shall prescribe, each performance appraisal system shall provide for—
 - (1) establishing performance standards which will, to the maximum extent feasible, permit the accurate evaluation of job performance on the basis of objective criteria (which may include the extent of courtesy demonstrated to the public) related to the job in question for each employee
 - (2) or position under the system;
 - (3) as soon as practicable, but not later than October 1, 1981, with respect to initial appraisal periods, and thereafter at the beginning of each following appraisal period, communicating to
 - (4) each employee the performance standards and the critical elements of the employee's position;
 - (5) evaluating each employee during the appraisal period on such standards;
 - (6) recognizing and rewarding employees whose performance so warrants;
 - (7) assisting employees in improving unacceptable performance; and
 - (8) reassigning, reducing in grade, or removing employees who continue to have unacceptable performance but only after an opportunity to demonstrate acceptable performance.
- (c) In accordance with regulations which the Office shall prescribe, the head of an agency may administer and maintain a performance appraisal system

The Civil Service Reform Act was not in effect for very long because, as Perry (1986) indicated, they encountered some problems such as “inadequate funding, pay inequities and ratings manipulation” (p. 57). Consequently, in 1984, with the passage of the Civil Service Retirement Spouse Equity Act, this merit pay system was abolished and a new pay-for-performance system called the “Performance Management and Recognition System” (PMRS) was established. It was applied to supervisors and

management officials in Grades GS 13-15 and required applying five performance ratings as well as encouraging joint participation in performance standard setting.

Under the new PMRS law and regulation, higher-level management was required to review performance plans. It also required management to have periodic progress reviews. However, inadequate funding and the varying levels of job grades among agencies further discredited this system (Naff et al. 2001) and led to the questioning of its fairness and validity. At this time, the focus of the agency shifted from managing individual employees' performance to linking individual employees' performance to achieving organizational missions and objectives. With this new emphasis, a Subpart D was added to the PMRS law:

It is the purpose of this Subpart to ensure that Performance Appraisal for the Performance Management and Recognition system is to ensure that performance appraisal systems for PMRS employees are used as a tool for executing basic management and supervisory responsibilities by (a) Communicating and clarifying agency goals and objectives; (b) Identifying individual accountability for the accomplishment of organizational goals and objectives; (c) Evaluating and improving individual and organizational accomplishments; (d) Using the results of performance appraisal as a basis for adjusting base pay and determining performance awards, training, rewarding, reassigning, promoting, reducing in grade, retraining and removing employees" (5 CFR Ch. 1).

Despite such reforms, according to the survey research results published by Merit Principle Service Board (MPSB) report (1988), federal employees reported that there was an arbitrary limit on the number of high performance ratings, and slightly more than half of the respondents (about 57 percent) reported that they could not see the link between their performance and pay. As a result, in 1989, the Committee on Performance Appraisal for Merit Pay was established at the request of the Office of Personnel Management (OPM) to examine current research to learn how to assess individual employees' job performance and link them to merit pay. The committee examined performance appraisal

practices in both public and private sector organizations. The findings were presented in a report entitled *Pay for Performance: Evaluating Performance Appraisal and Merit Pay* in 1991 (Broderick and Mavor 1991). Based on the results of the study, congressional hearings were held and re-authorized the federal Performance Management and Recognition System (PMRS). This extended PMRS allowed the agency to re-assign, remove, or demote employees who did not perform at a successful level. It also removed previous requirements for mandatory performance awards for employees whose performance was rated as outstanding (National Research Council 1991; Naff et al. 2013).

Another series of studies on performance appraisals in general and pay-for-performance systems were conducted and generally concluded that this system caused much concern, such as rating inflation or increasing payroll costs that are beyond each agency's budget. They further concluded that the development of a universally effective performance appraisal system was unlikely and that each agency should rather be given an opportunity to develop their own system tailored to their own context and culture. Consequently, in 1993, the PMRS was terminated. Since then, the authority to develop performance appraisal processes has been decentralized to individual agency.

In 2002, with the passage of the Chief Human Capital Officers Act, the appraisal system for employees in senior level, scientific, or professional positions, and senior executive service (SES) members was established. In 2006, the OPM established the Performance Appraisal Assessment Tool (PAAT) and expanded this system by including non-senior executive service employees. In 2012, a new initiative called, Goals-Engagement-Accountability and Results (GEAR), was introduced. The purpose of this system was to create a culture of ongoing, continuous feedback between managers and

employees. Under GEAR, federal managers are required to hold quarterly performance reviews with employees called scorecards to improve communication and alert employees to any continuing performance problems (Losey 2012, Jan 3). Initially, six federal agencies joined the pilot testing, but after the withdrawal of the Labor Department, only five agencies, including the OPM, the Coast Guard, the Department of Energy, the Department of Veterans Affairs, and the Department of Housing and Urban Development, remained as participating agencies. However, GEAR was not without criticism. Within two months of launching pilot testing, the president of the American Federation of Government Employees Union negatively described GEAR as “lacking substance and being human resource make-work” (Losey 2012, Jan 20, para.2).

Given reform efforts, it can be concluded that “the search for a perfect performance appraisal system has been likened to the search for the holy grail” (Schay 1993, 649). However, this does not necessarily mean that alternatives that can replace the current performance appraisal should be found or that the performance appraisal process should be abolished. Despite repeated changes made in federal performance appraisal systems, its original principle and concept were not changed but rather maintained over several decades.

It should also be noted that the failure of previous reform efforts and frequent cycle of changes are not attributed to the failure in designing the effective process (e.g., new criteria, new scales, or new frequency), but more to the attempts to implement a so-called “one-size fits all” process without considering each agency’s unique culture or context or other external factors, such as the presence of unions (Schay 1993). Moreover, it is noteworthy that in spite of such problems, performance appraisal remains as one of

the important public human resource management tools (Golembiewski 1995; Daley 1992).

At the state and local level, performance appraisal processes have been implemented at varying levels. For example, in the case of New Jersey State employees, there have been continuous efforts to reform the human resource management practices. In 1918, the New Jersey Civil Service Commission ordered state agencies to change previous personnel systems by reclassifying positions and standardizing compensation rates. The “merit and fitness” provision was first time included in the 1947 New Jersey State Constitution. In 1977, the Division of Equal Employment Opportunity and Affirmative Action (EEO/AA) was established. With the passage of the 1986 Civil Service Act (Title 11A), the New Jersey Department of Personnel was established and it replaced the Civil Service Commission with the enactment of Chapter 29 of the Laws of 2008 (State of New Jersey Civil Service Commission 2011).

Under the New Jersey Administrative Code (NJAC) title 4A, Chapter 6, and subchapter 5, developing a formal performance appraisal is encouraged – not mandated. As a result, the Performance Assessment Review (PAR) was designed to evaluate employees’ job performance and help their development. In state service, this Performance Assessment Review (PAR) program is applied to “all employees in the career service, and those in unclassified titles as designated by particular departments or agencies” (New Jersey Administrative Code (NJAC) title 4A: 6-5.1). It is required to have three levels of performance ratings and use those ratings as a factor in promotions or layoffs. In addition, employees are given chances to appeal performance standards or a final rating through the non-contractual grievance procedures. Job-related factors, such as

goal achievement, cost, quality of work, quantity of work, timelines, communication, conscientiousness, creative thinking, customer service, and decisiveness, are considered when assessing individual employees' job performance (State of New Jersey Civil Service Commission 2011).

Feild and Holley (1975) examined the actual materials used for performance appraisal at the state level and found variations in the use of performance appraisal among the 39 states studied. The majority of the state governments were using performance appraisal to assist with administrative decisions, such as promoting, demoting or laying-off personnel. The use of numerical rating scale was frequently observed; rather than individuals' potential, employees' job behaviors and personal traits were given weight at the appraisal. Huber (1983) also observed that majority of the state governments were using performance appraisal for pay or promotion decisions, especially to assist management' decisions regarding the retaining of probational employees. He also found that the link between pay and performance was absent.

Seldon et al. (2001) also examined state-wide variations in terms of performance appraisal and found 11 state governments implemented performance appraisal, and some states attempted to link individual employees' performance to the agency's goal including Maryland, New Jersey, Colorado, Georgia, etc. Furthermore, they found that time flexibility was the most popularly used tool to reward good performance and some states also had individual or group performance bonuses to a lesser extent. Some studies reported employees' dissatisfaction with the appraisal practice at the local level, including complaints about supervisors' lenient or biased rating behavior and the lack of objective measures (Thompson and Radin 1997; Pynes 1997, 2008).

Summary

In sum, variations among different level of governments at the local level are frequently observed, and one possible explanation is that implementing performance appraisal is encouraged – not mandated – and this results in distinct uses of performance appraisal at the local level. Even though it is not commonly observed in the public sector, especially at the local level, the use of performance appraisals is increasing. As different levels of implementation are reported in practice and as continuous reforms focus more on developing a better process and format, much of the earlier literature only addressed the appraisal process by directing more attention to the specific appraisal techniques and their effectiveness. Moreover, most of the studies on human resource management in general and performance appraisal, specifically, examine state-wide variations. Furthermore, compared to the performance appraisal practices in the private sector where more topics related to performance were examined in the laboratory setting, the study of performance appraisal practices in local government is sporadic (Lacho et al.1991) and few empirical studies have been conducted (Radin 2011). More empirical research is needed on the impact of performance appraisal practices on public employees that can contribute to the development of theoretical principles.

As observed from the previous reform efforts, as performance appraisal tools and their applications were continuously revised, the core principles remained unchanged. Assessing employees' job performance is necessary to make them accountable and to motivate them to better perform and contribute to achieving the mission and goals of the organization. What previous reform efforts failed to consider is individual employees'

cognitive behaviors and its unique context where performance appraisal occurs (Murphy and Cleveland 1991; Rainey and Kellough 2000). Rainey and Kellough (2000) noted that the effectiveness of personnel system that involves incentives such as performance appraisal is dependent on its context, which is the presence of a trusting organizational culture and members' acceptance of the evaluation process. In the light of these considerations, this study can greatly contribute to deepening the knowledge on performance appraisal in the public sector, especially given the scarcity of the studies that examine public employees' acceptance of performance appraisal as well as the practice of local government employees' cognitive behavior as related to performance appraisal. The next section will examine previous literature on performance appraisal in the public sector to identify the potential topic that can fill the gap in the current performance appraisal literature, which is employees' acceptance of the process. This will be accompanied by an illustration how employees' acceptance of the performance appraisal process can be defined and measured.

Performance Appraisal in Theory vs. Practice

Introduction

Performance appraisal refers to public managers' evaluation of their subordinates' job performance with the aim of managing and improving individual performance (Murphy and Cleveland 1991; Daley 1992; Fletcher, 2001; Levy and Williams 2004). Performance appraisal can be used to align individual performance expectations with organizational goals and also can be used to identify individual needs for capacity building or training required to achieve those goals (U.S. Government Accountability Office 2003, 4; see also Murphy and Cleveland 1991).

Performance appraisal is among the most widely researched management tools (Murphy and Cleveland 1991; Daley 1992). In recent years, with continued performance appraisal reforms at the federal level, performance appraisal has begun to attract more attention from both academics and practitioners in the public sector, and it is believed that if it is properly designed and implemented, performance appraisal can provide many benefits to employees, supervisors, and their organization (Feldman 1981; Murphy and Cleveland 1991; Daley 1992; Levy and Williams 2004). However, some anecdotal evidence and government reports indicate that this is not always the case.

In addition, the extensive literature reports evidence showing that performance appraisal has limited usefulness in practice (Gabris 1986; Perry 1991; Daley 1998; Bowman 1994). As discussed in the previous section, despite the inherent difficulties in implementing performance appraisal and the negative views of public employees of it, performance appraisal remains one of the more important management tools that make public employees accountable. Therefore, the issue challenging the practicing

administrator and academic scholars is how to make it work given its inherent flaws and the lack of alternatives.

Scholars from various fields have studied performance appraisal in an effort to overcome previously identified challenges and improve its process so that it can achieve its intended outcome, which is to improve organizational performance (Feldman 1981; Murphy and Cleveland 1991; Daley 1992). In this regard, two separate bodies of research exist that examine performance appraisal: the first is grounded in the classic psychometric tradition and aims to find an effective instrument or technique for performance appraisal, and the second emerges from social psychology and looks at the cognitive behavior of the people who are involved in the appraisal process (Feldman 1981).

In addition, as Daley (1992, 2) noted that the study of performance appraisal is fragmented over a number of separate academic disciplines, including business administration, psychology, and economics, and has thus far failed to provide a clear solution about how to improve performance appraisals. Studies conducted in different sectors have also failed to reach a consensus on how to improve the process. Moreover, given the importance of improving and perfecting the appraisal process in a way that minimizes rating error and maximizes its accuracy, the subject has received more scholarly attention in recent years. In the past, research on performance appraisal in the public administration literature was namely comprised of studies that examined its features and components, including performance standards, a variety of performance appraisal techniques, appraisal frequency, its relevant legislation, etc. (Landy and Farr 1980/1983). However, this psychometric-centered research began to encounter

limitations in perfecting the process and an alternative approach to examining performance appraisal was suggested in which performance is viewed more as a social process that requires an understanding of the people involved. It is because they found that “no matter how psychometrically sound the appraisal system is, it would be ineffective if ratees or raters did not see it as fair, useful, valid, accurate, etc.” (Keeping and Levy 2000).

The results of a recent survey conducted by the People IQ confirmed this notion, finding that among 48,012 employees who participated in the survey, only 13 percent of employees and managers thought that the performance appraisal employed by their organization was useful, whereas about 88 percent of respondents perceived it to negatively impact human resource management. This study concluded that too much emphasis was given to designing better systems and forms and not enough attention was given to other relevant issues, such as whether employee job performance was being fairly evaluated, whether performance feedback was useful for improving the performance of employees, and, more importantly, whether the current performance appraisal practice had earned credibility or buy-in from employees (Murphy 2005, March 16). Put differently, since performance appraisal involves a formal or informal interaction between management as the rater and employees as the ratees, it is also critical to understand the cognitive aspects of people involved in the appraisal process.

Despite its importance, compared to the psychometric approach, the cognitive approach has been less addressed in the existing literature, especially that of public administration (Daley 1992; Levy and Williams 2004). As Bretz et al. (1992) noted, “The predominance of studies examined information processing and psychometric issues, yet

virtually no systematic research exists on how the organizational context affects the rater/ratee relationship” (p. 330).

In this regard, Murphy and Cleveland (1991) made a strong case for addressing the importance of studying the cognitive behavior of the people involved in the process. They also emphasized the importance of studying the organizational context where appraisal occurs in order to accumulate knowledge for improving the process. They suggested that previous performance appraisal studies failed to pay enough attention to the organizational context in which appraisal occurs, and consequently, failed to link appraisal research to advancing its practice. In light of this gap in the literature, the purpose of this research is to build a case for recognizing the importance of employee behavior, especially their acceptance of performance appraisal. Thus, consideration of the psychometric issues related to performance appraisal, despite its importance, is not the scope of the present study.

Performance Appraisal in Theory: Expected Benefits

Performance appraisal has been recognized as an important management tool for measuring employee job performance, clarifying personnel decisions such as promotion, demotion, transfer, or retention, and allocating financial rewards; as well as helping develop employee capacity through feedback or identifying their training needs (McGregor 1972; Decotiis and Petit 1978; Huber 1983; Mohrman et al. 1989; Lacho et al. 1991; Murphy and Cleveland 1991; Shay 1993; Longenecker and Nykodym 1996; Gabris and Ihrke 2001; Roberts and Pavlak 1996; Fletcher 2001; Mani 2002; Daley 1992; Daley et al. 2002; Oh and Lewis 2009).

For example, McGregor (1972, 133–34) suggests that formal performance appraisal exists for three reasons for organization and employees:

1. They provide systematic judgments to support salary increases, promotions, transfers, and sometimes demotions and terminations.
2. They are a means of telling a subordinate how he/she is doing, and suggesting needed changes in his/her behavior, attitudes, skills or job knowledge; they let him/her know “where he/she stands” with the boss.
3. They are also being used as the basis for training, coaching, and counseling of the individual employee by the superior.

Similarly, Mohrman et al. (1989) concluded that performance appraisal serves as an important communication tool between an organization and its employees that aids aligning employee performance goals with organizational goals. They also emphasized that if performance appraisal is properly used, it can contribute to boosting employee motivation and their productivity. In addition, the information obtained from performance appraisal can be used to validate any human resource decisions such as pay raise, promotion, or transfer, etc. They also emphasized that performance appraisal can be used to provide a plan for the capacity development of individual employees.

Lacho et al. (1991) highlighted the usefulness of the performance appraisal management tool in terms of making an organization more efficient by helping justify large personnel expenditures given that the added expense is one of the major costs for the government. Huber (1983) supported this notion by arguing that public administrators need a formal performance appraisal because of the increasing number of people joining the public sector and Equal Employment Opportunity regulations that require fair and reliable measurement and validation procedures. He furthered this notion that compared to the private sector, the public sector has a stricter process regarding the firing, hiring, and promotion of employees, and the availability of contingent rewards is limited given

the lack of available financial resources. In other words, the context of performance appraisal in public sector organizations is different from its counterpart organizations in the private sector. Given resource scarcity, in most cases, salary adjustments in the public sector were made based on seniority rather than employee productivity. As a result, he noted, “Public managers may be mistrustful of performance appraisal techniques”, but nevertheless, “managers consistently contend they are unwilling to abandon performance appraisal because they view them as important assessment tools and managerial aids” (Huber 1983, p. 259). Huber (1983) further suggested that performance appraisal serves three purposes: evaluation, development, and employee protection. What makes his suggestions distinct from the descriptions of the purpose of performance appraisal by other authors is that Huber emphasized the role of performance appraisal as a tool that helps prevent any misunderstanding between employees and supervisors.

Likewise, Gabris and Ihrke (2001) also suggested three uses of performance appraisal: first, it is a tool to provide periodic and formal feedback to individual employees so that they can understand their performance level compared to the goals and expectations of their employing organization; second, it is used to control employee behavior and performance results; and, finally, it is used to set a standard to determine employee compensation.

Roberts and Pavlak (1996) and Mani (2002) noted that effective performance appraisals can help employees improve their performance because they can produce specific performance feedback. They suggested that performance appraisal also helps managers identify their training needs. In addition, they noted that if performance appraisals were operated effectively, they would contribute to increasing employee

motivation and, by consequence, increasing their productivity. In this perspective, performance appraisal is believed to help both management and employees to work toward the same goal, which eventually contributes to improving organizational performance.

Longenecker and Nykodym (1996, p.151) summarized the key benefits of using performance appraisal as:

1. Providing managers with a useful communication tool for employee goal setting and performance planning;
2. Increasing employee motivation and productivity;
3. Facilitating discussions concerning employee growth and development;
4. Providing a solid basis for wage and salary administration; and
5. Providing data for a host of human resource decisions.

Specifically, with regard to motivating employees and dealing with poor performers, Mani (2002) stated that performance appraisals also contribute by highlighting poor employee performance, which can help identify their weaknesses as well as areas for improvement, consequently improving their job performance. Even for employees who are shown to excel in their performance, performance appraisal helps them to continue to advance by giving positive reinforcement. Daley et al. (2002) also explained performance appraisals from the manager's perspective and suggested that it is a useful decision-making tool for public managers to "make appropriate decisions that rationally contributes to the organizations and individual's effectiveness and well-being" (p. 174). As Fletcher (2001, p. 473) noted, performance appraisals can play a role for managing both organizational and employee performance as well as for integrating both of these into the organizations' broader goals. Moreover, effective performance

appraisals motivate employees to strive for performance improvement by linking appraisals to performance-contingent rewards (Perry et al. 1989).

Some researchers pointed out the possible costs when there is no valid performance appraisal process and as Mani (2002, 142) noted:

Organizations lacking performance appraisal systems risk costly litigation when they are unable to support decisions to terminate or lay off employees. In the absence of a valid system for assessing the performance of all employees, managers risk suboptimum promotion decisions—they may promote one employee and increase his or her pay when another employee's performance would be superior and give a higher return on the salary investment.

More recent studies by Oh and Lewis (2009) emphasized that given the results-oriented government reform efforts, performance appraisals became a critical component of the contemporary performance management and it will contribute to improving organizational productivity by providing employees with developmental feedback and motivating them by linking rewards to performance.

In sum, performance appraisal in theory contributes to advancing supervisor-employee understanding, validating promotion and hiring procedures, and reinforcing organizational values by supporting an organization's culture (Murphy and Cleveland 1991; see also Daley 1992, p.1). It is clear from the preceding discussion that, in theory, performance appraisal is a pivotal human resource management tool that can benefit all the involved parties: organization, supervisor (rater) and individual employee (ratee). Given these expected benefits, many government organizations are striving to develop an effective performance appraisal (Murphy and Cleveland 1991; Daley 1992; Roberts and Reed 1996; Roberts 1994, 2003).

Performance Appraisal in Practice

In the 1990s, with continuous reform efforts, much was written about the various features of performance appraisal, its evolving techniques at the federal level, and its effectiveness in light of legal requirements. However, despite the expected benefits theorized in the literature, “the problems and challenges associated with its design, implementation and operation of performance appraisal have been much documented, making both academics and practitioners feel frustrated” (Longenecker and Nykodym 1996, p.151). In other words, the performance appraisal process in the public sector is characterized by lower perceived value, discouragement, and negative perceptions (Hughes 1986; Campbell et al. 1996).

In spite of the considerable agreement that organizations can benefit from using performance appraisal, some studies found that neither supervisors nor employees are in support of using it (Nigro 1981; Deming 1986; Berman et al. 2006; Kim and Rubianty 2011), and its effective implementation remains one of the management’s most challenging tasks (Nigro 1981; Deming 1986; Wright 2004; Berman et al. 2006; Kim and Rubianty 2011). In addition, evidence has accumulated showing decreasing confidence in the efficacy, integrity, and fairness of public performance appraisal (Gaertner and Gaertner 1985; Pearce and Perry 1983; Kellough and Nigro 2002). An early study by Morrissey (1983) criticized the practice of performance appraisal in governmental organizations arguing that most managers “didn’t put more effort into the process than was absolutely necessary to meet the paperwork requirements of the job” (p. 13). Longenecker and Nykodym (1996) even noted, “No one would argue that performance appraisal is a panacea in terms of its ability to serve an organization in a variety of

different roles. Yet, it appears that the benefits and merits of the appraisal process can be frequently overstated” (p. 156).

McGregor (1972) explained why performance appraisal could be unsuccessful by looking at the negative views held by managers or supervisors who play a role in the process as raters. He suggested that even though performance appraisal is a valuable tool for meeting organizational needs, there is one thing that needs to be addressed seriously. He noted that, “managers are uncomfortable when they are put in the position of ‘playing God” (p. 134). He called attention to the challenges in performance appraisals that can be brought about by resistance or negative reaction from the rater, in most cases, the supervisors. He explained that performance appraisal processes tend to run into considerable resistance or negative reactions from supervisors, which is one of the big challenges that, if not addressed properly, may hinder the promise of the appraisal. He argued that resistance from individuals who play a role in the process as raters could be attributed to three causes. First, the rater may feel uncomfortable criticizing his or her subordinate’s work; second, the rater may distrust the validity of the performance appraisal process itself; and, third, the rater may not have enough capacity to conduct a performance appraisal interview with his or her subordinates. More than anything else, he argued that the negative connotation embedded in the concept of conventional performance appraisal would be one of the major causes that lead to the resistance from both rater and ratee. Viewed in this light, he suggested that “there should be a shift in emphasis from appraisal to analysis” (McGregor 1972, p.136).

In other words, McGregor (1972) proposed that using the conventional approach to performance appraisal, in which subordinates are subjected to a superior’s own

assessment and their weakness or wrongdoings are highlighted and discussed, would not work as intended and would only bring out more cynical views. He proposed instead that performance appraisals would be more effective in meeting their purpose and bringing out the positive views of employees if subordinates were given opportunities to examine themselves so that their weaknesses as well as their strengths and potential could be discussed. He also underscored the proper role of the rater, stating that he or she should play a role as one who “listens using his knowledge of the organization as a basis for advising, guiding, encouraging his or her subordinates to develop their own potentialities” (McGregor 1972, 136). Under these circumstances, no ratee-rater relationship exists; rather, collaborative partnership between superior and subordinates exists and will result in developing constructive action that benefits both parties in achieving performance goals and moving forward.

Comprehensive research on performance appraisals in the public sector has been conducted on a range of related topics. Most of these studies confirmed the existence of accepted performance appraisal practices but were not welcomed by employees. Previous literature can be categorized into three groups: one that looks at the performance appraisal practice in general at the federal level; a second group that looks at the merit pay component at the federal level; and a third group that looks at the performance appraisal practice at the local level.

Since adopting and implementing a formal performance appraisal is legally mandated at the federal level, more observation and studies have been conducted. For example, Daley (1990) examined the federal practice of performance appraisal using the survey data from both 1979 Federal Employee Attitudes Survey and the 1986 Merit

Principles Survey. In his analysis, though it was mostly positive, some results were not satisfactory. He did not find strong evidence that federal employees actually engaged in the process of developing performance objectives and standards. In addition, he found few employees who believed that they received adequate feedback from their supervisor. It was also found that in both surveys, about 30 percent of employees indicated that their supervisor showed leniency when giving performance ratings because they observed that without regard to their level of performance, they tend to get the same or higher than expected ratings. Ironically, regarding the fairness of the performance standards used to assess their job performance, the majority of the respondents appeared to believe that the standards had been fair and objective. It seems that the negative perception of employees of performance appraisal is attributed to the role of their supervisor and their level of trust in their supervisor, rather than the instrument or technique used to assess their job performance.

Steinberg and Burke (1986, 12–13) compiled the personal observation made in previous literature in the 1980s (Latham and Wixley 1981; Edwards 1983; Thayer 1981). With regard to these observations, McCall and DeVries (1976) noted “performance appraisals are often viewed with the same enthusiasm as income tax forms” (p. 1). In the report prepared by the Conference Board (1979), “it seems as if formal performance appraisal is not so much an accepted part of the management scene as it is a tolerated one, something of a necessary evil” (p. 1). This criticism goes further when Edwards (1983) stated “the inaccuracy of the performance measurement system has led some authors to conclude...performance appraisals are a waste of effort” (p. 13). More severe criticism

was made by Thayer (1981) who described the performance appraisal as a policy disaster and he emphasized that “performance appraisals do not and cannot possibly work” (p. 21).

Furthermore, as Ingraham and Moynihan (2001) pointed out, when defining and discussing public performance management, more emphasis was given to public organizational perspectives rather than individual employee perspectives even though there is a potential to incorporate both at the federal level. They also noted the weak link between individual employee job performance and organizational performance improvement, stating that “employee performance was a technical problem, best left to supervisors working within the organization to develop and appraise” (p. 108).

Pearce and Perry (1983) focused on the merit pay practice at the federal level, and conducted the first longitudinal study using the surveys administered at four points: June 1980, December 1980, June 1981, and December 1981. They examined whether performance appraisal, especially its merit pay component, worked as intended to motivate employees. The results were different from the established research. The findings from a diverse sample of federal managers showed that they were not motivated under merit pay. Most of them indicated that they did not think their performance efforts led to good performance ratings. Some respondents even experienced the gaming behavior of supervisors who manipulated the performance statistics. The overall results showed that performance appraisal, especially its merit pay component, was not well accepted by public employees.

Condrey and Brundney (1992) also examined the merit pay practice at the federal level. This study was the first to examine an agency’s own specific factor and its effect on employee attitudes toward the federal Performance Management and Recognition

System (PMRS) and its resulting behavior changes. They surveyed federal employees in the Army Corps of Engineers, Environmental Protection Agency, Social Security Administration, and Veterans Administration. These agencies have different missions, different levels of autonomy, and different geographic dispersions of managers. They examined the system design in terms of the confidence of employees in establishing pay-for-performance linkage in their employing agency, adequacy of agency performance appraisal, and adequacy of agency reward structure. As for outcome perception factors, they looked at employee attitude toward PMRS and their resulting behavior changes. Their findings confirmed that each agency is different in terms of employee level of trust in the PMRS, its design, implementation factors, and outcome perceptions. They suggested that reward perception was the most critical factor that can increase the positive assessment by employees of the PMRS. In addition, they found that the adequacy of performance appraisal systems plays an important role in shaping positive attitudes of the appraisal, which affected their job performance.

Moreover, the recent online survey of Kunreuther (FedSmith.com in Oct, 2009) confirmed the prevalent negative attitudes toward performance appraisals among federal employees. The majority of the respondents to the survey held non-supervisory positions. About 63 percent of the respondents indicated that they did not receive adequate feedback regarding their job performance and more than 60 percent of the respondents believed that there was a quota system for performance ratings. Some employees expressed concerns that their performance had not been fairly rated, while some supervisory-level employees perceived performance feedback conflicted with their other duties, and was therefore, a distasteful chore. More strikingly, some supervisors

expressed their concern that since poor performance appraisal results may lead to negative consequences such as multiple appeals, grievances, and third-party hearings that took a significant amount of time to reach a resolution, they preferred to give a lenient rating to employees. While continuous reforms related to performance appraisal processes have been made at the federal level, its practice has been widely documented and extensively researched even though its expected benefits have not been supported by previous studies. Clearly, there is more to the story that needs to be examined or uncovered in order to contribute to advancing our understanding of performance appraisals and its practices.

As for the practices on the local government level, performance appraisals were not used as extensively as they were at the federal level. Rather, at the local level, the use of performance appraisal was found to be rather sporadic. In addition, the performance appraisal practice at the local level has not yet been thoroughly tested empirically, and there have been a handful of general studies, mostly case studies. It should be noted, however, that an increasing number of studies reported that state and local governments have implemented a formal performance appraisal and used its results for human resource decisions (Ammons and Rodriguez 1986; Roberts 1995; Daley 1991, 1993; Longenecker and Nykodym 1996; ICMA 2001). For example, Ammons and Rodriguez (1986) conducted a mail survey of chief administrators in 170 selected city governments who have populations of more than 65,000. They found about 59 percent of the responding municipalities have a formal, documented performance appraisal process. Providing performance feedback was reported as the primary objective and the second objective was to allocate rewards. With regards to the techniques used, about 35 percent of

responding municipalities were using Management by Objective (MBO), which allows managers, assistants, and department heads to jointly set performance objectives and to measure employees' job performance based on the level of achievement of objectives.

Roberts (1995) also examined the performance appraisal practices of municipal governments and found 25 percent of municipal governments do not have a formal performance appraisal process. This finding was confirmed by Daley (1991), who found that about 16 percent of municipal governments in North Carolina did not have a formal performance appraisal process. Daley (1993) further examined the extent to which performance appraisal was being used in municipal governments using the survey of personal practices administered by the International City Management Association in 1984. Findings show that only 28 percent of the respondents indicated that the appraisal instrument was job related. Moreover, even though in theory performance appraisal interviews afford employees an opportunity to find where they stand and improve their performance, the extensive use of performance appraisal interviews was not found. A study by Kellough and Selden (1994) also showed that the merit pay system was being used in some state and local governments despite its inherent difficulties.

In 2000, the International City/County Management Association (ICMA) conducted a similar survey of 2,885 municipalities with populations of 10,000 or greater to examine the human resource management practices in local government. About 81 percent of municipalities reported a formal performance appraisal. In this survey, it was found that about 56 percent of cities used written performance standards consistent with the job duties and responsibilities of employees. Interestingly, the majority of municipalities allowed supervisors and employees to jointly set performance standards.

Regarding the bonuses and cash awards, about 20 percent of municipalities reported its practice, but they concluded that it was not a common occurrence. More cases of non-monetary group incentive plans were reported including issuing certificates of appreciation and employee awards by 87.7 percent.

According to the ICMA survey results (2001) from a case study of 18 municipalities in New Jersey, about 35 percent reported use of a formal performance appraisal and 50 percent reported that they engaged both supervisors and employees in the process of setting performance standards. Table 2.1 (below) presents the findings of this study.

Table 1 Performance Appraisal Practice in New Jersey

New Jersey	Pop.	Appraisal system Formally evaluated	Employees Included in Developing Perform. Standards
Englewood	24,850	Y	N
Franklin	16,000	Y	Y
Freehold	24,710	Y	N
Hamilton	86,533	Y	N
Hawthorne	17,084	N	N
Manville	10,567	Y	Y
Maplewood	21,652	N	N
Medford	20,526	N	Y
Milburn	18,630	N	Y
Montclair	37,729	Y	Y
Montville	15,600	N	N
Old Bridge	56,475	N	Y
Plainsboro	14,213	N	Y

Pleasantville	16,027	N	Y
South Brunswick	25,792	N/A	N/A
Sparta	15,157	N/A	Y
Wall	20,244	Y	Y
Willingboro	36,291	N/A	N

Source: ICMA (2001)

Moreover, Longenecker and Nykodym (1996) empirically examined whether the functions of performance appraisals are well served as intended by the formal appraisal process of municipal governments. They surveyed 357 public employees of a large organization located in the Midwest. They looked at both managers and subordinates. When they asked whether the formal performance appraisal process makes employees understand their current status in terms of their performance, 70 percent of the subordinate respondents agreed that the performance appraisal served this function. In addition, when asked whether performance appraisals helped clarify employees' performance goals and objectives, about 80 percent of the respondents from supervisor and subordinate groups agreed.

However, when they asked whether the performance appraisal process helped improve the relationship between managers and employees, the difference between supervisor and subordinate groups was significant. While more than 60 percent of manager respondents believed this process helped their relationship with employees, only about 50 percent of subordinate respondents viewed it as helpful. The difference in perceptions became much greater when asked whether performance appraisals improved employee motivation and helped link employee performance to merit pay. As they pointed out, this finding is noteworthy because from the perspective of subordinates,

performance appraisals were not perceived as a tool to motivate them to perform better nor as a tool to fairly determine their merit pay. In order to improve the current practice of performance appraisals, a majority of subordinate respondents felt there should be more career opportunities and rewards that link to the results of performance appraisals. Furthermore, the majority of subordinate respondents indicated that managers should take more time to conduct appraisals so that they provide useful, ongoing performance feedback and that managers also need to have sufficient knowledge of the appraisal process as well as, the subordinates' actual performance (Longenecker and Nykodym 1996, 159).

Roberts and Pavlak (1996) in their survey of public employees of municipal governments found that about 60 percent of municipal governments employed a formal performance appraisal process. They were interested in learning about the factors that lead to an effective performance appraisal. Their findings indicated that a variety of factors need to be addressed to implement an effective performance appraisal including, rater-ratee joint performance goal development, regular performance counseling sessions, frequent performance feedback, communication of performance standards, performance appraisal training for raters, and confidentiality of performance appraisal information.

Mani (2002) examined the performance appraisal process at East Carolina University (ECU) and concluded that most of the employee dissatisfaction with the process came from their perceptions about their supervisor's credibility. Through empirical analysis, his study showed that when employees are satisfied with their supervisor in terms of their ability to evaluate employee performance, there is a higher probability that employees will be satisfied with the process. When asked whether

employees are satisfied with the process, about 30 percent of the respondents indicated their satisfaction, while about 26 percent expressed their dissatisfaction.

Slightly positive findings were also reported in some studies including one done by Roberts (1995) who examined city governments for which the population was greater than 10,000. In his survey, negative opinions of pay-for-performance were reported by 58 percent of the respondents. No link was found between their performance and merit pay. On the other hand, with regard to performance appraisals in general, it appeared that the majority of respondents perceived it as a useful human resource management tool. For example, when asked whether “performance appraisal is a useful tool for weeding out poor performers,” about 45 percent of the respondents agreed and another 10 percent of the respondents strongly agreed with this statement. In addition, when asked whether performance appraisals helped to motivate employees, more than 50 percent of employees agreed. More interestingly, when specifically asked whether their performance appraisal system worked the way it was designed to work, about 50 percent of the respondents believed this was true. Overall, the majority of employees surveyed in this study showed relatively higher levels of satisfaction with the performance appraisal process. Mulvaney et al. (2012) examined the pay-for-performance system implemented at the Elmhurst Park District in the state of Illinois by focusing specifically on employees’ satisfaction with the appraisal interviews and their perceived integrity in the process. The study compared employee attitude toward the previous appraisal process and the newly developed one. The previous appraisal process used a generic, agency-wide instrument that evaluated employees based on several non-job specific traits. Their empirical findings proved that when employees were given opportunities to voice their concerns in

the appraisal process, and when the supervisor's feedback is more job-specific to help employees find their deficient areas to improve upon, their satisfaction with the process and its integrity increased.

Overall, even accounting for a wider variation in terms of the techniques, rules, policies, and objectives, it is apparent that performance appraisal is widely used as an important human resource management tool at both federal and municipal level and its use will continue to increase. When it comes to its usefulness in practice at both levels, however, the results were not in accordance with the research. Dissatisfaction by public employees with regards to performance appraisals and pay-for-performance has been amply documented in previous studies. In this regard, some studies suggest that the ineffectiveness of performance appraisals in the public sector is attributed to its unique context that is highly shaped and affected by the strong civil service protection, employee unions, documentation requirements, and leadership turnover, to name a few (Morrisey 1983).

Despite such problems, performance appraisal remains as one of the more important public human resource management tools (Golembiewski 1995; Daley 1992) for rewarding employees' outcomes and motivating them to perform better. How can we make it work, given its practical flaws and difficulties?

This study addresses this question by looking at employee acceptance of the performance appraisal process. The following section will review literature that illustrates why employee acceptance of performance appraisal matters and will suggest a measurement of employee acceptance of performance appraisals based on the relevant theories.

CHAPTER 3 EMPLOYEES' ACCEPTANCE OF PERFORMANCE APPRAISAL

Concept and Importance of Employees' Acceptance of Performance Appraisal

Performance appraisal remains one of the most controversial human resource management tools (Roberts 1998, p.301). As discussed in the previous chapter, a number of compelling arguments have been made that challenge the validity, usefulness, and fairness of performance appraisal, and its negative effect on organizations and employees have been extensively documented. When examining the reaction of public employees to performance appraisals, opinions vary, but in most cases, employees perceive it as a punitive tool to intimidate and dominate employees. One of the interviewees in Robert's (1998) study observed, "In our organization everyone hates the entire appraisal process. The employee that gets a good performance appraisal thinks that the system is wonderful; the employee that gets a bad one thinks that the system is unfair" (p. 301).

Some researchers attributed the failure of performance appraisal to meet its intended aims to its psychometric characteristics (Decotiis and Petit 1978). By and large, their studies have focused on the conditions that affect the validity or reliability of performance appraisal such as, rating formats, rating criteria, rater motivation, etc. The studies suggested that these negative reactions are associated with the lack of a fair and objective appraisal instrument, the issue of measurement (e.g., rating error, rating leniency), and appraisal frequency (Decotiis and Petit 1978; Korsgaard and Roberson 1995; Murphy and Cleveland 1991, 1995). Those studies, however, have yet to provide satisfactory solutions to the resistance to performance appraisals on the part of raters and

ratees. In this regard, some researchers criticized the psychometric tradition arguing that when too much focus is given to a rating or standard, the whole process of performance appraisal may provide a false impression to employees that quantity is given more weight than the quality of their work (Fox and Shirkey 1991). Given that each organization deals differently with tasks, culture, and workforce, it was expected that the practice of using performance appraisals would vary. In one setting, trait-based rating formats may be more workable, while in other settings, behaviorally-based formats may be more preferable. Furthermore, despite the progress in the psychometric research, there have been considerable disagreements over the efficacy and usefulness of performance appraisals, and the limitations of psychometric research in advancing our understanding of the appraisal process have been widely acknowledged as well (Decotiis and Petit 1978; Fox and Shirkey 1991; Korsgaard and Roberson 1995; Murphy and Cleveland 1991, 1995).

Studies rooted in behavioral science, psychology, and personnel motivation have examined the importance of cognitive aspects in the performance appraisal process as an alternative approach. No matter how accurate and precise the performance instrument or rating is, if the individual assessing the performance of another does not use their results properly, or if an individual subjected to the assessment does not accept the results or the process, it becomes a meaningless effort. In other words, without the buy-in from either rater or ratee, the effectiveness of performance appraisal is limited.

Accordingly, a number of studies have begun to view the attitudes and perceptions of organizational members as critical factors to assessing the effectiveness of the performance appraisal process (Feldman 1981; Ilgen and Feldman; 1983; Daley 1992;

Kikoski 1998; Levy and Williams 2004). This points to an important limitation of the research: the importance of the cognitive aspects of performance appraisal has been underestimated, while the system's design has been overemphasized (Murphy and Cleveland 1995; Cawley et al. 1998). Kikoski (1998) noted that, "it seems that the delivery of the performance appraisal still tends to be resisted" (p. 302). As Daley (1992) underscored, no matter how well a performance system is designed, it will become useless if there is a lack of employee acceptance of the performance appraisal system, or if they do not see it as useful or valid. Levy and Williams (2004) further explain, "Good psychometrics cannot make up for negative perceptions on the part of those involved in the system" (p. 890).

To this regard, a growing number of studies have started to examine employees' reactions to performance appraisal as one effort to address its cognitive aspects (Gabris and Ihrke 2000; Roberts 2003), but studies that empirically examine this issue and consider its context are limited and therefore the subject requires deeper exploration (Levy and Williams 2004). Without understanding the reactions of individual employees to performance appraisals, and the supportive organizational context, performance appraisal is less likely to be used as a tool to achieve its intended objective of performance improvement. Moreover, negative perceptions of performance management have been found to cause resistance to the appraisal process, which further leads to job-related stress, burnout, and even underperformance (Gabris and Ihrke 2000). Performance appraisal can either positively or negatively affect organizational members who are involved in the process, and these outcomes influence the willingness of participants to become further involved with the system (Carroll and Schneier 1982, p. 224). The

gauging of outcomes depends on the extent to which performance appraisal serves the purposes and needs of participants.

As noted above, previous studies have called more attention to appraisal format, focusing on psychometric and accuracy issues related to performance appraisal, while less attention has been paid to the attitudes of employees toward the performance appraisal tool and process and its supporting organizational contexts (Roberts 1994; Murphy and Cleveland 1995; Levy and Williams 2004). However, re-designing and improving the process alone is not sufficient for it to be effective considering the lack of understanding on the part of researchers and practitioners with regard to employees' attitudes toward appraisal and the context in which such appraisal takes place (Murphy and Cleveland 1995). Since performance appraisal involves interactions between a supervisor as a rater and employee as a ratee, which inherently implies the significance of the fairness and validity of employing rating instruments and the process through which they are employed, it is important to understand the cognitive behavior of employees who are involved in the appraisal process.

Kossek (1989) described employees' acceptance of a human resources (HR) innovation as a necessary but insufficient condition for its successful implementation (p. 268). He defined acceptance as the extent to which an employee possessed a favorable attitude toward HR innovation and emphasized that employees' acceptance – or their positive reactions to the process – may precede changes in their behavior and improvement in their job performance. Lawler (1967) built upon these ideas by suggesting that “attitudes toward the equity and acceptability of a rating system are functions not only of the system itself but also of organizational and individual

characteristics” (p. 379). He further stated that when negative attitudes toward the appraisal process exist, its validity will be compromised. Longenecker and Nykodym (1996) also noted that a technically sound appraisal system and procedure alone are not sufficient to make the performance appraisal effective and emphasized that “both managers and subordinates must have a shared perception of the purposes and functions of the process and the belief that the appraisal process is useful to them on an individual basis” (p. 152). They argue that for this to happen, performance appraisal must serve the needs of the people who are involved in the process, and, with regard to valid job assessment, the supervisor must have the necessary capacity to perform the appraisal.

In their article entitled “Behind the Mask: The Politics of Employee Appraisal,” Longenecker, Sims, and Gioia (1987) offer an interesting observation. They argued that achieving accuracy in performance appraisal is an unobtainable goal. In their view, performance appraisal is not an objective but rather an “emotional process” (p. 183). They further explained that since performance appraisal takes place in an organization where key parties engage in political calculation to protect their own self-interests, the appraisal is even less reliable. This finding was supported by a statement by one of the participants in their empirical study of the politics of the appraisal, who stated, “Accurately describing an employee’s performance is really not as important to generating ratings that keep things cooking” (p. 185). To put it more concretely, once a performance appraisal rating is documented, it will have a huge effect on a subordinate’s whole career, their compensation, and their advancement, so it cannot help but be an emotional, politics-imbedded process.

However, Longenecker, Sims, and Gioia (1987) also suggest that if there is a supervisor who is trained to conduct a good performance review and tries to provide useful performance feedback and guidance, then people will believe that performance appraisal is “a management tool that actually works” and the gaming of managers will be reduced (p. 186). They concluded that when the supervisor takes the practice of appraising employees’ performance seriously, employees will learn this attitude from their supervisor. Accordingly, political manipulation may also be both discouraged and reduced. In addition, they suggest that when performance appraisal is used to motivate and reward employees, rather than for judgmental or manipulative purposes, the performance appraisal will be more accepted. Longenecker and Nykodym (1996) supported this argument, and they emphasized the role of supervisors in increasing employees’ acceptance of the performance appraisal process. They stated that when supervisors make efforts to provide a good appraisal, employees’ value and understanding of the process will be heightened.

A handful of studies have begun to join this dialogue emphasizing that organizational members’ acceptance of performance measurement efforts (supervisors and subordinates) is critical to the overall success of performance management. This is based on the assumption that their attitudes affect their behaviors (Dobbins et al. 1990; Roberts 1994; Roberts and Pavlak 1996; Cawley et al. 1998; Kim and Rubianty 2011). In other words, even though we may be able to design a technically sound and accurate performance appraisal system, without employees’ acceptance of performance appraisal, its quality and its overall success can be compromised (Cardy and Dobbins 1994; Murphy and Cleveland 1995; Hedge and Borman 1995; Keeping and Levy 2000).

Others suggest that the reasons for managers' or employees' resistance to a performance appraisal should be identified and reduced in order to maximize the effectiveness of performance appraisal (Lovrich 1987; Carroll and Schneier 1982). Murphy and Cleveland (1995) make a strong statement to this regard: "An employee's reaction to performance measurement is one of the neglected criteria that might be critical in evaluating the success of an appraisal system" (p. 310). Roberts (1994) explains possible consequences of unaccepted performance measurement efforts:

If employees are hostile and reject the system, the raters may be unwilling or unable to effectively implement performance appraisal due to the costs attached to employee resistance. Raters that lack motivation to effectively implement the process will meet only the minimum requirements, and with performance appraisal, the minimum is rarely sufficient. (p. 526)

He points out that this lack of motivation may bring rating errors, ambiguity in performance feedback, and an inability to use the performance appraisal information.

Roberts and Pavlak's (1996) study provided supporting evidence for the salience of employee acceptance of the appraisal process. Based on a survey of personnel managers in 314 municipalities, about 89 percent of respondents recognized the importance of employees' acceptance of performance appraisal for its success. The findings of their study suggest that agreement on interpreting performance information pertaining to supervisors and employees, support of employees' growth, the employee-supervisor relationship, and the supervisor's commitment are preconditions for acceptance. Cardy and Dobbins (1994) also suggested that when employees perceive a performance appraisal process as unfair, unsatisfying, and/or inequitable, it may fail to achieve its outcomes. They even noted that "with dissatisfaction and feelings of

unfairness in the process and inequity in evaluations, any appraisal system will be doomed to failure” (p. 54).

In sum, there is a general consensus among performance appraisal researchers and practitioners that employees’ acceptance of a performance appraisal system is important (Lawler 1967; Murphy and Cleveland 1991; Cardy and Dobbins 1994). Given the importance of employees’ attitudes toward acceptability, some scholars have paid attention to the variables that are predictive of employees’ acceptability of performance appraisal. Before discussing factors that are predictive of employees’ acceptance of performance appraisal, the following section first discusses how employees’ acceptability of the performance appraisal is defined and how this can be empirically examined.

Measuring Employees’ Acceptability of the Performance Appraisal

Previous cognitive studies on performance appraisal have been useful for developing a method for measuring employees’ acceptance of the performance appraisal process. When applied to the performance appraisal context, employees’ acceptance of the process means that they agree to undertake appraisal because they perceive or believe the process to be fair, valid, and beneficial. Attempts to understand employees’ acceptance of the appraisal process has been extensively made in the fields of applied and social psychology (Greenberg 1986a, 1986b; Kossek 1989; Carroll and Schneier 1982; Murphy and Cleveland 1995; Keeping and Levy 2000; Levy and Williams 2004). Despite the usefulness and importance of valid and reliable constructs for measuring employees’ acceptance of performance appraisal process for both the improvement of the performance appraisal process in practice and the expansion of the theoretical work on

the subject in the public administration literature, few empirical studies have been conducted on the subject. The constructs and theoretical frameworks provided by previous works reviewed in the following shed light on this emerging topic.

One of the purposes of the present study is to advance the knowledge of employees' acceptance of the appraisal process by creating a valid and reliable measurement scale and promoting its related research. Cronbach and Meehl (1955) suggest that when investigating the construct validity of a measurement, it is important to assess whether it is clearly conceptualized using a set of theoretical concepts. In other words, it is necessary to see whether there is a correspondence between the conceptual and operational definitions. Furthermore, it is also important to examine whether each item measures the same underlying concept, which is referred to as the uni-dimensionality of the component construct (Anderson and Gerbing 1991; de Vaus 1991). In order to articulate the basic construct, this section reviews the relevant literature to see how previous studies conceptualized employees' acceptance of performance appraisal and how they are operationalized.

Kossek's (1989) suggested factors that need to be considered when implementing a new program, such as a new HR process, and empirically constructed an index to measure employees' acceptance of such programs. He suggested the following questions need to be addressed when discussing employees' acceptability of the HR innovation:

1. The extent to which an individual was familiar with a program;
2. The extent to which the program was important to an individual;
3. The extent to which an individual felt that the program was well run;
4. The extent to which an individual liked the way the program was designed;
5. The extent to which an individual wanted to see the program continued; and

6. The extent to which an individual believed the program had been effectively communicated.

Even though he did not specify which of the dimensions each question is prepared to capture, it seems that when examining employees' acceptance of a new process, factors such as their knowledge of the new process, their perception of the effectiveness of the process, the expected personal gains from the process, and their overall satisfaction with the process need to be considered.

Caroll and Schneier (1982) articulated the variables that may comprise acceptance of performance measurement efforts for both managers and subordinates. The key finding of Caroll and Schneier's study is that the acceptability of the performance appraisal is shaped by different factors depending on the role of the person playing in the appraisal process (p. 222). They highlight the differences in perceptions held by supervisors or employees about performance appraisal. They suggest the following factors are associated with managerial acceptance of performance measurement system:

1. Degree of understanding of system rationale and purposes;
2. Perceived ability to use system effectively;
3. Perceived personal positive and negative outcomes in use of system;
4. Perceived relevance and legitimacy of procedures;
5. Trust in the organization;
6. Perceived reactions to the system by their subordinates; and
7. Degree to which system requirements are congruent with personal values.

In the case of supervisors, their views on performance appraisal are largely shaped by their perception of the usefulness and validity of the appraisal as well as their perceived capacity to perform the appraisal and their overall trust toward the organization.

With regard to subordinate's acceptance, Carroll and Schneider (1982, p.222)

propose the following factors:

1. Perceived accuracy of measurement of performance;
2. Perceived fairness of the system administration;
3. Boundaries of psychological contract; and
4. Degree of system congruence with personal goals and values.

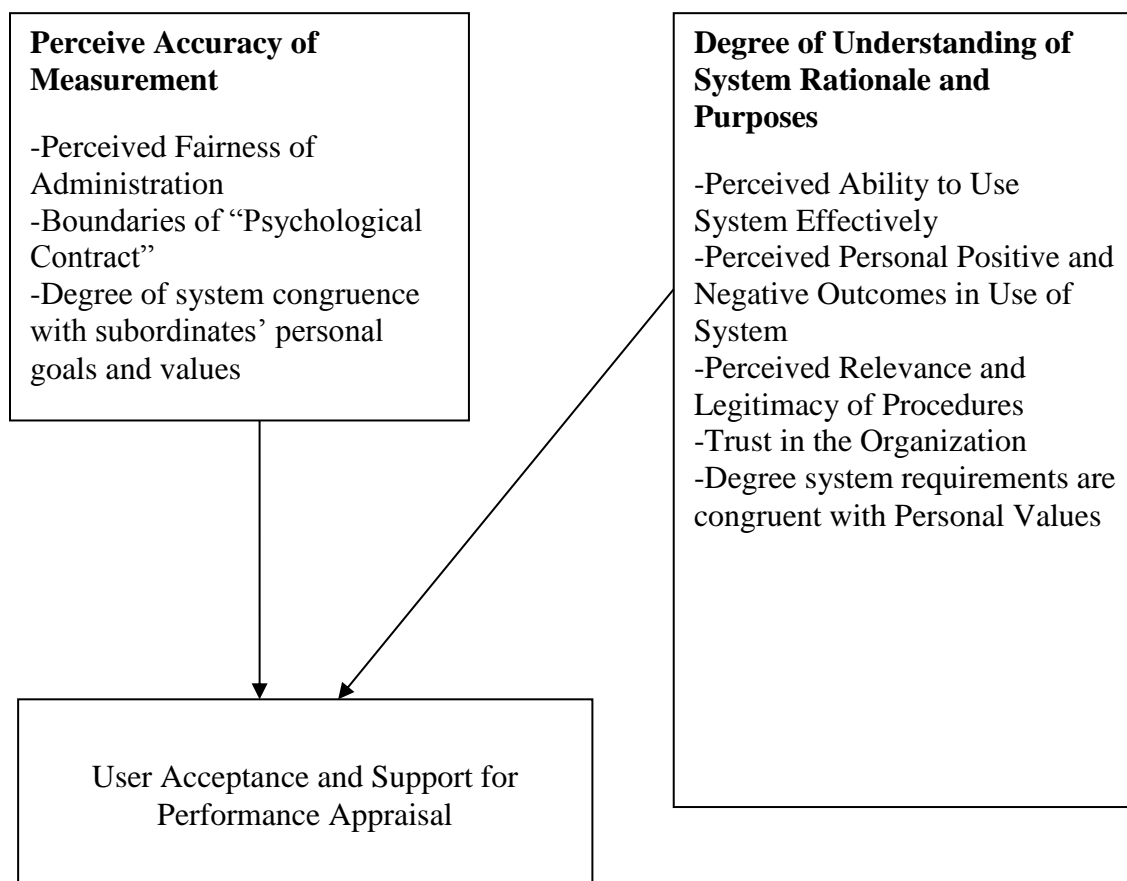
As for subordinates, their views appear to be largely shaped by their perception of procedural fairness, accuracy, and goal congruence. In other words, from the employees' perspective, what accounts for their level of acceptance of the appraisal process is their belief that their performance is assessed in a fair, valid, and accurate manner. If performance appraisal serves to meet the personal goals or values of employees, it contributes to heightening their acceptance of the process. Carroll and Schneider emphasized the acceptance of performance measurement system by managers and subordinates as an important factor for organizational success because their acceptance will decide their willingness to use this system and their time and energy devoted (See Figure 1).¹

Greenberg (1986a, 1986b) also proposed that employees' acceptance of performance appraisal can be determined by the extent to which employees perceive their performance was fairly assessed and linked to rewards by using the concepts of procedural and distributive justice. Procedural justice refers to whether the performance appraisal process is perceived as procedurally fair and valid, while distributive justice

¹ Adams' (1963) equity theory provides further insight for this argument. The theory posits that when individuals assess their own work context, they look at the ratio of their perceived work outcomes, such as rewards, to their own perceived performance, or their input to the organization. When this calculation produces an equal ratio, a higher level of job commitment and satisfaction is expected.

refers to whether the amount of reward for good performance is equitable (Greenberg 1986a, 1986b; Gabris and Ihrke 2000).

Figure 1 Carroll's & Schneier's (1982) Model of User Acceptance and Support for Performance Appraisal



Greenberg (1986a) is among the first researchers to provide specific constructs that explain managers’ perceived fairness of the performance appraisal process and expand the conceptualization of procedural justice. He surveyed 217 middle managers employed in industrial groups. Using Q-sort procedure, he identified seven distinct determinants of their perceived fairness of the process divided into two overarching categories: procedural justice and distributional justice through factor analysis. Under the

category of procedural factors, he listed five dimensions: soliciting input, two-way communication during interview, ability to challenge or rebut evaluation, rater's familiarity with ratee's work, and consistent application of standards. As for distributive factors, he listed two items: receipt of rating based on performance achieved and recommendation for salary or promotion based on rating.

Results suggest that procedural justice and distributional justice are equally important in shaping employees' reactions, specifically employees' acceptance of the process. As indicated from the factor analysis results, those two constructs must be differentiated (Alexander and Ruderman 1987). In other words, employees' beliefs about fair performance evaluations may be dependent on the procedures through which their performance is assessed. However, this belief is not greatly affected by the performance results or rewards they received.

Greenberg (1986a) also considered the perceived accuracy of ratings to assess whether employees' perceived fairness of performance ratings was proportionate to the work they performed. However, he cautions the generalization and reliability of these constructs given the small sample size ($n=75$) he used to measure them. Nevertheless, this study stimulated and redirected performance appraisal research from the psychometric approach that aims to develop more accurate ratings and instruments to the cognitive approach that aims to understand organizational members involved in the appraisal process, especially their acceptance of the process. Broadly speaking, the findings confirm the basic premise of justice theories in that "fair treatment is central to people and determinants of their reactions" (Korsgaard et al. 1995: 63). Moreover, Greenberg's study provides evidence that procedural and distributional aspects of fairness

must be differentiated in order to better understand organizational behavior in the workplace.

Using the survey of 2,800 federal government employees at six federal installations, Alexander and Ruderman (1987) examined how procedural and distributive fairness in the performance appraisal process are related to employees' job behavior. In order to operationalize employees' perception of procedural fairness, they included three measures: (1) employees' participation in developing performance standards, work rules, organizational policies, etc.; (2) performance appraisal fairness (whether they believe performance appraisals are done fairly and performance ratings are valid); and (3) Appraisal procedure fairness. To measure distributional fairness, they included items asking employees their views on pay fairness and promotion-performance contingency (p. 183-184). Their study confirmed that a stronger relationship exists between procedural fairness and employees' behavioral outcome. This finding is consistent with that of Greenberg's (1986a, 1986b) study: when employees perceive the performance appraisal to be fair and valid, they believe performance evaluations are accurate and reliable.

Hedge and Teachout (1995, p.5) suggested that the broader construct of performance appraisal acceptability should include items asking whether employees believe performance appraisal:

- facilitates identification of performance differences between employees,
- facilitates capturing the true picture of job performance,
- considers overall acceptability of the form,
- takes into account ease of form use and understanding,
- facilitates confidence in ratings, and
- Facilitates fair evaluation of performers.

They conducted a factor analysis and found that the six items loaded similarly and strongly on one acceptability construct: the performance appraisal (1) allows a truer picture of performers; (2) shows differences between performers; (3) is acceptable to users; (4) evaluates job proficiency fairly; (5) is easy to use and understand; and (6) instills confidence in ratings (p. 11). Hedge and Teachout confirm that employees' perceptions of fairness, rating accuracy, performance distinction, and confidence are important dimensions that explain employees' perceive fairness of the process. However, as their study examined employees' acceptability of the rating form and not employees' acceptability of the process in general, they failed to consider the distributive fairness dimension that also accounted for employees' acceptability of the appraisal process. In spite of this, this study contributed to directing academic attention to the importance of understanding employees' acceptance of the performance appraisal process because, as Hedge and Teachout noted, "acceptance of a personnel procedure is crucial to its effective use" (p.3).

Taking Hedge and Teachout's (1995) findings into account, Murphy and Cleveland (1995) forwarded a definition of performance appraisal acceptability. According to them, organizational members' acceptance of performance appraisal is a function of its processes and outcomes. Here, the process interpreted in performance appraisal refers to the extent to which employees perceive that the performance rating reflects their true performance or contribution to their organization as well as the extent to which employees perceive their supervisors can make an informed decision based on the information derived from the performance appraisals. In other words, it is all about

whether employees believe the appraisal process is valid or fair (Landy and Farr. 1980; Greenberg 1986a, 1986b; Alexander and Ruderman 1986).

The outcomes of performance appraisal from the employees' perspective are fair recognition or reward for their good performance from the organization and motivation to improve their performance (Mayer and Davis 1999; Roberson and Stewart 2010). It is not necessarily asking whether the merit pay system exists or not. It is more about whether employees' good performance is recognized by the agency or by the supervisors. This is further underscored by Murphy and Cleveland (1995, p. 311):

In order to convince raters and ratees that the appraisal system is a reasonable one, the system must refer to relevant and important dimensions of work behavior and raters must be in a position to provide well-informed judgments about the aspects of performance measured. If appraisal systems deal with irrelevant aspects of performance or requires raters to make judgments they plainly are not qualified to make, or if appraisal is treated as an unimportant activity by most organization members, reactions to the PA system are likely to be negative. Also, if outcomes are not acceptable, the appraisal system may fail.

Keeping and Levy (2000) examined various dimensions related to employees' reaction to the performance appraisal and identified a multi-dimensional scale to measure employees' reaction to the process, including satisfaction with the session, perceived utility, accuracy, procedural justice, and distributive justice. If the objective is to measure the extent to which employees have a positive attitude toward the performance appraisal, all those factors must be used to construct a formative reaction measure.

Within the appraisal literature, employees' acceptability of the appraisal process is a concept that is very similar to that of their satisfaction with the process. However, it should be distinguished from employees' acceptance of the process. Employees' satisfaction with the process means that they are satisfied with either the appraisal system

or its ratings (Giles and Mossholder 1990; Keeping and Levy 2000). The survey items used to measure employees' satisfaction with the process in previous studies included: "whether employees are satisfied with the way the organization conducted the appraisal", "whether employees perceive it as a waste of time", "whether employees are satisfied with the discussion they had with their supervisor", or "how satisfied employees are with the overall evaluation of their performance" (Dorfman et al. 1986; Taylor et al 1995; Keeping and Levey 2000). As long as employees expect high or higher than expected performance ratings, and resulting rewards from the organization, their level of satisfaction with the process will be higher.

Employees' acceptability of the process goes beyond their satisfaction with the process. It indicates the extent to which employees believe performance appraisal is a valid and reliable process whose outcomes contribute to their job morale and performance, which is more critical to the effectiveness of performance appraisal. Mayer and Davis (1999) approached employees' acceptance of the process by looking at perceived accuracy and outcome methods. In order to develop the construct for the perceived accuracy of performance appraisal, they examined whether the dimensions being rated were relevant to the employee's job and whether their job performance was fairly and accurately assessed. In terms of outcome acceptability, they looked at whether the appraisal system allowed for employee recognition and rewarded employees' contributions to the organization.

The perceived accuracy measurement is distinct from previous studies that examined employees' acceptability. Mayer and Davis defined perceived accuracy as "the extent to which the appraisal system is perceived to accurately tap into relevant behaviors

that employees see as a contributing value to the organization” (p.125). For example, in order to measure employees’ acceptance of the appraisal process in terms of its accuracy, they used the following eight survey items (p. 136):

1. “The evaluation of what skills I have is pretty accurate”;
2. “How much work I get done is important to my performance review”;
3. “How many mistakes I make in my work is important to my performance review”;
4. “Whether or not my supervisor likes me is important to my performance review”;
5. “How much effort I put into my job is important to my performance review”;
6. “How many ‘extra’ things I do is important to my performance review”;
7. “Finding ways for the company to save money is important to my performance review”; and
8. “Coming up with good ideas for the company improves my performance review”.

The items provided by Mayer and Davis revealed that they were asking whether employees believed that their true performance was assessed and if any personal favoritism or biases on the part of the rater were present at the appraisal session. In broader terms, these factors assist in measuring employees’ perceptions of procedural fairness of the appraisal process. As for the outcome acceptability, Mayer and Davis used three survey items (p. 136):

1. “Whether or not I get a raise depends on my performance”;
2. “If you are one of the better performers in this company, you will get the better raise”; and
3. “If I perform well, my chances of moving up are improved.”

Gabris and Ihrke (2001) noted, “Central to employees’ acceptance of performance appraisal is whether the system deployed is seen as procedurally fair and valid to recipient employees” (p. 42). In addition to the fairness of the process, they also

considered the validity of the method used with the belief that in order for the performance appraisal to be effective and accepted, employees need to believe that the methods used to assess their performance have validity. Figure 2 shows the survey items used to construct an index measure for each dimension (p.165-166: See Figure 2).

Figure 2 Performance Appraisal Acceptability Items

Instrument Validity
<p>Level of involvement in my performance evaluation has been adequate.</p> <p>The new evaluation instrument is accurate and clear in standards and measures.</p> <p>Feedback regarding my rated performance will be clear and helpful for improving.</p> <p>My supervisor takes the performance-appraisal process seriously.</p> <p>The goals developed for my performance are meaningful measures.</p> <p>My individual performance factors on my instrument are clear and valid measures of job related activities.</p> <p>The performance evaluation instrument designed for my position accurately measures what I do on the job.</p>
Distributive Justice
<p>The new performance evaluation system is a step in the right direction.</p> <p>The new performance-appraisal process will result in fair and unbiased assessment.</p> <p>The new performance-appraisal process will result in better communication between me and my supervisor.</p> <p>Merit-Pay based on performance ratings is the most effective method for motivating employees to improve/sustain performance.</p> <p>I believe the amount of merit-pay can earn through high evaluation ratings will make a noticeable difference in my future performance.</p> <p>The best workers in the County receive the highest evaluation scores.</p> <p>The new performance-appraisal is well designed and should lead to better performance and work quality.</p>
Procedural Justice
<p>My supervisor possesses adequate knowledge and training to properly implement my performance evaluation.</p> <p>My supervisor will utilize the new evaluation system to assess my performance objectively and without bias.</p> <p>If I have problems with my performance evaluation, I can communicate my concerns openly to my supervisor.</p> <p>The County has established a clear and reasonable appeals process for grieving both evaluation and merit-pay results.</p> <p>My supervisor will be ethical in how he/she scores my performance.</p>

Recently, Reinke (2003, 29) also constructed an index for measuring employees' acceptability of the performance appraisal process by posing two questions: 1) "whether employees or supervisors believe the current system adequately measures their individual performance and 2) whether the existing system rewards good performance." This is

consistent with the definition provided by Mayer and Davis (1999) in that both studies examined the extent to which organizational members viewed the appraisal system as accurately measuring their relevant behavior and their contributions fairly and also whether they believed the system rewarded their good performance.

Chapter Summary

A review of previous studies showed that minimal efforts to examine the employees' acceptability of the performance appraisal process have been made. In addition, relatively little attention has been paid to validating a previous empirical measurement, which resulted in a variety of approaches to measure employees' acceptability. In most cases, this was examined under the broader categories of employee reaction to performance appraisal and/or employee satisfaction with performance appraisal.

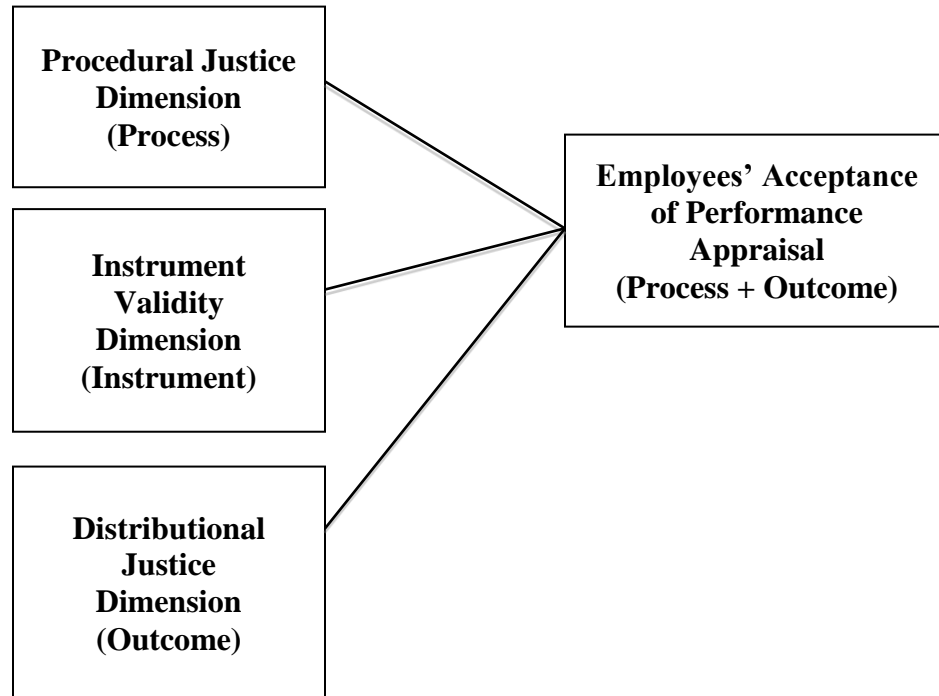
Building on justice theories, this dissertation examines the construction and measurement of employee acceptance of performance appraisal based on three dimensions: procedural justice, distributional justice, and instrumental validity. This study draws on prior research to compile the relevant item pool for further analysis. The common themes that appeared in previous studies of appraisal acceptability were: 1) the extent to which employees believe the appraisal system measured their true performance using valid performance methods and the rater capacity; 2) the extent to which employees viewed the appraisal process as fair; and 3) the extent to which employees viewed the appraisal process as a reward for their good performance. In other words, perceptions of procedural, distributional fairness, and valid methodology helped employees see

performance appraisal as legitimate and necessary for their jobs and performance improvement (Cawley et al. 1998). Also, the dimensions of procedural fairness and distributional fairness were empirically distinguished and frequently used, which is consistent with the finding of Folger and Konovsky (1989).

It should be noted that in studies on organizational justice, interactional justice is frequently addressed in alignment with procedural justice. However, in the context of performance appraisal, “raters enact procedures” (Erdogan 2002, p. 557). That is, unless raters perform procedures, procedural justice cannot exist. Accordingly, Erdogan (2002) suggests two dimensions of procedural justice: “rater procedural justice which is defined as perceived fairness of procedures raters use and system procedural justice which refers to perceived fairness of procedures adopted by the organization” (p.557). Building on this notion, procedural justice in this study is conceptualized by incorporating those two dimensions.

Taking all of this into account and following the definition suggested by Murphy and Cleveland (1995), performance appraisal acceptability is defined as employees’ perceived procedural and distributional justice as related to the performance appraisal process as well as, its perceived accuracy. These two different justice components and one valid methodology component will be separately examined to construct a way to measure an employees’ acceptability of the performance appraisal process. Though each dimension is related, each dimension reflects distinct components: procedural justice, distributional justice, and instrument validity. The next section proposes key organizational and individual factors that help foster employees’ acceptance of a performance appraisal system using various theoretical lenses.

Figure 3 Properties of Employees' Acceptance of Performance Appraisal



CHAPTER 4 FOSTERING EMPLOYEES' ACCEPTANCE

“When performance and potential are good, when superiors and subordinates have an open relationship, when promotions or salary increases are abundant, when there is plenty of time for preparation and discussion-in short, whenever it's a pleasure-performance appraisal is easy to do” (Beer 1981, 24).

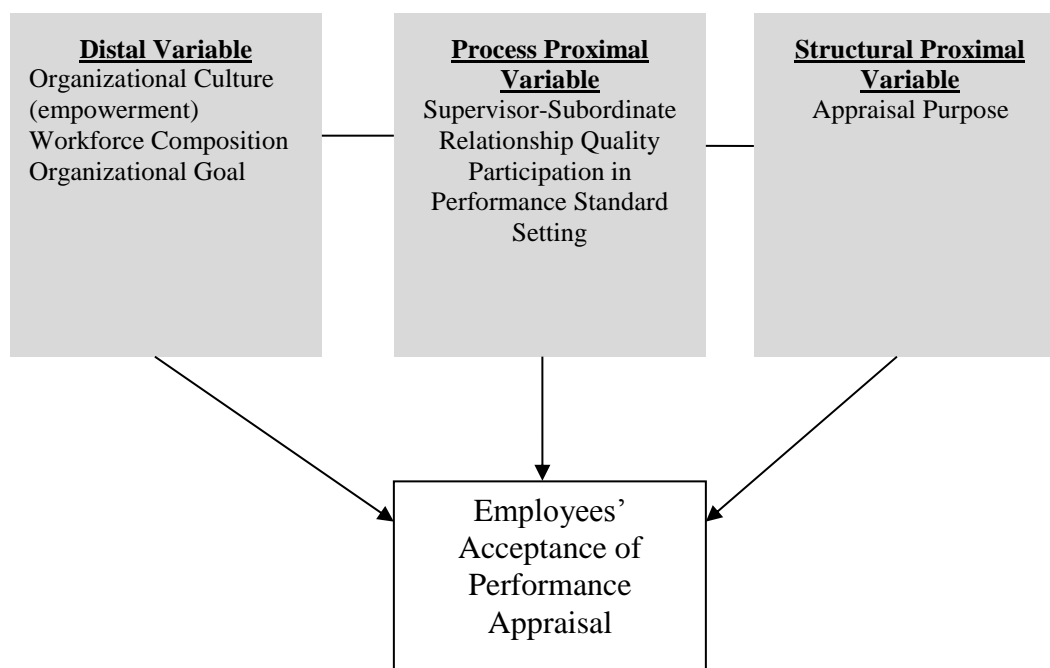
In this study, performance appraisal is defined as “a formal process of evaluating organizational members’ job performance that is conducted by supervisors within the organization” (Erdogan 2002, p.556). The following chapter describes various theoretical lenses used to suggest organizational and individual factors predictive of employees’ acceptance of the performance appraisal. Based on this literature, resulting research hypotheses are presented.

Theories and Hypothesis Development

Given the importance of helping employees accept the performance appraisal process, this section proposes key individual and organizational variables that may contribute to fostering acceptance of the appraisal process by public employees by employing various theoretical lenses. As Murphy and Cleveland (1991) emphasized, central to advancing our understanding of performance appraisal is identifying, measuring, and defining the organizational context where performance appraisal takes place as well as the characteristics of the people involved in the process. In this regard, following Levy and Williams’ (2004) study, this study considered three broad social context variables that are believed to shape employees’ acceptance of the process. They include distal variables, which are organizational factors that are not necessarily related

to the performance appraisal, but affect ratee's behavior or reaction through organizational culture, climate, or workforce composition; process proximal variables, which are factors that directly affect how the appraisal process is conducted through the supervisor-subordinate relationship or participation in performance standard setting; and, lastly, Structural proximal variables concern the features of performance appraisal, that is, the aspects of the system that make up the design of the performance appraisal. These factors are directly affected by distal variable and directly affect both rater and ratee (Levy and Williams 2004, p. 833–34). Figure 4 provides an overview of these factors.

Figure 4.1. Social Context of Performance Appraisal: Factors Shaping Employees' Acceptance of the Process (Source: Adapted from Levy and Williams 2004, p.884)



Fostering Employee Acceptance: Structural Proximal Variable

Purpose of Appraisal: Evaluation vs. Development

There are two major purposes for the performance appraisal – evaluation and development (Meyer et al. 1965; Moussavi and Ashbuagh 1995). Evaluation is used for making decisions on pay increases, promotions, transfers, etc., while development is for providing feedback aimed at coaching and developing employee capacity. Morrissey (1983) suggested that performance appraisals used for evaluation and those used for development are different. When performance appraisal is used for evaluation, for example, as a basis for disciplinary action, it requires that specific actions be documented and that the information be based on an objective measurement of actual performance. On the other hand, when performance appraisal is used for development, the role of the supervisor changes from judge to counselor.

Beer (1982) conceptualized the development function of performance appraisal as the one that happens when a supervisor plays a role as a counselor or coach and helps employees improve their performance and develop their future potential. He explained that the developmental function occurs when a supervisor commits to having an open and honest communication with a subordinate and identifies their career opportunities. The focus is given on the information that helps explain, “What is required to make the individual a more effective employee” (p. 8). He noted that if a performance appraisal session identifies areas for development before making administrative decisions, the whole appraisal process will be much smoother, easier, and effective, even though it may be subtle in nature. Beer (1982) also supported the notion that when a supervisor plays the role of a judge that blames others; it may cause an employee to be defensive and

resistant. He suggested uncoupling the evaluation from the development function as a solution.

Cognitive evaluation theory (Deci and Ryan 1985; Ryan et al. 1983) explains that when external events provide informational feedback on an employee's competence for the purpose of improving their job performance, the employee's intrinsic motivation can be enhanced. Cognitive evaluation theory argues that people are intrinsically motivated when feedback from the supervisor or the organization makes them believe they are competent and self-determining.

Adler and Borys (1996) provide a theoretical framework about employee attitudes toward work formalization and suggest that work practices can be interpreted and perceived differently by employees (as either coercive or enabling), depending on "...the attributes of the type of formalization with which they are confronted" (p. 66). They argue that when work practices focus on managerial compliance, which is characterized as command and control centered, employees will experience it as coercive; however, when work practices are focused on guiding and coaching employees, such as identifying their development needs so that they can master their tasks, they will perceive them as enabling. Under the enabling formalization, both employees and supervisors will view any deviance or problems as areas for correction or opportunities for learning, rather than as weaknesses or threats.

In sum, when performance appraisal plays a role in providing employees with needed guidance or coaching for improvement, employees' positive attitudes toward performance appraisal are expected. This is consistent with the view of Wouters and Wilderon (2008, p.509) that too much emphasis on the evaluation function of

performance measurement might crowd out the potential of its enabling function, and result in employees' view of performance measurement as coercive and punitive. On the other hand, when performance appraisals are used for a development function, employees view them as a constructive and enabling type of formalization. Daley (1992, p.45) also notes that, "Developmental appraisal would go a great way in driving out the fear engendered by the incorrect or abusive application of the judgmental appraisal."

A study by Roberts (1995) had some interesting findings. Two contrasting views were observed in his study: While one participant noted that "Performance appraisal is a tool to intimidate and dominate employees", other participants – who experienced it as a system where employees' input and participation was encouraged – saw it as helpful for their development (Roberts 1995, p.302). In addition, when performance appraisal is mainly used for evaluation, such as a promotion, it is more likely to be subject to a supervisor's interpersonal relations or manipulations. Therefore, it is likely to be perceived as procedurally unfair by employees (Cardy and Dobbins 1994). On the other hand, when performance appraisal has developmental components, meaning it is more about intrapersonal comparisons for developing an individual's own actions or career plans rather than interpersonal comparisons, employees' react more favorably to the performance appraisal. Landy and Farr (1983) also noted that whether employees deem the appraisal acceptable or unacceptable is dependent on whether they perceive performance appraisal feedback as supportive or threatening (p. 168).

Roberts (1998) conducted interviews with supervisors and personnel officials, and found that employees take the appraisal system seriously only when it is linked to compensation decisions or promotions. He observed that performance appraisal is an

effective tool for controlling employees' behavior but is only perceived as effective from the perspective of employees when "its ends justify means" (p. 303). This finding does not necessarily mean that employees value more administrative functions over developmental functions because they perceive developmental functions as an opportunity to discuss their promotion or salary increase. It somehow implies that if employees can obtain valuable information from the appraisal, and they can move forward by working on that feedback, then they believe in the effectiveness of the developmental function of the appraisal. Additionally, the majority of the respondents still viewed performance appraisal as a command and control tool that resulted in reducing employee trust in the appraisal process.

Boswell and Boudreau (2000) empirically examined this issue in a survey of employees of a production equipment facility and found that employees are more satisfied with performance appraisals when they are used for developmental purposes, such as providing constructive suggestions and identifying training needs. Some studies suggested that performance appraisals should be viewed with caution because when they are used to serve multiple purposes at the same time, they may result in negative attitudes and outcomes, such as inaccurate ratings and feedback (Dorfman et al. 1986; Murphy and Cleveland 1995; Boswell and Boudreau 2002).

Boswell and Boudreau (2002, p. 397) also observed that employees' negative views are more prevalent when a supervisor plays a role as an evaluator and noted that this might elicit negative psychological responses such as resistance, denial, or discouragement. They suggested that when removing the evaluative role, less adversarial and more constructive relationships would be formed between supervisors and employees.

They noted that since evaluative needs are important to the organization, and very necessary for making administrative decisions, the development function is usually disregarded.

Despite the practical importance of the developmental purpose of performance appraisals, most of the previous studies have been conducted in the private sector setting, while fewer empirical studies have been conducted in public sector organizations. The developmental approach to performance appraisals may also shed light on research about the relationship between pay-for-performance and the motivation of public sector employees. Public service motivation literature argues that pay-for-performance can have a detrimental effect on public sector employees who are more likely to be intrinsically motivated (Pearce and Perry 1983; Perry and Wise 1990; Kellough and Lu 1993; Alonso and Lewis 2001; Bright 2005).

As Daley (1992) pointed out, developmental use of performance appraisal can contribute to enhancing an employee's intrinsic motivation because it implies that the organization values the employee's contribution and the organization facilitates their intrinsic motivation by providing constructive feedback and making their work interesting, even though "developmental opportunities may entail present or potential extrinsic rewards" (p. 136). It should also be noted that assuming that monetary bonuses or financial awards are not easily available in the public sector, employees might not easily expect that their job performance will lead to a bonus or other financial rewards. Consequently, the chance of changing the locus of causality may be low; in other words, there is less likelihood that employees perceive reasons for participating in the job to get the rewards. Along similar lines, Moynihan (2008) also suggested the importance of

having learning forums where organizational members can jointly examine performance information through interactive dialogue and develop robust interpretations on performance feedback.²

In light of the arguments made by these researchers, it is plausible to suggest that higher levels of acceptance are anticipated when the appraisal system enhances motivation and development (Daley 1992; Moussavi and Ashbaugh 1995; Wouters and Wilderon 2008):

Hypothesis 1-1: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of the procedural fairness of the appraisal process.

Hypothesis 1-2: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of distributional fairness of the appraisal process.

Hypothesis 1-3: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of the instrument validity of the appraisal.

Fostering Employees' Acceptance: Process Proximal Variable

Relational Exchange: Relationship Quality between Supervisors and Employees

Social exchange theory (Blau 1964) suggests that when organizations provide beneficial actions to employees, employees will reciprocate by producing positive

² It should be noted that what is suggested in this dissertation research is the relative emphasis on developmental purpose over evaluation purpose.

outcomes, such as in-role behavior and citizenship, as acceptable commodities for exchange. This theory emphasizes “exchanges that are social in nature are based on a trust that gestures of goodwill will be reciprocated at some point in the future” (Settoon et al. 1996, p. 220; see also Blau 1964). Social exchange is characterized as providing a mutual support within the context of interpersonal exchanges. When this theory is applied to the more dyadic relationship between leaders (supervisors) and members (employees), it is plausible to assume that the quality of the relationship between supervisors and employees will lead to more positive employee attitudes as a result.

The Leader-Member Exchange theory also holds that the relationship between supervisors and subordinates is a reciprocal social exchange process. Scandura, Graen and Novak (1986, 50) defined a leader-member exchange as:

a system of components and their relationship involving both members of a dyad; involving interdependent patterns of behavior and sharing mutual outcome instrumentalities and producing conceptions of environments, cause, and value.

Settoon et al. (1996) further stated that, “High-quality exchange relationships create obligations for employees to reciprocate in positive, beneficial ways” (p. 219). Since supervisor-employee interactions occur in the performance appraisal process, performance appraisal is expected to be affected by the quality of the supervisor-employee relationship. When employees gain constructive performance feedback or identify areas of improvement through extensive discussion with their supervisors in the performance appraisal session, employees are more likely to reciprocate by expressing their commitment, loyalty, and positive attitudes in return (Eisenberger et al. 1990). That is, it is expected that when employees have a trust-based relationship with their

supervisors, they are more likely to reciprocate by showing commitment to the work their supervisor is doing with them, which is their commitment to the appraisal process.

Moreover, since the relationship between supervisors and employees involves two-way communication, the quality of the relationship is heavily dependent on the extent to which employees believe their supervisors are trustworthy and provide accurate and constructive feedback. This can be attributed to the idea that when employees perceive the quality of their relationship with their supervisors as good, they are more likely to perceive the whole appraisal process as less biased, free from discrimination, and a fair process that can capture their true performance. As Reinke and Baldwin (2001, p. 164) put it,

When subordinates trust that their supervisors will keep promises, behave consistently, and provide straight answers, feedback sessions can become true dialogues where problems, needs, desires, and emotions are freely expressed.

Stated in another way, the performance appraisal may encourage employees in taking on more ambitious responsibilities because the outcome may determine their pay to a small extent and their future career advancement to a large extent. Therefore, employees are willing to show commitment to the appraisal process and view it as acceptable only when employees trust their supervisors to adhere to a set of principles, to lead an appraisal session in an honest manner, to accurately measure employees' contributions, and to be concerned about their development and well-being. Also, regardless of whether performance appraisal system is technically sophisticated and valid, it will not be accepted by employees unless it is rooted in the cultural context (Gabris and Irke 2000). When immediate supervisors try to explain what changes are needed and try

to build trusting relationships with employees, employees experience are more likely to view their supervisor as credible, to exhibit positive attitudes toward organization, and to accept human resources systems, such as performance appraisal (Gabris and Irke 2000, 52).

In this regard, Reinke and Baldwin (2001), Gabris and Ihrke (2000) and Reinke (2003) considered trust as one major factor that shapes employees' acceptance of the appraisal process. Reinke and Baldwin (2001) emphasized that relationships based on trust between supervisors and subordinates are critical to achieving quality feedback sessions, and, as they noted, when, "superiors are trusted, subordinates are comfortable requesting additional feedback, that in turn, may enhance perceptions that feedback is objective and specific" (p.164). They surveyed the 595 active duty captains and found trust to be a critical factor that shaped their perceived quality of the two-way interaction with their supervisors, perceived objectivity, and specificity of the feedback they received from their supervisor.

Gabris and Ihrke (2000), in a survey of non-unionized professional employees employed by a county government, found that leadership credibility was significantly associated with employees' acceptance in terms of procedural justice, distributional justice, and instrument validity. They defined and measured leadership credibility based on transformational leadership traits.³ They examined the same employees before and

³ In this study, leadership credibility was measured using 8 items including: 1) supervisor clearly communicates the purpose and rationale behind new programs and reforms; 2) The supervisor actively works to communicate the organization's vision and mission to employees; 3) Developing a shared vision and set of core values is a fundamental concern of this supervisor; 4) Employees feel they can trust this supervisor and put their fate into his or her hand; 5) This supervisor makes sure employees have sufficient power and authority to accomplish assigned objectives; 6) The supervisor practices what he or she preaches in terms of values, work efforts, and reform; 7) The supervisor follows through a promises regarding changes others are expected to carry out; 8) The supervisor actively seeks to reward, and recognize high performance (Gabris and Ihrke 2000, p. 47).

after implementing a new performance appraisal system. The significant and positive effect of leadership credibility was found to be constant over time.

Studies confirm that when employees have a trust-based relationship with their supervisors in the appraisal process, it contributes to improving employees' acceptability of the process as well as making them believe that they are receiving quality feedback from their supervisors. For example, Reinke (2003) observed the effect of trust in employees' acceptance of performance appraisal using the survey of 651 suburban county employees in Georgia and found trust explains about 25 percent of the variance of employees' acceptance of the appraisal. Erdogan (2002) also supported this notion that since performance appraisal involves ongoing interaction between supervisors and subordinates, the quality of the supervisor-subordinate relationship affects employee perceptions of procedural justice. Elicker et al. (2006) conducted a survey of employees of a large petrochemical company and found that employees who engaged in high-quality supervisor-subordinate relationships responded favorably to performance appraisal.

Therefore, it is reasonable to expect the following:

Hypothesis 2-1: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived procedural fairness.

Hypothesis 2-2: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived distributional fairness.

Hypothesis 2-3: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived instrument validity.

Participation in the Appraisal Process: Participation in Performance Standard/Goal Setting

Employee participation has been considered to be an important aspect in successful management. In a participative system, because employees engage in the decision-making process, they can easily understand what is actually expected of them. In this setting, employees are more likely to seek feedback and ask questions when facing unrealistic expectations (Daley 1992).

As Cawley et al. (1998) noted, "Research on employees' participation in the appraisal process has suffered from the lack of consensus on the meaning of participation" (p. 67). Greller (1978) defined participation in terms of "ownership and contributions." He defined ownership as the extent to which employees' inputs are considered, whereas contributions mean how much influence individual employees felt they had during the interview.

Roberts (2003) defined appraisal participation as the extent to which employees are given opportunities to have a voice in the process. Meaning, it is defined as the extent to which employees are empowered to challenge ratings, documentation, or feedback with which they disagree. He also suggested that when employees are given autonomy or resources to participate in performance goal setting with management, they will develop stronger ownership of the process and their acceptance will be heightened accordingly.

Roberts' definition of participatory appraisal entails various components such as inputs, empowerment, ownership, and motivation. In another study using interviews, Roberts (1998) observed that the very nature of performance measurement may make employees perceive it as a command and control tool, but by allowing employees' inputs and participation, management can obtain their consensus and support.

Dipboye and de Pontbriand (1981) broadly defined employee appraisal participation as whether they are allowed to participate in the process and use items such as the relative amount of time the supervisor and subordinate talked in the session and the extent to which the subordinate had an opportunity to state his or her own side of the issues. In a survey of employees working in a research and development organization, Dipboye and de Pontbriand found that employee participation in the appraisal made them more willing to accept the feedback even when they perceived it to be negative. This notion is consistent with Daley (1992). He contends that through participation, employees can address their concerns and get a chance to clarify any misunderstandings. Some literature has furthered this notion by making a distinction between employee participation for voicing their concerns and participation for having an influence on the outcomes (Folger and Greenberg 1983; Cawley et al. 1998). Specifically, Cawley et al. (1998) categorized employees' participation into two groups: value expressive participation and instrumental expressive participation. Value expressive participation means employees voice their feelings or concerns without regard to whether it will affect the resulting outcome, whereas instrumental participation means employees try to influence decisions hoping that in the long run, it will result in more favorable outcomes (Folger and Greenberg 1983; Cawley et al. 1998).

In this regard, Foger and Greenberg (1983) argued that when employees are given a chance for self-expression, their perceptions of procedural fairness would be heightened. In a meta-analysis, Cawley et al. (1998) also confirmed that when participation in performance appraisal is “value expressive,” meaning that employees perceive it as a chance to have a voice in the process without regard to its final decisions or its effect on the outcome, employee acceptability becomes higher. Similarly, in a discussion of merit-pay system, Perry (2003) also indicated that by allowing employees to participate in design and administration, employees are more likely to view this process with high trust and greater approval.

Wright (2004) conducted repertory grid interviews for the purpose of eliciting personal constructs of appraisal system and compared the perception of appraiser and those being appraised. Findings indicated that when those being appraised were encouraged to become involved in the process, their ownership of the process strengthened. Specifically, those being appraised, meaning employees, are more concerned about the opportunity to have their inputs in the system. How much say they have in setting performance goals and standards is found to be of importance to employees’ satisfaction with appraisal process. Durant et al. (2006) also shared similar findings that employee participation in joint decision making was likely to contribute to positive reactions by the employees to the organization or to the decision-making process.

Despite the lack of a clear definition of participation in performance appraisal, scholars studying participatory performance appraisal seem to agree on its importance in bringing about positive behavioral outcomes on the part of employees, such as commitment, satisfaction, and citizenship behavior. Overall, they agreed that by

participating in performance appraisal standard or goal setting and career development, employees' perceived ownership of the performance appraisal is fostered, resulting in employee confidence and higher acceptance.

In sum, by participating in the performance appraisal process, employees can not only refute or challenge performance appraisal decisions that they disagree with, but may also express their concerns about unfavorable decisions to their status in an organization. Participation in goal and standard setting implies that employees can influence the performance appraisal process and the decisions made, and also share power with supervisors. That is, participation in developing performance standards or performance goal setting can positively affect employee acceptance of performance appraisal. Also, according to the due process metaphor suggested by Folger et al. (1992), three principles must be followed in order for performance appraisal to be a fair process: adequate notice, fair hearing and judgment based on evidence. They suggest that by affording employees an opportunity for their inputs to be considered when developing standard, their perceived procedural justice will be enhanced.

Allowing employees to engage in goal and performance standard setting implies that supervisors and employees agree on the importance of collaborative efforts to share knowledge about developing better measures, understanding the contexts, and solving emergent problems (Julnes 2001). Therefore, the following is posited:

Hypothesis 3-1: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 3-2: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 3-3: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of instrument validity.

Fostering Employee Acceptance: Distal Variables

Employee Perceptions of Empowerment Culture

Empowerment can be viewed from two different perspectives – a managerial perspective and a psychological perspective. When viewed from a managerial perspective, empowerment can be defined as the extent to which employees perceive that the power and authority of the leadership is delegated to them so that they can engage in the decision-making process (Fernandez and Moldogaziev 2013). This is consistent with the control theory suggesting that individuals tend to prefer to influence the outcomes by controlling the decision-making process rather than being a passive recipient (Thibaut and Walker, 1975).

When viewed from a psychological perspective, empowerment describes “employees' internal cognitive state as characterized by increased intrinsic task motivation and enhanced feelings of self-efficacy” (Spreitzer 1995; Seibert et al. 2004; see also Fernandez and Moldogaziev 2013, p.24). In this perspective, empowerment is more about whether an employee's values or goals are aligned with their organization's values, whether they have enough capacity to perform a given task, whether they can

freely choose work methods, and whether they believe they can affect organizational outcomes (Seibert et al. 2004, p. 335). Rather than employee internal motivation, which is heavily affected by individual personal characteristics, the present study considers empowered culture or managerial practice, which leadership can either create or exert influence over. Following the study of Fernandez and Pitts (2011), empowerment is defined as the practice whereby “relaxing controls and decentralizing authority, organizational members are granted the autonomy to act in creative and innovative ways” (p. 206). In the context of performance appraisal, it is plausible to assume that employee perceptions of empowerment practice or culture within their employing agency plays a more significant role in shaping their acceptance of performance appraisal process than their internal self-efficacy. This is because when employees share perceptions regarding “the extent to which an organization makes use of structures, policies and practices supporting employees’ empowerment,” which is called empowerment culture (Seibert et al. 2004, p.332), they are able to voice their concerns related to the appraisal process or those related to their perceived challenges in performing tasks. In turn, they are more likely to view the whole appraisal process as fair and valid.

The empowerment literature shows that when subordinates are granted discretion or authority to influence organizational decisions, they become more responsible for their performance and display positive attitudes toward their employing organization (Tannenbaum and Rozgonyi 1986). As Fernandez and Moldogaziev (2013) noted, when employees are granted authority with regard to the work process, they are encouraged to come up with innovative ideas without fear of punishment. In the dyad relationship between supervisor and employees at the appraisal session, in order to succeed in having

an honest and sincere performance appraisal sessions, employees should be empowered to modify or challenge decisions by their supervisor(s) if they are not based on what the employee considers to be correct information. Any bias in the decisions observed by the employee that might be caused by the hierarchical relationship between these two parties may affect the employee perceptions of procedural or distributional justice (Folger 1987).

In addition, referent cognitions theory (Folger 1987) explains that when employees perceive that their outcomes were not as favorable as they had expected based on the performance appraisal decisions, the discrepancy will likely make employees dissatisfied. However, when employees participate in the process, and when employees are empowered to voice their concerns, their willingness to accept the outcome will be more likely because their input is considered important in the process (Potter 2006).

Carson et al. (1991) asserted that when the evaluation of employee performance is perceived to be outside of their control, it may negatively affect employee degree of trust. Furthermore, there has been a similar consensus as to the positive motivational effect of employee empowerment – that it is positively related to employee motivation, commitment, perceptions of control, and other positive job attitudes (Rainey 2003; Park and Rainey 2008). It is also plausible to argue that when employee perceptions of empowerment are shaped by organizational practices that encourage power and information sharing, their self-efficacy, that is, their perception that they can contribute to changing organizational outcomes, will increase. Consequently, compared to the authoritarian, hierarchical structures in which employees are forced to accept the decisions of leadership even if they do not agree with them, in empowered organizational

settings, employees can challenge or refute decisions they do not agree with without consequences.

Additionally, instrumental theories of procedural justice also suggest that when organizational members are given opportunity to express themselves in the process in an effort to control the outcomes, their expectation for better outcomes will enhance and accordingly their perceptions of procedural justice will be enhanced as well because “it increase[s] the probability of either favorable outcomes or equitable outcomes” (Lind et al. 1990, 954; see also Leventhal, 1980; Thibaut and Walker 1978). In other words, any practice or climate that allows employees to voice their concerns over the process can be expected to enable them to view the whole process as fair and employees are more likely to be satisfied with the outcome of the procedure.

Therefore, it is hypothesized that there is a positive relationship between employee empowerment and employees’ acceptance of performance appraisal.

Hypothesis 4-1: Employee perceptions of empowerment are positively associated with employees’ acceptance of performance appraisal in terms of procedural justice.

Hypothesis 4-2: Employee perceptions of empowerment are positively associated with employees’ acceptance of performance appraisal in terms of distributional justice.

Hypothesis 4-3: Employee perceptions of empowerment are positively associated with employees’ acceptance of performance appraisal in terms of instrument validity.

Interaction between Empowerment and the Relationship Quality between Supervisors and Employees

Previous findings on the effect of empowerment and the quality of the relationship between supervisor and employees are mixed. According to social exchange theory or job characteristic theory, it is plausible to assume that when the relationship quality between supervisors and employees is high, and when employee perceptions of empowerment are high, the synergetic effect will be achieved as noted by Harris et al. (2009, 373). Gomez and Rosen's study (2001) supported this notion that employee empowerment is one of the important antecedents to a quality relationship between supervisors and employees. They empirically proved the positive effect of the employee perceptions of having a high-quality relationship with their managers and their perceptions of meaning, competence, self-determination, and impact, or in other words, perceived empowerment.

When viewing empowerment from a psychological perspective, some studies suggest that for employees who perceived a higher level of empowerment, the quality of the relationship they have with supervisors may not be an important factor that shapes their motivation because by being empowered, employees would experience joy and happiness from their tasks and jobs rather than from the relationship. Those studies posit that empowerment and a high quality relationship between leader and member do not provide a synergic effect on work related outcomes (Liden et al., 1997; Manzoni and Barsoux 2002; Harris et al. 2009). For example, Harris et al. (2009) used a survey of university alumni and state government employees and found that when empowerment is high, the relationship quality with supervisor does not produce a significant and positive

effect on work related outcomes; however, when empowering practices are not present within an organization, the effect of relationship quality becomes maximized. However, in the context of performance appraisal, it is possible to expect that in an empowered culture, facing a lack of trust in the relationship with supervisor, employees still can change the process or outcomes by addressing their concerns or suggestions without fear of punishment or negative consequences. Over time, those experiences of empowered practices may contribute to improving the relationship with supervisors.

Thus, it is plausible to assume that employee empowerment will directly and positively affect employees' acceptance of the appraisal system, and also indirectly affect employees' acceptance of the appraisal system through positively influencing the quality of supervisor-subordinate relationships. Hence:

Hypothesis 5-1: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of procedural justice will be stronger.

Hypothesis 5-2: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of distributional justice will be stronger.

Hypothesis 5-3: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the

employees' acceptance of performance appraisal in terms of instrumental validity will be stronger.

Perceived Goal Alignment

Goal alignment is defined as the congruence between the objectives and purposes of individuals and their employing organization (Ayers 2013). In the context of performance appraisal, goal alignment means the extent to which individual performance is linked to organizational goals and outcomes. Considering that the ultimate purpose of performance appraisal is to improve organizational performance, it is important to link the performance of individual employees to achieving organizational goals. Despite its importance, the link between individual performance and organizational goals and outcomes has not been observed.

Halachimi (1993) considered the lack of goal alignment as one of the biggest challenges of the current performance appraisal practice. He noted that,

The most current performance appraisal systems are geared to assess the performance of the individual employee/team...The highly praised result of an excellent performance of individuals/teams may be praiseworthy but irrelevant to overall productivity. (p. 336)

Ayers (2013) in a study of the federal performance appraisal system, suggested that goal alignment can be obtained when employees are aware of the link between their work and the agency's goals and priorities as well as when the strategic goals of the organization are embedded in employees' performance plans. His study found that employee perceptions of goal alignment were dependent on whether managers clearly communicated the goals and priorities of the organization. Witt (2003) also suggested

that when supervisors put efforts to improve the goal congruence, employees may reduce their office politics and their motivation to improve performance will increase.

In a similar vein, the goal congruence literature holds that when the goals of individual employees are congruent with their organizations, employees are more likely to display positive attitudes and commitment toward the organization (Vroom 1960; Vancouver and Schmit 1991; Locke and Latham, 2002). Vancouver and Schmit (1991), in a study of principals and teachers, found that the goal congruence between teachers and principals in terms of the relative importance among the school goals was positively related to the behavioral outcomes of subordinates, such as job satisfaction, organizational commitment, and lower intention to quit.

Person-Organization Fit (here in after referred to as P-O) literature also holds that when individuals fit well with their organization, they are more likely to exhibit positive attitudes and behaviors. P-O alignment is a multi-dimensional measure, the components of which include personality, skills, needs, goals, and values (Amos and Weathington 2003; Westerman and Cyr 2004). Literature on Management by Objectives (MBO) also shared the similar notion that the congruence between organization-level goals and the job performance of individual employees matters for the success of the performance appraisal and the success of the organization.

Levinson (2003, p.114) criticized both management by objectives (MBO) and performance appraisal and noted:

[M]anagement by objectives and performance appraisal processes are inherently self-defeating over the long run because they are based on a reward-punishment psychology that serves to intensify the pressure on the individual while really offering a very limited choice of objectives.

He described the possible problems when the goals and objectives of individual employees are not aligned with the employing organization using the example of a salesperson. For example, in the workplace, where large volumes of sales are emphasized by the organization and the leadership, the salesman's motivation is to have a high-quality relationship with his customers, but s/he needs to compromise quality and instead increase the volume of sales. Moreover, literature on goal specificity contends that a lack of communication with employees may result in the lack of goal congruence, and consequently, employee identification with their employing organization will be harmed (Weiss and Pidreirt 1999; Jung 2014).

Therefore, it is plausible that when employees perceive goal alignment, when employees understand how their work is associated with achieving the organizational goals and objectives, employees are more likely to value the time they spend at the appraisal session and to seek ways to improve their performance. Even though performance appraisal exists to measure an individual employee's job performance, an understanding of the goal alignment leads to an acceptance of the appraisal process. The lack of any linkage may affect employee views of the legitimacy of performance appraisal.

Hypothesis 6-1: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 6-2: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 6-3: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of instrumental validity.

Work Composition: Race/Gender and Union Membership

Race and Gender. Many researchers have pointed out the issue of race and gender bias in performance appraisal (Decotiis and Petit 1978; Schmitt and Lippin 1980; Mobley 1982). For example, some studies found existing evidence of race and gender bias in performance appraisals, e.g., blacks being evaluated less favorably than whites or females being evaluated less favorably than males (DeCottis and Petit 1978; Schitt and Lappin 1980). Studies on sex biases in performance evaluation observe that the performance of female employees tends to under-valued while that of male employees tends to be over-evaluated. In some cases, the degree to which supervisors as raters have a certain stereotype of women can result in a biased rating (Schitt and Lappin 1980; Arvey and Murphy 1998; Castilla 2005).

Mobley's (1982) study of a large supply organization found some support for race and gender bias. The workforce composition as a distal variable does not necessarily directly affect the effectiveness of performance appraisal. Since this research examines the perceptions of members of organizations with regard to performance appraisal, this issue is worthy of more research. Even though there is some research suggesting that there is race or gender bias in performance appraisal ratings, those findings do not indicate the necessity of creating either homogeneous or heterogeneous work groups. Constructing a homogeneous or heterogeneous workforce environment is beyond

management's control.

However, if race and/or gender bias is the factor that affects general employee perceptions of the appraisal or employee acceptance of the appraisal, it signals to management that it is necessary to consider implementing practices that discourage any kind of favoritism or discrimination in the appraisal process. Diversity literature has shown mixed results (Pitts 2005). Some literature posits that heterogeneous work groups may significantly increase performance by creating more opportunities to learn different norms or thought from each other and, consequently, foster innovative ideas and improve performance. On the other hand, some literature supporting social identity theory argues that demographic differences create an in-group vs. out-group notion and those demographic similarities and differences affect individual notions of fairness or other job-related behaviors (Brewer 1999; Tyler and Smith 1999). As the workplace is becoming more diverse, and employment discrimination becomes a more salient issue, the demographic differences may be one of the major deliberations that individual employees make when judging the fairness of the performance appraisal. This is because a diverse workforce means that there is a higher probability that an individual from a different race, ethnic, or gender group will evaluate each employee. Few studies have examined the effects of diverse workforce composition on employee perceptions of the effectiveness of performance appraisal, their reaction to it, or their acceptance. A study by Geddes and Konrad (2003) was one of the first to examine whether demographic differences may impact how employees view performance appraisal and, in particular, how they react to negative performance feedback. In a survey of 180 non-supervisory employees, they found that employees generally reacted more favorably to white, Anglo

supervisors, and in terms of gender effect, the majority of male employees reacted more unfavorably to the feedback from their female supervisors. Also, employees reacted more favorably to feedback, even when it was negative, when came from the same-race managers. Therefore, it is plausible to assume that racial, ethnic, and gender diversity within their workforce affects employee acceptance of the appraisal process.

Hypothesis 7-1a: Racial/ethnic diversity will be negatively related to employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 7-1b: Compared to male employees, female employees will have a lower acceptance of performance appraisal in terms of procedural justice.

Hypothesis 7-2a: Racial/ethnic diversity will be negatively related to employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 7-2b: Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of distributional justice.

Hypothesis 7-3a: Racial/ethnic diversity will be positively/negatively related to employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 7-3b: Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of instrument validity.

Union Membership. In addition to racial, ethnic, and gender diversity, the workforce composition can be viewed in terms of the composition of the workforce that belongs to a dues-paying union. Tiffin and McCormick (1962) noted that unionized employees are more likely to have unfavorable attitudes toward merit ratings because the emphasis is

placed more on seniority than merit ratings, which may entail subjective judgment – especially when it is related to personnel decisions. Metcalf et al. (2001) also supported this notion that union members prefer their pay to be determined according to seniority rather than a set of performance indicators that they have less control over. They empirically confirmed that in contrast to the unionized members, in the workplaces where the majority of members are non-unionized are more likely to use performance appraisal or merit pay to determine their pay level. On the other hand, in work settings where union membership is recognized, seniority becomes important because “seniority is a mechanism by which unions enforce non-arbitrary procedures for pay and promotion” (Metcalf et al. 2001, p.67). Iverson (1996) also found there to be a negative relationship between union membership and employee acceptance of organizational change and employee commitment. Therefore, it is plausible to assume that employees with union membership may be less likely to accept the performance appraisal compared to the non-unionized employees.

Hypothesis 8-1: Union membership will be negatively related to employees’ acceptance of performance appraisal in terms of procedural justice.

Hypothesis 8-2: Union membership will be negatively related to employees’ acceptance of performance appraisal in terms of distributional justice.

Hypothesis 8-3: Union membership will be negatively related to employees’ acceptance of performance appraisal in terms of instrument validity.

Summary of Research Hypotheses

Hypothesis 1-1: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of the procedural fairness of the appraisal process.

Hypothesis 1-2: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of distributional fairness of the appraisal process.

Hypothesis 1-3: When employees perceive the performance appraisal is being used more for their development, they are more likely to have a higher acceptance of the instrument validity of the appraisal.

Hypothesis 2-1: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived procedural fairness.

Hypothesis 2-2: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived distributional fairness.

Hypothesis 2-3: A high-quality supervisor-subordinate relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived instrument validity.

Hypothesis 3-1: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 3-2: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 3-3: Employee participation in setting performance standards is positively associated with employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 4-1: Employee perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 4-2: Employee perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 4-3: Employee perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 5-1: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of procedural justice will be stronger.

Hypothesis 5-2: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of distributional justice will be stronger.

Hypothesis 5-3: When employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of instrumental validity will be stronger.

Hypothesis 6-1: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 6-2: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 6-3: Employee perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of instrumental validity.

Hypothesis 7-1a: Racial/ethnic diversity will be negatively related to employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 7-1b: Compared to male employees, female employees will have a lower acceptance of performance appraisal in terms of procedural justice.

Hypothesis 7-2a: Racial/ethnic diversity will be negatively related to employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 7-2b: Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of distributional justice.

Hypothesis 7-3a: Racial/ethnic diversity will be positively/negatively related to employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 7-3b: Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of instrument validity.

Hypothesis 8-1: Union membership will be negatively related to employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 8-2: Union membership will be negatively related to employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 8-3: Union membership will be negatively related to employees' acceptance of performance appraisal in terms of instrument validity.

CHAPTER 5 RESEARCH DESIGN AND METHODS

Introduction

As detailed in the previous chapter, this dissertation aims to understand how the dynamics of employee cognition and behavior are involved in the performance appraisal process. Public employees' negative perceptions toward, or cynicism of, public performance measurement have often been noted, but relatively few existing studies have considered these to be a major underlying cause for the under-fulfillment of promises when it comes to performance measurement. This issue is worthy of more attention because when employees have limited buy-in to performance measurement in terms of its purpose and its value, the performance measurement system is rendered ineffective. There is, however, a noticeable absence of research on employee perspectives, and little research has been carried out on how to foster employee understanding and acceptance of performance appraisal. In light of this gap in the scholarship, this dissertation explores the following research questions:

- How do public employees view the performance appraisal currently used in their employing organizations?
- What kinds of organizational or individual factors can contribute to heightening employees' understanding and acceptance of the appraisal process?

This study employed a mixed-method research design to address these questions. Focus groups, semi-structured interviews, and a web-based self-administered survey were

used to collect data on public employees' views on performance appraisal and uncover factors that may help increase employee acceptance of performance appraisal at both federal and the local level. As this study explores employee perceptions and their organizational behavior in the appraisal setting, which involves their personal and subjective interpretations, it is appropriate to use mixed approaches to gain interpretative power (Riccucci 2010).

In this study, quantitative data was used to construct a scale of employee acceptance of the appraisal process and test the hypotheses detailed in the previous chapter based on various theories. Qualitative data was used to explore employee acceptance of the appraisal process in order to obtain an in-depth understanding. The results from the qualitative analysis was used "to compare results, validate results and corroborate results obtained from both methods for the purpose of bringing greater insight to the issue" (Cresswell and Plano-Clark 2011, p.154).

Research Design: Mixed Methods Research

As stated above, this dissertation employs a mixed-methods design that includes both quantitative and qualitative approaches (Cresswell and Plano-Clark 2011; Green 2007; Johnson et al. 2007). Mixed-method research is defined as one that "involves philosophical assumptions that guide the direction of the collection and analysis and the mixture of qualitative and quantitative approaches in many phases of the research process" (Creswell and Plano-Clark 2007, p.5). This research design enables the researcher to have an in-depth understanding of research problems and offset the weaknesses of both quantitative and qualitative research (Creswell and Plano Clark 2007, 2011; Teddlie and

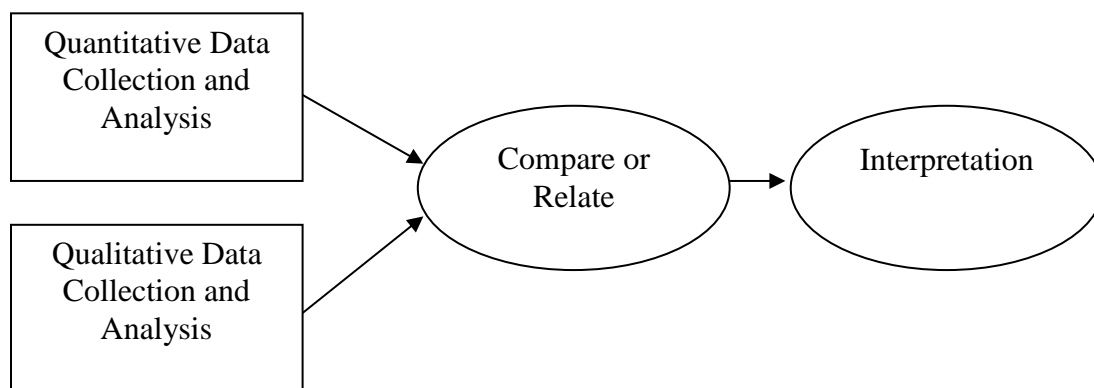
Tashakkori 2009). Since this dissertation aims to understand public employees' views on performance appraisal, employing a quantitative approach using a survey best fit this purpose. This study also aimed to explore employee perspectives in greater depth, so employing a qualitative approach using a series of interviews was valuable and appropriate.

Furthermore, as this study aimed to construct a scale for measuring employee acceptance of the performance appraisal, once the scale was constructed using the survey data, the data collected through a qualitative approach was used to triangulate the findings and enhance its validity. In addition, this research benefited from employing a mixed methods approach in order to be prepared in case unexpected results were encountered because mixed-method research can better illustrate such findings. As Bryman (2006) suggested, the findings obtained from the quantitative analysis can be supplemented by findings from the qualitative approach, thus resulting in improving the usefulness of the overall findings. Hesse-Biber and Leavy (2010) provided minimum sample size suggestions. Accordingly, for quantitative research design, in order to conduct a causal-comparative analysis, at least 51 participants per group are needed for one-tailed hypotheses, and 64 are needed for two-tailed hypotheses, and for qualitative research design using case studies, 3-5 participants are needed for grounded theory and 20-30 interviews need to be conducted.

For the purpose of this study, the convergent parallel design, described in Figure 5 (below) was drawn upon. The convergent parallel design is used when the researcher employs both quantitative and qualitative approach separately, yet concurrently, during the same phase of the research process (Creswell and Plano-Clark 2011, p.70). In using

this design, both methods are treated as equally important and findings from both approaches are combined to assess whether they can be brought together or should remain apart. This design was previously conceptualized as a “triangulation design” because it allows a researcher to triangulate findings by obtaining “different but complementary data on the same topic” (Morse 1991, p.122). It has been suggested that using a convergent parallel design is preferable when a researcher needs to validate quantitative scale and needs a more complete understanding of the topic.

Figure 5 Convergent Parallel Designs (Source: Creswell and Plano-Clark 2011, p.69)



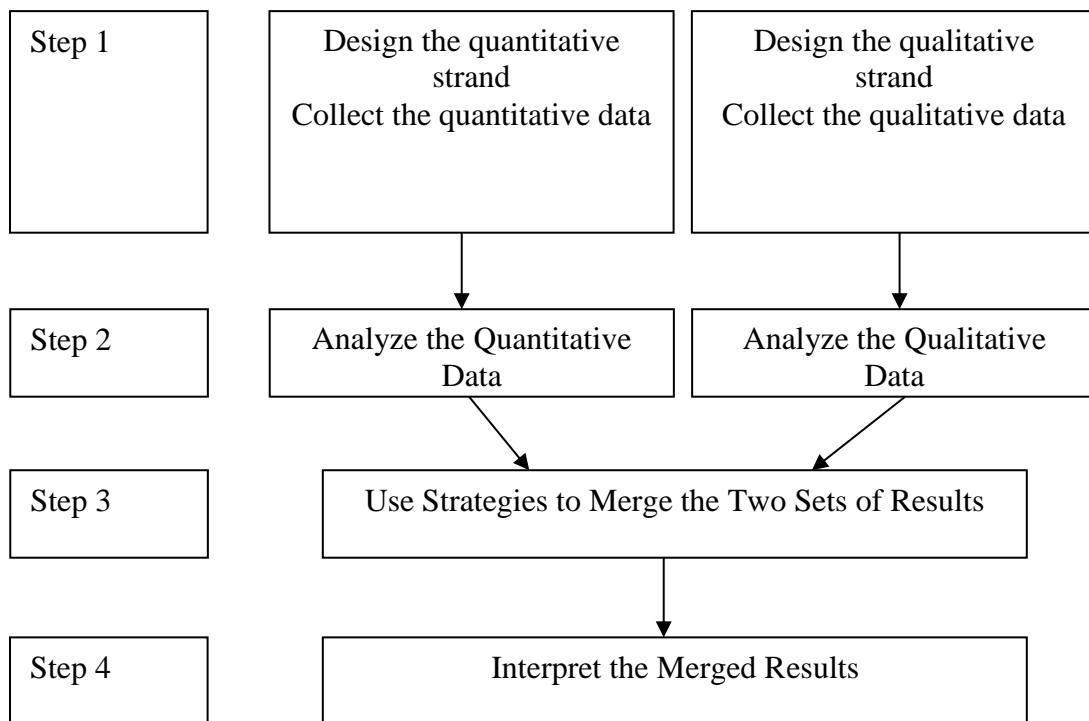
Specifically, this study began with large-sample survey data to quantitatively examine organizational and individual factors identified in various theoretical lenses that may shape employee acceptance of performance appraisal at the federal level and also used secondary data obtained from the Merit Principle Board Survey (2005). Additionally, the data from the online survey of public employees in New Jersey municipalities was included and analyzed to examine the views of public employees on performance appraisal at the local level. As stated above, this study also outlined a reliable scale to measure the extent to which employees perceive the performance appraisal process as

valid, reliable, and useful. Data obtained from the interviews was used to validate and fortify this finding. Using a mixed-methods approach added merit to this research by providing a better understanding of each different context that may differently shape employee views on performance appraisal as well as providing greater insight needed to better understand individual perceptions related to performance appraisal.

As outlined by Cresswell and Plano-Clark (2011, p.79), this design included four steps:

1. Design of both quantitative and qualitative data collection instruments and the collection of quantitative and qualitative data.
2. Data analysis.
3. Comparing, contrasting, synthesizing of data sets.
4. Summary and merging of results to confirm whether they converge or diverge in an effort to produce a more complete understanding.

Figure 6. Procedures in Implementing a Convergent Design (Adapted from Creswell and Plano-Clark 2011, p.79)



Sampling and Data Collection

Quantitative Data Collection and Analysis

Overall, the unit of analysis for this study was full-time employees employed in public sector organizations. The data for the quantitative analysis was obtained from three different sources. In order to examine federal employees' view on performance appraisal, this study used existing survey data collected by the US Merit Systems Protection Board (2005). In order to examine local employees' views of performance appraisal, this study conducted a web-based survey of full-time public employees whose email addresses were obtainable from the directory of 565 New Jersey municipalities including township, city, and county government. The data for the qualitative research was obtained from both semi-structured interviews and focus groups. In total, 48 public employees participated in either the semi-structured interview or focus group. The description of each sample and research design is detailed in the following section.

Federal Employee Views on Performance Appraisal

This study used data from the periodic Merit Principles Survey conducted by the US Merit Systems Protection Board in 2005. The US Merit Systems Protection Board (MSPB) is an independent Executive Branch agency that serves as a watchdog to ensure the merit system is effectively implemented at the federal agency level and also to discourage prohibited personnel practices. This 2005 MSPB survey specifically examined the performance management practice of the federal agencies that are well-suited for this research. It has in total 69 questions that ask demographic information, agency mission and work environment, employee's own job, employee's work unit, job performance

standards and appraisal, pay and rewards, fairness, employee's supervisor, training, career plans and supervisors' perspective at all levels (team leaders, first-line supervisors, upper managers, and executives) (MSPB 2005, p. 2).

The survey was administered by MSPB to federal employees through a web-based platform. For employees who do not have internet or email access, the paper survey was sent via postal mail. Through contact with agency leaders, Human Resource Directors, and Chief Human Capital Officers, employees were encouraged to participate in this survey. In total, 24 federal agencies participated in this survey and these included: Department of Agriculture; Department of Commerce; Department of Defense: Air Force, Army, and Navy; Department of Education; Department of Energy; Environmental Protection Agency; Federal Deposit Insurance Corporation; General Services Administration; Department of Homeland Security; Department of Health and Human Services; Department of Housing and Urban Development; Department of Justice; Department of Labor; Department of Interior; National Aeronautics and Space Administration; Office of Personnel Management; Social Security Administration; Department of State; Department of Transportation; Department of Treasury; and Department of Veterans Affairs. Among these participating agencies, 74,000 employees were randomly selected to participate in the survey by the MSPB, thus comprising a representative, random sample of full-time, permanent, non-seasonal employees. Among the randomly selected sample of 74,000 employees in 24 federal agencies, in total 36,926 full-time, permanent, non-seasonal federal employees completed the survey and its response rate was 50%. All the survey items were measured using five-point Likert-type scales ranging from "strongly agree to strongly disagree."

Advantages and Disadvantages of Using the Secondary Data

The advantages of using the secondary data for the social work or social science research have been widely documented (Kiecolt and Nathan 1985; Smith 2008). Especially for the government survey, there was a lot of funding and expertise provided to develop the government survey, which can guarantee success in producing quality data. As Sales et al. (2006, p.7) noted, “Its scope is generally large and their population can be highly representative, which aids robust inferences.” This is true especially when examining federal employees’ views. Research studies are not permitted to gain access to federal employees’ contact information, and, moreover, it was not easy to obtain approval for conducting a large sample survey. In this setting, using secondary data is beneficial to a researcher because, first, it allows a researcher to get access to data from a large, national sample that would be difficult to gather. Second, using secondary data allows a researcher to save time and money (Kiecolt and Nathan 1985).

In addition, as indicated above, the researcher does not need to be affiliated with a large organization to get additional support or backing for completing a research study (Kiecolt and Nathan 1985; Sales et al. 2006; Smith 2008). Using secondary data provides a researcher with greater potential for saving cost and time. In most cases, the large-scale survey, especially government-initiated or government-funded large-scale survey, is more likely to have competent and highly experienced researchers who are capable of conducting a rigorous sample, analysis, and collection that consequently results in producing high-quality data. In most cases, conducting research on large samples is difficult for a lone researcher to do given limited time and resources. Large-scale surveys also provide extensive information about a specific population group (Smith 2006, p.548;

see also Kiecolt and Natahn 1985; Rew et al. 2000).

However, secondary data is not without limitation. One of the drawbacks is that in order to get a high response rate, large-sample surveys, such as the US Census, developed each survey variable in a broad manner and sometimes relatively superficial or crude manner that may result in weak operationalization of the research variables (Smith 2006, p.548). Also, critics of secondary data for social science research argue that, in most cases, when using the secondary data, it is difficult to know the whole process used to collect data and code its results. They propose being cautious regarding the biases or errors embedded in the secondary data. This concern is intensified when there are many missing data points. They suggest that the use of secondary data with many missing data points may undermine its general applications (Smith 2006, p.548). Despite these limitations, however, the advantages of using the data from the MSPB outweigh the disadvantages given its high response rate, nationally representative samples, and its use of rigorous design and coding.

Local Employee Views on Performance Appraisal: New Jersey Municipal Clerk Survey

The email lists used to contact potential participants for this study were obtained from the municipal directory published by the New Jersey State League of Municipalities in 2012, which is a voluntary association that exists to improve municipal governance. There are 565 municipalities that joined the league, including boroughs, cities, towns, townships, and villages. This directory provides information on phone numbers, fax numbers, mailing addresses, and the email addresses of respective municipal clerks. For this study, all the municipal clerks employed in all sub-county general-purpose

governments in the State of New Jersey were invited⁴. In New Jersey, the governing body of the municipality appoints them for a three-year term. They are in charge of managing all minutes, books, deeds, bonds, contracts, and archival records of the municipalities and preparing agendas. As Gordon (2011, p.171) noted, studying the municipal clerk is beneficial to public administration and its theory building because they have intimate knowledge of the day-to-day operations of the municipality. Municipal clerks are the first point of contact for most citizens when conducting business with the city, making them front line employees. In this regard, using the municipal clerk is well matched to the objective of this research to examine front line employees' views on performance appraisal. The municipal clerks listed in this directory were invited to participate in the web-based survey using software called "Qualtric." In early March 2014, the first round of surveys was sent and two weeks later a follow-up email was sent out as a reminder to encourage more participation in the survey.

Using an online survey has several advantages. First, it allows researchers access to groups or individuals who would difficult to reach otherwise. Another advantage of a web-based survey is that researchers can save time and money compared to the paper-based format (Wright 2005). However, this method is not without limitation. For example, it causes sampling issues as Wright (2005, para.14) indicated, "problems such as multiple email addresses for the same person, multiple responses from participants, and invalid/inactive email addresses makes online random sampling a problematic method in many circumstances." In the municipal directory, one representative email address used for each municipality prevented issues caused by multiple email address or multiple

⁴ Each municipality has only one municipal clerk in New Jersey.

responses. However, among 565 participants, 16 emails bounced back because they were either invalid or inactive email addresses.

Another challenge in conducting an online survey is that there can be self-selection bias (Thompson et al. 2003; Wright 2005). Self-selection bias occurs when survey respondents are given choices either to participate in a survey or not. It is plausible to assume that there are some people who are willing to participate in the online research whereas others ignored it. This self-selection bias prevents the research findings from being used to predict population parameters. As a result, it does not meet the requirement of being a random sampling (Johnson 2010).

Researchers who use non-probability samples assume that they will not be able to estimate population parameters. However, it can be used when it is the best option to the researcher and preferable when a small group of people will be surveyed. Also, as Johnson (2010) noted, “the non-random sampling design is useful when researchers doing exploratory work, learn about the issues” (p. 128). When using non-random sampling design, the sample size is not a major concern.⁵

Qualitative Study Design

Qualitative data was collected through a series of focus group interviews and semi-structured interviews. The focus group interview is “a technique involving the use of in-depth group interviews in which participants are selected because they are a purposive, although not necessarily representative sampling of a specific population, this group is being ‘focused’ on a given topic” (Rabiee 2004, p.655). Selection of the

⁵ This study was approved by the Institutional Review Board at Rutgers University (IRB protocol # 14-078M).

participants can be made according to the applicability to the research subject issue or their knowledge of the study area (Burrows and Kendall 1997; Rabiee 2004). Thirteen students enrolled in the Executive MPA program at Rutgers University-Newark were invited to participate in the research. In order to be admitted to this program, students should have at least six years of work experience either in public organizations (or non-profit organizations). Considering their long experience in public organizations, it is plausible to assume that they have enough experience related to performance appraisals and can provide a more detailed understanding of the topic. In the focus group research design, the group interaction is critical to generate more data relevant to the study. For this reason, choosing the students in the same cohort is relevant.

Another group of participants were recruited through the assistance of one of the students. Twenty-five public employees working at a county government in New Jersey were also recruited for this research. The use of these sampling techniques are relevant to this study given the sensitive nature of this study issue given that the study questions contain sensitive information about the employee's supervisor and the degree to which the supervisor does his/her job well. Following the guidance and comments from the IRB, participants' confidentiality was clearly detailed in the consent form (See Appendix A). The IRB approval was made on February 12, 2014, for recruiting public employees for this study, and the approval for the revised amendment for recruiting the students in the Executive MPA program was made on March 1, 2014. The first focus group interview was conducted on February 28, 2014, and the second focus group interview was conducted on March 8, 2014. In addition to these two focus group interviews, 10 public employees working at local governments in New Jersey were recruited for semi-

structured phone interviews. In total, 48 public employees working at the local government level in New Jersey participated in this research. They were informed as to the identity of the principal investigator, the purpose of the study was, and any risks and/or benefits to participating in this study. After that, the researcher clearly explained how their confidentiality would be protected and also explained their participation was voluntary. They were asked general, open-ended questions about their general perception of performance appraisals. The focus groups and interviews were audio recorded and transcribed. One independent researcher assisted with transcribing the interview recordings, thereby contributing to the reliability of the findings.⁶

The focus group data was processed and analyzed using the NVivo 10. In the process of analyzing the data, themes were coded, identified, described, and interpreted (Creswell and Plano Clark 2007).

⁶ This qualitative study was approved by the Institutional Review Board at Rutgers University (IRB protocol # 14-078M).

CHAPTER 6 QUANTITATIVE DATA ANALYSIS AND RESULTS: FEDERAL EMPLOYEES

Research Variables and Measurement

Fields (2002: xix) provides a checklist that needs to be considered when constructing a measurement scale using survey items. First, it should be based on “sound theoretical foundations and clear conceptual foundations.” It should also “measure the same construct and have acceptable internal reliability.” The internal reliability can be assessed using the Cronbach Alpha Test. When constructing a variable, the minimum number of items needed is three, so that it can effectively capture the types of latent variables. He also suggests the scale scores should be consistent over time. In other words, when measures are in at least two points in time, they should be correlated with each other. In addition, items used to construct a scale should be grouped together; that is, the concept needs to be uni-dimensional, which can be tested using confirmatory factor analysis.

Federal Employees Study

In order to explore federal employees’ views on performance appraisal – and identify organizational and individual variables predictive of their acceptance of the performance appraisal process – data from the Merit Principle Board Survey (2005) was used. The Merit System Protection Board (MSPB) has conducted biannual surveys, and currently, the data for MSPB (2010) is available to the public. However, since MSPB

(2005) specifically deals with the performance management issue of the federal workforce, and it contains items that are relevant to the purpose of this study, MSPB (2005) has been used for this research. In this survey, 36,926 federal employees (who are a randomly drawn and representative sample of the 1.8 million full-time permanent members of the federal workforce) participated, with a response rate of 50 percent.

Table 2 Descriptive Statistics of the Study Variables

Variable	Obs.	Mean	Std. Dev.	Min	Max
Procedural Justice	32,714	0.00	1.00	-2.97	1.53
Distributional Justice	33,608	0.00	1.00	-2.43	1.91
Instrumental Validity	33,095	0.00	1.00	-2.93	1.77
Developmental Use	32,955	0.00	1.00	-2.81	1.52
Quality Relationship between Supervisor and Employees (LMX)	33,326	0.00	1.00	-2.77	1.13
Empowerment	35,334	0.00	1.00	-2.62	1.59
Goal Alignment	35,813	4.44	0.72	1.00	5.00
Empowerment * LMX	32,997	0.61	1.22	-4.41	7.26
Union	31,838	0.12	0.32	0.00	1.00
Supervisory Status	32,058	0.60	0.49	0.00	1.00
Workplace	31,562	0.25	0.44	0.00	1.00
Tenure in Fed Gov.	31,825	19.68	9.79	0.00	99.00
Tenure in Agency	31,917	16.18	9.60	0.00	99.00
Salary	31,266	84.09	41.75	0.00	999.00
Gender	31,707	0.59	0.49	0.00	1.00
Age	31,118	49.07	8.76	6.00	80.00
Education	31,730	2.94	1.28	1.00	6.00

Table 2 shows the descriptive statistics of the study variables. Among the study participants, about 40 percent of them are non-supervisory employees, while another 60 percent are supervisors or higher. About 40 percent of the overall respondents are female

employees and 60 percent of the respondents are male employees. About 36 percent of the respondents hold bachelor's degrees and about 29 percent of the employees hold a master's degree or higher. About 25 percent of the employees are working at headquarters, while about 75 percent of the participants are working at field offices. About 12 percent of the respondents are dues-paying members of a union. The majority of the respondents (about 56 percent) are either not eligible to be a member of a union or are not covered by a collective bargaining agreement. All the variables were measured using a five-point Likert scale that ranged from "strongly disagree (1) to strongly agree (5).

Dependent Variables: Employees' Acceptance of Performance Appraisal

To provide a comprehensive investigation of measurement of appraisal acceptability, this paper specifically chose acceptance measures that had been used in previous literature. Building on Gabris and Ihrke's (2000) theoretical framework and measurement scales, this paper measures the extent to which employees accept performance appraisal systems using three constructs – procedural justice, distributional justice, and instrument validity.

As discussed above, procedural justice is operationalized as the extent to which employees believe that their job performance is fairly assessed and their supervisor has the capacity to assess their performance in a fair and valid manner. Distributional justice is operationalized as the extent to which employees believe that rewards they receive from the organization are related to their performance input and the extent to which employees believe that their work outcomes – such as rewards and recognition – are fair

(Niehoff and Moorman 1993; see also Fields 2002, p.170). Instrument validity is operationalized as the extent to which an objective measure is used to assess employees' job performance and performance standards, and whether the rating is fairly and consistently applied among employees. In sum, procedural justice deals with the process of performance appraisal, distributive justice is about its outcomes, and instrument validity is about the standards, instruments, and ratings used to assess job performance.

Procedural justice and distributive justice are measured using survey items with a five-point Likert-type response format, which are commonly used in the study of procedural and distributive justice (Gabris and Ihrke 2000; Kim and Rubianty 2011). The survey items used to measure these two constructs are as follows:

Employees' acceptance of the appraisal in terms of procedural justice

- To what extent do you believe you have been fairly treated in regards to performance appraisal?
- I trust my supervisor to fairly assess my performance and contributions.
- I understand how my supervisor will evaluate my performance.
- My supervisor rates my performance fairly and accurately.
- My supervisor is held accountable for rating employee performance fairly and accurately.

Employees' acceptance of the appraisal in terms of distributive justice

- Recognition and rewards are based on performance in my work unit.
- If I perform well, it is likely I will receive a cash award or pay increase.
- I am satisfied with the recognition and awards I receive for my work.

- My organization takes steps to ensure that employees are appropriately paid and rewarded.
- I have been treated fairly regarding pay.

Instrument validity is measured using survey items with a five-point Likert-type response format, which is adapted from the study of Reinke (2003).

Employees' acceptance of the appraisal in terms of instrument validity

- In my work unit, performance ratings accurately reflect job performance.
- The standard used to appraise my performance is appropriate.
- I understand what I must do to receive a high performance rating.
- I know how my performance rating compares to others in my organization with similar jobs.
- Objective measures are used to evaluate my performance.

First of all, in order to see whether each construct captures the uni-dimensional concept, the principal component factor analysis with varimax rotation was employed. Principal component factor analysis is the most traditional approach to factor analysis (Acock 2013, p.3). Varimax rotation was also used to determine if the survey items used to construct each index variable measure shared a single underlying dimension. If each variable represents a single latent construct, the principal component factor analysis with varimax rotation will return one single factor with a high level of common variance.

Employees' Acceptance of Performance Appraisal: Procedural Justice

As noted above, employees' acceptance of performance appraisal in terms of procedural justice has been defined as the extent to which employees' job performance is fairly assessed, and also the extent to which supervisors have the capacity to assess employees' job performance in a fair and valid way. The five items adapted from previous studies (Greenberg 1986a, 1986b; Gabris and Ihrke 2000; Kim and Rubianty 2011) were used to construct a scale of employees' acceptance of performance appraisal in terms of procedural justice. In order to check the uni-dimensionality or homogeneity of the scales, a factor analysis was performed. Additionally, in order to check reliability and internal consistency, the Cronbach Alpha co-efficient was calculated. To confirm the validity and reliability of the scale, Confirmatory Factor Analysis (CFA) was also employed. The results are summarized in the following tables (See Table 3 and 4).

Table 3 Factor Analysis Results: Procedural Justice

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.63059	3.08718	0.7261	0.7261
Factor2	0.54341	0.1974	0.1087	0.8348
Factor3	0.34601	0.02985	0.0692	0.904
Factor4	0.31616	0.15232	0.0632	0.9672
Factor5	0.16384	.	0.0328	1

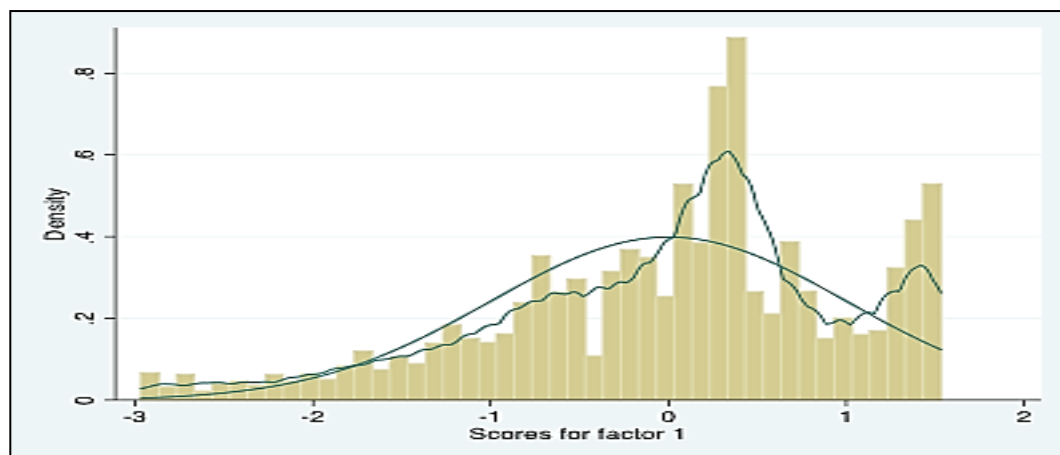
LR test: independent vs. saturated: $\chi^2(10) = 1.1e+05$ Prob> $\chi^2 = 0.0000$

Table 4 Varimax Rotation Results: Procedural Justice

Variable	Factor1	Uniqueness
p12	0.8792	0.2271
p13	0.8637	0.2541
p14	0.9301	0.1349
p15	0.8312	0.3091
p17	0.7454	0.4443

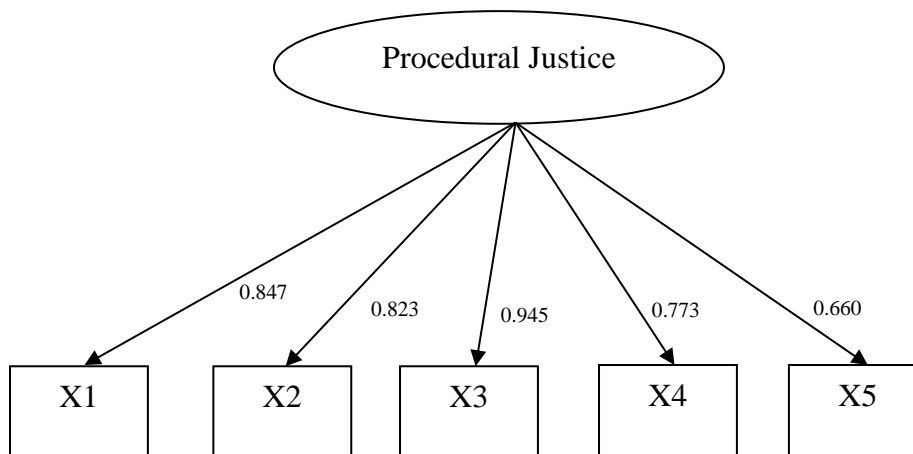
These results indicate that all five items were loaded onto one factor, and all the items loaded over 0.75 on this factor confirm that it measures one single underlying dimension. Only one factor has an eigenvalue greater than 1.0. In order to test the reliability of the survey items used to create an index variable, Cronbach's Alpha Test was employed. If the result is greater than .70, it is acceptable (Nunnally and Bernstein 1994).

The alpha score is 0.8673, which is higher than the 0.7 minimum standards, indicates its high reliability. In order to test for normality, a kernel density plot was produced and residuals seemed to follow a normal distribution (See Figure 7).

Figure 7 Kernel Density Plot

In addition, in order to check whether the covariance of the five observed items were fully explained by the single latent variable plus the unique variance of each item, the Confirmatory Factor Analysis (CFA) in Structural Equation Modeling (SEM) was employed. Confirmatory factor analysis is widely used as a tool to validate any measurement and find its reliability (Acock 2013). To assess the measurement properties of this scale, CFA (Comparative Fit Index) was used, and the results show that it is higher than the acceptable value of 0.95 (CFI=0.995). This result means that the true score can account for 95 percent of the variation in the scale constructed. RMSEA is also 0.055 – similar to its acceptable level 0.05. The standardized root means squared residual (SRMR) was also 0.010, which is less than the acceptable value of 0.08 (See Figure 8).

Figure 8 Standardized Results of a Single Factor Solution



Employees' Acceptance of Performance Appraisal: Distributional Justice

Employees' acceptance of performance appraisal in terms of distributional justice has been defined as the extent to which rewards received from an organization are linked to employee job performance, and whether those rewards are fair recognition for their

performance.

As noted above, employees' acceptance of appraisal in terms of distributional justice was measured using five items adapted from previous studies (Greenberg 1986a, 1986b; Gabris and Ihrke 2000; Reinke 2003). To assess the reliability and validity of the scale constructed, Cronbach's Alpha Test and factor analysis have been employed. The results are displayed in the following tables (See Table 5 and 6).

Table 5 Factor Analysis Results: Distributional Justice

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.20396	2.5467	0.6408	0.6408
Factor2	0.65727	0.16147	0.1315	0.7722
Factor3	0.49579	0.1315	0.0992	0.8714
Factor4	0.36429	0.08561	0.0729	0.9443
Factor5	0.27868	.	0.0557	1

LR test: independent vs. saturated: $\chi^2(10) = 7.5e+04$ Prob> $\chi^2 = 0.0000$

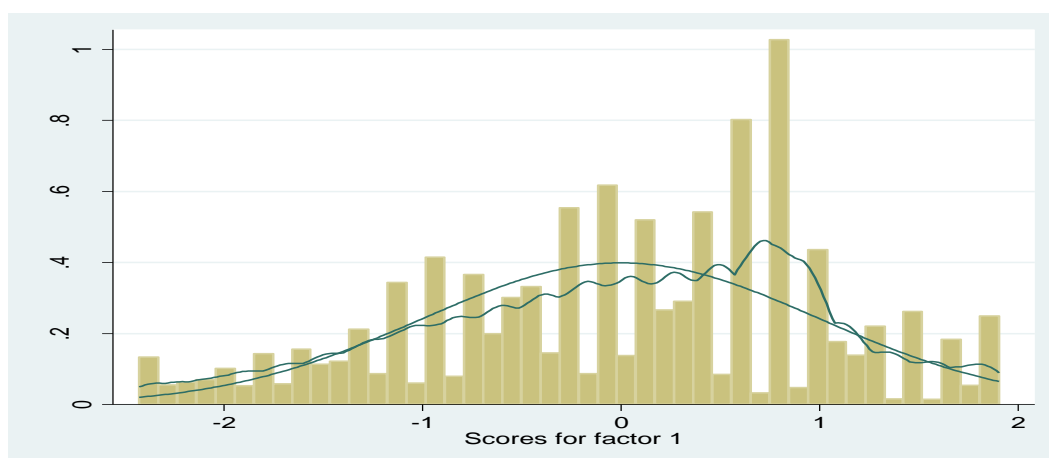
Table 6 Varimax Rotation Results: Distributional Justice

Variable	Factor1	Uniqueness
d1	0.7614	0.4203
d7	0.8415	0.2918
d8	0.8689	0.245
d16	0.8444	0.287
d12	0.6693	0.552

These results indicate that all five items were loaded onto one factor, and all the items loaded over 0.7 on this factor confirm that it measures one single underlying dimension. The score on Cronbach's Alpha Test was 0.8573, indicating high reliability (Nunnally and Bernstein 1994). The normality test (a kernel density plot) is reported in

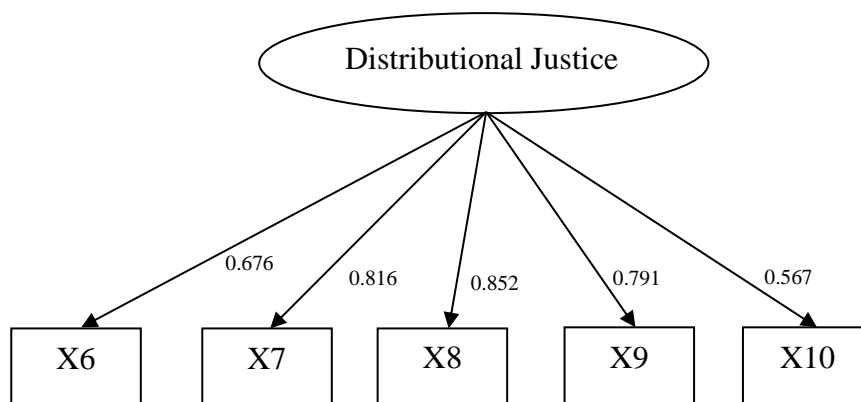
the following figure, and the results indicate residuals follow a normal distribution (See Figure 9).

Figure 9 Kernel Density Plot



Additionally, in order to check whether the covariance of the four observed items is fully explained by the single latent variable plus the unique variance of each item, the Confirmatory Factor Analysis (CFA) in Structural Equation Modeling (SEM) has been employed as well (See Figure 10).

Figure 10 Standardized Results of a Single Factor Solution



The confirmatory factor analysis has shown that this factor model with four items has a reasonably close fit with the latent constructs (CFI = 0.987, SRMR=0.016, RMSEA = 0.07).

Employees' Acceptance of Performance Appraisal: Instrumental Validity

Employees' acceptance of performance appraisal in terms of instrumental validity means the extent to which employees believe that, when their job performance is assessed, objective and fair standards are used. Adapted from Reinke (2003), the five items have been used to construct this scale. The results of factor analysis and Cronbach's Alpha Test confirm the reliability and validity of the scale. The results are summarized in the following tables (See Table 7 and 8).

Table 7 Factor Analysis Results: Instrumental Validity

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	2.90559	2.12212	0.5811	0.5811
Factor2	0.78347	0.22956	0.1567	0.7378
Factor3	0.55391	0.15105	0.1108	0.8486
Factor4	0.40286	0.0487	0.0806	0.9292
Factor5	0.35417	.	0.0708	1

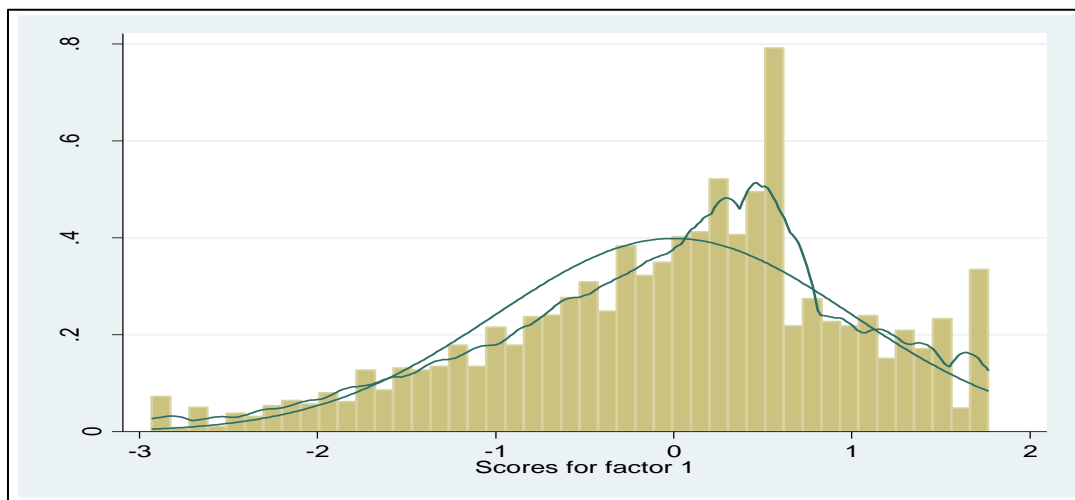
LR test: independent vs. saturated: $\chi^2(10) = 5.7e+04$ Prob> $\chi^2 = 0.0000$

Table 8 Varimax Rotation Results: Instrumental Validity

Variable	Factor1	Uniqueness
i1	0.7236	0.4764
i3	0.8284	0.3138
i4	0.8189	0.3294
i5	0.5641	0.6818
i6	0.8407	0.2932

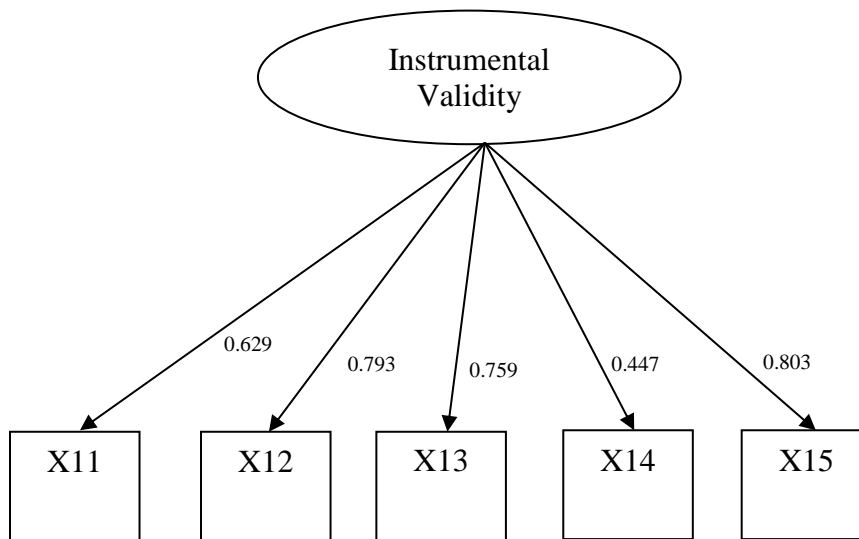
The results indicate that all five items were loaded onto one factor – indicating that it measures one single underlying dimension. The score on Cronbach’s Alpha Test was 0.8573, indicating high reliability (Nunnally and Bernstein, 1994). The normality test (a kernel density plot) is reported in the following figure, and the results indicate residuals follow a normal distribution. A kernel density plot was produced, and the results confirm its normal distribution (See Figure 11).

Figure 11 Kernel Plot



The results of the confirmatory factor analysis conclude that this factor model with five items had a good fit with the latent constructs (CFI = 0.992, SRMR=0.015, RMSEA = 0.054) (See Figure 12).

Figure 12 Standardized Results of a Single Factor Solution



Independent Variables

Developmental Use of Performance Appraisal

According to Daley (1992) and Murphy and Cleveland (1995), *developmental use of performance appraisal* refers to employees' perceived use of performance appraisal for adopting constructive suggestions and identifying training needs. Building on their framework, we measured developmental use of performance appraisal using five items, including: 1) I have sufficient opportunities (such as challenging assignments or projects) to earn a high performance rating, 2) My supervisor provides constructive feedback on my job performance, 3) Discussions with my supervisor about my performance are worthwhile, 4) My supervisor provides coaching, training opportunities, or other assistance to help me improve my skills and performance, and 5) My supervisor provides timely feedback on my job performance. All five items have been loaded onto one factor

and its alpha score is 0.8846, indicating high reliability (See Table 9 and 10). The results of the confirmatory factor analysis conclude that this factor model with five items has a good fit with the latent constructs (CFI = 0.992, SRMR=0.014, RMSEA = 0.07).

Table 9 Factor Analysis Results: Developmental Use of Performance Appraisal

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.46037	2.82316	0.6921	0.6921
Factor2	0.63721	0.22064	0.1274	0.8195
Factor3	0.41657	0.11297	0.0833	0.9028
Factor4	0.3036	0.12137	0.0607	0.9636
Factor5	0.18223	.	0.0364	1

LR test: independent vs. saturated: $\chi^2(10) = 9.8e+04$ Prob> $\chi^2 = 0.0000$

Table 10 Varimax Rotation Results: Developmental Use of Performance Appraisal

Variable	Factor1	Uniqueness
dv1	0.6677	0.5542
dv2	0.906	0.1792
dv3	0.89	0.2079
dv4	0.8593	0.2616
dv5	0.8145	0.3367

Quality of Supervisor-Subordinate Relationship

Leader-Member Exchange Theory (Liden and Graen, 1980; Dienesch and Liden, 1986) describes *the quality of supervisor-subordinate relationship* as the degree of trust between supervisors and employees in their interactions, or the perceived contributions of each party to the exchange of mutual goals. Following this definition, the quality of the supervisor-subordinate relationship in the appraisal process is measured using four items, which are adapted from Cho and Lee (2011) and Park (2012).

- I trust my supervisor to listen to my concerns.
- I trust my supervisor to apply discipline fairly and only when justified.
- I trust my supervisor to act with integrity.
- I trust my supervisor to refrain from favoritism.

All five items have been loaded onto one factor and its alpha score is 0.9384. The results of the confirmatory factor analysis conclude that this factor model with five items has a good fit with the latent constructs (CFI = 0.997, SRMR=0.005, RMSEA = 0.068).

Table 11 Factor Analysis Results: Quality of Supervisor-Subordinate Relationship

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.38857	3.15359	0.8471	0.8471
Factor2	0.23497	0.02769	0.0587	0.9059
Factor3	0.20728	0.0381	0.0518	0.9577
Factor4	0.16918	.	0.0423	1

LR test: independent vs. saturated: $\chi^2(6) = 1.2e+05$ Prob> $\chi^2 = 0.0000$

Table 12 Varimax Rotation Results

Variable	Factor1	Uniqueness
t1	0.923	0.148
t2	0.9108	0.1704
t3	0.9314	0.1325
t4	0.9162	0.1605

Employees' Participation in Performance Standard/Goal Setting

In addition, *employees' participation in the development of performance standards* has been measured with a single questionnaire item directly asking: "Do you participate in setting standards and goals used to evaluate your job performance?" About

53 percent of the respondents indicated that they have participated in setting performance standards or performance goals (See Table 13).

Table 13 Summary Statistics

	Freq.	Percent	Cum.
1	2,642	7.58	7.58
2	7,027	20.16	27.74
3	6,755	19.38	47.12
4	12,101	34.72	81.83
5	6,332	18.17	100
Total	34,857	100	

Employees' Perceived Empowerment

Employees' perceived empowerment is defined as “the extent to which they believe that they are granted the autonomy to act in creative and innovative ways by relaxing controls and decentralizing authority” (Conger and Kanungo 1988, p.473; Petter et al. 2002; Fernandez and Pitts 2011). It is measured using three items from Thomas and Velthouse (1990), Park and Rainey (2007), and Pitts et al. (2011), including:

- I am given a real opportunity to improve my skills in my organization.
- Creativity and innovation are rewarded.
- My opinions count at work.

All the items have been loaded onto one factor, and the reliability of this scale is 0.8207, indicating high reliability. The results are summarized in the following tables (See Table 14 and 15).

Table 14 Factor Analysis Results

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	2.20936	1.76169	0.7365	0.7365
Factor2	0.44767	0.1047	0.1492	0.8857
Factor3	0.34297	.	0.1143	1

LR test: independent vs. saturated: $\chi^2(3) = 3.8e+04$ Prob> $\chi^2 = 0.0000$

Table 15 Varimax Rotation Results

Variable	Factor1	Uniqueness
E1	0.8327	0.3067
E2	0.8674	0.2476
E3	0.8739	0.2363

Interaction term: Quality of Supervisor-Subordinate Relationship and Empowerment

The interaction term for the quality of the supervisor-subordinate relationship and employees' perceived empowerment has been included – after mean-centering the two constituent variables to mitigate the potential problem of multi-collinearity (Jaccard et al. 1990, 476).

Perceived Goal Alignment

Goal alignment is defined as the extent to which employees understand how their work is related to the agency's goal and priorities (Ayers 2013, p.498). It is measured with a single questionnaire item directly asking: “Do you understand how you contribute to your agency's missions?” About 47 percent of the respondents indicated that they understand how their work is related to the agency's missions.

Table 16 Goal Alignment Summary Statistics

	Freq.	Percent	Cum.
1	197	0.55	0.55
2	654	1.83	2.38
3	1,713	4.78	7.16
4	13,931	38.9	46.06
5	19,318	53.94	100
Total	35,813	100	

Control variables

In order to examine the effect of the developmental use of performance appraisal, the quality of supervisor-subordinate relationship, employee participation, and employees' acceptance of performance appraisal, *employment attributes* and *demographic attributes* are included as control variables that may influence employees' acceptance of performance appraisal.

We have assumed that there might be differences in level of acceptance, depending on employees' employment or demographic attributes. Employment attributes include workplace, supervisory status, salary, tenure in federal government, tenure in the current agency, education level, and union membership. *Location* is a dichotomous variable, where 1 indicates employees are working in headquarters and 0 indicates employees are working in a field office. *Supervisory status* is also a dichotomous variable that captures whether the respondents have a position of supervisor or higher (=1) or not (=0).

Tiffin and McCormick (1962) noted that unionized employees are more likely to have unfavorable attitudes toward merit ratings because the emphasis is placed more on seniority than merit ratings, which may entail subjective judgment – especially when it is

related to personnel decisions. Iverson (1996) also found there is a negative relationship between union membership and employees' acceptance of organizational change and employees' commitment. To control its possible effect, *union membership* is included using a survey item as a dichotomous variable where 1 indicates employees who pay union member membership dues and 0 indicates employees who do not pay union membership dues. Demographic attributes also include *gender* (Male=1/Female=0) and *age*.

Statistical procedures

Stepwise regressions were employed to examine the relationship between five independent variables and the dependent variable. Model 1 tests the relationship between the control variables and the dependent variable, while Models 2, 3, 4, 5, 6, 7, and 8 test the relationship between each independent variable and the dependent variable. The last model examines the moderator relationship by regressing employees' acceptance of performance appraisal on the quality of the supervisor-subordinate relationship, employees' participation in performance standard setting, employees' perceived empowerment, controls and the interaction term – which is denoted as the Quality of Supervisor-Subordinate Relationship \times Empowerment. In order to assess the presence of moderating effect, Cohen and Cohen (1975) suggest examining the change in the coefficient of determination (R-squared) from the regression with main effects only and the regression model with main variables and interactions. For this purpose, the series of regressions have been employed. The interaction term for the quality of the supervisor-subordinate relationship and employees' perceived empowerment is included after mean-

centering these two constituent variables to mitigate the potential problem of multicollinearity (Jaccard et al. 1990, 476). Using a stepwise regression is advantageous to this study in that “the interactive effect of $X1 \times X2$ on Y is assessed only after the additive effects of $X1$ and $X2$ have been parceled out” as Friedrich (1982, p.802) emphasizes. The results are reported in Table 17, Table 18, Table 19, Table 20, Table 21 and Table 22, respectively. In all models, the change in R^2 was minimal when comparing one with the interaction term and one without the interaction – indicating the effect of the interaction term on the dependent variables is not significant.

As correlations between the explanatory variables have indicated, some multicollinearity is present in the data set. However, using the variance inflation factor (VIF) test for multi-collinearity in all three models, the average VIF is less than 2.0 and, in all cases, is well below the critical value of 10 (Bowerman and O’Connell 1990). This indicates that it is unlikely that the empirical results are seriously distorted by multicollinearity. The Breusch Pagan Test has indicated the presence of heteroscedasticity, requiring the application of robust standard errors. The results are summarized in the following tables.

Moreover, as previous literature on organizational justice indicates, two justice components – procedural justice and distributional justice – are distinct yet highly correlated with each other. Additionally, the instrument validity can also predict both procedural and distributional justice in the performance appraisal process because, only with valid and accurate rating and criteria, can procedural and distributional justice be achieved. Since the same regressors are used in all three of these models, with the existence of covariance, the error terms of each regression model may be linked to each

other. Also, considering some possible unobservable or poorly measured variable that exists in each regression, rather than using OLS, the use of Seemingly Unrelated Regression (SUR) “in which the parameters for all equations are determined in a single procedure” may be preferred (Martin & Smith 2005, p.604). A Breusch-Pagan Test of independence errors was performed to see that the errors across equations are correlated. The results show a chi-square test statistic of 7692.550 and a p value of 0.000, which is less than 0.05 – indicating that the errors across equations are significantly correlated, and supporting the use of SUR regression to achieve efficiency in estimation.

Table 17 Procedural Justice/Distributional Justice

Variable	Factor1	Factor2	Uniqueness
p12	0.8349	0.2792	0.2249
p13	0.8480	0.2124	0.2357
p14	0.8946	0.2658	0.1291
p15	0.8045	0.2405	0.2949
p17	0.6004	0.4501	0.4369
d1	0.4104	0.6289	0.436
d7	0.2458	0.8129	0.2788
d8	0.3128	0.8109	0.2445
d16	0.2546	0.8053	0.2867
d12	0.2547	0.6328	0.5347

Table 18 OLS Regression Results Predicting Employees' Acceptance of Performance Appraisal: Procedural Justice

	Model 1	Model2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Developmental Purpose		0.868** (0.003)*						0.616*** (0.006)	0.615*** (0.006)
LMX quality			0.714*** (0.003)					0.040*** (0.004)	0.040*** (0.004)
Empowerment				0.613*** (0.004)				0.198*** (0.005)	0.200*** (0.005)
Participation						0.366*** (0.007)		0.05*** (0.002)	0.05*** (0.002)
Empowerment x LMX quality									0.005** (0.002)
Goal Alignment					0.369*** (0.004)			0.02** (0.004)	0.01** (0.004)
Supervisory Status	0.129*** (0.011)	-0.016*** (0.006)	0.029*** (0.007)	-0.024*** (0.009)	0.036*** (0.010)	0.057*** (0.011)	0.129*** (0.012)	-0.026*** (0.006)	-0.023*** (0.006)
Workplace	0.013 (0.012)	-0.006 (0.006)	0.001 (0.007)	0.029*** (0.01)	-0.033*** (0.011)	0.027** (0.012)	0.013 (0.012)	-0.009 (0.01)	-0.009 (0.01)
Tenure in Fed	-0.004*** (0.001)	-0.000 (0.000)	-0.001 (0.001)	-0.004*** (0.001)	-0.004*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.000 (0.000)	-0.000 (0.000)
Tenure in Agency	0.005*** (0.001)	0.001* (0.000)	0.000 (0.000)	0.001* (0.000)	0.005*** (0.000)	0.004*** (0.000)	0.005*** (0.000)	0.001 (0.000)	0.001 (0.000)
Salary	0.000*** (0.001)	0.000* (0.000)	-0.000 (0.000)	-0.000* (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	-0.000 (0.000)	-0.000 (0.000)
Gender	-0.055*** (0.001)	-0.058*** (0.005)	-0.089*** (0.007)	-0.052*** (0.008)	-0.046*** (0.01)	-0.040*** (0.011)	-0.055*** (0.011)	-0.065*** (0.005)	-0.065*** (0.005)
Age	-0.004*** (0.001)	-0.001 (0.000)	-0.000* (0.000)	-0.003*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	0.000 (0.000)	0.001* (0.000)
Education	-0.017*** (0.004)	-0.001 (0.002)	-0.023*** (0.003)	-0.02*** (0.003)	-0.014*** (0.004)	-0.02*** (0.004)	-0.017*** (0.004)	-0.007*** (0.002)	-0.007*** (0.002)
Union	-0.217*** (0.012)	-0.026*** (0.008)	-0.016 (0.01)	-0.029** (0.013)	-0.117*** (0.015)	-0.186*** (0.016)	-0.217*** (0.017)	0.000 (0.01)	0.000 (0.01)
Constant	3.825***	0.602***	1.099***	1.822***	2.653***	2.307***	3.825***	0.457***	0.447***
Observations	29,744	29,743	29,680	29,706	29,664	29,580	29,744	29,457	29,457
R-squared	0.018	0.77	0.655	0.413	0.255	0.1	0.018	0.788	0.788

Notes: a. Standard errors in parentheses; b. *** p<0.01, ** p<0.05, * p<0.1

Table 19 Robust Regression Results Predicting Employees' Acceptance of Performance Appraisal: Procedural Justice

Variables	Robust Regression (a)	Beta	Robust Regression (b)
Developmental Purpose	0.615*** (0.007)	0.622**	0.646***
LMX quality	0.192*** (0.004)	0.227***	0.192***
Empowerment	0.040*** (0.006)	0.042***	0.043***
Empowerment x LMX quality	0.005* (0.003)	0.006*	0.003
Participation	0.05*** (0.003)	0.07***	0.056***
Goal Alignment	0.009** (0.004)	0.01**	0.012*
Supervisory Status	-0.026*** (0.006)	-0.01***	-0.024***
Workplace	-0.009 (0.006)	-0.01	-0.012*
Tenure in Fed	-0.000 (0.000)	-0.004	-0.00
Tenure in Agency	0.001 (0.000)	0.004	0.001
Salary	-0.000 (0.000)	-0.003	-0.000
Gender	-0.065*** (0.005)	-0.035***	-0.067***
Age	-0.001* (0.000)	-0.006*	-0.001*
Education	-0.007*** (0.002)	-0.009***	-0.01***
Union	0.000 (0.008)	-0.000	-0.005
Constant	0.447***		
Observations	29,457		
R-squared	0.788		

Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 20 OLS Regression Results Predicting Employees' Acceptance of Performance Appraisal: Distributional Justice

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Developmental Purpose		0.627*** (0.004)					0.259*** (0.01)	0.257*** (0.01)
Empowerment			0.659*** (0.004)				0.444*** (0.006)	0.447*** (0.006)
LMX quality				0.493*** (0.004)			0.0310*** (0.007)	0.0451*** (0.007)
Empowerment x LMX quality								0.0279*** (0.003)
Participation					0.320*** (0.004)		0.0494*** (0.004)	0.0481*** (0.004)
Goal Alignment						0.354*** (0.007)	-0.0238*** (0.006)	-0.0233*** (0.006)
Supervisory Status	0.202*** (0.012)	0.0970*** (0.01)	0.0372*** (0.01)	0.132*** (0.01)	0.120*** (0.01)	0.133*** (0.01)	0.0351*** (0.01)	0.0346*** (0.01)
Workplace	0.08*** (0.012)	0.066*** (0.01)	0.10*** (0.01)	0.072*** (0.01)	0.041*** (0.01)	0.094*** (0.01)	0.078*** (0.01)	0.077*** (0.01)
Tenure in Fed	-0.001 (0.001)	0.002*** (0.001)	0.000 (0.001)	0.002** (0.001)	-0.000 (0.001)	0.000 (0.001)	0.001** (0.001)	0.001** (0.001)
Tenure in Agency	0.004*** (0.001)	0.001** (0.001)	0.001 (0.001)	0.001** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.0004 (0.001)	0.001 (0.001)
Salary	0.003*** (0.000)	0.002*** (0.000)	0.001*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Gender	-0.048*** (0.01)	-0.051*** (0.01)	-0.045*** (0.01)	-0.072*** (0.01)	-0.04*** (0.01)	-0.033*** (0.01)	-0.048*** (0.01)	-0.047*** (0.01)
Age	-0.002*** (0.001)	0.001 (0.001)	-0.000 (0.001)	0.000 (0.001)	-0.002*** (0.001)	-0.003*** (0.001)	0.0004 (0.001)	0.000 (0.001)
Education	0.009** (0.004)	0.021*** (0.003)	0.006* (0.003)	0.006 (0.004)	0.012*** (0.004)	0.008* (0.004)	0.013*** (0.003)	0.012*** (0.003)
Union	-0.252*** (0.017)	-0.115*** (0.013)	-0.049*** (0.012)	-0.114*** (0.014)	-0.164*** (0.015)	-0.222*** (0.016)	-0.037*** (0.012)	-0.038*** (0.012)
Constant	2.978***	0.650***	0.824***	1.097***	1.962***	1.510***	0.386***	0.322***
Observations	29,739	29,738	29,709	29,676	29,667	29,582	29,457	29,457
R-squared	0.054	0.436	0.499	0.349	0.228	0.128	0.552	0.553

Notes: a. Standard errors in parentheses; b. *** p<0.01, ** p<0.05, * p<0.1

Table 21 Robust Regression Results Predicting Employees' Acceptance of Performance Appraisal: Distributional Justice

VARIABLES	Robust Regression (a)	Beta	Robust Regression (b)
Developmental Purpose	0.257*** (0.009)	0.256***	0.245***
Empowerment	0.447*** (0.006)	0.465***	0.468***
LMX quality	0.045*** (0.007)	0.050***	0.0538***
Empowerment x LMX quality	0.028** (0.003)	0.036***	0.0295***
Participation	0.048*** (0.004)	0.063***	0.0558***
Goal Alignment	-0.023*** (0.006)	-0.018***	-0.0253***
Supervisory Status	0.035** (0.008)	0.018***	0.0344***
Workplace	0.077** (0.01)	0.036***	0.0876***
Tenure in Fed	0.001** (0.001)	0.013**	0.00141**
Tenure in Agency	0.001 (0.001)	0.06	0.000498
Salary	0.001*** (0.000)	0.06***	0.00143***
Gender	-0.047*** (0.008)	-0.03***	-0.0468***
Age	0.000 (0.001)	0.003	0.0005
Education	0.012*** (0.003)	0.017***	0.0132***
Union	-0.038*** (0.012)	-0.013***	-0.0484***
Constant	0.322***		
Observations	29,457		
R-squared	0.553		

Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 22 OLS Regression Results Predicting Employees' Acceptance of Performance Appraisal: Instrumental Justice

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Developmental Purpose		0.644*** (0.04)					0.452*** (0.007)	0.452*** (0.007)
Empowerment					0.563*** (0.004)		0.163*** (0.005)	0.164*** (0.005)
LMX quality			0.457*** (0.004)				-0.0964*** (0.006)	-0.0930*** (0.006)
Empowerment x LMX quality								0.007** (0.003)
Participation				0.439*** (0.003)			0.227*** (0.003)	0.227*** (0.003)
Goal Alignment						0.395*** (0.007)	0.0738*** (0.005)	0.0739*** (0.005)
Supervisory Status	0.160*** (0.01)	0.0519*** (0.01)	0.0948*** (0.01)	0.0476*** (0.01)	0.0186** (0.01)	0.0823*** (0.01)	-0.0159** (0.01)	-0.0160** (0.01)
Workplace	0.0271** (0.01)	0.0128 (0.01)	0.0192** (0.01)	-0.0270*** (0.01)	0.0416*** (0.01)	0.0421*** (0.01)	-0.0029 (0.01)	-0.00324 (0.01)
Tenure in Fed	-0.003*** (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.002*** (0.001)	-0.002*** (0.001)	-0.002* (0.001)	-0.000 (0.001)	-0.000 (0.001)
Tenure in Agency	0.002*** (0.001)	-0.001 (0.001)	-0.000 (0.001)	0.002*** (0.001)	-0.001 (0.001)	0.002** (0.000)	-0.000 (0.000)	-0.000 (0.000)
Salary	0.001***	0.000 (0.001)	0.000 (0.001)	0.000*** (0.000)	-0.000*** (0.000)	0.000*** (0.000)	-0.000** (0.000)	-0.000** (0.000)
Gender	-0.06*** (0.01)	-0.062*** (0.01)	-0.081*** (0.01)	-0.048*** (0.01)	-0.056*** (0.01)	-0.042*** (0.01)	-0.046*** (0.01)	-0.046*** (0.01)
Age	-0.001 (0.001)	0.002*** (0.001)	0.001* (0.001)	-0.001** (0.001)	0.001 (0.001)	-0.002*** (0.001)	0.001 (0.000)	0.001 (0.000)
Education	-0.036*** (0.004)	-0.024*** (0.003)	-0.04*** (0.003)	-0.032*** (0.003)	-0.039*** (0.003)	-0.037*** (0.004)	-0.026*** (0.004)	-0.026*** (0.003)
Union	-0.181*** (0.02)	-0.040*** (0.01)	-0.053*** (0.01)	-0.062*** (0.01)	-0.009 (0.01)	-0.147*** (0.01)	0.009 (0.01)	0.009 (0.01)
Constant	3.484***	1.092***	1.736***	2.091***	1.643***	1.846***	0.611***	0.596***
Observations	29,728	29,727	29,665	29,667	29,706	29,578	29,457	29,457
R-squared	0.02	0.494	0.319	0.403	0.401	0.128	0.619	0.619

Notes: a. Standard errors in parentheses; b. *** p<0.01, ** p<0.05, * p<0.1

Table 23 Robust Regression Results Predicting Employees' Acceptance of Performance Appraisal: Instrumental Justice

VARIABLES	Robust Regression(a)	Beta	Robust Regression(b)
Developmental Purpose	0.452*** (0.008)	0.488	0.464***
Empowerment	0.164*** (0.006)	0.185	0.194***
LMX quality	-0.093*** (0.007)	-0.113	-0.092***
Empowerment x LMX quality	0.007** (0.003)	0.009	0.003
Participation	0.227*** (0.004)	0.324	0.279***
Goal Alignment	0.074*** (0.005)	0.063	0.092***
Supervisory Status	-0.016** (0.007)	-0.009	-0.026***
Workplace	-0.003 (0.007)	-0.002	0.002
Tenure in Fed	-0.000 (0.001)	-0.005	-0.000
Tenure in Agency	-0.000 (0.000)	-0.002	-0.000
Salary	-0.000** (0.000)	-0.009	-0.000
Gender	-0.046*** (0.007)	-0.027	-0.061***
Age	0.001 (0.000)	0.006	0.001*
Education	-0.026*** (0.003)	-0.038	-0.026***
Union	0.009 (0.01)	0.034	-0.005
Constant	0.596***		-1.254***
Observations	29,457		27,480
R-squared	0.619		0.626

Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 25 Seemingly Unrelated Regression Results

VARIABLES	Procedural Justice	Distributional Justice	Instrument Validity
Developmental Purpose	0.615***	0.257***	0.452***
Participation	0.0498***	0.0481***	0.227***
LMX quality	0.200***	0.0451***	-0.0930***
Empowerment x LMX quality	0.00466**	0.0279***	0.00675**
Goal Alignment	0.00856**	-0.0233***	0.0739***
Empowerment	0.0400***	0.447***	0.164***
Union	0.00016	-0.0384***	0.00906
Supervisory Status	-0.0258***	0.0346***	-0.0160**
Workplace	-0.00932	0.0765***	-0.00324
Tenure in Fed	-0.00036	0.00124**	-0.000398
Tenure in Agency	0.000541	0.000531	-0.000136
Salary	-6.39E-05	0.00136***	-0.000182**
Gender	-0.0650***	-0.0469***	-0.0460***
Age	-0.000609*	0.000301	0.000623
Education	-0.00655***	0.0121***	-0.0258***
Constant	0.447***	0.322***	0.596***
Observations	29,457	29,457	29,457
R-squared	0.788	0.553	0.619

Note: Breusch-Pagan test of independence: $\chi^2(3) = 7109.185$, $Pr = 0.0000$

Results and Findings

Developmental Use of Performance Appraisal

Tables 18 and 19 above present the results of the regression analysis when employees' acceptance in terms of procedural justice was regressed against control and independent variables. Tables 20 and 21 summarize the results of the regression analysis when employees' acceptance in terms of distributional justice was regressed against control and independent variables. Lastly, Tables 22 and 23 present the results of the regression analysis when employees' acceptance in terms of instrumental validity was regressed against control and independent variables.

When controlling for other factors, developmental use of performance appraisal is significantly and positively related to employees' acceptance of performance appraisal in terms of procedural justice with, and independent of, the moderating effect of employees' perceived empowerment (Standardized Coefficient=0.628, *** $p < 0.01$). It is also positively and significantly associated with two other acceptance variables: distributional justice and instrumental validity. At the regression results with distributional justice as a dependent variable, the standardized coefficient was 0.256*** $p < 0.01$ and as for the instrumental validity as a dependent variable, the standardized co-efficient was 0.488*** $p < 0.01$. All these results support hypotheses 1, 2, and 3. The positive association between developmental use of performance appraisal and the three dimensions of employees' performance appraisal acceptance is supported in the Seemingly Unrelated Regression result as well (See Table 25).

When looking at the standardized coefficients, compared to its effect on employees' acceptance in terms of distributional justice, developmental use of

performance appraisal appears to have a greater impact on employees' acceptance in terms of procedural justice and instrumental validity. One possible explanation for this finding is that, in a constructive organizational culture where identifying training needs and development opportunities are valued, supervisors who rate employees' performance are more likely to follow fair procedures compared to a culture wherein favoritism is prevalent. Consequently, it would positively affect employees' perceptions of procedural justice and instrument validity.

As Erdogan (2003, p.563) notes, "In passive–defensive cultures in which individuals try to minimize interpersonal conflict and protect status quo, raters may avoid conducting realistic appraisals in order to avoid confrontation." And in aggressive-defensive cultures where individuals try to gain more power and authority, performance appraisals will be used as a power gain to justify or strengthen their power and status. In these two cultures, "either fairness or objectivity will not be their major concern" (p.563).

However, in constructive cultures where organizational norms and values support individual achievement and development, supervisors as raters will be more likely to provide an accurate rating, the results will be more likely to help employees understand where they are in relation to performance standards and organizational goals, and in turn the employees will be more likely to provide constructive feedback.

In other words, when performance appraisal is used more for improving employees' capacity building and achievement, it will positively affect employees' intrinsic motivation and will be perceived as less threatening (Cooke & Szumal 1993).

Another possible explanation can be made in relation to supervisor rating behavior. Previous studies on rater behavior have shown that more lenient, less reliable

ratings have been implemented when performance appraisal is used for administrative purposes (Jawahar & Williams, 1997; Greguras et al. 2003). When performance appraisal is used more for administrative purposes, supervisors may be reluctant to provide an accurate rating, and are more likely to provide a lenient rating to avoid the potential ramifications of negative evaluations (Fisher 1989). In this case, this lenient rating behavior would create a bigger discrepancy between employees' self-ratings and their supervisors' ratings, or the ratings colleagues receive from the same supervisor, resulting in less employee acceptance in terms of procedural justice and distributional justice, as well as instrument validity. In addition, Cleveland and Murphy (1992) also suggest that, while rating inflation is more observed when ratings are related to administrative decisions, more accurate rating is observed when it is for development and feedback.

From employees' motivational perspective, this finding is not surprising because compared to judgmental approach, developmental approach is more about enhancing employees' motivation by adding value to them (Daley 1992, p.15). The positive relationship between developmental use of performance appraisal and employees' acceptance supports the concept of enabling aspect of performance appraisal and its positive effect on employees' acceptability of performance appraisal (Daley 1992; Adler and Borys 1996). As Daley (1992) illustrates, the developmental approach assumes that employees have the basic competence needed to perform tasks and, therefore, more attention is given to their potential. Developmental feedback that supervisors provide at appraisal sessions may contribute to making employees' current work much more challenging and enjoyable, thereby resulting in higher intrinsic motivation – which is in support of self-determination theory (Deci and Ryan 1985). As a consequence, newly

developed or assigned tasks are likely to be perceived as intrinsically rewarding. On the other hand, appraisal for judgmental purpose entails command and control components, which would likely be viewed by employees to be more centered on extrinsic motivation such as rewards or punishment.

Therefore, the lack of developmental purpose, while solely relying on the use of judgmental purpose, may increase employees' negative views on performance appraisal in general. Considering the limited funding available in the public sector to reward employees' good performance, unless there are ample promotional opportunities, employees' acceptance of performance appraisal in terms of distributional justice would be low. However, providing a developmental plan, or identifying training needs and putting them into action, may be viewed as intrinsic rewards or recognition from the organization for good employee performance. For this reason, employees' acceptance of performance appraisal would likely be heightened. Some behavioral scientists argue that the overall negative sentiment of employees toward performance appraisal, especially the merit system, can be attributed to either its price effect or crowding-out effect. Rewards that have extrinsic motivation components encourage extrinsically-motivated behavior which is called 'price-effect', and discourage intrinsically motivated behavior, which is called 'crowding-out effect' (Perry 1997; Deci and Ryan 2000; Weibel et al. 2010).

Nevertheless, given the resource constraints of the public sector, the magnitude of price effect would be low, and would not cause the same motivational shift as developmental feedback because developmental feedback is more likely to play a role in increasing employees' intrinsic motivation by making their jobs more enjoyable and challenging

This finding is also consistent with the study of Boswell and Boudreau (2002) that examined employees' reactions to performance appraisal at a production equipment facility. Their findings show that developmental performance appraisal is positively associated with employees' outcomes, such as their commitment or satisfaction with the appraisal process.

This coaching function is considered as the major antecedent to individuals' procedural justice perception. When performance requirements are clearly identified and communicated to employees, and especially when they are provided with guidance and help about how to improve performance and address any deficiencies, employee perception of procedural justice can be enhanced (Skarlicki and Latham 2005). In other words, employees are more receptive and supportive of performance appraisal when it becomes an avenue for receiving personal development opportunities (Skarlicki and Latham 2005; Mullins 2007). Arguably, only when employees' job performance is fairly and objectively assessed can supervisors figure out how to coach and guide their subordinates to move forward. That is, in order for a supervisor to provide constructive feedback on employees' job performance, he or she needs to accurately and fairly assess employees' job requirements. In this regard, this finding makes sense because when performance appraisal is used more for development, employees will assume that their supervisor is giving feedback using accurate requirement information, and as a result their acceptance of performance appraisal will enhance.

Moreover, when performance appraisal is used for administrative purposes, it requires 'between-person' comparison – whereas, when it is used for developmental

purposes, it means ‘within-person’ comparison. Consequently, when performance appraisal is used for developmental purposes, employees become more receptive to it.

Quality Relationship between Supervisor and Employees

The quality of the supervisor-subordinate relationship shows mixed results. The quality of relationships between supervisors and employees turns out to positively and significantly affect employees’ acceptance of performance appraisal in terms of both procedural justice and distributional justice, which supports Hypothesis 2-1 and 2-2. The results confirm the previous argument that high-quality relationships between supervisors (raters) and employees (ratees) matter for employees’ positive reactions to performance appraisal, including acceptance (Eisenberger et al. 1990; Elicker et al. 2006). As Erdogan (2002) points out, if supervisors form high-quality relationships with their employees based on factors related to employees’ work performance, within the context of interactive relationships with them, employees’ perceived procedural and distributional justice increase. The results are also consistent with Gabris and Ihrke’s (2000) view that a low-quality supervisor-subordinate relationship is more likely to be associated with an employee’s perceived lack of legitimacy of performance appraisal.

While the quality of the relationship has a modest but significant effect on employees’ perceived distributional justice (Standardized coefficient: 0.053, *** $p < 0.01$), it has a strong effect on employees’ perceived procedural justice (Standardized coefficient: 0.227, *** $p < 0.01$). The positive effect of high-quality relationships and employees’ perceived procedural justice is consistent with previous leader-member exchange (LMX) studies. They argued that in high LMX relationships employees are

more likely to receive support from their leaders, while employees in low LMX relationships are less likely to receive support from their leaders. This perceived discrepancy in support from their leaders caused a difference in their assessment of justice. Individuals in low LMX relationships show a high probability of filing grievances, and perceive their leader's behavior as unfair (Cleyman et al. 1993). Additionally, in interviews Longenecker et al. (1987) found that when trustworthy relationships exist between supervisors and employees, supervisors are less likely to allow political factors to affect performance appraisal.

As for the effect on employees' perceived distributional justice, it is a different story, because it involves social exchange as well as economic exchange (Graen & Scandura 1987). It seems reasonable that even when the relationships between supervisors and employees are trustworthy, employees' acceptance of performance appraisal regarding distributional justice can still be low. This is possible when employees overestimate their contributions to the organization or when employees expect lower rewards compared to their efforts, due to the resource constraints of public organizations. This is especially salient in public organizations, because when facing shortages in resources, organizations may signal raters to cut back on merit allowances (Weibel et al. 2009). This can happen even when there is a high-quality relationship between supervisor and employee.

On the other hand, the quality of relationship has been found to be negatively and significantly related to employees' perceived instrumental validity (coefficient: 0.091, *** $p < 0.01$), rejecting Hypothesis 2-3. Even though the effect is minimal, as its standardized co-efficient is 0.091, it is a notable result given its statistical significance.

It seems reasonable, however, that in an organization where performance rating scales or performance standards are clearly set and described, the effect of relationship quality between supervisors and employees on employees' acceptance of performance appraisal in terms of instrumental validity may be minimal. Some employees may believe that employees in high-quality relationships with supervisors are more likely to receive better ratings because they believe "supervisors merely rate their performance higher to match the quality of the relationship" (Duarte et al. 1994, p.501). Previous research on Leader-Member Exchanges (LMX) also suggests that high-quality leader-member exchange may cause evaluations favoring in-group people over out-group people (Cleveland and Murphy 1992; Duarte et al. 1994). This negative relationship between high LMX and biased ratings favoring in-group employees may be more salient in an organization where performance-rating scales are not designed in a way to capture real job performance, or when the performance instrument is not clear.

In addition, considering the small but positive magnitude of the effect of relationship quality on employees' acceptance of performance appraisal in terms of distributional justice, and the small but negative effect on instrument validity, another possible explanation is the discrepancy between employees' self-rating results and supervisor's rating results. For employees who believe their input and work for their organization has been substantial, and their expectations for both rewards and performance rating results are high, their perceived acceptance of distributional components of appraisal and instrumental validity can be low – even if they have built a trust-worthy relationship with their supervisors, and their supervisors try to accurately assess employees' performance.

Perceived Empowerment culture

While the importance of empowerment is widely acknowledged, there is scant research that empirically examines the effect of empowerment on employees' attitudinal reaction to performance appraisal, especially employees' acceptance of performance appraisal. Our results provide an interesting finding, in that empowerment turns out to have a positive impact on employees' acceptance of performance appraisal in all three models, and it appears to have a stronger impact on employees' perceived distributive justice (Standardized Coefficient=0.465, *** $p < 0.01$) compared to two other acceptance variables (Procedural Justice Standardized Coefficient=0.04, *** $p < 0.01$; Instrumental Validity Standardized Coefficient=0.185, *** $p < 0.01$), which supports Hypothesis 4-1, 4-2 and 4-3. The results of Seemingly Unrelated Regression also support all three hypotheses.

These results provide supporting evidence for instrumental theories of procedural justice, in that when employees are given opportunities to express their views or concerns, they will believe that their voices can encourage management to make better decisions and provide better outcomes. In consequence, their perception of procedural justice will enhance (Lind et al. 1990). In a similar vein, some studies propose the positive relationship between empowerment practice and employee's trust in their employing organization and management. They argue that if management doesn't allow employees access to information about organizational decisions, "they may suspect that information is being hidden and trust in management is destroyed" as Laschinger and Finegan (2004, p.12) observe. Especially important, Laschinger and Finegan (2004) found that employees' perceived empowerment predicts employees' trust in leadership – when they

are provided information necessary to achieve their work goals – and empowerment is also positively associated with employees' perceived organizational justice.

This also may be supplementary evidence supporting “Referent Cognitions Theory” (Folger 1987). Since empowered employees can rebut performance appraisal decisions that they disagree with, or challenge decisions that are made based on incorrect information, the differences between their expected outcomes and the outcomes they actually receive can be reduced, resulting in employees' perceived procedural and distributional justification.

Also, employees' belief that their organization grants them the autonomy to act in creative and innovative ways, express their voices, and make decisions at lower organizational levels has been found to positively contribute to creating a trusting culture within the organization (Lawler 1986; Jones and George 1998). Compared to work settings where evaluations of performance is beyond employee control and passive acceptance of performance rating is required, when employees are empowered to engage in the decision-making process, refute decisions, and have a voice in the process, their perceived justice in the appraisal process will be enhanced. Roberts (2003) also suggests that when employees are empowered to accept, modify or reject decisions, it positively affects employees' acceptance of performance appraisal. It seems logical to assume that, compared to the authoritarian culture where employees are forced to passively comply with management's decisions, in an empowered culture, employees can address their concerns or ideas – about the process, rewards or the instruments itself – at the appraisal session, without fear of negative consequences. Moreover, as previous motivational scholars have argued, the positive link between employees' perceived empowerment and

job attitudes, including commitment to organizational norms and values, and overall satisfaction, may explain these results (Rainey 2003; Park and Rainey 2008).

Interaction of Quality of Supervisor-Employee Relationship and Empowerment

Results show that the interactive effect of relationship quality of supervisor and employee and empowerment on employees' acceptance of performance appraisal for procedural justice, distributive justice and instrumental validity is statistically significant, at the 0.006, $p < 0.1$, $\beta = 0.036$, $p < 0.01$ and $\beta = 0.009$, $p < 0.01$ levels, respectively. The results provide partial support for Hypothesis 5-1, 5-2, and 5-3. In the results of Seemingly Unrelated Regression, the interaction between employees' perceived empowerment and the quality of relationship between supervisor and employee predicts significant and positive employee acceptance of procedural justice (coefficient = 0.007***), distributional justice (coefficient = 0.030***) and instrument validity (0.016***) – consistent with previous studies which show that, in an empowered work climate or environment, employees are more likely to trust their management and their employing organization, and in turn, they are more likely to exhibit positive behavior outcomes such as job satisfaction and commitment, and are also more likely to perceive the organization as being fair.

However, both a small co-efficient on the interaction terms and little change in Adjusted-R squared indicate that the moderating effect on employees' acceptance of performance appraisal is modest or unsubstantial, which is contrary to our expectations.

Participation in Performance Standard/Goal Setting

We expect that participation in performance standard/goal setting would be positively associated with employees' acceptance of performance appraisal. The results attest to this positive relationship at the 0.05 and 0.01 levels, in support of Hypothesis 3-1, 3-2, and 3-3. The standardized coefficient for employees' acceptance of performance appraisal in terms of procedural justice was 0.324 ($p < 0.01$), the standardized coefficient for employees' perception on distributional justice was 0.064, and the one for instrumental validity was 0.066 – all of which were significant at the 0.01 level. In the Seemingly Unrelated Regression results, participation in performance standard/goal setting was positively and significantly related to all three dimensions of employees' acceptance of performance appraisal.

Folger, Konovsky, and Cropanzano (1992) suggest that there are three principles of due process that predict employees' perceived justice in the appraisal process, including adequate notice, fair hearing, and judgment based on evidence. Among them, the adequate notice principle indicates participation as a major component. In other words, when ratees' understanding of performance appraisal objectives or standards is higher, which is possible through allowing them to participate in developing performance standards, their perceived procedural justice will be enhanced. It stands to reason that, since employees have the most knowledge of work process and context in most cases, allowing their input in the standard setting process can provide face validity to the performance standards and instruments (McGregor 1972). Their knowledge of their own work capacities, needs, weaknesses and goals can be addressed when they are included in the process of setting standards and targets, and in turn supervisors can relate these to the

ones of their organizations. In this process, employees' confidence in the overall process, as well as its instruments, will become higher, and it is plausible to expect that their overall acceptance of performance appraisal will increase. Daley (1992, p.25) also notes that, "participation affords employees an opportunity to voice their concerns, and assists in clarifying potential misunderstandings, resulting in employees' having a stake in the appraisal process."

These results are consistent with Roberts's (2003) conclusion that employees' participation in developing performance standards positively contributes to heightening employees' acceptance of performance appraisal. By being afforded an opportunity to have a voice in the appraisal process, employees become more confident in the fairness of the appraisal process, resulting in a cultivation of their acceptance of performance appraisal (Dipboye and Pontbriand 1981; Daley 1992; Cawley et al. 1998; Roberts 2003).

These findings correspond to previous studies on participative climates, which report that in such climates, especially ones in which employees participate in performance standard or goal setting, supervisors are less likely to engage in manipulating ratings; instead they are more likely to provide honest ratings (Steers and Lee 1983; Tziner et al. 2005). Subsequently, employees' perceived confidence in the efficacy of appraisal process, as well as their overall acceptance of performance appraisal, is enhanced.

Employees' Perceived Goal Alignment

Employees' perceived goal alignment, which is defined as "the extent to which employees understand how their work relates to the goals and priorities of the agency"

(Ayers 2013, p.500) was hypothesized to positively predict employees' acceptance of performance appraisal in terms of procedural justice, distributional justice and instrumental validity. The OLS results and Seemingly Unrelated Regression results show that employees' perceived goal alignment is positively and significantly related to employees' acceptance of appraisal in terms of procedural justice and instrumental validity (standardized coefficient: 0.007, 0.006 respectively, *** $p < 0.01$), supporting Hypothesis 6-1 and 6-3. Contrary to expectations, however, goal alignment turns out to be significantly and negatively related to employees' acceptance of performance appraisal in terms of distributional justice (standardized coefficient: 0.02, *** $p < 0.01$).

The alignment between individual goals and agency-level goals has been emphasized in the literature of strategic planning and management, and it is believed to positively affect organizational performance (Andrews et al. 2012; Joshi et al. 2013; Ayers 2013). In this study, goal alignment equals goal congruence, that is, employees' knowledge of the link between their work and the agency's goals and priorities. One possible explanation for the positive link between goal alignment and employees' acceptance of performance appraisal is that when employees understand how their work is related to overall agency goals or priorities, better understanding of the standards their work is assessed against will be achieved. For example, B employee is doing a case-by-case job that requires much time to complete, and C employee is doing a relatively easy, yet repetitive, job. Based on the quantity of work, C employee may perceive that he deserves a higher performance rating when compared to B employee, given the lack of a link between their work and agency goals. In this case, if B employee gets promoted or gets a higher rating, C employee's perception of procedural justice or instrumental

validity would become low. Once C employee understands how each job is assessed in relation to agency goals or priorities, and how much B employee's contribution is valued, then the discrepancy between his self-rating and the rating he received from the supervisor would be smaller, resulting in improved acceptance of the appraisal process.

From the motivational perspective, previous studies suggest that employees' perceived goal alignment is positively associated with behavioral outcomes, including commitment, retention, and performance (Kristof-Brown & Stevens 2001; Andrews et al. 2012; Joshi et al. 2013; Ayers 2013). However, considering that performance appraisal focuses more on individual level performance rather than group or team level performance, when it comes to reward calculation, a goal alignment which has group cohesiveness and cooperation components may not be able to predict employees' acceptance of performance appraisal in terms of distributional justice. Furthermore, especially when employees view that their work greatly contributes to achieving agency goals but the lack of financial resources at the agency level doesn't allow for their performance to be linked to a relevant level of rewards, their perception on distributional justice can still be low.

Employment and Demographic Attributes

Employment and demographic attributes provide mixed findings. Employees who hold non-supervisory positions have higher acceptance of performance appraisal in terms of procedural justice and instrument validity compared to those who hold supervisory and higher positions. On the other hand, employees who hold non-supervisory positions appear to have lower acceptance of performance appraisal in terms of distributional

justice. In a similar vein, employees who have higher salaries appear to have a higher level of acceptance of performance appraisal in terms of distributional justice. It seems reasonable to infer that employees in lower level positions within an agency may have fewer opportunities to be promoted or receive pay raises compared to employees in higher positions. Also, individual employees in a lower level position tend to have jobs that require much more time and effort compared to managerial positions. This situation may explain their lower perceived levels of distributional justice. In all empirical models, gender effect was consistent in that, compared to male employees, female employees turned out to have a higher level of acceptance of performance appraisal in all three dimensions.

The union-membership variable only predicts employees' acceptance of performance appraisal in terms of distributional justice. Compared to employees who have due-paying union memberships, non-union employees appear to have a higher level of acceptance of performance appraisal in terms of distributional justice, which is consistent with previous findings (Tiffin and McCormick 1962). This finding is not surprising, since employees who have union-membership prefer to be rewarded based on their seniority rather than merit, and therefore may have negative attitudes toward the distributional component of performance appraisal in support of Hypothesis 8-2. A relationship between employees' acceptance of performance appraisal in terms of procedural justice and instrument validity was not supported by findings.

Agency level variable: Racial/Ethnic Diversity

As illustrated in the previous chapter, much of the research has examined the effect of workforce diversity and diversity management on organizational performance and other organizational behavioral outcomes, such as job satisfaction and commitment (Milliken and Martins 1996; Jackson et al. 2003; Kochan et al. 2003; Pitts 2005; Choi and Rainey 2010). While there is mixed support for the effect of racially or gender-based heterogeneous groups on organizational outcomes, more generalized support exists for the effect of diversity management on performance. As Pitts (2005, p.617) notes, “Research specific to racial and ethnic diversity within organizations has not been very frequent in recent years.”

Furthermore, research that examines the effect of racial and ethnic diversity on employees’ views of performance appraisal, specifically acceptance, is scant. Research in business management or psychology has examined the effect of racial diversity, and has found that racial/ethnic diversity has varying effects on employees’ attitudes toward organization, perceived performance and commitment (Greenhaus et al. 1990; Riordan and Shore 1997); however, research in public administration specifically examining the effect of racial and ethnic diversity on appraisal effectiveness or employees’ views on appraisal is less frequent. Since the focus of this study is to examine individual employees’ views on performance appraisal, these arguments about racial or ethnic effects are more pertinent. Social identity theory provides a basis for predicting how positively or negatively racial and ethnic diversity affects individual employees’ perceptions of their organization. It illustrates that the in-group vs. out-group notion resulting from demographic differences affects individual’s notions of fairness. For

example, Greenhaus et al. (1990) found by studying employees at three companies that African-American employees felt their supervisors rated their performances lower than their white colleagues, and they perceived themselves as being less accepted by the organization. Geddes and Konrad (2003), in a study of employees from a cooperative institution, found that employees view performance rating or feedback negatively and unfavorably when it is from a supervisor from a dissimilar demographic group. In addition to the direct effect of demographic characteristics, the theory of relational demography proposes the importance of considering social context when examining the effect of demographic diversity. It proposes that individual's calculations of similarities or dissimilarities in demographic attributes within the composition of his or her social unit affects their work-related attitudes and behaviors. In one study of employees from an insurance company, Riordan and Shore (1997) found that white workers exhibit lower levels of commitment when they are in work groups composed of mostly minorities. On the contrary, African-American employees exhibit negative attitudes and commitment when they are working in mostly white work groups.

In order to examine the effect of racial/ethnic diversity on employees' acceptance of performance appraisal, three analyses were performed. The first stage of the analysis compares frequency of employees' responses to see whether there are differences in their views among different ethnic groups and gender groups. The second stage of the analysis used an Analysis of Variance to see whether there are intra-group differences in terms of employees' acceptance of performance appraisal, which is calculated as a summative index in this study. The third stage of the analysis performed was a multi-level linear

analysis to examine the agency-level of diversity, which was the contextual factor, on employees' acceptance of performance appraisal⁷.

First, the preliminary results comparing frequency of employees' responses to three summative indexes are summarized in Table 26 and Table 27. Table 26 reports the percentage of each group for each index whose responses are higher than or equal to 4 ("agree") on a Likert-type scale ranging from 1, "strongly disagree", to 5, "strongly agree". For example, as seen in Table 25, about 39% of people who identify as American Indian/Alaskan Native perceive their performance is fairly assessed, but only 19% of them believe there is a link between their performance and the rewards they received from their organization. Table 27 illustrates the percentage of each group for each index whose responses are lower than or equal to 2, ("disagree") on a Likert-type scale.

Table 26 Employees' acceptance of Performance Appraisal by Racial/Ethnic Group (%)

Positive	American Indian/ Alaskan Native	Asian	Black/ African American	Native Hawaiian/ Pacific Islander	White	Hispanic or Latino
Procedural Justice	39.06	44.52	43.86	37.36	46.27	42.63
Distributional Justice	19.87	28.25	25.62	24.15	28.26	25.82
Instrumental Validity	30.72	36.17	32.25	26.89	29.37	33.5

Source: U.S. Office of Personnel Management (OPM), Central Personnel Data File (CPDF) in 2005

Table 27 Employees' acceptance of Performance Appraisal by Racial/Ethnic Group (%)

Negative	American Indian/ Alaskan Native	Asian	Black/ African American	Native Hawaiian/ Pacific Islander	White	Hispanic or Latino
Procedural Justice	23.28	17.89	22.07	27.17	18.12	21.77
Distributional Justice	43.68	30.65	36.93	47.92	32.53	37.60
Instrumental Validity	25.44	19.07	25.14	33.71	25.38	25.82

Source: U.S. Office of Personnel Management (OPM), Central Personnel Data File (CPDF) in 2005

⁷ The diversity index was calculated using the information from Central Personnel Data File in 2005.

It appears that in all six racial or ethnic groups, relatively higher acceptance was seen for both procedural justice and instrumental validity compared to distributional justice, whereas more negative views were expressed from all six groups on distributional justice. Specifically, people who identify as American Indian/Alaskan Native or Native Hawaiian/Pacific Islander exhibit relatively higher negative views on distributional justice compared to other racial or ethnic groups. In terms of procedural justice and distributional justice, higher acceptance was reported from White groups compared to other groups. This preliminary result is not sufficient to show if racial and/or ethnic differences account for varying degrees of employees' acceptance of performance appraisal. As Riordan and Shore (1997, p.342) note, individual demographic variables by themselves may not adequately reflect the full meaning and impact of diversity within a work setting. In other words, members of the same racial or ethnic group may yield different attitudes toward performance appraisal, depending on where they are located. For example, if one individual is working in a group whose members are similar to his or her racial or ethnic characteristics, he or she may develop a positive self-identity, and in consequence, cohesion and commitment toward the organization.

For this purpose, racial diversity was measured based on the Herfindahl–Hirschmann Index, which measures the degree to which an organization's population is dispersed across different racial groups (Yang and Kassekert 2010, p. 422; see also Marlowe and Portillo 2006, p.184). The diversity index is calculated as follows:

Figure 13 Diversity Index Calculation

$1 - \left[\left(\frac{\text{White Population}}{\text{Total Population}} \right)^2 + \left(\frac{\text{American-Indian Population}}{\text{Total Population}} \right)^2 + \left(\frac{\text{Asian-Pacific Population}}{\text{Total Population}} \right)^2 + \left(\frac{\text{Hispanic Population}}{\text{Total Population}} \right)^2 + \left(\frac{\text{African-American Population}}{\text{Total Population}} \right)^2 \right]$
<hr style="border: 0.5px solid black;"/> 0.75

For an organization with perfect diversity, which means the population of the organization is evenly distributed across all five categories, the index score would be 1. On the other hand, if there is only one racial group, which is a homogeneous group in terms of ethnicity, the index score would be 0. In addition to the racial diversity index score, all federal agencies that participate in this survey are categorized into three groups: high-diversity groups, middle-diversity groups and low-diversity groups. Groups whose diversity indexes range from 0 to 0.35 are categorized as low-diversity groups, those whose diversity indexes range from 0.36 to 0.65 are categorized as middle-diversity groups, and those whose diversity indexes range from 0.66 to 1.00 are categorized as high-diversity groups. The results for selected federal agencies are summarized in Table 28. Examples of highly-diversified agencies in terms of race and/or ethnicity include: the Environmental Protection Agency, the Patent and Trademark Agency, the Department of Education, the General Service Administration: Public Building, the Center for Disease Control and Prevention, the National Institutes of Health, the Department of Health and Human Services, the Bureau of Customs and Border Protection, the Bureau of Immigration and Customs Enforcement, the Department of Labor, and the Bureau of Prisons/Federal Prisons. One example of a low-diversity agency is the Bureau of Land Management (See Table 28).

Table 28 Selective Federal Agencies: Diversity Index Score

Agency	Diversity Index Score	Diversity Group
FOOD SAFETY AND INSPECTION SERVICE	0.643	m
FOREST SERVICE	0.371	m
NATURAL RESOURCES CONSERVATION SERVICE	0.371	m
DEPARTMENT OF THE AIR FORCE	0.530	m
DEPARTMENT OF THE ARMY	0.604	m
BUREAU OF THE CENSUS	0.600	m
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY	0.451	m
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION	0.390	m
PATENT AND TRADEMARK OFFICE	0.882	h
DEFENSE CONTRACT AUDIT AGENCY	0.570	m
DEFENSE LOGISTICS AGENCY	0.633	m
DEPARTMENT OF EDUCATION	0.754	h
DEPARTMENT OF ENERGY	0.532	m
ENVIRONMENTAL PROTECTION AGENCY	0.605	h
FEDERAL DEPOSIT INSURANCE CORPORATION	0.553	m
GENERAL SERVICE ADMINISTRATION: PUBLIC BUILDING	0.717	h
CENTERS FOR DISEASE CONTROL AND PREVENTION	0.690	h
INDIAN HEALTH SERVICE	0.464	m
NATIONAL INSTITUTES OF HEALTH	0.742	h
DEPARTMENT OF HEALTH AND HUMAN SERVICES_other	0.852	h
BUREAU OF CUSTOMS AND BORDER PROTECTION	0.770	h
BUREAU OF IMMIGRATION AND CUSTOMS ENFORCEMENT	0.729	h
FEDERAL EMERGENCY MANAGEMENT AGENCY	0.520	m
TRANSPORTATION SECURITY ADMINISTRATION	0.776	h
U.S. COAST GUARD	0.540	m
U.S. SECRET SERVICE	0.555	m
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	0.809	h

BUREAU OF LAND MANAGEMENT	0.348	l
INDIAN AFFAIRS	0.348	l
NATIONAL PARK SERVICE	0.415	m
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	0.525	m
BUREAU OF PRISONS/FEDERAL PRISON SYSTEM	0.710	h
DRUG ENFORCEMENT ADMINISTRATION	0.604	m
EXECUTIVE OFFICE FOR U.S. ATTORNEYS AND THE OFFICES OF THE U.S. ATTORNEYS	0.587	m
DEPARTMENT OF LABOR	0.694	h
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	0.536	m
DEPARTMENT OF THE NAVY	0.620	m
OFFICE OF PERSONNEL MANAGEMENT	0.616	m
SOCIAL SECURITY ADMINISTRATION	0.820	h
DEPARTMENT OF STATE	0.695	h
FEDERAL AVIATION ADMINISTRATION	0.467	m
DEPARTMENT OF TRANSPORTATION	0.505	m
INTERNAL REVENUE SERVICE	0.727	h
OFFICE OF THE COMPTROLLER OF THE CURRENCY	0.585	m
VETERANS BENEFITS ADMINISTRATION	0.697	h
VETERANS HEALTH ADMINISTRATION	0.746	h

Source: U.S. Office of Personnel Management (OPM), Central Personnel Data File (CPDF) in 2005

In order to examine whether there are inter-group differences in federal employees' acceptance of performance appraisal in terms of three different dimensions – procedural justice, distributional justice, and instrument validity – an Analysis of Variance was performed. The results are presented in Table 28. One of the assumptions of an Analysis of Variance (ANOVA) is that the variances of the dependent variable are homogenous among groups. For this reason, a Bartlett's Test for equal variances was performed as well. The small value of the Bartlett's Test for equal variances confirms that we cannot reject the assumption that the variances are homogeneous; therefore, it is safe to use the ANOVA for this data.

Table 29 Analysis of Variance Results: Group Member Diversity

	SS	df	MS	F	Sig F
Procedural Justice					
Between Groups	32.47	2	16.23	19.59	0.00
Within Groups	24221.88	29230	0.83		
Total	24254.35	29232	0.83		
Bartlett's test for equal variances	chi2(2) = 2.6783 Prob>chi2 = 0.26				
Distributional Justice	127.22	2	63.61	75.03	0.00
Between Groups	24780.68	29228	0.85		
Within Groups	24907.91	29230	0.85		
Total					
Bartlett's test for equal variances	chi2(2) = 4.0227 Prob>chi2 = 0.13				
Instrument Validity					
Between Groups	1.99	2	0.99	1.37	0.25
Within Groups	21165.27	29215	0.72		
Total	21167.25	29217	0.72		
Bartlett's test for equal variances	chi2(2) = 6.1681 Prob>chi2 = 0.05				

This result indicates that there are inter-group differences in employees' level of acceptance of performance appraisal in terms of procedural justice and distributional

justice. For example, in the case of employees' acceptance of performance appraisal in terms of procedural justice, the relatively high, statistically significant F-ratio (19.59) suggests that there are more variations between low, middle and high diversity groups than within groups. The high, statistically significant F-ratio (75.03) for employees' acceptance of performance appraisal in terms of distributional justice suggests that there are more significant differences between groups than within groups. However, the result for employees' acceptance in terms of instrumental validity shows that there is no variation between groups. One of the shortfalls of using this ANOVA test is that even though it can tell whether there are differences between groups, it cannot tell where those differences come from. The summary of the mean for each diversity group in terms of procedural justice was also calculated (See Table 30).

Table 30. Procedural Justice Summary of mean (unstandardized items)

Diversity	Mean	Std. Dev.	Freq.
0	3.4762889	0.94261516	847
1	3.6557241	0.90699409	16346
2	3.6772771	0.91249189	12040
Total	3.659402	0.91088925	29233

The results indicate that the average of employees' acceptance of performance appraisal in terms of procedural justice is highest when they are working within a highly diversified group. In order to confirm which group explains the difference most, a Bonferroni Multiple Comparison Test was also conducted, with the results reported in Table 31.

Table 31 Bonferroni multiple comparison test results (procedural Justice)

Row Mean- Col Mean	0	1
1	.179435 0.000	
2	.200988 0.000	.021553 0.146

The more significant differences are seen between middle-diversity groups and low-diversity groups, and also between high-diversity groups and low-diversity groups. There is no significant difference between high-diversity groups and middle-diversity groups. Regarding employees' acceptance of performance appraisal in terms of distributional justice, the average of employees' acceptance of performance appraisal is highest when they are working within middle and high-diversity groups. The Bonferroni Multiple Comparison Test results show the biggest difference was between middle-diversity groups and low diversity groups, and this difference is significant at 0.05 levels.

Table 32 Distributional Justice Summary of mean (unstandardized items)

Diversity	Mean	Std. Dev.	Freq.
0	2.8835498	0.8896836	847
1	3.2758544	0.91696247	16346
2	3.2349753	0.92807902	12038
Total	3.247652	0.92311159	29231

Table 33 Bonferroni multiple comparison test results (Distributional Justice)

Row Mean- Col Mean	0	1
1	.392305 0.000	
2	.351426 0.000	-.040879 0.001

These results partially support Hypothesis 7-1a and 7-2a, in that racial and/or ethnic diversity appears to have a positive relationship with employees' acceptance of performance appraisal in terms of both procedural and distributional justice. In order to further examine the effect of diversity of the organization on employees' acceptance of performance appraisal in terms of procedural, distributional justice and instrumental validity, a multi-level linear regression model, which is also known as random-coefficient model or hierarchical regression has been employed.

Since racial and ethnic diversity is the agency-level variable, the use of multi-level linear regression was considered appropriate because it allows the inclusion of organizational level of influence, and also takes into consideration two kinds of effects: fixed and random. This is appropriate for this purpose, because while the diversity measure is the contextual variable at the agency level, all the other variables are individual-level survey data (Steenbergen and Jones 2002, p.218). In other words, "it allows to combine multiple levels of analysis in a single comprehensive model; to examine whether the casual effect of lower-level of predictors is conditions or moderated by higher-level predictors, and to help generalize the findings into other contexts (p.219).

First, the null models for each dependent variable: procedural justice, distributional justice, and instrumental validity, which do not include predictors at either the individual or agency level, were estimated in order to see how much variation was made due to agency level differences (Steenbergen and Jones 2002, p.224; see also Raudenbush and Bryk 2002). The intra-class correlation coefficient (ICC) was calculated to examine how the overall variance in the dependent variable is divided between the individual and agency level. For the first dependent variable, employees' acceptance of

performance appraisal in terms of procedural justice, approximately 2% of the variance is attributable to agency level differences; as for distributional justice, about 5% of the variance was made due to agency level differences, and lastly, for instrumental validity, about 3% of the variance was made. Even though the intra-class correlation coefficient is very small, given its statistical significance, its use is still acceptable. Also, as Steenbergen and Jones (2002) suggest, when the dependent variable is measured using the individual employees' survey data, it is predictable that the majority of the variance is explained more by the individual level rather than group level.

Table 34 Null Model of Employees' Acceptance of Performance Appraisal

	Procedural	Distributional	Instrumental Validity
<u>Fixed effects</u>			
Intercept	3.66 (0.02)	3.24 (0.00)	3.42 (0.00)
<u>Random effect</u>			
Agency level	0.13 (0.01)	0.21(0.02)	0.14(0.01)
Individual level	0.90 (0.00)	0.90 (0.00)	0.84 (0.00)
Intraclass correlation coefficient	0.02	0.05	0.03
The likelihood-ratio (LR) test	chibar2(01) = 378.68 (Prob > chibar2 = 0.00)	chibar2(01) = 1403.30 (Prob > chibar2 = 0.00)	chibar2(01) = 1403.30 (Prob > chibar2 = 0.00)
Group No.	59	59	59

Note: Standard errors in parentheses

The specifications for level-1 (individual level) and level-2 (agency level) are as follows:

Employees' Acceptance of Performance Appraisal_{ij} = β_{0j} + Developmental Use of Performance Appraisal_{1j} + LMX quality_{2j} + Participation_{3j} + Empowerment_{4j} + LMX * Empowerment_{5j} + Empowerment * Participation_{6j} + Goal Alignment_{7j} + Union Membership_{8j} + Supervisory Status_{9j} + Workplace_{10j} + Tenure in Federal Gov_{11j} + Tenure in agency_{12j} + Salary_{13j} + Gender_{14j} + Age_{15j} + Education_{16j} + r_{ij}

The level 2 model seeks to explain the intercept using the agency level variable, which is the diversity index score.

$$\beta_{0j} = \gamma_{00} + \gamma_{01} \text{ Diversity}_j + u_{0j}$$

Table 35 Employees Acceptance of Performance Appraisal: Procedural Justice

	Model 1	Model 2
Level 1 variable (individual)		
Developmental Use	0.610*** (0.01)	0.610*** (0.01)
LMX quality	0.200*** (0.01)	0.202*** (0.01)
Participation	0.055*** (0.01)	0.054*** (0.01)
Empowerment	0.039*** (0.01)	0.039*** (0.01)
Goal Alignment	0.007* (0.00)	0.007* (0.00)
Supervisory status	-0.028*** (0.01)	-0.028*** (0.01)
Workplace	-0.013* (0.01)	-0.013* (0.01)
Tenure in Fed Gov.	-0.000 (0.00)	-0.001 (0.00)
Tenure in Agency	0.001 (0.00)	0.001 (0.00)
Salary	-0.000 (0.00)	-0.000 (0.00)
Gender	-0.062*** (0.01)	-0.061*** (0.01)
Age	-0.001 (0.00)	-0.001 (0.00)
Education	-0.007*** (0.00)	-0.008*** (0.00)
LMX*empowerment		0.006 (0.00)
Participation * Empowerment		0.004 (0.00)
Level 2 variable (agency)		
Diversity Index	0.080* (0.04)	0.080* (0.04)
Intercept	0.409***	0.400***
Number of level 1 units	27,065	27,065
Number of level 2 units	55	55
Agency level variance component	0.033	0.132
Individual level variance component	0.418	0.604
		(0.05)

Note: a. Standard errors in parentheses; b. Models estimated using STATA 12, xtmixed function. ; c. Std. Err. adjusted for 55 clusters in agency; d. Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1; e. Significant coefficients are shown in bold

Table 36 Employees Acceptance of Performance Appraisal: Distributional Justice

	Model 1	Model 2
Level 1 variable (individual)		
Developmental Use	0.246*** (0.01)	0.244*** (0.01)
LMX quality	0.036*** (0.01)	0.049*** (0.01)
Participation	0.062*** (0.01)	0.062*** (0.01)
Empowerment	0.437*** (0.01)	0.441*** (0.01)
Goal Alignment	-0.024*** (0.00)	-0.023*** (0.01)
Supervisory status	-0.060*** (0.01)	-0.060*** (0.01)
Workplace	0.031** (0.01)	0.029** (0.01)
Tenure in Fed Gov.	0.001 (0.00)	0.001 (0.00)
Tenure in Agency	-0.001 (0.00)	-0.001 (0.00)
Salary	0.001*** (0.00)	0.000*** (0.00)
Gender	-0.043*** (0.01)	-0.043*** (0.01)
Age	0.001** (0.00)	0.001** (0.00)
Education	0.009** (0.00)	0.008* (0.00)
LMX *Empowerment		0.023*** (0.01)
Participation * Empowerment		0.008 (0.01)
Level 2 variable (agency)		
Diversity Index	0.052 (0.17)	0.051 (0.17)
Intercept	0.342***	0.277***
Number of level 1 units	27,065	27,065
Number of level 2 units	55	55
Agency level variance component	0.132	0.132
Individual level variance component	0.604	0.603
	0.05	0.05

Note: a. Standard errors in parentheses; b. Models estimated using STATA 12, xtmixed function. ; c. Std. Err. adjusted for 55 clusters in agency; d. Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1; e. Significant coefficients are shown in bold

Table 37 Employees Acceptance of Performance Appraisal: Instrumental Validity

	Model 1	Model 2
Level 1 variable (individual)		
Developmental Use	0.438*** (0.01)	0.437*** (0.01)
LMX quality	-0.090*** (0.01)	-0.090*** (0.01)
Participation	0.240*** (0.01)	0.240*** (0.01)
Empowerment	0.167*** (0.01)	0.168*** (0.01)
Goal Alignment	0.062*** (0.01)	0.062*** (0.01)
Supervisory status	-0.017 (0.01)	-0.017 (0.01)
Workplace	-0.021* (0.01)	0.022* (0.01)
Tenure in Fed Gov.	-0.000 (0.00)	-0.001 (0.00)
Tenure in Agency	0.000 (0.00)	0.001 (0.00)
Salary	-0.000** (0.00)	-0.000** (0.00)
Gender	-0.035*** (0.01)	-0.035*** (0.01)
Age	0.001* (0.00)	0.001* (0.00)
Education	-0.023*** (0.00)	-0.023*** (0.00)
LMX *Empowerment		0.005 (0.01)
Participation * Empowerment		0.001 (0.01)
Level 2 variable (agency)		
Diversity Index	0.090 (0.12)	0.086 (0.17)
Intercept	0.550***	0.535***
Number of level 1 units	27,065	27,065
Number of level 2 units	55	55
Agency level variance component	0.095	0.132
Individual level variance component	0.516	0.603
	0.03	0.03

Note: a. Standard errors in parentheses; b. Models estimated using STATA 12, xtmixed function. ; c. Std. Err. adjusted for 55 clusters in agency; d. Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1; e. Significant coefficients are shown in bold

Overall, the multi-level linear regression results reported in Tables 35, 36 and 37 show that there is a positive and significant relationship between diversity of the workforce and employees' acceptance of performance appraisal in terms of procedural justice. The relationship between employees' acceptance of performance appraisal in terms of distributional justice and instrumental validity were not supported. This finding suggests that when the workforce is more heterogeneous in terms of race and/or ethnicity, employees' acceptance of performance appraisal in terms of procedural justice is enhanced.

The finding is contrary to social identity theory or the similarity-attraction theory. Whereas those two theories suggest that more positive attitudes are predicted in a group with similarities in demographic characteristics, the effect of racial and ethnic diversity in this study was positive for all three-performance appraisal acceptance variables. However, in relationships with distributional justice and instrumental validity, the relationship was positive but not significant. Nonetheless, the core notion of the relational demography theory is supported in this study – that rather than differences made by specific individual racial and/or ethnic differences (which is called absolute effect), there are more differences made by relational racial and/or ethnic differences that affect individual employees' views on fairness and, specifically, here in this study, employees' acceptance of performance appraisal in terms of procedural justice (which is called relative effect).

It is plausible to argue that when employees are working in a group where the workforce is evenly distributed in terms of race and/or ethnicity (which is highly a diversified workgroup), employees' acceptance of performance appraisal in terms of procedural justice can be fostered. For example, when African-American employees are

working in predominantly white groups, their perceived difference or isolation from the majority will be greater, and negatively affect their views on fairness. In a similar vein, white employees in predominantly minority groups may have negative work-related attitudes. In both cases, the diversity index score will be closer to 0. This finding is similar to the study of Riordan and Shore (2003), which found that, especially for White workers, negative work-related attitudes were found only when they became the minority.

One possible explanation for this lack of support for the relationship between distributional justice and instrumental validity is that these two acceptance variables can be shaped more by organizational factors that are beyond individual supervisors' control. For example, even when a supervisor has fairly assessed individual employees' job performance, given the scarcity of resources for rewarding employees, their perceived acceptance in terms of distributional justice can be low. This is consistent with the survey findings of the Merit Systems Protection Board (2005), that when asked whether the organization has sufficient funds to reward employees' performance, only 35% of the respondents agreed that their employing organizations have enough funds, while 47% of the respondents disagreed.

In addition, without regard to the diversity of the workforce within the agency, minority groups may use the racial composition of senior leadership as a reference when they assess distributional justice in the process of appraising performance. This explanation is supported by the observation of Riccucci (2002, p.36) that "people of color continued to be more concentrated in lower-level, lower-paying positions." Greenhaus and colleagues (1990) also found that African-American employees tend to be less likely to be promoted. The study of Ely (1995) also emphasizes the symbolic consequences of

diversity – in that when there is diversity in the composition of management groups, people are more likely to perceive that they have access to career advancement opportunities.

One of the limitations in these analyses, however, is that, given the lack of data, individuals' demographic similarities or differences in comparison to an entire group within an agency was examined, but the dyad (in other words, the demographic similarities or differences between supervisors and employees) – which is more pertinent to the purpose of this study – was not considered.

Conclusion

This section has examined the factors that foster employees' acceptance of performance appraisal in terms of procedural justice, distributional justice and instrument validity at the federal level, using survey data from the Merit Principle Protection Board (2005). These factors are important because, when employees have limited buy-in to performance appraisal in terms of its purpose and its value, the performance appraisal system may well prove ineffective. The path to improving effectiveness, and gaining the support of employees, is anchored in enhancing employee perceptions of the importance of the appraisal process and its usefulness in developing their career building capacities. Building on the theoretical frameworks of Greenberg (1986a, 1986b) and Gabris & Ihrke (2000), employees' acceptance of performance appraisal is operationalized in terms of procedural justice and distributional justice, as well as building on Reinke's (2003) views on instrumental validity. The empirical results of this study provide mixed supporting evidence for the research hypotheses addressed. First, the developmental use of

performance appraisal has been found to positively contribute to heightening employees' acceptance for all three dimensions of the process, which shows consistent findings with previous studies.

Second, since performance appraisal occurs in a context wherein employees and supervisors interact with each other, the quality of relationship between these two parties was expected to be an important factor for fostering employees' acceptance of performance appraisal, and our findings support this relationship. No matter how valid and accurate the performance standards are, the absence of employee trust in their performance rater, that is, the supervisor, would negatively affect employees' perceptions of performance appraisal. A trustworthy relationship between the two parties (employee and supervisor) is found to be positively associated with employees' acceptance of performance appraisal. However, contrary to expectations, it was found that the quality relationship between the two is negatively associated with employees' acceptance in terms of instrumental validity. As explained above, employee perception that high-quality leader-member exchanges may cause evaluations favoring in-group people over out-group people may explain this negative relationship – along with when performance rating scales are not designed in a way to capture real job performance, or when performance instruments are not clear; this negative relationship between high LMX and bias ratings favoring in-group employees may be more salient, resulting in lowered employee acceptance of instrumental validity in performance appraisal.

In addition, employees' participation in performance standard setting is positively associated with all three dimensions of employees' acceptance of performance appraisal,

which is in support of the participative climate theory (Steers & Lee 1983; Tziner et al. 2005) and the due process metaphor of Folger, Konovsky, and Cropanzano (1992).

This study also concludes that employees' perceived empowerment positively affects both employees' acceptance in terms of all three dimensions: procedural justice, distributional justice and instrumental validity, which is in support of several instrumental theories of procedural justice (Lind et al. 1990; Laschinger and Finegan 2004), Referent Cognitions Theory (Folger 1987) and the findings of previous empowerment literature. The quality of the relationship that employees have with their supervisors was hypothesized to moderate the impact of quality of relationship on employees' acceptance of performance appraisal, but its effect was minimal, and the inclusion of this interaction term didn't produce much change in R-squared, indicating that the interaction term between empowerment and the relationship quality between supervisor and employee does not significantly predict employee acceptance of performance appraisal statistically.

Additionally, employees' perceived goal alignment turns out to be positively and significantly associated with employees' acceptance of performance appraisal in terms of procedural justice and instrumental validity (Kristof-Brown & Stevens 2001; Andrews et al. 2012; Joshi et al. 2013; Ayers 2013). On the other hand, the relationship with employees' acceptance of performance appraisal in terms of distributional justice was significant and negative. Possible explanations are the nature of performance appraisal – which focuses more on individual level of performance rather than group or team level performance – and the resource scarcity of the public sector – which lowers employee perception of distributional justice.

Regarding the effect of racial and ethnic diversity within an organization, it turns out to only predict employees' acceptance of performance appraisal in terms of procedural justice, which is in contrast to social identity theory and the similarity-attraction theory. This finding indicates that, when the workforce is more heterogeneous in terms of race and/or ethnicity, employees' acceptance of performance appraisal in terms of procedural justice is enhanced. The union-membership variable only predicts employees' acceptance of performance appraisal in terms of distributional justice. Compared to employees who have due-paying union membership, non-union employees appear to have a higher level of acceptance of performance appraisal in terms of distributional justice, which is consistent with previous findings (Tiffin and McCormick 1962). In the case of gender, compared to male employees, it turns out that female employees tend to have a higher level of acceptance of performance appraisal in terms of all three dimensions. The findings are summarized in Table 38.

Table 38 Results Summary

Organizational/Individual Factors	Employees' Acceptance of Performance Appraisal		
	Procedural Justice (Process)	Distributional Justice (Outcome)	Instrumental Validity (Instrument)
<i>Structural Proximal Variables</i>			
Developmental Use of Appraisal	(+)	(+)	(+)
Participation in Performance Standard Setting	(+)	(+)	(+)
<i>Process Proximal Variable</i>			
Supervisor-Employee Relationship Quality	(+)	(+)	(-)
<i>Distal Variable</i>			
Empowerment (culture)	(+)	(+)	(+)
Workforce Composition			
Gender (female)	(+)	(+)	(+)
Race/Ethnicity	(+)	Insignificant	Insignificant
Union-Membership	Insignificant	(-)	
Goal Alignment	(+)	(-)	(+)
<i>Interaction term</i>			
Empowerment * Supervisor-Employee Relationship Quality	Insignificant	Insignificant	Insignificant

CHAPTER 7 LOCAL EMPLOYEES' VIEW ON PERFORMANCE APPRAISAL

Introduction

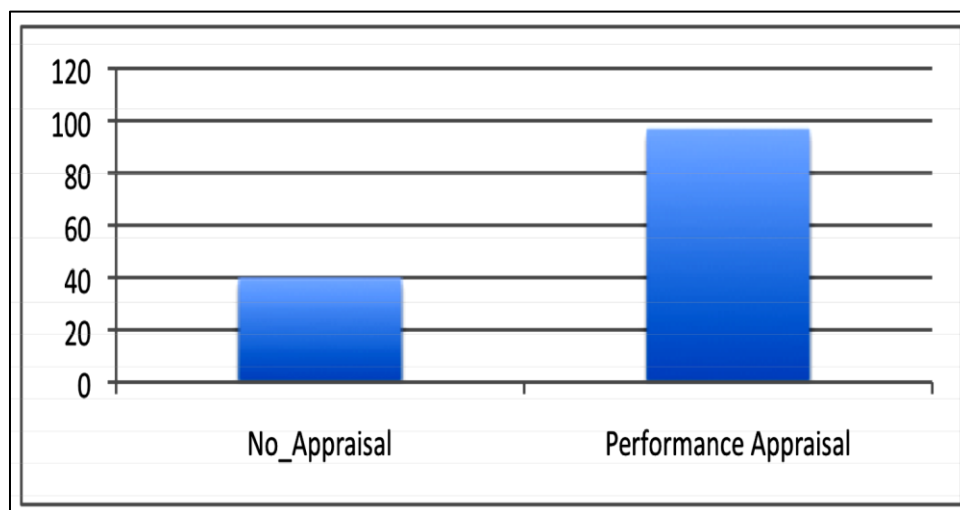
As detailed in a previous section, municipal clerks whose email addresses are available from the directory of The New Jersey Municipal League were invited to participate in the online survey that asked for their experiences with, and opinions on, performance appraisal at the local level. In total 523 email addresses were identified. Some email addresses turned out to be outdated or invalid, with 16 surveys being returned due to undeliverable addresses. The practical sample was 507. A total of 194 responses were returned, of which 151 responses were identified to be valid. The total response rate was about 37%, with valid responses accounting for about 30%. The questionnaire was designed to assess employees' perceptions on performance appraisal, including their general knowledge of the performance appraisal system, their perceived justice related to performance appraisal, and the relationship quality between supervisors and employees.

All variables were measured on the survey using a 5-point Likert-type scale ranging from 1, "strongly disagree" to 5, "strongly agree" except for control variables including tenure in the current job, gender, education, racial and/or ethnic origin, union membership, and supervisory status.

Preliminary Results

Among the respondents, about 79% have between 6-10 years of work experience in the public sector (N=138, n= 92, 76.67%). When they were asked how long they have been working at their current agency, about 65% of the respondents indicated having between 6-10 years of experience (N=135, n=88, 65.19%). Among respondents, about 86% were female (N=135, n=116, 85.93%) and 14% were male (N=135, n=19, 14.07%). Regarding the level of education, about 41% of the respondents hold a bachelor's degree (N=138, n=56, 40.58%). About 56% of the respondents are Caucasian/White (N=136, n=76, 55.88%), about 30% are African American/Black (N=136, n=41, 30.15%), and about 11 % are Hispanic (N=136, n=15, 11.03%). Among respondents, about 56% of them are dues-paying union members. When participants were asked whether they have ever been the subjects of performance appraisal in previous jobs, about 73% indicated they have had experiences of performance appraisal (N=122, n= 89, 72.95%).

In addition, when they were asked whether they have learned about performance measurement or management from college or other programs, about 65% of the respondents indicated they have had training about performance measurement and management (N=138, n=90, 65.22%).

Figure 14 Performance Appraisal Experience in Previous Jobs

Given the way this local employee survey is designed and structured, each agency's level of diversity cannot be tested because questions about the agencies' names or locations have not been included in the survey; as a result, collecting data on ethnic/racial composition of the workforce was not possible. As described in Chapter 2, at the federal level, legal intervention merits the implementation of performance appraisal, and continuous reform efforts allow designing much more sophisticated processes, resulting in relatively wider employee acceptance towards performance appraisal compared to the local level of practice. However, at the local level, varying levels of performance appraisal use have been reported, and even if local governments have incorporated a performance appraisal process of some kind into their human resource management, it does not necessarily mean they are using it effectively (Ammons and Condrey 1991). Also, the level of dissatisfaction with the appraisal process among local employees abounds, as Ammons and Condrey (1991, p.254) observe, "Local government officials make exaggerated claims for the performance appraisal systems in their

jurisdictions and those systems are later judged to have performed inadequately, the entire notion of performance appraisal is often called into question.”

The lack of connection between performance and rewards at the local level was one of the widely cited reasons that hamper the effective use of performance appraisal. Despite such challenges, performance appraisal has been increasingly accepted as an important management tool, and in a study by Ellickson and Logsdon (2001), it turns out that satisfaction with performance appraisal can predict local employees’ overall job satisfaction. As indicated in previous chapters, rating formats or instruments that have been widely studied in previous literature is not the focus of this study. Given the lack of studies that consider the complex personal, interpersonal, and organizational factors that affect the efficacy of performance appraisal, specifically employees’ acceptance of performance appraisal (Daley 1995, 2002; Murphy and Cleveland 1995; Ammons and Condrey 1991), this study can benefit current literature on performance appraisal.

Accordingly, this section aims to explore local employees’ views on performance appraisal, and find factors that may foster their understanding and acceptance of the process. Building on the literature review detailed in the previous chapter, eight organizational and individual factors have been identified, including developmental use of performance appraisal, empowerment, the quality of relationship between supervisor and employee, participation in performance standards/goals setting, the interaction between empowerment and the quality of relationship between supervisor and employee, employees’ perceived goal alignment, their demographic attributes, and union membership (see Chapter 4). These factors will be examined in three regression models to see whether any of them can predict three different measures of employees’ acceptance

of performance appraisal: procedural justice, distributional justice and instrumental validity. The following hypotheses will be tested as they were for the federal level, (except for the one that tests the agency's level of diversity, as explained above):

Hypothesis 1-1: when employees perceive performance appraisal is being used more for their development, they are more likely to have higher acceptance of procedural fairness of the appraisal process.

Hypothesis 1-2: when employees perceive performance appraisal is being used more for their development, they are more likely to have higher acceptance of distributional fairness of the appraisal process.

Hypothesis 1-3: when employees perceive performance appraisal is being used more for their development, they are more likely to have higher acceptance of the instrument validity of the appraisal.

Hypothesis 2-1: A high quality supervisor-employee relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived procedural fairness.

Hypothesis 2-2: A high quality supervisor-employee relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived distributional fairness.

Hypothesis 2-3: A high quality supervisor-employee relationship is positively associated with employees' acceptance of performance appraisal in terms of its perceived instrument validity.

Hypothesis 3-1: Employees' participation in the performance appraisal process is positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 3-2: Employees' participation in the performance appraisal process is positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 3-3: Employees' participation in the performance appraisal process is positively associated with employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 4-1: employees' perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 4-2: employees' perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 4-3: employees' perceptions of empowerment are positively associated with employees' acceptance of performance appraisal in terms of instrument validity.

Hypothesis 5-1: when employees' perceptions of empowerment are higher, when employee perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of procedural justice will be stronger.

Hypothesis 5-2: when employees' perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of distributional justice will be stronger.

Hypothesis 5-3: when employees' perceptions of empowerment are higher, the relationship between the quality of the supervisor-subordinate relationship and the employees' acceptance of performance appraisal in terms of instrumental validity will be stronger.

Hypothesis 6-1: employees' perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 6-2: employees' perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice

Hypothesis 6-3: employees' perceptions of goal alignment are positively associated with employees' acceptance of performance appraisal in terms of procedural justice

Hypothesis 7-1 compared to male employees, female employees will have lower acceptance of performance appraisal in terms of procedural justice.

Hypothesis 7-2 Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of distributional justice.

Hypothesis 7-3 Compared to male employees, female employees will have lower acceptance of performance appraisal in terms of instrument validity.

Hypothesis 8-1 union membership will be negatively related to employees' acceptance of performance appraisal in terms of procedural justice.

Hypothesis 8-2 union membership will be negatively related to employees' acceptance of performance appraisal in terms of distributional justice.

Hypothesis 8-3 union membership will be negatively related to employees' acceptance of performance appraisal in terms of instrument validity.

In addition to these factors, employees' knowledge of performance appraisal has been added to the local employees' study. Previous studies illustrate that employees' lack of knowledge of the system may affect their attitudes toward the performance appraisal process (Carroll and Schneier 1982; Harris 1988; Folger et al. 1992). In case of federal employees, in addition to ongoing legislative reforms on performance appraisal, extensive efforts have been made to educate federal employees of the merit practices including bi-annual surveys conducted by The Office of Personnel Management and the Merit Principle Protection Board, workshops, GEAR initiatives, and so on. At the local level, these efforts are relatively less frequent compared to federal counterparts, as also indicated by the varying levels of use and quality reported at the local level.

Some studies have found that when employees are given fewer opportunities to give input regarding the appraisal process, or when they have less information about the process, their self-rating leniency becomes greater, causing more discrepancy between self-rating and supervisor-rating, and as a result higher distrust toward the process because they don't have enough information to make informed assessments (Folger et al. 1992). These studies also argue that these differences are predictable because, in most

cases, compared to employees, supervisors are much more informed of the process (Carroll and Schneier 1982; Mount 1984; Harris 1988).

In order to control the effect of employees' knowledge on their acceptance of the appraisal process, following previous studies, employees' perceived knowledge of performance appraisal system has been included in the regression. The following sections detail the measurement of each variable and the statistical procedures employed in this study, and will be followed by empirical findings.

Research Variables and Measurements

Dependent Variable: Employees Acceptance of Performance Appraisal System

1) Employees' Acceptance of Performance Appraisal: Procedural and Distributional Justice

Building on Gabris and Ihrke's (2000) theoretical framework and measurement scales, this paper measures the extent to which employees accept performance appraisal systems using three constructs – procedural justice, distributional justice, and instrument validity. Adapted from previous studies (Niehoff and Moorman 1993; Gabris and Ihrke 2000; Fields 2002; Kim and Rubianty 2011), three summative index variables were created. As explained in the previous section, procedural justice is operationalized as the extent to which employees believe that their job performance is fairly assessed and their supervisor has the capacity to assess their performance in a fair and valid manner. Distributional justice is operationalized as the extent to which employees believe that rewards they receive from their organizations are related to their performance input, and

the extent to which employees believe that their work outcomes, such as rewards and recognition, are fair (Niehoff and Moorman 1993; see also Fields 2002, p. 170).

In sum, procedural justice deals with the process of performance appraisal; distributional justice is about its outcomes. Employees' acceptance of performance appraisal in terms of procedural justice is measured using five survey items with a five-point Likert-type response format, including:

Q12. The performance appraisal is based on the quality and quantity of my work and not my personality or position.

Q14. The procedure used to evaluate my performance has been fair and objective.

Q26. I trust my supervisor to fairly assess my performance and contributions.

Q29. I understand how my supervisor will evaluate my performance.

Q32. My supervisor is capable and can be trusted to make accurate appraisals.

Adapted from previous studies (Alexander and Ruderman 1987; Parker et al. 1997; Kim and Rubianty 2011), employees' acceptance of performance appraisal in terms of distributional justice was measured using six survey items with a five-point Likert-type response format, including:

Q20. If one performs well, there is appropriate recognition and reward.

Q21. I understand how my pay relates to my job performance.

Q22. My organization takes steps to ensure that employees are appropriately paid and rewarded.

Q 23. If I perform especially well, I will be promoted or given a better job.

Q24. My pay level reflects the effort I have put into my work.

Q25. My pay reflects what I have contributed to the organization.

Table 39 Rotated Factor Loadings: Procedural Justice (factor 1) & Distributional Justice (factor 2)

Variable	Factor1	Factor2	Uniqueness
q12	0.1893	0.6313	0.5656
q14	0.2208	0.7994	0.3122
q26	0.1890	0.8947	0.1637
q29	0.3056	0.7767	0.3033
q32	0.2702	0.8291	0.2396
q20	0.7763	0.2376	0.3409
q21	0.6419	0.3803	0.4433
q22	0.7723	0.2486	0.3418
q23	0.7103	0.3393	0.3804
q24	0.8567	0.189	0.2304
q25	0.8533	0.1947	0.234

Using principal components analysis with varimax rotation, eleven items were factor analyzed, and derived two factors – procedural justice and distributional justice. Procedural justice (var. name: procedural) is measured using five items and its alpha score is 0.8822, indicating high reliability, while distributional justice (var. name: distri) is measured using four items and its alpha score is 0.8954, also indicating a high reliability.

2) Employees' Acceptance of Performance Appraisal: Instrument Validity

Adapted from previous studies (Decotiis and Pitts 1978; Gabris and Ihrke 2000; 2001), instrument validity (var. name: instrument) is operationalized as the extent to which an objective measure is used to assess employees' job performance and performance standards and the rating is fairly and consistently applied among employees. Employees' acceptance of performance appraisal in terms of instrument validity is about

the standards, instruments, and ratings used to assess job performance. It is measured using four survey items including:

- Q13. The rating I get is a result of my rater applying performance rating standards consistently across employees.
- Q15. I understand the basis for my most recent performance rating.
- Q16. Objective measures are used to evaluate my performance.
- Q17. The standards used to appraise my performance are appropriate.

When principal components analysis with varimax rotation was performed, all these four items are loaded onto one factor (variance: 2.81736, 70%), and its alpha score is 0.8574.

Independent Variables

Developmental Use of Performance Appraisal

Following the studies of Daley (1992) and Murphy and Cleveland (1995), developmental use of performance appraisal is operationalized as employees' perceived use of performance appraisal for providing constructive suggestions and identifying training needs. Building on this framework, employees' perceived developmental use of performance appraisal (var. name: development) was measured using five items, including:

- Q33. My supervisor provides constructive feedback on my job performance.
- Q34. My supervisor provides timely feedback on my job performance.
- Q35. My supervisor provides coaching, training opportunities, or other assistance to help me improve my skill and performance.
- Q36. My supervisor discusses with me the specific reasons for my performance rating.
- Q37. My supervisor encourages me to help in developing work methods and job procedures.

The results of principal components analysis with varimax rotation confirmed that all these five items are loaded onto one factor (variance: 3.725, 75%) and its alpha score is 0.9120, indicating high reliability.

Leader-Member Exchange Quality

According to the Leader-Member Exchange Quality theory and social exchange theory (Blau 1964; Liden and Graen, 1980; Dienesch and Liden, 1986), the quality of supervisor-employee relationship in day-to-day exchanges (var. name: lmx) means the degree to which employees perceive their supervisors as trustworthy in their interactions, and they believe each party would contribute to achieving mutual goals. Adapted from previous studies (Cho and Lee 2011; Park 2012; Hassan and Hatmaker 2014), the leader-member exchange quality was measured using three items, including:

- Q27. I trust my supervisor to clearly communicate conduct expectations.
- Q28. My supervisor keeps me informed about how well I'm doing.
- Q31. The supervisor actively works to communicate the organization's vision and mission to employees.

The results of principal components analysis with varimax rotation confirmed that these three items are loaded onto one factor (variance: 2.494, 83%), and its alpha score is 0.8956.

Employees' Participation in Developing Performance Standards

As Roberts (2003) illustrates, participatory performance appraisal provides two benefits. By facilitating employees' growth and development, it contributes to enhancing employees' intrinsic motivation, and also allowing employees to participate in the process,

in that they can voice their concerns over the process; as a result, their confidence in the appraisal process is enhanced. Specifically, by engaging employees into the process of setting performance standards and goals, employees' perceived ownership of the performance goal will be fostered and consensus will be shared with management of the organization about the performance standards that are used to assess job performance. In consequence, their acceptance of performance appraisal is heightened. Building on this framework, participation in performance standard setting was measured using three survey items, including:

- Q38. Employees in my work unit are encouraged to participate in decisions affecting their work.
- Q39. Employees in my work unit are encouraged to participate in devising performance measures which are going to be used for their performance appraisal.
- Q40. I participate in setting standards and goals used to evaluate my job performance.

These three items are loaded onto one factor (variance: 1.63572, 1.17%), and its alpha score is 0.7964.

Employees' Empowerment in the Context of Performance Appraisal

As Fernandez Moldogaziev (2013a, p.161) notes, one important factor in empowerment practice is to grant employees discretion to modify work processes. They observe in another study (2013b) that granting discretion to change work processes is significantly and positively related to employees' innovative behavior, job satisfaction and overall performance. Adapted from their studies, specifically, employees' perceived empowerment in the performance appraisal context is operationalized as the degree to

which employees are empowered to modify or challenge their supervisors' appraisal decision. This was measured using a single questionnaire item:

Q40. My performance rating can be changed if I can show that it is incorrect or unfair.

About 52% of the respondents agree with this statement; while about 16% of the respondents do not think they are empowered enough to rebut decisions made during a performance appraisal session regarding performance rating.

Interaction term for the quality of the supervisor-employee relationship and employees' perceived empowerment is included after mean-centering the variable of the quality of the supervisor-employee relationship to mitigate the potential problem of multicollinearity (Jaccard et al. 1990, p.476).

Goal Alignment

As explained in the previous chapter, goal alignment is defined as the extent to which employees understand how their work is related to the agency's goal and priorities (Ayers 2013, p.498). Following the study of Ayers (2013), employees' perceived goal alignment was measured with a single questionnaire item: "I know how my work relates to the agency's goals and priorities." In this regard, about 18% of the respondents do not perceive their individual work to be aligned with their agency's goals and priorities, while the majority of the respondents, about 82%, agree with the statement.

Employees' Perceived Knowledge of the Performance Appraisal System

In order to examine the extent to which employees perceive they have knowledge of performance appraisal, adapted from the study of Williams and Levy (1992), three items were used:

- Q1. I understand the performance appraisal system being used in this organization.
- Q2. My supervisor and I agree on what good performance on my job means.
- Q4. I know what level of performance is considered acceptable by my supervisor.

Table 40 Perceived Employees' Knowledge of Performance Appraisal Process

Survey Items	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
1) I understand the performance appraisal system being used in this organization	2 (1.32)	5(3.31)	25 (16.56)	67 (44.37)	52 (34.44)
2) My supervisor and I agree on what good performance on my job means	6 (3.97)	11 (7.28)	22 (14.57)	77 (50.99)	35 (23.18)
4) I know what level of performance is considered acceptable by my supervisor	2(1.33)	12 (8)	12 (8)	71 (47.33)	53(35.33)

When responding to the prompt, "I understand the performance appraisal system being used in this organization," about 79% of the respondents indicated that they understand how their organization is using performance appraisal. When participants were asked to respond to the prompt, "My supervisor and I agree on what good performance on my job means," about 74% of the respondents agreed with this statement. In addition, when they were asked to respond to the following, "I know what level of

performance is considered acceptable by my supervisor,” about 83% of the respondents agreed with the statement.

Overall, these results imply that most of the respondents have extensive knowledge concerning the performance appraisal process. Previous studies on self-evaluation suggest that employees' knowledge of the process – that is, their understanding of the performance appraisal system – affects their perceptions and attitudes. For example, Mount (1983) found the difference in perceptions about performance appraisal between supervisors and employees were attributed to the differences in process knowledge between the two. In most cases, employees have a lower level of knowledge about the process, and this lack of knowledge may shape their perceptions (Mount 1983; Williams and Levy 1992). A summative index variable using these three survey items was created. When principal-component factors analysis with orthogonal varimax was performed, all three items loaded onto one factor (variance 2.17, 73%), and its alpha score is 0.8086, indicating high reliability.

Control variables

In order to examine the effect of main variables on employees' acceptance of performance appraisal, *employment attributes* and *demographic attributes* are included as control variables that may influence employees' acceptance of performance appraisal. We have assumed that there might be differences in employees' acceptance, depending on their employment or demographic attributes. Employment attributes include supervisory status, tenure in current job, tenure in current department, education level (high school diploma=1; some college or an associate's degree=2; bachelor's college

degree=3; master's degree=4; professional degree=5; academic or scientific doctoral degree=6), and union membership. *Supervisory status* is a dichotomous variable that captures whether the respondents have a position of supervisor or higher (=0) or non-supervisor (=1). As explained in the previous chapter, union membership has varying effects on employees' perceived procedural and distributional justice (Tiffin & McCormick 1962; Iverson 1996). To control its possible effect, *union membership* is included using a survey item as a dichotomous variable, where "1" indicates employees who pay union membership dues and "0" indicates employees who do not pay union membership dues, whose position is not covered by a bargaining agreement, who are not sure whether their position is covered by a bargaining agreement, or who are not eligible to be members of a union. Demographic attributes include *gender* (Male=1/Female=0) and *race/ethnicity* (African American/Black=1; Hispanic=2; Asian=3; Caucasian/White=4; Native American=5; other=6).

Statistical Procedures

In this study, employees' acceptance of performance appraisal is viewed with three aspects: employees' acceptance of performance appraisal in terms of procedural justice, employees' acceptance of performance appraisal in terms of distributional justice, and acceptance in terms of instrument validity. In order to predict each dimension, three independent regressions were performed with the independent and control variables illustrated above. In addition, in order to examine whether the effect of the interaction between empowerment and the quality of supervisor-employee relationship is significant, two models – one with the interaction and the other without the interaction – were

compared. Furthermore, as previous literature on organizational justice indicates, two justice components – procedural justice and distributional justice – are distinct yet highly correlated with each other. Additionally, instrument validity can also predict both procedural and distributional justice in the performance appraisal process, because only with valid and accurate rating and criteria, can procedural and distributional justice be achieved. Since the same regressors are used in all three models, with the existence of covariance, the error term of each regression model may be linked to each other. Also, considering that some possible, unobservable or poorly measured variables could exist in each regression, rather than using OLS, the use of Seemingly Unrelated Regression (SUR) “in which the parameters for all equations are determined in a single procedure” may be preferred (Martin and Smith 2005, p.604). A Breusch-Pagan Test of independence errors was performed to see that the errors across equations are correlated. The results showed a chi-square test statistic of 49.679 and a p value of 0.000, which is less than 0.05, indicating that the errors across equations are significantly correlated, supporting the use of SUR regression to achieve efficiency in estimation.

The variance inflation factor (VIF) test for multicollinearity shows the average VIF value is less than 2, indicating that there is not a severe problem of multicollinearity. The Breusch Pagan Test indicated the presence of heteroscedasticity, requiring the application of robust standard error.

Findings and Results

The regression results are summarized in Tables 41, 43, 44, 45, and 46 below. In order to identify which factors are associated with employees' acceptance of performance

appraisal, each of the three dimensions of acceptability is regressed against the explanatory variables using OLS methods with robust standard error. In order to examine the effect of the interaction variable, a stepwise procedure was employed.

The developmental use of performance appraisal is significantly and positively associated with each of the three dimensions in both OLS regression with robust standard error and Seemingly Unrelated Regression. The results of the OLS regression with robust standard error show, in the case of employees' acceptance of performance appraisal in terms of procedural justice, that the beta coefficient was 0.365; in the case of distributional justice, the beta coefficient was 0.299; and regarding instrument validity it was 0.342, in which Hypotheses 1, 2, and 3 are supported when controlling for other effects. This positive relationship between the developmental use of performance appraisal and employees' acceptance of performance appraisal in terms of procedural justice, distributional justice, and instrument validity are all supported in the SUR regression as well. This is consistent with the findings of the federal employees' survey. This finding implies the existence of local employees' development orientation in support of the concept of enabling aspects of performance appraisal (Daley 1992; Adler and Borys 1996). When performance appraisal is used mainly for administrative decisions, it is seen with more negative connotation (as punishment, control, or monitoring); whereas, when it is used more for developmental purposes, such as finding areas of improvement or identifying training needs, it is seen with more positive connotation (as development, moving forward, or learning), which is more aligned with employees' intrinsic motivation. Therefore, when performance appraisal is used more for development,

employees' positive reactions toward performance appraisal can be predicted (Adler and Borys 1996).

Likewise, another potential explanation for this result can be made building on the cultural analysis of Erdogan (2003). In a constructive and enabling culture, where organizational norms and values are in support of individual employees' development, supervisors as raters will be more likely to assess individual employees' job performance in a fair and valid manner, so that they can provide quality feedback on their performance. Also, considering that the effects of administrative decisions on individual employees' well-being are relatively huge, when performance appraisal is mainly used as a basis for administrative decisions, supervisors may be more likely to produce a lenient rating in order to avoid any of the potential ramifications of negative evaluations (Fisher 1989).

Contrary to expectations, employees' perceived empowerment, participation in performance standard setting and perceived goal alignment did not predict employees' acceptance of performance appraisal in terms of procedural justice. However, the quality of relationship between supervisors and employees turns out to be significantly and positively associated with employees' acceptance of performance appraisal in terms of procedural justice by 0.484 (standardized coefficient) in robust OLS regression and 0.391 in Seemingly Unrelated Regression. On the other hand, the positive effect of supervisor-employee relationship quality was not supported when employees' acceptance of performance appraisal in terms of distributional justice was regressed. In models where instrumental validity was regressed, a modest but positive relationship was found.

These findings provide supporting evidence for the study of Gabris and Ihrke's (2000), in that high quality relationships between supervisors and employees are more

likely to be associated with employees' perceived legitimacy of performance appraisal, resulting in their higher acceptance of the procedural justice component. Considering that an inadequate link between performance and rewards has been widely observed in most local governments (Ammons and Condrey 1991), a lack of empirical support for the connection between relationships and employees' acceptance on distributional component is expected. Ammons and Condrey (1991) studied two Georgia city governments: one had a newly implemented performance appraisal process and the other had none. They found that, when asked whether there is a link between performance and financial rewards, about 64% of respondents indicated that financial rewards are seldom related to their job performance. Also, as Graen and Scandura (1987) note, when employees evaluate the performance appraisal process of their employing organization, it involves their calculation of social exchange as well as economic exchange. Even when employees have trusting relationships with their supervisors, lack of expected rewards, or overestimation of their contributions to the organization, may result in lowering their acceptance of performance appraisal in terms of distributional justice. Contrary to the findings from the federal survey, the effect of supervisor-employee relationship quality matters for employees' acceptance of performance appraisal in terms of instrumental validity. Given the varying levels of performance appraisal, and its varying levels of quality, it is plausible to assume that local employees tend to value relationship quality with their supervisors when their job is being assessed.

In other words, previous studies of local governments' appraisal practices have commonly observed the use of generic, rudimentary performance standards rather than job specific standards. The lack of valid and accurate performance standards may greatly

(and negatively) shape local employees' acceptance of performance appraisal in terms of instrumental validity. Given the lack of these standards, the quality of the relationship – when it is characterized as trust-worthy and effective-communication oriented – appears to greatly predict employees' acceptance of instrumental validity.

These findings on developmental use of performance appraisal and relationship quality with supervisors are matched with the findings of Logenecker and Nykodym (1996) who studied local public organizations in the U.S. Viewed from employees' perspectives, the survey items that received the most responses were: 1) expectations for career opportunities and reward, 2) managers' taking time off to conduct appraisals, 3) better clarification of performance expectations, 4) reduction of personal bias and favoritism, 5) more ongoing feedback, 6) managers' knowledge of actual performance, 7) greater emphasis on employee development, 8) increased two-way communication, and 9) managers' not dwelling on negatives (p.157). In other words, these findings signal the importance of the supervisors' roles in shaping employees' positive views on performance appraisal and fostering their acceptance. Ammons and Condery (1991, p. 261) emphasize that supervisors need to take the role of appraising performance seriously, and accept it as their core responsibility for the efficacy of performance appraisal.

Contrary to expectations, goal alignment was not found to be significantly nor positively related to any of the dimensions of employees' acceptance of performance appraisal. As expected, employees' perceived knowledge of performance appraisal turns out to be significantly and positively related to both procedural justice and instrumental validity, but not with distributional justice. When employees have a better understanding of the appraisal process, especially when they clearly understand what is expected of

them from their organization and supervisors, they may be able to make more accurate self-performance ratings, and are more likely to have positive views of performance appraisal in terms of procedural justice and instrumental validity. However, as illustrated above, insufficient financial resources may provide an explanation for its insignificant relationship with employees' acceptance in terms of distributional justice. This finding is similar to the observations of Kellough and Nigro (2002), who studied the Georgian Merit System, which is called GeorgiaGain. In their study, more than 50% of respondents believed that their performance rating had been changed (from the original rating they received from their immediate supervisor to a lower rating) due to budgetary constraints, with management trying to impose quotas or limits on the number of performance ratings above "met expectation. They also found that a majority of the respondents perceived politics within the agency or department to have a higher effect on performance rating than actual performance.

In other words, budgetary constraints appear to greatly shape employees' views on distributional justice. In addition, even though employees understand what is expected from their organizations and supervisors, administrative decisions on pay, promotion or other rewards (or punishments) is contingent on which job dimensions are being more weighted and whether supervisors are willing to assess employee performance in a fair and valid manner.

In this perspective, the findings on employees' participation in performance standard setting provide interesting observations. Employees' participation in performance standard setting turns out to significantly and positively predict employees' acceptance of distributional justice and modestly and positively predict employees'

acceptance of instrumental validity, but it fails to predict employees' acceptance in regards to procedural justice. The literature on due process metaphor provides support for expecting a positive relationship between employees' participation in performance standard/goal setting and their acceptance of performance appraisal in terms of instrumental validity. Folger et al. (1992) argue that, by affording employees an opportunity to participate in setting appraisal standards or objectives, their input – which is based on extensive and accurate knowledge of their work weaknesses or capacities – would be incorporated and, consequently, the face validity of the performance instrument would be enhanced. Along the same lines, employees' perceptions of performance appraisal instrumental validity would be enhanced accordingly.

Moreover, by engaging in the process of setting performance standards, employees' confidence in them will be higher, and their ownership of the process will also be enhanced. In addition, by participating in this process, local employees may develop standards within which their jobs or tasks can be better captured. Accordingly, their perceptions will steer toward the view that hard work will result in higher performance ratings, and in turn higher recognition from the organization - even if there are few, or no, monetary incentives.

Employees' negative views on performance appraisal, especially of performance instruments or ratings, have been widely observed. In this regard, the positive relationship between employees' participation in standard setting and their acceptance of performance appraisal in terms of distributional justice seems to be a logical finding.

Regarding the interaction effect between empowerment and supervisor-employee relationship quality, findings in both Robust Regression and Seemingly Unrelated

Regression models indicate that the interaction effect on employees' acceptance of performance appraisal for both procedural justice and instrumental validity is significant, at $\beta = -0.0380$, $p < 0.1$ and $\beta = -0.06$, $p < 0.1$ levels, respectively. However, both small coefficients on the interaction terms and little change in Adjusted-R squared indicate that the moderating effect on employees' acceptance of performance appraisal is modest or unsubstantial, contrary to our expectations. However, in order to better examine the interaction effect, the marginal effect of the quality of supervisor-employee relationship (contingent on the perceived level of empowerment) is calculated and plotted when empowerment is equal to its mean value, which is its mean value plus/minus one standard deviation. Regarding the effect on employees' acceptance of performance appraisal in terms of instrumental validity, when empowerment is high, the effect of relationship quality on employees' acceptance is $\beta = 0.55$, $p < 0.01$ while when empowerment is low, β is equal to 0.63, $p < 0.01$. In addition, regarding its effect on employees' acceptance in terms of procedural justice, $\beta = 0.69$, $p < 0.01$ when perceived empowerment is high, while when perceived empowerment is low, the b is 0.71, $p < 0.01$. As shown in the following two figures, the effect of interaction term turns out to be unsubstantial (see Figures 15 and 16).

These findings should be interpreted in light of several limitations. First and foremost, the characteristic of this study's design, which is an online survey employing non-probability samples, does not allow the findings to make any generalization about a population. By using the summative index assessing employees' levels of knowledge concerning performance appraisal being used in their organizations, the possible effect of the divergent level of performance appraisal in different municipalities has been

considered, but not sufficiently. Given the sensitive nature of the information asked in this survey, specific organizational information was not included – which could have helped better explain considerations such as the budgetary size of the organization where each participating employee is currently employed, specific performance appraisal techniques, performance appraisal standards, staffing, compensation, and so on.

Figure 15 Interaction of Empowerment and Relationship Quality between Supervisor and Employees Predicting Employees' Acceptance on Instrumental Validity

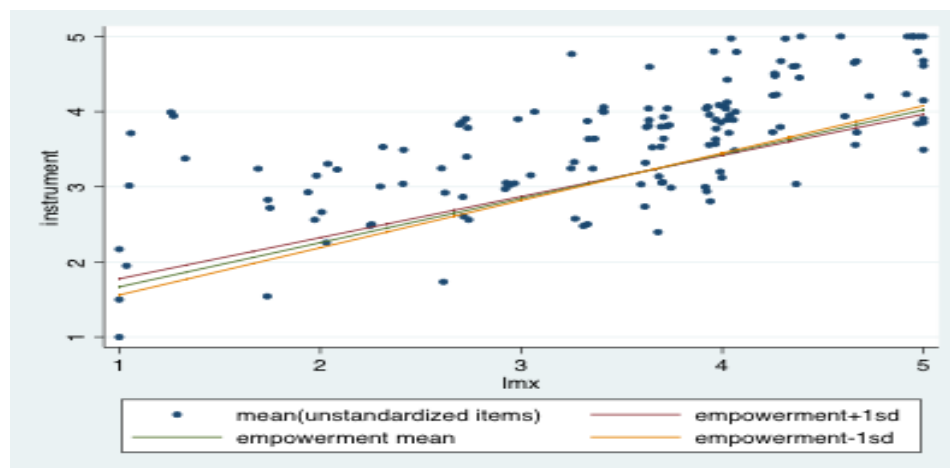


Figure 16 Interaction of Empowerment and Relationship Quality between Supervisor and Employees Predicting Employees' Acceptance on Procedural Justice

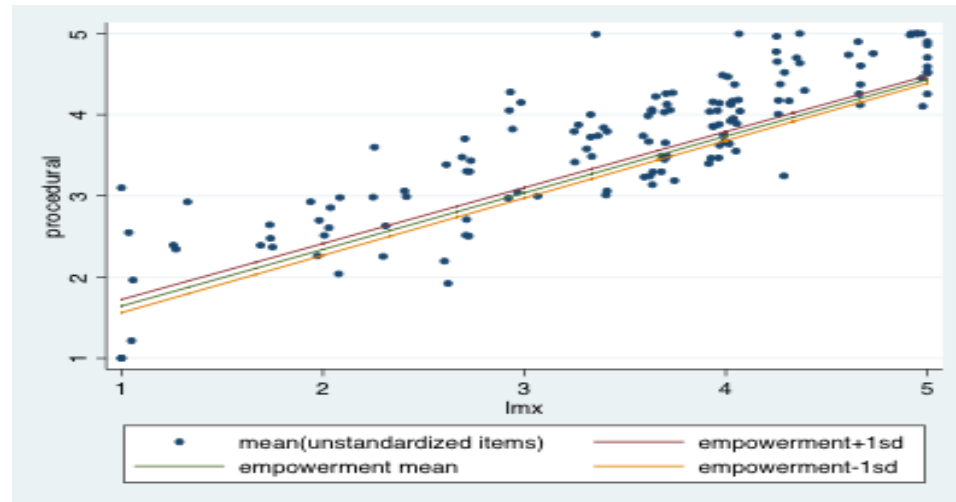


Table 41 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Procedural Justice	143	3.652098	0.8753042	1	5
Distributional Justice	143	2.641259	1.013979	1	5
Instrument Validity	142	3.609155	0.8036181	1	5
Developmental Use	142	3.33662	1.006185	1	5
Empowerment	141	3.382979	0.9903793	1	5
LMX quality	143	3.456876	1.064198	1	5
Participation	142	3.267606	0.9363001	1	5
Goal Alignment	127	4.070866	0.9273713	1	5
Knowledge of PA	151	3.990066	0.7963416	1	5
Tenure in Dept.	135	3.844444	1.268838	1	5
Tenure in Current Job	138	3.913043	1.287096	1	5
Gender	135	0.1407407	0.3490491	0	1
Union	135	0.562963	0.4978672	0	1
Supervisory Status	133	0.9097744	0.2875878	0	1
Ethnicity	136	2.889706	1.417733	1	6
Education	138	3.34058	0.8670478	1	6

Table 42 OLS Regression Models Predicting Employees' Acceptance of Performance Appraisal

VARIABLES	Procedural Justice		Distributional Justice		Instrument Validity	
Developmental Use	0.297*** (0.07)	0.308*** (0.07)	0.322** (0.16)	0.308* (0.16)	0.246*** (0.09)	0.264*** (0.09)
Empowerment	0.035 (0.04)	0.030 (0.04)	-0.04 (0.09)	-0.034 (0.09)	0.069 (0.05)	0.061 (0.05)
LMX quality	0.291*** (0.07)	0.393*** (0.10)	0.149 (0.164)	0.022 (0.231)	0.096 (0.09)	0.254** (0.127)
Participation	0.033 (0.05)	0.035 (0.05)	0.241** (0.12)	0.238** (0.12)	0.103 (0.06)	0.107* (0.06)
Goal Alignment	-0.010 (0.04)	-0.008 (0.04)	0.131 (0.10)	0.129 (0.10)	-0.024 (0.05)	-0.021 (0.05)
Knowledge of PA	0.262*** (0.06)	0.264*** (0.06)	-0.0557 (0.14)	-0.0585 (0.14)	0.341*** (0.08)	0.345*** (0.08)
Tenure in Dept.	0.046 (0.04)	0.039 (0.04)	0.03 (0.09)	0.037 (0.09)	0.011 (0.05)	0.002 (0.05)
Tenure in Current Job	-0.033 (0.04)	-0.030 (0.04)	-0.132 (0.08)	-0.136 (0.08)	-0.023 (0.05)	-0.017 (0.05)
Gender	0.175* (0.10)	0.157 (0.10)	0.313 (0.22)	0.336 (0.23)	0.0771 (0.13)	0.051 (0.13)
Union	0.072 (0.08)	0.066 (0.08)	-0.12 (0.18)	-0.112 (0.18)	0.060 (0.10)	0.060 (0.10)
Supervisory Status	-0.020 (0.13)	-0.042 (0.13)	-0.192 (0.13)	-0.164 (0.13)	-0.049 (0.13)	-0.083 (0.13)
Ethnicity	-0.015 (0.03)	-0.024 (0.03)	0.04 (0.06)	0.051 (0.06)	0.008 (0.03)	-0.006 (0.03)
Education	0.038 (0.04)	0.034 (0.04)	0.008 (0.10)	0.013 (0.10)	0.021 (0.06)	0.016 (0.06)
Empowerment * LMX		-0.038 (0.03)		0.0476 (0.06)		-0.060* (0.03)
Constant	0.245	-0.0498	0.539	0.908	0.056	0.0805
Observations	112	112	112	112	111	111
R-squared	0.838	0.841	0.437	0.44	0.653	0.704

Notes: Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 43 Robust Regression Models Predicting Employees' Acceptance of Performance Appraisal

VARIABLES	Procedural Justice		Distributinal Justice		Instrument Validity	
	Coefficient	Beta	Coefficient	Beta	Coefficient	Beta
Developmental Use	0.308***	0.365	0.308**	0.299	0.264***	0.342
Empowerment	0.030	0.034	-0.034	-0.033	0.061	0.077
LMX quality	0.393***	0.484	0.022	0.022	0.254*	0.340
Participation	0.035	0.039	0.238**	0.215	0.107	0.128
Goal Alignment	-0.008	-0.009	0.129	0.118	-0.021	-0.025
Knowledge of PA	0.264***	0.254	-0.059	-0.046	0.345***	0.363
Tenure in Dept.	0.039	0.058	0.037	0.045	0.002	-0.028
Tenure in Current Job	-0.030	-0.046	-0.136	-0.173	-0.017	0.024
Gender	0.157	0.068	0.336	0.120	0.051	0.032
Union	0.066	0.038	-0.112	-0.053	0.051	-0.030
Supervisory Status	-0.042	-0.014	-0.164	-0.044	-0.083	-0.010
Ethnicity	-0.024	-0.037	0.051	0.066	-0.006	0.018
Education	0.034	0.035	0.013	0.011	0.016	-0.258
Empowerment * LMX	-0.0380*	-0.152	0.048	0.156	-0.0600*	
Constant	-0.050		0.908		0.081	
Observations	112.000		112.000		111.000	
R-squared	0.841		0.440		0.704	

Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 44 SUR Regression Models Predicting Employees' Acceptance of Performance Appraisal: Procedural Justice

Equation	Obs	Parms	RMSE	R-sq	chi2	P
Procedural Justice	111	14	0.3456355	0.8412	588.14	0
Distributional Justice	111	14	0.7921137	0.4391	86.89	0
Instrument Validity	111	14	0.4320979	0.7039	263.83	0

VARIABLES	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
Developmental Use	0.311***	0.066	4.710	0.000	0.181 0.440
Empowerment	0.032	0.039	0.830	0.407	-0.044 0.109
LMX quality	0.391***	0.094	4.150	0.000	0.206 0.575
Participation	0.036	0.047	0.770	0.443	-0.056 0.128
Goal Alignment	-0.008	0.039	-0.190	0.848	-0.084 0.069
Knowledge of PA	0.265***	0.057	4.620	0.000	0.152 0.377
Tenure in Dept.	0.039	0.037	1.080	0.280	-0.032 0.111
Tenure in Current Job	-0.028	0.034	-0.830	0.408	-0.094 0.038
Gender	0.168*	0.094	1.790	0.073	-0.016 0.351
Union	0.073	0.073	1.000	0.319	-0.070 0.215
Supervisory Status	-0.041	0.120	-0.340	0.732	-0.276 0.194
Ethnicity	-0.022	0.026	-0.850	0.394	-0.073 0.029
Education	0.040	0.041	0.970	0.332	-0.040 0.120
Empowerment * LMX	-0.040	0.025	-1.590	0.112	-0.088 0.009
Constant	-0.100	0.371	-0.270	0.788	-0.827 0.627

Notes: Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 45 SUR Regression Models Predicting Employees' Acceptance of Performance Appraisal: Distributional Justice

VARIABLES	Coef.	Std. Err.	z	P>z	[95% Conf.	Interval]
Developmental Use	0.309**	0.151	2.040	0.041	0.012	0.605
Empowerment	-0.033	0.089	-0.370	0.711	-0.208	0.142
LMX quality	0.021	0.216	0.100	0.921	-0.402	0.444
Participation	0.238**	0.108	2.220	0.027	0.028	0.449
Goal Alignment	0.129	0.090	1.430	0.152	-0.047	0.305
Knowledge of PA	-0.058	0.131	-0.440	0.657	-0.316	0.199
Tenure in Dept.	0.037	0.084	0.450	0.656	-0.127	0.201
Tenure in Current Job	-0.136*	0.078	-1.750	0.080	-0.288	0.016
Gender	0.341	0.215	1.590	0.112	-0.079	0.762
Union	-0.109	0.167	-0.650	0.514	-0.436	0.218
Supervisory Status	-0.164	0.275	-0.600	0.552	-0.702	0.375
Ethnicity	0.051	0.059	0.860	0.389	-0.065	0.168
Education	0.016	0.094	0.170	0.867	-0.168	0.199
Empowerment * LMX	0.047	0.057	0.820	0.410	-0.065	0.159
Constant	0.887	0.850	1.040	0.297	-0.779	2.552

Notes: Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 46 SUR Regression Models Predicting Employees' Acceptance of Performance Appraisal: Instrument Validity

VARIABLES	Coef.	Std. Err.	z	P>z	[95% Conf.	Interval]
Developmental Use	0.264***	0.082	3.210	0.001	0.103	0.426
Empowerment	0.061	0.049	1.240	0.214	-0.035	0.156
LMX quality	0.254**	0.118	2.160	0.031	0.024	0.485
Participation	0.107*	0.059	1.820	0.069	-0.008	0.222
Goal Alignment	-0.021	0.049	-0.420	0.672	-0.117	0.075
Knowledge of PA	0.345***	0.072	4.810	0.000	0.204	0.485
Tenure in Dept.	0.002	0.046	0.040	0.971	-0.088	0.091
Tenure in Current Job	-0.017	0.042	-0.390	0.695	-0.099	0.066
Gender	0.051	0.117	0.440	0.662	-0.178	0.281
Union	0.051	0.091	0.560	0.578	-0.128	0.229
Supervisory Status	-0.083	0.150	-0.550	0.580	-0.377	0.211
Ethnicity	-0.006	0.032	-0.170	0.862	-0.069	0.058
Education	0.016	0.051	0.310	0.756	-0.084	0.116
Empowerment *						
LMX	-0.060*	0.031	-1.930	0.053	-0.121	0.001
Constant	0.081	0.464	0.170	0.862	-0.828	0.989

Notes: Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 47 Correlation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Developmental Use	1.00												
Empowerment	0.44	1.00											
LMX quality	0.85	0.42	1.00										
Participation Goal	0.57	0.44	0.55	1.00									
Alignment	0.34	0.23	0.35	0.36	1.00								
Knowledge of PA	0.60	0.22	0.67	0.40	0.36	1.00							
Tenure in Dept.	-0.10	0.01	-0.14	-0.17	-0.14	-0.12	1.00						
Tenure in Current Job	-0.06	-0.04	-0.13	-0.11	0.06	-0.09	0.63	1.00					
Gender	0.00	-0.01	-0.09	0.10	0.00	0.09	-0.03	0.03	1.00				
Union	-0.03	-0.04	-0.03	-0.19	-0.04	-0.05	0.21	0.02	-0.02	1.00			
Supervisory Status	-0.13	-0.04	-0.12	0.05	0.02	-0.09	-0.06	-0.04	0.06	-0.16	1.00		
Ethnicity	0.01	-0.14	-0.01	-0.03	-0.11	-0.05	0.10	0.00	0.00	-0.13	-0.08	1.00	
Education	0.05	0.11	0.11	0.21	0.11	0.24	-0.19	-0.19	0.08	-0.16	0.06	0.00	1.00

CHAPTER 8 QUALITATIVE DATA ANALYSIS AND RESULTS

Introduction

The previous chapter illustrates key organizational and individual factors that shape public employees' acceptance of performance appraisal using a large-sized federal employee survey and a local employees' survey. Findings from both survey analyses suggest that, when performance appraisal is used more for employees' job performance improvement and capacity development by helping find areas of improvement, when there is an alignment between agency-level of objectives or goals and employees' tasks, when employees are offered an opportunity to voice their concerns or rebut decisions as well as participate in setting performance standards and goals, and when there are quality and trust-worthy relationships between supervisors as raters and employees, there is an increase in employees' acceptance of performance appraisal in terms of procedural justice, distributional justice and instrumental validity. However, given the limitation of the survey method, these empirical findings are not sufficient to provide an in-depth perspective about the context in which performance appraisal occurs.

As noted in the previous section, when employing a survey design, it does not provide enough room for exploring particular issues in greater depth, and in most cases, the key themes researchers want to explore are reflected in their selection of survey questions (Wolff et al. 2000, p.12). On the other hand, using qualitative research, especially focus-groups or interviews, can provide much more information to help capture in-depth contextual details, as well as the subjective meanings attached to these

social contexts, even though the representativeness can be compromised - given that in this study the sample selection is purposive or based on convenience. Therefore, as Wolf et al (1993, p.12) notes, employing a research method, which is “markedly different yet potentially complementary when combined in a mixed-method research design” benefits this study, considering the complicated nature of its performance appraisal context and the social relationships between people involved in the process.

To date, much of the academic discourse on performance appraisal has been based on observations made in laboratory settings or quantitative analysis using survey results, with more focus being given to top management’s perspectives, or those of managers or supervisors as raters. Reliance solely on management’s perspective and quantitative analysis may deprive us of an opportunity to explore some of the important and meaningful views of public employees, who are subject to performance appraisal, who drive performance, and whose views and perspectives are critical to the success of performance appraisal. In order to understand performance appraisal practices in the public sector, and refine theories and practices related to performance appraisal, qualitative methods were employed to explore public employees’ views and perspectives on performance appraisal.

For this purpose, six individual interviews were held and two focus groups were conducted. In chapter 5, I briefly describe the research subject and design. This chapter will begin with a brief overview of the focus groups and interview participants, and explain how they were recruited in this study. Then, this section will detail the structure and operation of the interviews and focus groups, and the approaches to data analysis.

Finally, this chapter reports results that analyze the information obtained through the semi-structured interviews and focus groups.

Overview of Research Process and Participants

Focus Group Participants

Two focus groups and 10 semi-structured interviews were conducted. The subjects interviewed are a combination of convenient sample and purposive sample. The use of both convenient sample and purposive sample can be justified when the research subjects are carefully selected for the appropriateness of their fit for the study and sampling for proportionality is not a major concern (Babbie 2001; Berg and Lune 2012). As Marshall (1996, p.534) notes, the use of purposive sampling method is advantageous to research, especially when the subjects have specific or special experiences or knowledge pertinent to the objective of the study.

Since this study aims to explore public employees' experiences with performance appraisal as ratees and not as raters, it requires the recruitment of subjects who have long years of experience being subject to performance appraisals in the public sector. In this regard, using a purposive sample has been selected. In addition, other participants of the focus groups are students who are enrolled in the executive MPA program offered at Rutgers University-Newark. As explained in the previous chapter, in order to be admitted to the Executive MPA program, students need to verify that they have more than six years of work experience in either public sector organizations or non-profit organizations. Given their extensive work experience, it is plausible to assume that their knowledge and

experiences provide a good fit for this given study. As Teddlie and Yun (2007, p.77) illustrate, the use of purposive sampling allows researchers to examine a broader range of cases, which helps answer research questions in greater depth.

The first focus group participants were recruited by referrals from a student who is enrolled in the Executive MPA program at Rutgers University. He is the Director for the Division of Social Services of 'A' County Government in New Jersey. He helped recruit 25 front-line employees working at 'A' County Government, all with at least three years experience of performance appraisal. Of these interviewees, 15 were female and 10 were male, and the majority of them are African-American. They are mostly administrative and clerical personnel who provide a myriad of human services such as food stamps, temporary assistance to needy families, general assistance, emergency assistance, utility assistance, and medical assistance. The research discussion was held in the conference room of the 'A' County Government Building.

Considering the sensitive nature of the information that would be collected at the focus group session, only non-supervisory employees were recruited. As front-line employees, their insights and observations on performance appraisal practices were expected to benefit this study - since they can provide experiences and honest observations that are not easily obtainable if other methods are chosen. This on-site interview was held for an hour and a half.

The second focus group's participants were students who are currently enrolled in the Executive MPA program at Rutgers University. In order to preclude any conflicts of interest, the students who were at the time enrolled in the principal investigator's class were excluded. In total, 13 students voluntarily participated in this study. The invitation

letter was sent out by email with brief information that described the purpose of this study and the voluntary nature of participation. Eight of the subjects were female and five were male. Seven of the subjects are African-American and six of them are Caucasian. They are working at varying levels of local government, including county, township and state. The length of this focus group session was about one hour.

Semi-structured Individual Interviews

Participants for semi-structured individual interviews were also convenience sample, and carefully selected based on their extensive work experience in the public sector and their knowledge of performance appraisal. Four participants were students who completed the online public performance management certificate in 2011, which is offered by the National Center for Public Performance at Rutgers University. Another six participants were students who graduated with the Executive MPA degree from Rutgers University-Newark. Two of them are working for township governments in New Jersey and another eight participants are working for the state government of New Jersey. Once they consented to the interview procedure via email, the interviews were conducted on the phone - except for one interview, which was conducted in a classroom at the participant's convenience. Four of the participants were male and six were female. As many of the participants have several years of work experience in the public sector, their observations, experiences and insights could provide valuable information that supplements the findings obtained through the quantitative analysis and guides current theories and studies on performance appraisal.

Research Process

The focus group sessions and semi-structured interviews were recorded and transcribed once their permission was given. The informed consent form - which has information about the background and purpose of this study, as well as the expected risks and benefits, voluntary nature of participation, and confidentiality - was distributed before the session started (See Appendix). The informed consent form and focus group guide were all approved by the Institutional Review Board for the Protection of Human Subjects at Rutgers University (here and after, referred to as IRB) prior to this study. All participants signed informed consent forms prior to the session. At the focus group sessions, the researcher served as a moderator in guiding the group discussions. At both interviews, a list of guiding questions prepared based on the literature review and approved by IRB was used to elicit participants' experiences and observations that fit with the research purpose and maintained the thematic focus. The research questions used are as follows:

Q. Can you describe your agency or department's performance appraisal process?

Q. Can you talk about your involvement in the performance appraisal process?

Q. Can you talk about your involvement in choosing performance standards?

Q. Are performance goals relevant to your work?

Q. Could you describe to me the general organizational environment here (?)?

Q. Could you describe your interactions with your supervisor in the context of performance appraisal?

Q. How would you describe the process of setting priority goals and objectives in your agency or department?

Q. What organizational or individual factors do you think need to be in place in order to foster employees' acceptance of performance appraisal?

Q. Overall, how would you describe your opinion about the performance appraisal process in your agency, and overall as a management tool?

Qualitative Data Analysis

Burg and Lune (2012, p.188) suggest that when analyzing qualitative data, especially data from focus groups, quantifying results or offering its magnitude is not meaningful. Rather, it is necessary to provide quotations to support arguments or ideas made in the given study. In order to analyze data, it is necessary for researchers to consider three dimensions: consensus, dissensus, and resonance (Lune et al. 2009; Burg and Lune 2012). Here, consensus refers to points of agreement within a group, dissensus means ideas in which group members don't come to agreement, and resonance refers to ideas or expressions that resonate within the group (Burg and Lune 2012, p.188).

To analyze the interview scripts, conventional content analysis was employed. Conventional content analysis is appropriate when "existing theory or previous research is not sufficient to provide an understanding of the topic of interest or the study would benefit from further description" (Hsieh and Shannon 2005). Based on literature review, the variables and key concepts were identified and used as coding categories. The initial coding categories include performance appraisal interview, administrative decision, employees' development, goal alignment, trust in supervisor, rewards, union, gender, race/ethnicity, empowerment and participation. Any text that could not be categorized

with these coding schemes was given a new code. Several themes emerged from the analysis of the interview transcripts. The results will be presented in the following section.

Qualitative Study Findings

Prevalent negative views on performance appraisal

Lack of Performance Appraisal Session

When participants were asked to generally describe their experiences of performance appraisal, some of them indicated that performance appraisal has not been used effectively. Even though performance appraisal is supposed to be conducted annually in most cases, some participants indicated that they have had neither appraisal or performance appraisal sessions, nor did they get any guidance about where they stand in comparison to the agency's goal or priorities, or where they should even go when performance appraisal is to be conducted. This finding is unexpected, in that previous literature and other government reports show an increasing trend in the use of performance appraisal at the local level, and in most cases, conducting an annual performance appraisal is legally mandated. Given the small and selective subject samples employed in this study, this observation cannot be generalized into other local government settings that are not included in this study. However, this is a noteworthy finding because it signals that a lack of formal appraisal or appraisal sessions with supervisors tends to cause more negative views on performance appraisal. The following quotations illustrate this observation:

“We don’t have any session where we can ask management how we are doing for two years. Last time, I heard that top management told my supervisor and specialist that the number is going down. They never told me that the number is going down, or what I can do differently.”

“ There was a very informal once a year meeting to discuss how I thought I did over the past year and what did I plan to accomplish in the coming year. In the last 1 ½ years in my current agency I have not had any type of formal meeting or discussion that reviewed my performance, goals, objectives or any other identifiable activity.”

“To be honest, in my opinion, the performance appraisal process at my agency is pathetic. It is a complete joke and a waste of time when it is done, but most of the time, it is not even done. Current policy requires supervisors to evaluate employees on an annual basis (once the employees achieve permanent status). But I do not believe any of the superiors in my agency are actually doing this. For me, my last evaluation was done in October 2011. I did not have one in October 2012 or October 2013, and doubt it will be done any time soon. Personally, it really doesn’t matter to me.”

“It is a waste of opportunity. It’s a way to weed out the weak employees and again a paper trail as you were saying. For those of us who are doing what we are supposed to do it is meaningless.”

“I also see it as a tool to document those employees who are performing below expectations.”

Performance Appraisal Formality without Substances

Even among participants who have experienced having their job performance assessed, or have had a performance appraisal session with their supervisor, they tend to view it as a tool that exists formally on a document but does not necessarily contribute to improving their job performance or their job capacities. For example, one interviewee observed that:

“Well I know in my organization we had a performance appraisal every six months or so where I get a form and fill out and state what I feel then my manager would do the same thing and we would talk about it and see if we come to some compromise or to see what we were saying was congruent. One write up would be me and then I would sign it if I agree with everything. That’s how we do it in my organization.”

This negative view on the formality of the performance appraisal process was expressed by other participants as well. In theory, performance appraisal should be used either for making administrative decisions or for providing guidance for employees. However, the way performance appraisal is structured in this setting seems to prevent effective use. Even when a supervisor provides a quality review on an employee's job performance, if the employee does not agree with the review, this fact will only be documented - without any follow-up action.

For example, participants observed:

“Performance review covers the year but there is an interim evaluation period as well so mid-way through the year the supervisor and worker would meet and just kind of get a snapshot as to where they are right now at this point. They are acknowledged. The employee does not necessarily have to agree but acknowledges that that is what is expected of him or her. At that point they are given copies of it so they know what to expect. When the cumulative evaluation is determined at that point the employee signs off acknowledging that they have received the rating. They don't have to agree with it they could. Then we start the next year's process all over.”

“If we don't agree whatever my supervisor wrote on the document, I just don't sign on it. Then it will be documented. But nothing happen, unless I can rebut their decision by providing evidences.”

It was interesting to observe that even when a process exists where employees can appeal poor performance evaluations through grievance procedures, employees did not buy into the effectiveness of this process, and believed it would not make any changes - as observed in the following quotation:

“If the employee disagrees with the evaluation, they can ask to have it reviewed at a higher level, although experience has shown that management generally sticks together and there is seldom any re-evaluation at the higher level.”

Performance Appraisal as a Punitive Tool

In addition, a majority of the participants described performance appraisal as a punitive tool that exists for management purpose rather than as a tool for individual employees' interests. One participant working at a local police department shared an interesting observation. She explained that the lack of rewards that are linked to job performance is one of the reasons why the use of performance appraisal is not welcomed - but more importantly, that employees are afraid of the expected negative consequences that come with getting negative performance ratings:

“Unfortunately, performance appraisal in my agency is not used. Civil service jobs very rarely get appraised for raises, since salaries are set as non-negotiable, very many times performance appraisal is seen as punitive and not as a way to recognize the hard work you are doing. This is especially true in what I see in the police department. Many times, bad evaluations are avoided for police officers because they can have enormous adverse effects on them such as losing their privilege to carry a gun.”

Another participant, from the state government, also indicated:

“Performance Appraisal process at my agency requires much work. The performance appraisal process is more punitive and oftentimes used to pinpoint and bash. Managers normally have difficulty obtaining the interest and support of employees who have bought into the process.”

These observations are consistent with previous studies that show many employees do not view performance appraisal as a valid, fair and useful process that helps them improve their job performance, but instead view it as a punitive tool (Keeping and Levy 2000; Folger et al. 1992).

Lack of Valid Performance Rating

This theme was not included in the initial coding scheme, but emerged when participants were asked to describe their opinions on performance appraisal - specifically when they were asked as a follow-up question whether they believe the performance appraisal process of their employing organization is necessary. The majority of the participants agreed that the lack of a valid performance rating system to distinguish good performers from bad performers is one of the major reasons that prevent them from accepting performance appraisal as a necessary process. In the case of the federal government, five performance ratings are being used, including: Outstanding (O), Exceeds Fully Successful (E), Fully Successful (FS), Minimally Successful (MS), and Unacceptable (U). In this manner, the critical and noncritical elements of their job performance can be assessed in terms of quality, results, manners of performance, quantity, timeliness, and so on. However, in the case of local governments, the use of less-sophisticated, simple performance ratings was observed. The lack of instrumental validity appears to negatively affect employees' acceptance of performance appraisal in terms of procedural justice and distributional justice. One participant illustrated:

“In my work unit, we have only two performance rating: satisfactory /unsatisfactory. I don't know who developed this. With these two ratings, we cannot tell who is a good performer. More sophisticated ratings need to be developed to assess performance fairly. Supervisors are no longer permitted to check a box other than “meets expectations” unless there is extensive documentation and proof of it (such as e-mails from customers over the performance year).”

Similar observations were made, as seen in the following quotation:

“At my agency, performance is measured based on a scale from met standards to did not meet standards; also the supervisor does not have much area to explain how well or not well a person is doing unless it is scheduled for rank

up. Since the agency only measures whether or not you come to work on time, it is safe to say the average worker does okay.”

These excerpts illustrate some of the local practices that have failed to develop a performance appraisal process, specifically, rating standards that help capture employees’ true job performance and, as a consequence, have failed to gain buy-in from employees. These loosely constructed rating scales may not be able to capture the specific meaning or connotations attached to each job element, and also are not sufficient to assess different performance levels (Daley 2001). These observations also imply that the lack of confidence of employees in performance appraisal - resulting from a lack of valid performance rating - may harm overall effectiveness of the performance appraisal process. For example, in the case of a county government, employees’ job performance is measured using a combination of graphic rating scales and checklists. Their job is being assessed based on 14 areas - combining both personal traits and job activities. They observed that these items are job related, but not enough to assess their actual job performance. In order to decide salary increases, their overall annual performance is being assessed based on three rating scales: superior, standard and requiring improvement. In most cases, they reported receiving standard.

One of the explanations for these observations can be found from the findings of studies on lenient rater’s behavior (Longenecker et al. 1987; Jawahr & Williams 1997; Boachie-Mensah et al. 2012). These studies argue that some raters tend to give their employees good ratings, even when their actual job performance is not worthy. The studies attribute these biased or higher-than-deserved rating-giving behaviors of supervisors to perceived positive effects on ratees, and the supervisors’ wishes to avoid

confrontation with employees, because raters' decisions can affect ratees' careers, and negative ratings may harm ratees' feelings.

For example, Longenecker et al (1987, p.187) also observed in their interviews with executives that the rater tends to deliberately distort performance ratings - that is, inflate ratings in the subordinates' favor. They emphasized that, especially when performance appraisal is used for administrative purposes, more lenient rating is observed compared to occasions when it is used for feedback or employees' development (Jawahr and Williams 1997; Boachie-Mensah et al. 2012). As Landy and Farr (1980) illustrate, it is difficult to develop objective indices that capture real performance, and given various performance contexts, it is hard to tell which of the rating instruments are suitable for appraisal use. However, it should be noted that inaccurate ratings from an employee's perspective can lead him/her to believe the whole system is flawed (Naff et al. 2014).

Distinguishing Good and Poor Performers

In line with the lack of valid performance ratings in use, the issue of distinguishing good performers from poor performers was frequently addressed among participants. This is another new theme that emerged when participants discussed the issue of performance rating. It appears that the use of loosely structured performance rating results is lowering employees' acceptance of performance appraisal, as well as negatively affecting the effectiveness of performance appraisal itself.

In order for management to use the information from performance appraisal for making administrative decisions, they need to understand who is performing well and who is not. In addition, when they have employees who fail to achieve the performance

target, or who do not perform well, they need to identify these poor performers and address the issues effectively so that they can improve their performance. A majority of the participants agreed that the failure of an organization in identifying poor performers is one of the key factors that harm their job morale, in that it discourages them from putting in extra effort to perform better and negatively affects their job satisfaction. One participant explicitly stated: “Poor performers need to be taken care of. If not, there is no point of having performance appraisal.”

Other participants described their viewpoints in these ways:

“The norm in the agency is for the workers to be satisfactory and due to this it creates a bad culture because the employees that are not doing well are not being differentiated from the good ones. The employees would have to be really underperforming to be differentiated. The managers are just concerned about meeting their report deadlines.”

“In our agency, the standard is not an incentive for the good workers to do a better job because whether you are an excellent worker or not you are going to get “met standards”. Both get paid the same, and we both have the same responsibility...they cannot fire me. There is no such thing as sitting down and “let’s plan to do things better” because you are meeting standards even though your performance is mediocre. There is not much room for improvement with this type of appraisal...”

“Overall, my opinion about the performance appraisal process is poor only because as it stands, there is no formal appraisal being conducted. Employees are simply judged upon whether or not they’ve met standards for their particular program. There is no continual feedback, which kills employee morale. There is no competitive benchmark. It is just a management tool.”

These observations signal the importance of developing performance ratings that can capture employees’ actual job performance while also distinguishing good performers from poor performers. This result also indicates that employees’ acceptance of performance appraisal in terms of instrumental validity can predict employees’ acceptance in terms of procedural and distributional justice. As participants reported,

without relevant tools or standards that can identify poor performers or differentiate employees' level of job performance, employees are more likely to exhibit behaviors only to the extent that they meet minimum requirements. Designing performance appraisal instruments or ratings, or examining specific types of performance ratings, are not the focus of this study, but given these findings, it appears that having a performance rating that can capture varying levels of employees' job performance is the prerequisite to fostering employees' acceptance of performance appraisal. This appears to be critical to the overall success of performance appraisal, as well as organization itself. Unless employees are self-motivated, they may not be motivated to perform better because their high level of performance will not be recognized through a poor rating system. Therefore, without improvements, performance appraisal cannot function - either for administrative or developmental purposes - and remains as just a form without substance.

Lack of participants' confidence in this regard can also be seen as evidence of a supervisor's inability to address poor performance. Using the results of the MSPB's 2010 Merit Principles Survey, Naff et al. (2013, p.307) also make a similar observation that "Supervisors' failure to deal effectively with poor performance sends a clear message to all employees that good performance is optional and low effort is acceptable."

In sum, these observations signal that it is crucial to design performance appraisal in a way to effectively assess employees' job performance and distinguish between good and bad performance. Without this basic requirement, it becomes difficult to heighten employees' acceptance of the appraisal process and more than anything else, it will result in demotivating employees, as two participants observed:

“Now I don’t think I am a perfect worker, but I do feel that in some areas, I do very well, and I would even dare to say above average. But never in my 8 years with this agency, have I ever seen an “above average” score on my total evaluation. Nothing. I have also spent a lot of time asking coworkers about their own appraisals over their career and none of them have ever received an above average review. That I feel is pathetic. It is demotivating to the hard workers and it is reassuring to the lazy workers. I still continue to work hard but there are many days where I want to give up because I am being evaluated and compensated exactly the same as unproductive workers.”

“I think a lot of the performance evaluation processes that I have been through when I worked for a government agency are really useful for bad employees and not the good ones. This is a waste of opportunity. It’s a way to weed out the weak employees and again a paper trail as you were saying. For those of us who are doing what we are supposed to do it is meaningless.”

The Role of Supervisor as a Rator

A Trusting Relationship Matters

Another major theme that emerged in the discussions is the role of a supervisor. This is predictable, given that performance appraisal occurs in dyad relationships between supervisors as raters and employees as ratees. Based on theory and previous literature, we expect that employees’ trust in their supervisors would be a key factor that shapes their acceptance of the performance appraisal process. Some participants agree that a quality relationship between a supervisor and his/her employees is critical to fostering employees’ acceptance of performance appraisal. In relation to this, it was observed that they value time spent with their immediate supervisor because the longer they spend time together, the more trusting the relationship is that they build together. In other words, the amount and types of interactions made between supervisors and employees matters. In addition, the willingness of a supervisor to listen to employees’ concerns or difficulties, for the purpose of helping them improve their job performance, is crucial - as illustrated in the following quotes:

“When I was in another unit, the supervisor was very cooperative. She likes to talk with workers so that she can listen to their concerns or can see whether they have any difficulties performing tasks. The effectiveness of the appraisal is totally up to supervisors.”

“It is totally up to supervisors. We normally have a good relationship with supervisors. We’ve been in the same unit for a long time. Long time relationships help us build a trust between workers and supervisors.”

“The relationship between the employee and their manager is therefore critical in getting ahead. Promotion per se is rare; it is more likely that you can get a reclassification if your job description changes and you take on greater responsibilities.”

More than anything else, it was observed that it is important to know whether or not supervisors or top management value the performance appraisal process themselves, and also whether they are willing to put forth the effort to appraise employees’ performance. One participant noted, “If my supervisor missed the due date for the appraisal, she didn’t do it.” Also, some participants agreed, “In order to foster acceptance, the director must set the tone that performance appraisal is important and share examples that performance measurement is useful.” Somewhat discouraging experiences were also shared, including this one: “Many people in our organization have jobs they are ‘comfortable’ in, and do not want the responsibility of supervising or the hassles of being a manager, so they ‘coast’ until retirement in the same job for multiple years.”

Effective Supervision

In addition to trusting relationships with supervisors, supervisors’ knowledge of their work, their capacity to assess true job performance, and their ability to guide and coach employee job behavior were themes that repetitively emerged when participants were asked to describe their experiences with their supervisors in the context of

performance appraisal. One participant from a county government indicates that, given the performance appraisal is conducted annually, what often matters is how long each individual employee has worked with the supervisor who is going to assess their performance. She observed:

“I have a supervisor I’ve known only for a month, because I’ve moved from the other department. I don’t think my performance will be evaluated as it is supposed to be.”

In accordance with the discussion on a lack of valid performance ratings, the subjectivity supervisors bring to performance appraisal sessions was another key theme in the discussion. This may be caused by a lack of performance ratings that can assess employees’ performance in a fair and valid manner. Participants agreed that quantity-based performance rating is limited in capturing the quality of their work, and this limitation affects their acceptance of the performance appraisal process, as one participant noted:

“We don’t have a fair standard. Someone in my unit does six cases but I do eight cases. However, she got promoted higher than me. I guess it is because her supervisor is much more lenient, while my supervisor applies a stricter standard.”

Moreover, a majority of the participants agreed that supervisors need to be trained in how to do performance appraisal, and how to supervise in general. Even when employees develop trusting relationships with their supervisors, they still expect their supervisors to act in an ethical and fair manner in making any HR decisions; unless their supervisor exhibits a capacity to effectively supervise employees and effectively assess

their performance, their view on performance appraisal remains negative. This is well illustrated in the following quotations:

“I guess it is all up to supervisor. Because, even though they are nice people we trust, they don’t know how to supervise.”

“My supervisor doesn’t know what’s happening in my work unit. Without the knowledge of the work, I don’t think my supervisor can assess my performance fairly.”

“All the work is measured quantitatively, like how many cases you handled. They are not concerned about the quality. Some workers may be slow workers, for example they have eight cases. And another person does nine cases. It does not necessarily mean that eight-case workers are poor performers. Supervisors need to understand why these differences are made to evaluate fairly.”

In sum, the role of a supervisor in the appraisal process is critical to fostering employees’ acceptance of the appraisal, as well as implementing the appraisal successfully. It turns out that the extent to which employees trust their supervisors in terms of their work ethic, and more than anything else, their capacity to supervise employees, greatly affects employees’ acceptance of performance appraisal. This is consistent with previous studies that emphasize the “fair hearing principle” (Folger & Bies 1989; Folger, Konovsky, Cropanzano 1992; Taylor et al. 1995). These studies state that, in order to make organizational members perceive performance appraisal to be fair and accurate, three features of due-process should be met, including adequate notice, fair hearing and judgment based on evidence. One of the major components of the fair hearing principle is whether a supervisor is familiar with each individual employee’s performance and makes sufficient observation of their work, so that he/she can have a full understanding about how his/her performance evaluation results have been decided upon by the supervisor. Once supervisors follow this fair hearing principle, employees’

perceived fairness of performance appraisal is heightened. In addition, as illustrated in observations related to the duration of each relationship, when a high-quality relationship exists for a long time, it contributes to enhancing mutual trust and, in turn, enhancing employees' acceptance of performance appraisal, which is in support of the leader-member exchange theory (Cropanzano and Mitchell 2005; Pichler 2012).

Employees' Development

As noted in the previous section, performance appraisal has two major functions: one in support of administrative decisions and the other in support of employees' development. Regarding the use of performance appraisal for employees' development, negative experiences pervaded discussions. Notably, one phrase - "moving forward" - was repetitively used when participants were asked whether they have had any experiences of getting development-oriented feedback from supervisors during appraisal sessions. It was observed that most of the participants are interested in getting helpful feedback or guidance from management so they can improve their job performance and move forward. However, in contrast to their interests and expectations, their experiences didn't support this notion - as one participant simply put it, "We never get any direction about how to move forward."

Some participants observed that in their agencies, performance appraisal is used in more of a punitive way, or used for formal documentation only, and is not used for professional development, as illustrated in the following quotations:

"If it is conducted in a punitive way, then I believe this will not work. We want to know the way to move forward. If the supervisor talks to me, and

asks “How can I help you?”, or says “What you need to do is...”...like that.... then I will do it. They never told me what I should do to improve performance.”

“If it included more of an opportunity for managers to actually be more involved in people development. There is no people development opportunity for that.”

“I believe the performance appraisal process can be a valuable tool for staff development, and to help managers make compensation decisions.”

“With certain supervisors, they use that comment section, you know, to allow for them to, you know, elaborate on whether or not that work or worker is exceeding. They might say ‘Mrs. Glenn is a team player,’ or, you know...they use that box as a way to elaborate more.”

However, it is noteworthy that a majority of the participants see developmental

feedback as one of the motivators that make them work hard - given the scarcity of monetary rewards in the public sector.

“I don’t see any link between performance and rewards. However, it does not matter to me, as long as management can come to understand what’s happening in the work unit and try to help us to perform better.”

“I would much prefer a formal process, which I think promotes consistency, provides feedback and motivates and engages staff in the operations that reinforce the strategic goal.”

To fulfill this developmental function of performance appraisal, participants agreed that supervisors themselves should have enough time to coach employees - as one participant observed: “Managers don’t have the time to do that because of all the demands that are placed on them. It’s never going to happen, and that’s not the fault of the manager.” Furthermore, from the employees’ perspectives, any efforts they make to improve their performance, or develop their capacities must be recognized by their supervisors or organizations, so that they are more motivated to improve. As one participant emphasized, “In order to make the development function work, it should be linked to incentives.”

Distributional Justice

Rewards

When participants were asked to describe their views on performance appraisal in terms of distributional justice, it was observed that many did not see a link between their performance and any rewards or recognition they have received (or wished to receive), from the organization. As participants put it:

“I work a lot harder than so and so, but I get the same amount that they are getting. I may not need a lot of money, but I might need a tiny token amount. I want to know that I am being rewarded.”

“For us, I think...not getting big increases, but just recognizing you in a meeting saying that ‘she has exceeded this particular goal’ and just being recognized amongst the people so they know you are doing the job. It’s not how much they give me for my job, but if I am being recognized for it.”

“If you could tie someone’s performance with increased pay or increased responsibility then that would incentivize folks to do better; otherwise, you are just relying on their own internal level of incentive to do the best that they can do. Usually, it’s an evaluation that does not mean much, unless they are trying to get rid of the employee.”

“They rate them in multiple categories, such as organizational citizenship, technical knowledge, teamwork, quality of reports, quantity of work, etc...The ratings range from poor, below average, average, above average, and excellent. As long as the employees' overall rating is average or above there is no negative consequences. However, there is no reward for those who are excellent.”

Their negative views on performance appraisal in terms of distributional justice are largely attributed to the lack of financial resources of the public agency. As one participant put it:

“Depending on funding and the relevance of training, which has been identified by the employee and/or the manager, a training budget is approved...Also, salaries are effectively frozen.”

However, it was also observed that from employees' perspectives, the rewards do not necessarily need to be monetary incentives. It appears that they are looking for recognition for their good performance, and any little recognition they receive from either a supervisor or the organization positively affects their acceptance of the performance appraisal in terms of distributional justice, as illustrated in the following quotes:

“Incentives don't have to necessarily be monetary. I am talking about maybe we are going to consider you to become a supervisor instead of taking a test, which is what they use in public service. We are not necessary talking about things like employee of the month to motivate. They need to do things to bring up the morale of the organization.”

“Some people are motivated by greater good in terms of public service, but a lot of times, innately, your human need to feel appreciated and valued is the central motivation. In the public sector and government agencies, a lot of times the monetary reward is the only means for which you get feedback about your value. So you don't get any other feedback to indicate that you are valued beyond that, which to me is very short sighted.”

“For us I think we found is that ... I work a lot harder then so and so would I get the same amount that they were getting. I may not need a lot of money but I might need a tiny token amount. I want to know that I am being rewarded.”

“I think the really good employees that produce exceptional work should be rewarded, and there should be incentives for those good workers to give them more motivation. I think that the people who don't perform as well should be disciplined; and there should be a more rigid type of disciplinary action, because it seems that it's pretty lax, at least in the public sector in my agency.”

In addition to the lack of financial resources to allow public agencies to reward employees for their good performance, a majority of the participants pointed to the Civil Service Exam as a factor that harms employees' acceptance of performance appraisal in terms of distributional justice.

The Civil Service Exam

Much agreement was made among participants about the negative effects of the civil service exam. In most cases, compared to the effects of performance ratings they received from the appraisal process, the scores they received on the civil service exam appears to have much greater effects on management decisions regarding promotion. The lack of alignment between performance appraisal results and those of the civil service exam is seen by many as one of the factors that hinders the development of employees' acceptance of performance appraisal in terms of distributional justice; as one participant simply put it, "Absolutely! That's the biggest pet peeve. That's the problem." This observation is well illustrated in the following quotes:

"I've never got any reward for my performance. No matter if I perform well, if I failed to get a good score from the civil service exam, I don't get a chance to get promoted."

"In my unit, one of my colleagues always delays work...she doesn't do well...but she got promoted because she got a good score on the exam."

"They got a bad rating from the performance office; but as long as they got a good score from the civil service exam then they can just get a pass."

"As long as you are not in a major disciplinary status, then you will be promoted - even if you are a poor performer or are next to a poor performer. If you are a great test taker, and you are not in a major disciplinary status, then you can be promoted. If you have a person who is an A worker the entire duration and for some reason it was not their day when they took that service examination, then they do not get promoted. So it's unfortunate."

One participant from the state government pointed out that politics and nepotism exist in the process of promotion decisions:

"The top three exam performers are interviewed. Management has the right to select any of the top three. So even if you finish 1st in the state exam, you have to do well in the interview to be selected. The problem is that politics and nepotism/connections taint the selection process. Sometimes those with connections receive provisional promotions to higher titles before an exam

competition occurs. So supervisors in an effort to try and please their managers train these privileged individuals, giving them an unfair advantage during state exams and interviews. Sometimes supervisors are asked to make up exam questions and answers. It is known among state employees that the privileged employees actually receive the questions and answers before the exam, so there is corruption and cheating that occurs.”

One participant, who is from a city government, illustrated that her agency doesn't have a formal performance appraisal process, and why:

“we have not had a system in place previously is that the civil service system has substantial limitations on the disciplinary process, so in many respects a performance appraisal system seems somewhat redundant to the civil service system we are obligated to follow. Further, the civil service limits job mobility and does not allow outside information to inform the promotional process. Therefore, any outcome from the performance appraisal process will have minimal if any effect on someone's promotional potential, and therefore its use for rewards regarding job mobility is limited.”

In summation, since there is less chance of rewarding employees with monetary incentives or other benefits - given the resource scarcity in the public sector - it seems that a majority of the participants in this study view promotion as the main reward they can get from the agency for their good performance. However, in their experiences, without regards to the quality of their work or job performance, colleagues who get better scores in the civil service exam receive better chances to be promoted. The lack of connection between performance appraisal results and rewards greatly shapes their views on performance appraisal in terms of distributional justice.

Goal Alignment

Another theme that showed itself during interviews was the extent to which employees understand how their work is related to achieving their agencies goals or missions. Some participants explained that one of the key messages they want to glean

from their appraisal sessions is how they are doing in relation to the agency's goals and objectives. Some participants pointed out that, in order to make people view performance appraisal as useful and valid, ownership of the agency's goals and objectives must be considered. In other words - once employees find the link between their job and the agency's level of performance - as public sector employees, they will be more committed to engaging in the appraisal process to find out how much of a contribution they are making to their employing organization. For example:

"I think...in order for it to work, management needs to collaborate with employees and then the employee is going to agree.... setting up that they are going to have more ownership over that goal matters."

"It is an annual review that does not take into consideration how the employee's performance relates to a department's strategic plan, but more narrowly revolves around objectives that have been set by managers about specific job functions. As we are in a bit of a financial crisis, the few managers not in the union have not seen a raise in nearly six years, so, even exceeding in all objectives, there is no reward, other than keeping their job. While this is a bit of doom and gloom regarding performance measurement, we do have a new director who has made it a goal to re-energize the idea of strategic planning and performance measurement that is underway and should be in place in 2013."

"At one point, about nine years ago, we had begun talk of linking employee performance evaluations to the goals of the programs they are associated with; which in turn 'should' be linked to the goals and objectives of the division within which the program resides; and then those connected to the office in which the division is located 'should be' connected to the goals and objectives of the organization as a whole. However, at that time it was not pursued. It is entirely possible that this will again resurface as we take on forward momentum in our strategic planning process."

"Being able to speak with their employees on how their contributions in the organization are linked with the overall mission of the organization would in turn increase employees' morale and acceptance."

In this regard, some participants pointed out the lack of communication between management and workers as one factor that hindered their acceptance of performance appraisal. As one participant illustrated, "The lack of communication between

management and workers is a big problem. We don't know whether our agency is performing good or not. We've never heard anything from the management."

These observations suggest that employee goal alignment, "to the extent to which employees know how their work relates to the agency's goals and priorities" should be considered for effective performance appraisal (Ayers 2013, p.498).

Additionally, research supports the idea that employee goal alignment allows them to believe their work is meaningful, and as a result, creates positive work attitudes and commitment (Kirstof-Brown & Stevens 2001; Locke and Latham 2002). In a similar vein, to foster employees' positive views on performance appraisal and cause them view it as a useful tool, management needs to make more efforts to communicate with their employees about how their job performance contributes to the overall performance of the agency.

Employees' Participation in Performance Standard/Objective Setting

We expect that from employees' viewpoints, when they are allowed or welcomed to voice their ideas or concerns in the process of setting performance targets or objectives, their acceptance of the appraisal process will increase.

The efficacy of participatory performance appraisal enhances employees' intrinsic motivation by improving their growth and perceived job significance, as well as increases their confidence in the appraisal process, by allowing them to have a voice in the process (Antoni and Beckmann 1990; Longenecker et al. 1994; Dobbins et al. 1990; Roberts 2003). Consequently, their acceptance of the appraisal process will increase as their satisfaction increases. As Roberts (2003, p.336) notes, "Goal setting focuses

attention and effort on the future, which can be changed, versus the judgmental performance appraisal process's emphasis on past behavior, which cannot be altered.”

This notion was shared among interview participants, as illustrated in the following quotes:

“I believe that there must be a session where all the employees, including supervisors, specialists, and directors, sit together and talk about what the main problems are, and how we can do things differently.”

“I would much prefer a formal process, which I think promotes consistency, provides feedback and motivates and engages staff in the operations that reinforce the strategic goal.”

“I think it is important to involve all staff in the development of measures for their services because I feel they are a little more accepting of the measures and the process in general. They are the ones who know their service best, so I consider their input to be very valuable.”

“To increase employees’ acceptance, there must be a place where managers and employees can provide our input together. The workers must be fully incorporated into the performance measurement process; otherwise, they will consider it as a punitive measure.”

“I believe for a buy-in, employees need to be included in the process.”

“Our organization must do better at creating an environment that fosters the motivation and learning of employees. Employees and front-line staff must be solicited for their expertise and allowed to participate in the process.”

“I think it is important to involve all staff in the development of measures for their services, because I feel they will be a little more accepting of the measures and the process in general. They are the ones who know their service best, so I consider their input to be very valuable.”

A majority of the participants agreed that there has been little or no opportunity to participate in the appraisal process - especially in the process of setting performance standards or goals - and little opportunity to tailor the standards or objectives of specific job functions, despite their importance and relevance. The majority agrees that the

acceptability of the appraisal process could be increased if employees were able to fully participate in the process, and were allowed to comment on written policies, which would allow them to perceive performance appraisal as fair and understandable. They also pointed out that participatory goal setting in the appraisal process enables employees to have perceived ownership of performance appraisal, as well as ownership of performance goals, as illustrated in the following quote:

“It’s kind of weird, at least with my agency. The supervisor establishes the goals for the employees, which I think is wrong. A supervisor can establish the requirements of what you must do.... a goal needs to be set by the person, based on the individual...”

In conclusion, there is agreement that a participatory appraisal process – specifically with participatory performance standard/goal setting - contributes to fostering employees’ confidence in the process, and as a result, their acceptance of performance appraisal.

Empowerment

Though less repetitively, interviewees addressed the importance of empowered practice in the organization. Some participants illustrated that when they have had an appraisal session with a supervisor, they could immediately sense whether the supervisor is knowledgeable or not in the subject at hand. Since employees do know what works and what does not, when employees are granted authority or encouraged to come up with innovative ideas, and in consequence get credit, they will be more likely to commit to the process and their acceptance will increase. This resonates with the observation of Carson

et al. (1991) that when empowered, employees view the appraisal process within their control, resulting in higher motivation and acceptance, as the following quote illustrates:

“Find out what works and what doesn’t...do not use their findings or opinions to punish or bash them. Encourage new ideas and give credit where it is due...Another challenge is to implementing or developing performance measures is ensuring that we have organizational knowledge.”

“It is very difficult to build a culture that embraces change and supports performance management. Most of these efforts have been pushed down from the top. Building a climate where these are positive efforts takes a long time. Early on, it needs to be shown that ideas are encouraged to bubble up from all levels of staff and that senior management will take them seriously.”

Union & Diversity

Neither race/ethnicity nor gender issues were frequently addressed themes in interviews. When participants were asked whether they have had experiences with supervisors from a different gender, race, and/or ethnic group, or whether they have had experiences with gender or ethnic/racial bias in performance appraisal, they illustrated that it depended on the service performance they provided and the supervisors themselves; but they all agreed that cultural bias caused by differences in race, ethnicity or gender could affect the performance appraisal process, specifically rating, as illustrated in the following quotes:

“I have none, but I could see it being possible.”

“I work in the public sector, and I would have to say that...if managers have different cultural views as to what is an expectation, and they allow that to impact what their expectations are from you as a worker...I think it does affect it somehow.”

One female interviewee, who is a team leader, shared this interesting observation:

“I have some African American employees, and some Caucasian employees. As an African American team leader, sometimes I need to be

careful so that I don't look to them like I'm discriminating against other ethnic groups. Sometimes it is a great pressure."

When the participants were asked to describe the role of unions in the appraisal process, it appears that some participants view having a due-paying union membership as a tool that protects them from any kinds of discriminatory or unfair treatment - as illustrated in the following quotes:

"Unions protect employees' rights. I think that getting rid of unions may make employees more susceptible to discrimination and bad treatment. If supervisors treat any employees unfairly, the first thing that comes in our mind is that... 'hey...you could go to the union and file a grievance.'"

"Union membership and representation during grievance hearings is helpful to promote procedural and distributive justice. One of the benefits of public service over at-will employment is that you can ask the union to represent you and protect your rights."

In other words, they believe that by having union representation during grievance hearings, any unfair treatment can be addressed, and as a result, their views on performance appraisal, in terms of procedural and distributional justice, can be improved. However, there were some negative views on the role of unions. One participant said that one of the reasons why their agency is currently using two simple ratings – "met standards" and "did not meet standards" – is that unions have fought to implement this standard, as illustrated in the following quotes:

"The problem with that performance evaluation...with the 'met standards' or 'did not meet standards'...is that before it was an evaluation system which actually gave you more diversity... 'did do well,' 'did not do well,' or like... 'A B C D.' You received an A or a B or a C; but the unions have fought to implement a 'met standards' or 'did not met standards.' That's what actually happened in the agency; they decided to do that. Now it can be challenging for a supervisor to conduct an evaluation because if you have a person that is at a C- or D, that person did not fail totally, but has met standards - so it's really not an incentive for the employee to do better."

"It depends on the member. Unions do their job to the membership not to the agency. If you are a good union, then you should not cover or represent

people who are not doing their jobs. Sometimes, they do. However, even though there is a formal process where we can address any unfair treatment or favoritism in the public sector, people are afraid of following the process. In addition, there tend to be supervisors who are afraid of supervising. They don't want to harm the relationship with employees. It would not be easy to justify their employees' poor performance."

"As far as incentives are concerned, there is no monetary remuneration for doing well, and hasn't been for the past several years; but union employees in our agency received their increases regardless of rating."

These observations are consistent with previous studies that report a tendency of unions to preclude the connection between performance rating and rewards. For example, Roberts (1995) found that some employees perceived the presence of unions as one of the barriers to the effective use of performance appraisal, and only 25 percent of the respondents felt that unions actively support the performance appraisal process. A study by Hindo (2010) reports that in public organizations where most of the employees are unionized, there is less probability for performance appraisal to be implemented.

These observations imply that the presence of unions is not the sole factor that shapes employees' views on performance appraisal in terms of procedural and distributional justice or instrument validity, even though they exist to protect employees' rights and fair process. As Roberts (1994, p.539) notes, employees' acceptance of performance appraisal depends on whether there is a "good labor relations climate."

Discussion and Implications

The findings in this chapter imply that employees at the local level tend to view performance appraisal unfavorably. These negative views are not attributed to their distrust in the purpose of the appraisal process itself, but rather to the lack of individual

and organizational factors that support the effective use of performance appraisal. First, it has been suggested that the lack of reliable and valid performance ratings is one of the major barriers to fostering employees' acceptance of performance appraisal. In order for performance appraisal to be used, either for administrative decisions or for staff development, employees' job performance must be clearly assessed or poor performers must be distinguished from good performers. This finding implies that employees' perceived instrumental validity of performance appraisal is critical to heightening employees' acceptance of performance appraisal in terms of procedural and distributional justice. In this regard, further analysis is needed to better understand how much difference the degree of sophistication in performance ratings can make to employees' acceptance of performance appraisal. This could be achieved by conducting a case study on different performance rating scales used in the public sector.

Second, findings also suggest that the quality of relationships between supervisors and employees, as well as effective supervision, matter to the success of performance appraisal. Some participants indicated that the length of their relationships with their supervisors affects employees' trust in them. In addition to quality relationships, interview participants emphasized that supervisors need to be capable of supervising employees and assessing employees' performance. The degree to which employees have higher levels of trust toward their supervisors personally, or the degree to which employees have positive views toward their supervisors, does not necessarily contribute to their trust in a supervisor's capacity to supervise and assess employees' job performance. These observations signal that supervisors need to be trained about how to do performance appraisal, and how to supervise employees in general. The capacity of a

supervisor as a rater turns out to also be an important factor that shapes employees' acceptance of performance appraisal. This could expand the discussion of Leader-Member Exchange Theory, in that the quality of relationship between leader and member can be defined differently depending on the context, because these observations imply that in the context of performance appraisal, the degree to which supervisors can provide effective 'supervision' predicts the quality of relationship between supervisor and employees. Further study can examine the effect of communication quality and frequency on the quality of supervisor-employee relationships in the context of performance appraisal. For effective supervision, supervisors need to put more effort into observing employees' job-related behaviors and performance, and communicate what criteria is being used to assess employees' performance and how appraisal decisions are made (Cropanzano & Mitchell 2005; Pichler 2012). In other words, it is plausible to assume that employees' views on performance appraisal can be greatly shaped by communication quality.

Third, findings demonstrate that most of the participants tend to view performance appraisal as a punitive tool that exists to punish poor performance or monitor their behavior. This seems to result from the lack of developmental opportunities coming from the appraisal. It is clear that a majority of the participants are strongly interested in expanding their job capacities, improving performance and contributing to their agencies' goals and missions, as long as opportunity or guidance is provided. Some participants identified the reason for a lack of developmental feedback as the budgetary constraints on public agencies. Even when supervisors identify employees' training needs, those needs can only be addressed depending on budgetary condition. In line with the

argument about the role of supervisors, the other explanation for this lack of developmental use of performance appraisal is some supervisor's lack of capacity in supervising employees, and a lack of time – given their other competing job demands. One interesting observation made here is that, when developmental feedback is also linked to rewards, employees are more likely to seek it.

Fourth, another key theme that emerged in discussion is goal alignment, which again means “the extent to which employees know how their work relates to the agency’s goals and priorities” (Ayers 2013, p. 498). As Daley (2001, p. 200) notes, “Employees detest wasting their time and effort.” When employees are informed of the fit between their work and their agency’s goals and mission, it does provide a sense of direction as well as a sense of accomplishment, which helps enhance employees’ intrinsic motivation. With this goal alignment, performance appraisal would be perceived as a useful experience, where employees can get direction and guidance by comparing their work to the agency’s goals and priorities (Daley 2001; Ayers 2013).

Fifth, findings also suggest that employees’ perceived acceptance of performance appraisal in terms of distributional justice is relatively low. In most cases, they have not seen a link between their work and any rewards they have received from their organizations. One possible explanation is the lack of financial resources in the organizations. Regarding this circumstance, a majority of the participants agreed that, even when monetary incentives are not readily available, they still expect small recognitions from the supervisors or organizations, so that they feel their work is being valued by their organizations.

Another interesting explanation for the low acceptance of performance appraisal in terms of distributional justice is the lack of a link between performance appraisal results and scores from the civil service exam. In most cases, local employees are being promoted based more on civil service exam scores rather than appraisal results. Some participants observed that their colleagues were promoted because they are good test-takers, even though their performance results showed that they were not worthy of promotion.

Sixth, findings suggest that if employees are allowed to participate in the process of setting performance standards and targets, their acceptance of the appraisal process would increase (though none of the participants interviewed have been given an opportunity to do so as of now). Their strong inclinations toward participatory performance appraisal support the arguments of previous studies that participatory performance appraisal is positively associated with employees' intrinsic motivation and their confidence in the whole appraisal process - by allowing them to have ownership of the process (Antoni and Beckmann 1990; Longenecker et al. 1994; Dobbins et al. 1990). Some participants emphasized that participatory goal/standard setting processes can be useful, especially when performance standards or goals need to be revised or tailored to specific job functions and conditions.

Seventh, in line with the discussion on participatory process, though not frequently addressed in interviews, when employees feel empowered - in a sense that coming up with innovative ideas is encouraged, and these creative ideas are recognized by the organization – they begin to view the appraisal process as at least partially within their control, and as a result participate in appraisal sessions in more a honest and sincere

manner. As Carson et al. (1991) suggest, only when employees are empowered can they address any concerns or difficulties related to their jobs or tasks – or even the appraisal process – without fear of punishment. As a result, higher employee acceptance of performance appraisal can be expected.

Lastly, gender, race, ethnicity, and diversity appear not to be influential in shaping employees' acceptance of performance appraisal. Participants did acknowledge that there can be bias-driven performance appraisals when differences in terms of gender, race, and/or ethnicity between supervisor and employees exist, but not to a great extent. Additionally, in regards to the role of unions, participants agreed that, as dues-paying union members, they can be protected from many kinds of discriminatory or unfair treatment because they can file a grievance with union representation. However, some participants noted that unions are not supportive of linking performance ratings and rewards, which is consistent with previous studies showing favoritism of seniority over merit (Roberts 1995). Also, they observed that, since unions work more for their members, in cases where employees must be disciplined due to low performance, unions come to support them so that these employees can sustain their statuses. The effect of union membership on the appraisal process is not conclusive, because its effect varies depending on who the union members are, and how much organizational culture supports the valid/fair performance assessment (Daley 2001).

Table 49 Qualitative Findings Summary

Category	Themes	Coding
vehicle	valid performance rating that captures employees' true job performance	instrument
	performance appraisal session have or have not	structure
	distinguishing good performers and poor performers	motivation
	goal alignment	individual employees' goals and agency's goals and priorities
rating contexts (type of org, rating purpose)	punitive tool/developmental tool	supervisor's willingness and time budget for training
	diversity/union	
rating process	empowerment	
	participation in goal/standard setting	goal ownership
role (rater and ratee)	trusting relationship between supervisor and employees	leader-member exchange
	supervisor' capacity to supervise	coach/guide→ development
	supervisor's knowledge of employees and their job	appraisal accuracy and validity
results	appropriate rewards or recognition that are linked to performance	development: needs to be linked to rewards/incentives
	civil Service Exam	promotion decision/not linked to appraisal results

CHAPTER 9 FINDINGS, LIMITATION, AND FUTURE RESEARCH

This final chapter first presents a summary of the major findings of this study. This is followed by a discussion of both practical and theoretical implications of this research. The chapter concludes by identifying the limitations of this study as well as suggestion directions for future research.

Summary of the Findings

Performance appraisal is an important management tool that has two important functions: one in support of administrative decisions and the other in support of employee development (Murphy and Cleveland 1990). Performance appraisal helps management make fair and valid decisions on promotion, demotion, or retention as well as helps develop employee job capacity by providing constructive feedback and identifying training needs. Additionally, when it is properly used, performance appraisal is believed to motivate employees to strive for performance improvement by linking appraisals to performance-contingent rewards. However, when it comes to its practice, its theorized benefits appear to remain under-fulfilled in some cases. Especially in the public sector, anecdotal observations and survey findings indicate that the extrinsic component embedded in performance appraisal may cause crowding out effect on employee motivation, resulting in their perceived stress, demotivation, or even burnout. Also, some studies pointed out that with the lack of sufficient financial resources required to link employee performance to rewards, performance appraisal fails to play a role in boosting employee motivation. In addition, evidence has accumulated showing decreasing

confidence in the efficacy, integrity, and fairness of public performance appraisal (Gaertner and Gaertner 1985; Pearce and Perry 1983; Kellough and Nigro 2002).

Despite such problems and challenges, and given the lack of alternatives, the effective use of performance appraisals and their implementation remains a challenging task for public managers (Nigro 1981; Deming 1986; Wright 2004; Berman et al. 2006; Kim and Rubianty 2011). In an effort to perfect the appraisal process and maximize its benefits, there has been the large literature on performance appraisal, most of which has centered on designing better performance appraisal techniques or instrument, that is, focusing on its psychometric issues (Landy and Farr 1980). These efforts have contributed to developing complex and sophisticated performance appraisal techniques, for example, behaviorally anchored rating scales, management by objectives, or 360 degree feedback, etc. Also, these psychometric-centered studies have led to further discussion on the problems caused by rater error. For example, some studies address bias in the rating behavior of raters, such as the tendency of supervisors to give lenient performance ratings due to their fear of confronting their subordinates.

Despite such efforts and progress in research, the frustration of organizational members and their dissatisfaction with performance appraisal have increased and been extensively documented in academic papers and governments reports. These unsatisfactory results move the attention of academic scholars and practitioners away from the psychometric issues and encourage them to look for alternatives to address the problems within the performance appraisal process, and accordingly, much attention has been given to cognitive aspects of performance appraisal. As Daley (1992) noted, "From an organizational perspective, many of the psychometric anomalies disappear entirely or

take on new meanings and interpretations” (p. 3). As a result, a growing number of studies have begun to address the importance of cognitive aspects of performance appraisal. For example, Landy and Farr (1980) suggested that different characteristics of raters or rates, such as gender, race, and ethnicity, may predict different performance rating at the appraisal session. They also addressed how a rater’s knowledge of a ratee’s job behavior or job performance will discourage rating errors. However, this cognitive-centered approach failed to be beneficial in practice because, as Murphy and Cleveland (1991) argued, it failed to consider the social context in which performance appraisal occurs, which in turn might help connect performance appraisal research and practice. Broader agreement has been made that no matter how perfect a performance appraisal is designed in terms of methodology, without an understanding of its users – both supervisors as raters and employees as rates – as well as its operating social context, the efficacy of the performance appraisal will decrease. In this regard, some behavioral scientists have begun to address cognitive behavior within the social context of performance appraisal and examine raters and ratees’ dynamics, group dynamics, rater training focusing on raters’ and ratees’ views and perspectives rather than focusing solely on the appraisal’s system design. Since then, a large literature developed on performance appraisal focusing on the cognitive aspects; however, relatively scant attention was paid to how subordinates perceive performance appraisal compared to the perspectives of the rater and how much difference can be made when effectively soliciting subordinate support for the appraisal process. In other words, much of the cognitive-centered studies seem to focus more on relational dynamics embedded in the appraisal process, whereas insufficient attention has been paid to buy-in by employees. Few studies examine

employee acceptance of performance appraisal apart from a handful of studies that emphasize that employee acceptance of the appraisal process is an important determinant of successful implementation of performance appraisal (Murphy and Cleveland 1990; Daley 1992). Furthermore, few empirical studies exist to explore organizational and individual factors that may shape employee acceptance of performance appraisal.

Also, given the extensive and continuous legislative reforms on performance appraisal at the federal level, and continuous attention given to employees views through biannual studies conducted by the Office of Personnel Management and the Merit Principle Protection Board, public employee views on performance appraisal or the merit-pay system at the federal level have been extensively researched. However, at the local level, given its varying level of use of performance appraisal and its quality, most of the studies have been in the form of a single case study or descriptive study that summarizes the views of public employees or HR administrators of performance appraisal, and few studies empirically examine employee acceptance. In light of the gaps in the literature, this study aims to explore the determinants of employee acceptance of performance appraisal, can benefit the current literature on performance appraisal, and contribute to advancing our understanding of the appraisal as well as refining related theories on performance appraisal. Moreover, none of the previous studies employed a mixed methodology that combines qualitative and quantitative methods to explore employee acceptance of performance appraisal, and it is in this regard that this study finds its strength.

In sum, this study aims to expand our understanding and knowledge of performance appraisal at both federal and local level using a mixed methodology. As

detailed in the previous chapter, when studying employee behavior, solely relying on survey results may produce limited findings because the survey method is capable of only exploring the topics that are included on the preset survey. Instead, by employing a qualitative method, such as focus groups or semi-structured interviews, much more in-depth understanding of public employee perspectives on performance appraisal can be obtained.

This study examined the factors that foster employee acceptance of performance appraisal and suggests that when employees have limited buy-in to performance appraisal, in terms of its purpose and its value, the performance appraisal system may well be ineffective. The path to improving effectiveness, and gaining the support of employees, is anchored in enhancing employee perceptions of the importance of the appraisal process and its usefulness in developing their career building capacities.

Building on organizational justice theories (Greenberg 1986a, 1986b; Gabris and Ihrke's 2000), this study measured the extent to which employees accept performance appraisal systems using three constructs – procedural justice, distributional justice, and instrument validity. Adapted from previous studies (Niehoff and Moorman 1993; Gabris and Ihrke 2000; Fields 2002; Kim and Rubianty 2011), three summative index variables were created. As explained in the previous section, procedural justice is operationalized as the extent to which employees believe that their job performance is fairly assessed and their supervisor has the capacity to assess their performance in a fair and valid manner. Distributional justice is operationalized as the extent to which employees believe that rewards they received from the organization is related to their performance inputs (Price and Muller 1986) and the extent to which employees believe that their work outcomes,

such as rewards and recognition, are fair (Fields 2002, 170; see also Niehoff and Moorman 1993). Adapted from previous studies (Decotiis and Pitts 1978; Gabris and Ihrke 2000; 2001), instrument validity is operationalized as the extent to which an objective measure is used to assess employee job performance and performance standards and the rating is fairly and consistently applied among employees.

First, one of the key findings is that the use of performance appraisal for employee development strongly and positively predicts all three dimensions of employee performance appraisal acceptability. When using a federal employee survey, developmental use of performance appraisal is positively and significantly related to employee acceptance of performance appraisal. Also, when the agency level of diversity variable entered the regression, the effect of developmental use of performance appraisal remains to be statistically significant. In addition, in a study using a survey of local employees, this positive relationship was statistically confirmed. To summarize, this quantitative evidence illustrates the positive effect of constructive organizational culture (Erdogan 2003), meaning that within a constructive, performance-oriented culture, employees are more likely to exhibit learning and development oriented behaviors and, accordingly, supervisors are more likely to provide an accurate performance rating and feedback so that their feedback actually contributes to improving employee job performance and capacity. This results in a fair and valid performance assessment as well as deepens the intrinsic motivation of employees. Therefore, positive views by employees are expected and, in a similar vein, employee acceptance of performance appraisal will be fostered. Also, this finding provides supporting evidence for the enabling formalization of Adler and Borys (1996) that work formalization, including performance appraisal, can

be differently viewed by employees depending on whether its components are enabling or coercive. It is plausible to expect that when performance appraisal is mainly used for assisting administrative decisions, which is prevalent in local practices, performance appraisal is more likely to be viewed as a coercive control mechanism that exists to punish or bash employees for bad performance. On the other hand, when it is more used for development, employees are more likely to perceive it as an enabling mechanism, and therefore, their acceptance of appraisal will be enhanced. This finding is consistent with the study on rater behavior during the appraisal process. Viewed from a supervisor's perspective, when performance appraisal is used more for administrative decisions that may heavily effect employee career advancement and their well-being in general, supervisors tend to provide a lenient performance rating in order to avoid any potential ramifications of such negative evaluation. This biased rating was also observed in the findings of the qualitative dimension of this study. On the contrary, when performance appraisal is used more for employee development, performance assessment becomes more about within-person comparison not between-person comparison, and supervisors are more likely to produce honest feedback, resulting in higher levels of employee acceptance.

Since performance appraisal contains extrinsic motivational components and is linked to extrinsic rewards, such as a promotion or salary increases, when it is used for public employees who are more likely to be motivated by intrinsic factors, decreasing employee intrinsic motivation or a negative reaction from employees may be expected (Deci and Ryan1985). This finding, however, implies that the extrinsic components of performance appraisal do not necessarily crowd out employee intrinsic motivation as

long as extrinsic motivation is given along with developmental feedback, and its relationship can be changed depending on the relative difference of emphasis on development over evaluation. In other words, even for the employees who are intrinsically motivated, when developmental feedback is given in a way that meets their motivational needs, even though extrinsic motivation (such as pay or promotion) will be given as an outcome of the process, they will perceive it either as a recognition for their high performance from the agency or they will perceive it as a reward for their willingness to incorporate those developmental feedback and further improve their performance. This finding also implies that too much emphasis on evaluation at the expense of development can demotivate employees, which may bring more resistance to performance appraisal. Conversely, more emphasis on development and learning can foster employee acceptance of performance appraisal and increase their satisfaction with it. In the results of qualitative analysis, the majority of the participants agreed that they are strongly interested in getting feedback that helps them to advance. Some of them even observed that even when expected extrinsic rewards are not met due to the resource scarcity of the public agency, developmental feedback would still make them work hard.

Given the importance of developmental use of performance appraisal addressed in this study, one possible practical implication is that public agencies need to invest resources in training and educating supervisors so that they assume performance appraisal as a part of their responsibilities, can effectively supervise employees, and provide constructive feedback. Also, another interesting observation is that in order for the developmental function of performance appraisal to be workable within the public sector, it must be linked to rewards. In this case, the majority of the participants agreed

that rewards do not necessarily mean monetary incentives. They are looking for recognition from the agency for their efforts.

Second, since performance appraisal occurs in a context where employees and supervisors interact with each other, the quality of the relationship between these two parties was expected to be an important factor for fostering employee acceptance of performance appraisal, and the findings support this notion. No matter how valid and accurate the performance standards are, the absence of employee trust in their performance rater, which in most cases is the supervisor, negatively affects employee perceptions of performance appraisal. Admittedly, empirical results produced mixed findings. In the study of federal employees, the quality relationship between supervisor and employees turns out to positively and significantly predict employee acceptance of performance appraisal in terms of procedural justice and distributional justice in support of social-exchange theory and leader-member exchange theory. In other words, when the trustworthy relationship between supervisors as raters and employees as ratees exist, employees are more likely to reciprocate by exhibiting positive work behavior such as commitment, citizenship behavior, or satisfaction (Eisenberger et al. 1990). In a similar vein, it seems logical to assume that in a trustworthy relationship between supervisor and employees, higher levels of acceptance of performance appraisal on the part of employees can be expected. The positive relationship between the quality relationship between supervisor and employees and employee acceptance of performance appraisal in terms of procedural justice is also supported in the local employee study. However, with regard to the relationship in terms of the distributional component, in the federal employee survey, the effect was relatively smaller compared to its effect on procedural

justice. For the local employee survey, this relationship was not empirically supported. One potential explanation for these findings is the absence of a link between good performance by employees and the rewards they receive from the organization, namely due to the resource constraints of public agencies which is more frequent at the local level, and this may lower employee acceptance of the appraisal because it involves social exchange as well as economic exchange (Graen and Scandura 1987). This tendency was observed in a previous study that illustrated that when facing shortages in resources, supervisors at public agencies received a signal from the organization to adjust the performance rating in order to cut back on the merit allowance (Weibel et al. 2009).

Regarding the effect on employee acceptance on instrumental validity, these two different levels of studies produce mixed findings. Given that local survey employs a non-random sampling, and two different levels of governments have different performance contexts, the one-to-one comparison would be meaningless. However, considering that in case of local government, the history of using performance appraisal is relatively shorter than the case of federal government, and in most cases, their performance rating system was not as sophisticated as that of the federal government, the positive and significant effect of the quality relationship on employee acceptance of performance appraisal in terms of instrumental validity provided its practical implication. This may imply that even with the lack of valid or reliable performance rating, the quality of the relationship employees have with their supervisor strongly shape their views on performance appraisal.

A similar observation was made in the interviews. The quality relationship between supervisors and employees was addressed as one of the most important factors

that shapes employee acceptance of the performance appraisal. More specifically, they articulated that rather than the general relationship quality, the communication quality matters most. In other words, predicting employee acceptance of performance appraisal is linked to the extent to which supervisors articulate the performance expectations, how well supervisors supervise employees, and how frequently supervisors communicate with their employees.

This study also expected to find that employees' perceived empowerment positively affected both employee acceptance and the quality of the relationships they have with their supervisors, resulting in moderating the impact of relationship quality on employee acceptance of performance appraisal. The perceived practice of empowerment, that is, empowerment culture, by employees was significantly and positively associated with employee acceptance of performance appraisal in terms of all three dimensions at the federal employee study, which supports previous empowerment studies, and in partial support of Referent Cognitions Theory. However, the findings of the local employee survey do not support this relationship. Moreover, contrary to expectations, the interaction between employees' perceived empowerment and the quality relationship between supervisors and employees was not supported in both studies.

In the interview findings, empowerment culture was not frequently addressed, yet some participants agreed that when they are empowered to voice their concerns and come up with innovative ideas without fear of punishment, they develop their ownership of the process and work, and, in return, their acceptance of performance appraisal may be heightened. It seems logical to assume that compared to the perceived authoritarian and vertical structure between supervisor and employees, the relatively horizontal relationship

allows employee autonomy and it is in this context that employees can make their voices heard without fear of punishment. This opportunity to express themselves would make them perceive the overall performance appraisal process as fair and valid.

As hypothesized, the empirical findings of the federal employee survey attest to the positive relationship between employee participation in performance standard setting and their acceptance of performance appraisal. This is consistent with the results cited in previous participation literature, which found that when employees are given an opportunity to provide input in standard setting, the face validity of the performance standard can be achieved and, consequently, its acceptance will be enhanced (McGregor 1972). This finding also provided supporting evidence for the due-process metaphor as noted by Daley (1992), “participation affords employees an opportunity to voice their concerns, and assists in clarifying potential misunderstandings, resulting in employees’ having a stake in the appraisal process” (p. 25).

In the interviews, the majority of the participants agreed that participatory appraisal process, especially participatory performance standard and goal setting processes would provide employees to gain ownership of the process as well as build their confidence in the process. This would indicate their higher acceptance of performance appraisal, even though in practice participatory performance standard setting was not frequently observed at the local level.

In terms of perceived goal alignment, even though its hypothesized effect on employee acceptance was not empirically supported by the local employee survey results, it was significantly supported by those of the federal employee survey. In addition, this was highly addressed in the interviews. Most of the interview participants agreed that

they did not get any message or guidance from the top management about the agency's strategic direction or any guidance about how their work actually contributed to the broader goals and mission of the agency. This would imply that the lack of goal alignment may make employees feel lost in terms of future directions and make them view performance appraisal as a process to judge and motivate their past performance without discussion or directions for the future.

However, when they see the clear linkage between their work and agency's goals or priorities, it provides a sense of direction as well as a sense of accomplishment in a way to motivate them to move forward.

Given that this study employed non-random sampling, the findings from both local employee surveys and focus group and semi-structured interviews cannot be generalized in a way to predict perspectives of the population. However, it is sufficient to explore the practice and to get in-depth understanding of employee perspectives regarding the use of performance appraisal in local governments. In findings from both focus groups and semi-structured interviews, negative views of performance appraisal by employees were prevalent. Most of the study participants perceived performance appraisal as a punitive tool that existed to punish their poor performance or monitor their day-to-day job performance. However, it was observed that those prevalent negative views were mostly attributed to the lack of developmental opportunities and the lack of linkage between good performance and rewards that again support the importance of developmental use of performance appraisal with the linkage to rewards. Interestingly, the conflicting nature between administrative function and developmental function of performance appraisal was also addressed in interviews. Some interviewees illustrate that

in order to provide a quality feedback, supervisors need to set aside some time to sit with their employees and discuss their concerns and challenges. But in most cases, other job demands did not allow them to do so.

In addition, some participants also stressed the role of the supervisor's knowledge of employee job behavior and performance as well as the supervisor's capacity to supervise employees. Most of the participants were front-line employees and observed that even though they had a good personal relationship with their supervisors; it does not necessarily mean the supervisors were capable of supervising employees. These findings suggest that supervisors need to be trained to effectively supervise employees and also conduct effective appraisals of employee performance as well as guide and coach job behavior and performance. Moreover, employees themselves need to be trained to understand what they should expect from the appraisal. In a recent article by Lawler (2014), the importance of training both supervisor and employees were emphasized for the effective performance appraisal. He noted that supervisors need to learn the skills necessary to set performance goals, coach employees, and give useful and relevant feedback.

Regarding the effect of demographic characteristics, such as race, ethnicity, gender, age, and education, the empirical findings show mixed results. In interviews, those factors did not appear to be influential in shaping employee views on performance appraisal, even though they acknowledged that gender, racial, and/or ethnic difference between supervisors and employees or between individual employees and others may cause biased ratings, but not to a great extent. When the agency level variable of racial and ethnic diversity, which is measured using the Herfindahl-Hirschmann index, was

included in the regression, the results were positively and significantly associated only with employee acceptance of performance appraisal in terms of procedural justice, but not with distributional justice and instrumental validity. This study expected to find that when racial/ethnic diversity is low, or there is more of a homogeneous workforce, employee acceptance of performance appraisal will be low based on social identity theory and the similarity-attraction theory. In contrast, when the organization is diversified in terms of race/ethnicity, employee acceptance of performance appraisal in terms of procedural justice turns out to be higher, which partially supports the theory of relational demography. In the Anova results, a different level of employee acceptance for both procedural and distributional justice was found depending on the level of racial and ethnic diversity. More specifically, in a highly diversified group, employee acceptance of performance appraisal in terms of procedural justice was the highest. In terms of gender variable effect, in all regression models identified in this paper at the federal level, it turns out to be negatively related to employee acceptance of performance appraisal. In other words, compared to male employees, female employees tend to have higher level of acceptance of performance appraisal in terms of all three dimensions. This gender effect was not supported in the local employee survey results.

Another interesting observation made in this study is that the majority of the interview participants viewed the performance appraisal system as redundant in the civil service system. As one participant observed, “The civil service limits job mobility and does not allow outside information to inform the promotional process. Therefore, any outcome from the performance appraisal process will have minimal – if any – effect on

someone's promotional potential, further illustrating that its use for rewards regarding job mobility is limited”.

Since in most cases the civil service exam scores tend to account for much variance in promotional opportunities, employees perceive their performance rating to be insignificant as long as they are a good test taker. This signals a new direction for public administration research.

Previous studies on performance appraisal or merit pay, predominantly focused on its motivational effect. For example, the negative effect of the extrinsic component of merit pay and performance appraisal on the public service motivation (PSM) of public employees has been widely researched and acknowledged. When viewing monetary incentives as recognition for good performance from the supervisor or the organization, it is possible to assume that the possible reason of the failure of previous merit-pay or performance appraisal is not its detrimental effect on employees' public service motivation but its redundancy with the civil service system. In alignment with this finding, the effect of union-membership is noteworthy. Even though the effect of union-membership was not empirically supported at the local employee survey, it was at the federal level. The federal survey compared employees who hold the dues-paying union membership to non-union employees and found that non-union employees are more likely to have higher acceptance of performance appraisal. This is consistent with previous findings that since unions prefer seniority to merit; employees who have union-membership may have less acceptance of performance appraisal. In the interviews, some participants explained that the effect of union-membership is dependent on the degree to which union strives to represent high performing employees rather than protecting poor

performers just because they are due-paying members. Some participants also stated that since unions help employees with grievance procedures, they contribute to fostering employee perceptions of procedural justice. These findings are similar to the observation of Donahue (2000) in that they argue that a bureaucratic civil service system along with a unionized work environment may restrain the flexibility or autonomy necessary for managers to “link human resource management to clear performance objectives” (p. 391). The study concludes that it is because unions, in general, are more concerned with rewarding seniority according to a prescribed system (Donahue 2000, 402). In other words, in the performance appraisal process where human resource management is linked to individual and agency level performance objectives, the effect of unionized workforce environment as well as the existence of rigid civil service system may have a contrasting effect on employee acceptance of performance appraisal.

Implications and Future Directions

This study offers a new perspective on how to make public employees embrace performance appraisal or pay-for-performance systems by explaining how employee acceptance of such appraisals can work in harmony with the intrinsic motivation of public employees, and provide supporting evidence for the effectiveness of enabling formalization (Adler and Borys 1996). The results support a positive function of developmental use of performance appraisal. Furthermore, the results imply that even for performance appraisals linked to extrinsic motivations, these would work well with employees’ intrinsic motivation as long as quality-developmental feedback is given to employees in such a way as to meet their intrinsic motivation and if their willingness to

take the developmental feedback is appropriately rewarded. Future studies can further examine this issue by looking at the relationship between employee public service motivation or intrinsic motivation and the pay-for-performance system, especially when developmental feedback is appropriately and timely given and the willingness of employees to take that feedback is appropriately rewarded to see whether it results in a crowd-in or crowd-out effect on employee motivation.

Also, future research can further examine the effect of different styles of leadership on employee acceptance of performance appraisal. The characteristics of leaders that are effectively articulating performance objectives and providing developmental feedback is similar to the ones of transformational leadership. Therefore, a positive relationship between transformational leadership and employee acceptance of performance appraisal is expected. Also, even though it is not considered in this study, considering the characteristic of followership, which Chaleff (2008, p.72) stated is characterized by: 1) “The courage to support the leader”; 2) “The courage to assume responsibility for common purpose”; 3) “The courage to constructively challenge the leader’s behaviors”; 4) “The courage to participate in any transformation needed”; 5) “And the courage to take a moral stand when warranted to prevent ethical abuses,” it is plausible to assume that a higher level of followership may positively predict employee acceptance of performance appraisal.

Also, given the data constraint, the relational diversity, or demographic difference, between supervisors as raters and employees as ratees was not considered in this study, but it is worthwhile topic for future study. Considering the effect of relational quality between supervisors and employees, biased or bias-free performance rating is

expected depending on whether raters and ratees are from the same demographic groups. Furthermore, in addition to the effect of diversity, the effect of diversity management within the agency needs to be addressed in the future scholarship because diversity management entails an organizational culture where difference among different groups is tolerated and valued. In that organizational setting, any detrimental effect of racial, ethnic, or gender difference between supervisors and employees can be effectively prevented. Also, as the diversity management literature emphasized, any discriminatory personnel practices can be prevented, and consequently employee acceptance of performance appraisal can be heightened. Therefore, given the effect of relationship quality between supervisors and employees on employee acceptance of performance appraisal, a deeper understand of how demographic diversity and diversity management affect employee perspectives on performance appraisal is needed.

This study also contributes to the previous literature on both performance appraisal and employee acceptance of performance appraisal by providing empirical evidence from surveys of both federal employees and local employees. In addition, by examining the cognitive reactions of employees to and acceptance of performance appraisal in the public sector setting, this study complements the wealth of studies on the organizational level of performance measurement. Also, this study provides ways to improve the current practice of performance appraisal. It expects that performance appraisal will play an important role in linking human resource management and the performance of individual employees and agencies. Thus, rather than abolishing it, performance appraisal needs to be used with the consideration of the factors discussed in this paper.

Limitations and Conclusion

This study has some limitations. Since all the variables in this study use measures from a self-administered survey, it should be noted that common-source bias exists in this study. However, as indicated by other empirical studies using self-reported surveys, such as the NASP-II survey and the MPMS survey, the existence of common-source bias does not necessarily invalidate the findings; rather, it may marginally attenuate or inflate the relationship identified herein (Crampton and Wagner 1994, p.67; see also Alonso and Lewis 2001; Cho and Lee 2012). This study did not consider the years of performance appraisal experience employees had because both federal and local surveys does not address this issue. It is possible to expect that longer experience participating in a performance appraisal process may bring different attitudinal reactions and acceptance levels.

Moreover, since this study deals with the human aspects of performance appraisal, more precise analysis could have been conducted had the author interviewed federal employees regarding this issue since the author interviewed only local employees. As Rubin (2011, 24) notes, “Performance appraisal is a key tool for assuring the accountability of public servants.” Without addressing employee acceptance of performance appraisal, it would be risky to blame the performance appraisal process for its ineffectiveness in bringing about performance improvement. Finally, there may be other factors that can contribute to heightening employee acceptance of performance appraisal, such as what kinds of performance appraisal forms are used, how team performance is measured, and whether supervisors have received any training related to accurately measuring individual performance and providing constructive feedback, which

are not considered in this study but have not yet been studied adequately and therefore should be the focus of future research. Moreover, in the case of local employee, given the limitation of the sampling methods employed in this study, it should be noted that the findings made here are exploratory in nature, which is effective in drawing some preliminary conclusions but cannot be generalized into other local settings. However, with more inclusion of samples of local government employees, the findings can be generalized using the results of future studies.

Also, the longitudinal or experimental study design can merit this study. For example, it would help to obtain better understanding of employee acceptance of performance appraisal if pre-implementation phase of performance appraisal and post-implementation phase of performance appraisal can be compared with the organizational and individual factors suggested in this study. In the experimental study design, it may be possible to compare the group who experience performance appraisal as mainly used for evaluation and the other group who experience performance appraisal as mainly used for development to see if there is any difference in terms of their acceptance of performance appraisal.

Much more remains to be done with regards to employee perspectives on performance appraisal and performance appraisal's efficacy. As indicated above, since this study aims to explore factors that are predictive of employee acceptance of performance appraisal in terms of three dimensions, the effect of employee acceptance of performance appraisal on the efficacy of performance appraisal process as well as its effect on overall organizational performance was not considered. As Donahue et al. (2000) noted, "human resources management has rarely been examined in the context of its links

to an organization's overall potential to performance" (p. 388). In this regard, further studies need to be conducted to see whether higher levels of employee acceptance of performance appraisal illustrate a commitment on the part of employees and managers to the process and contribute to improving both individual level and agency level of performance.

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Appendix A

Feb 26, 2013

Dear _____

I am a doctoral candidate at the School of Public Affairs and Administration at Rutgers University-Newark and also the managing director of the National Center for Public Performance. I am writing to invite you to participate in my dissertation research project. This project examines organizational and individual factors that foster employees' acceptance and understanding of performance appraisals. This web-based survey asks questions about yourself and your experiences with performance appraisals (all anonymous and confidential).

The link for the survey is included here.
https://rutgers.qualtrics.com/SE/?SID=SV_3VOs02jYM2gKHK5

This survey will take around ten minutes to complete. Your responses are voluntary and will be completely confidential but your input is important to the success of this project. No personally identifying information will be collected during the survey and all responses will be compiled and analyzed as a group.

I would greatly appreciate your time and effort in completing this survey.

Please feel free to contact me should you have any questions at 973-353-5502 or via e-mail at dpgh80@gmail.com

Thank you.

Taehee Kim

Appendix B

Online Survey & Consent Form

You are invited to participate in a research study that is being conducted by Taehee Kim, doctoral candidate in the School of Public Affairs and Administration at Rutgers University-Newark. The purpose of this research is to examine factors that help foster public employees' acceptance of performance appraisals. Please respond personally and honestly.

Thank you for your time and expertise.

Sincerely,

Taehee Kim, Ph.D Candidate

Managing Director, National Center for Public Performance

Clicking on the "agree" button below indicates that:

- **you voluntarily agree to participate**
- **you are at least 18 years of age**
- **you understand the consent form**

If you do not wish to participate in the research study, please decline participation by clicking on the "disagree" button.

If you would like to read the entire consent form, please select the "consent form" button.

- ☐ I agree
- ☐ I disagree
-
- ☐ Consent form

Consent Form

Introduction

You are invited to participate in a research study that is being conducted by Taehee Kim, a doctoral candidate in the School of Public Affairs and Administration at Rutgers University, Newark as part of her preliminary research for her dissertation. You were selected as a possible participant in this research because this study tries to examine public employees' perception of organizational level of performance measurement system and also individual level of performance appraisal. Please read this form carefully and ask any questions you may have before agreeing to take part in the study.

Background Information

The purpose of this research is to examine factors affecting and fostering public employees' acceptance of performance appraisal process. It is because without understanding individual employees' reaction to performance appraisal, and its supportive organizational context, it is less likely for performance appraisal to be used for its original objective, which is performance improvement.

Voluntary Participation

Participation in this study is voluntary. You may choose not to participate and you may withdraw at any time during the study procedures without any penalty to you. You are free to decline to answer any particular question you do not wish to answer for any reason.

Risk & Benefits

No sensitive or overly personal information is requested in the questionnaires. The study has no foreseeable risks except that some questions you may find to be sensitive such as questions regarding the employee's supervisor and the degree to which the supervisor does his/her job well. There are no benefits to you for participating in this study. Your alternative is not to participate in this study.

Confidentiality

This research is confidential. The research records will include some information about you and this information will be stored in a way that a link exists between the participant and the data. Some of the information collected about you includes age, education, supervisory status. To help protect your confidentiality, your name will not be included on the surveys and other collected data; a code will be placed on the survey; using an identification code, this researcher will be able to link your survey to your identity; and only the researcher will have access to the identification code. Your data will be stored with a code number from which you cannot be personally identified. This consent form will be stored separately, and not cross-coded with your data. Also, please note that the investigator will keep all those information confidential by limiting any other individual access to the research data and also saving it in a secure and restricted-access computer.

All study data will be kept for a period of three years only for research purpose in a locked file cabinet of the investigator's office. This investigator, dissertation advisor and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data. When the results of this study is published, only group results will be discussed and no reference will be made in any oral or written reports which could link you to this research. No names or identifying information would be included in any publications or presentations based on these data, and your responses to this survey will remain confidential. After analyzing the data by the investigator, all the identifying information and the original reports which can be linked back to you will be destroyed.

Contacts and questions

If you have any questions about the study or study procedures, you may contact Taehee Kim, School of Public Affairs and Administration, Rutgers University, Newark, 111 Washington Street, Room 127, Newark, NJ 07102 973-535-5052 or at dpgh80@gmail.com.

If you have any questions about your rights as a research subject, you may contact the IRB Administrator at Rutgers University:
Rutgers University, the State University of New Jersey
Institutional Review Board for the Protection of Human Subjects
Office of Research and Sponsored programs
ASB III, 3 Rutgers Plaza New Brunswick, NJ 08901-8859
Phone: 848-932-0150
Fax: 732-932-0163

[illegible]

Q22 Performance Rewards For each question, please indicate your level of agreement or disagreement with the statement.

[illegible]

Q23 About your supervisor For each question, please indicate your level of agreement or disagreement with the statement.

[illegible]

Q14 Motivation What is the most important factor that motivate you to do a good job among the followings?

- ☐ Personal pride or satisfaction in my work (1)
- ☐ Personal desire to make a contribution to the society (2)
- ☐ Duty as a public employee (3)
- ☐ Desire to help my work unit meet its goals (4)
- ☐ Monetary reward (5)
- ☐ Increasing my chance for a promotion (6)
- ☐ Availability of flexible working conditions (7)
- ☐ Good working environment overall (8)
- ☐ Desire to get a good performance rating (9)
- ☐ Desire not to let my coworkers down (10)
- ☐ Recognition from my coworkers (11)
- ☐ My supervisor's encouragement (12)

Q31 Please write any comments you may have about the performance appraisal in the box below.

Q35 About your self How long have you worked in your current job?

- ☐ Less than one year (1)
- ☐ 1-3 years (2)
- ☐ 4-5 years (3)
- ☐ 6-10 years (4)
- ☐ Greater than 10 years (5)

Q36 How many years have you worked for this department?

- ☐ Less than one year (1)
- ☐ 1-3 years (2)
- ☐ 4-5 years (3)
- ☐ 6-10 years (4)
- ☐ Greater than 10 years (5)

Q37 Click to write the question text

	Yes (1)	No (0)
Have you ever been the subject of performance appraisal in your previous job? (1)	<input type="radio"/>	<input type="radio"/>
Have you ever learned about performance measurement and management from college or other programs? (2)	<input type="radio"/>	<input type="radio"/>

Q39 What is your gender?

- ☐ Male (1)
- ☐ Female (0)

Q40 What is your highest level of formal education?

- ☐ High school diploma/GED (1)
- ☐ Some college or an associate's degree (2)
- ☐ Bachelor's college degree (3)
- ☐ Master's degree (4)
- ☐ Professional degree (e.g., J.D, M.D., D.D.S.,) (5)
- ☐ Academic or scientific doctoral degree (e.g., Ph.D.) (6)

Q29 What is your racial/ethnic origin?

- ☐ African American/Black (1)
- ☐ Hispanic (2)
- ☐ Asian (3)
- ☐ Caucasian/White (4)
- ☐ Native America (American Indian) (5)
- ☐ Other (6)

Q30 Are you a dues-paying member of a union?

- ☐ Yes (1)
- ☐ No. But my position is covered by a bargaining agreement. (2)
- ☐ No. I'm not sure if my position is covered by a bargaining agreement. (3)
- ☐ No. I am not eligible to be a member of a union. (4)
- ☐ Don't know/Can't judge (5)

Q31 What is your Supervisory status?

- ☐ Non-supervisor (1)
- ☐ Team leader (2)
- ☐ Supervisor (you are responsible for employees' performance appraisal) (3)
- ☐ Manager (4)
- ☐ Executive (5)

Q32 In what sector or level of government is the organization you work for?

- ☐ Federal government (1)
- ☐ State government (2)
- ☐ Local Government (3)
- ☐ Other government (4)
- ☐ Non-profit Sector (5)

Appendix C

Research Protocol

1. Title: Employees' Acceptance of Performance Measurement/Appraisal System
2. Objectives: fostering employees' acceptance of performance management and even their satisfaction with that system must be in place to order to effectively manage a performance measurement system and to improve organizational effectiveness. Given the importance of employees' acceptance of a performance measurement system, this study attempts to identify key organizational factors which can affect employees' acceptance of performance measurement.
3. Procedures: In order to examine factors affecting public employees' acceptance of performance appraisal system, mixed methodology will be employed. Specifically, this study will use a "Sequential Explanatory Design" (Cresswell, 2009). In a first phrase, quantitative data will be collected and analyzed using a survey. It will be followed by the collection and analysis of qualitative data as a follow-up by conducting a focus group interview for the purpose of understanding participants' thoughts and perceptions as to the performance appraisal and finding factors that may foster their acceptance of the performance appraisal. This study will be conducted to reach public employees in NJ by contacting the organization representatives for access to organization and using existing contacts and through referrals.
4. Study Procedures: Data will be collected through a survey and a focus group interview.
 - 1) Online Survey: Participation in the survey is voluntary and respondents may choose not to respond to any questions that they do not wish to answer. All data collection will occur online using survey monkey program (<https://www.surveymonkey.com/>). A random sample of participants (public officials) will be sent an email inviting them to participate in the study. Invitations will be emailed upon approval from IRB. One month after the survey is conducted, the survey will be closed down and data analysis will begin. Participant's emails will be kept in an Excel file on a secure password-protected computer of this researcher at all times. No survey respondent will be identified individually.

Rather, all data will be reported in aggregate and confidentiality will be protected. Email addresses will be discarded at the conclusion of this study. In the email invitation, consent is clearly outlined by the following form. It is also clearly stated that participation is voluntary.

- 2) Focus Group Interview: This study will be conducted at CPS building room 309, School of Public Affairs and Administration, Rutgers University-Newark. The Investigator will introduce the study and its objectives to the participants. The investigator will also explain what will be expected from voluntary participants. The investigator will explain and read the consent form (Attachment 4) and each participant will be required to read and complete a consent form if they are willing to participate in this research. Following acceptance from the participants, the investigator will start the interview. The data from the interviews will be transcribed and coded in order to identify general theme. After the analysis, all audio recordings will be destroyed, no later than 180 days after the interview session.
5. Consent Procedures: The investigator will present to participants the overview of the study and ask those voluntarily willing to participate to complete the consent form.

Appendix D

Focus Group Protocol

Title PERFORMANCE APPRAISAL: DETERMINANTS OF PUBLIC EMPLOYEES' ACCEPTANCE

Principal Investigator Taehee Kim, PhD student, School of Public Affairs and Administration, Newark

Participants Public Employees

Introduction 1. Thank you for agreeing to participate in this discussion on employees' perception of organizational level of performance measurement system and individual level of performance appraisal. Today we will explore the experiences you have had in using the performance information, engaging in performance measurement system and also being the subject of performance measurement system. I have compiled a series of questions related to this topic. There is no particular sequence to the questions or who should respond. You are invited to expand on a topic, comment, and/or explore topics that may be related to the question. As you see we are videotaping this session. The reason for this is for me to remain focused on the discussion and not to be distracted by taking notes. This video will only be used by me and is confidential. I have a consent form which I would like to review with you, answer any of your questions, sign and initial where appropriate and date it.

2. Before we begin I would like to review some ground rules and invite you to propose some as well. These include- active listening, letting people finish speaking before commenting, agreeing to disagree, being respectful,

owning your words, expecting unfinished business, anything we missed?

3. First, let's introduce ourselves.

Purpose

The primary purpose is to identify key organizational factors which can affect employees' acceptance of performance measurement, given the importance of employees' acceptance of a performance measurement system. The secondary purpose is to better understand perception of public employees toward performance measurement system and find ways to change the perception in a positive way. The expected outcomes include: finding strategies to change public employees of the performance measurement system so that their acceptance will be improved and the use of performance information can be facilitated. The information you provided through this interview will be analyzed and used in the dissertation of the principal investigator as an aggregate form so that the privacy of the participants can be protected.

Focus Group Questions

Q. Can you describe your agency or department's performance appraisal process?

Q. Can you talk about your involvement in the performance appraisal process?

Q. Can you talk about your involvement in choosing performance standards?

Q. Are performance goals relevant to your work?

Q. Could you describe to me the general organizational environment here (?)?

Q. Could you describe your interactions with your supervisor in the context of performance appraisal?

Q. How would you describe the process of setting priority goals and objectives in your agency or department?

Q. What organizational or individual factors do you think need to be in place in order to foster employees' acceptance of performance appraisal?

Q. Overall, how would you describe your opinion about the performance appraisal process in your agency, and overall as a management tool?

Process

1. Welcome – introductions – confidentiality agreements – sign offs for participating (10mins)
2. Information regarding process, ground rules, and goals (10mins)
3. Questions directed to each goal (50mins)
4. Roundtable open discuss (15mins)
5. Debrief – evaluate – questions (10mins)
6. Thank you – follow ups (5mins)

Venue

conference room (Attached permission letter identified the venues in which the interviews will be conducted.

CURRICULUM VITAE

1980	Born January 23 in Seoul, South Korea
1999-2004	Attended Konkuk University, Seoul, South Korea, Major: English Literature and Public Administration
2004-2007	Attended Konkuk Graduate School, Seoul, South Korea, Major: Public Administration
2004 - 2007	Teaching Assistant, Konkuk Graduate School, Seoul, South Korea
2008- 2011	Graduate Teaching Assistant, School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Campus at Newark
2011-2012	Dissertation Fellow, School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Campus at Newark
2012-2014	Instructor, School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Campus at Newark
2012-2014	Managing Director, National Center for Public Performance, Rutgers University, Newark, NJ
2010-2014	Secretariat. ASPA (American Society for Public Administration) Section on Korean Public Administration
2010-2014	Editorial Assistant. International Review of Public Administration
2014	Ph.D., Rutgers, The State University of New Jersey, Campus at Newark