Abstract

Even though several theories of justice attempt to explain how justice perceptions are formed and operate, the findings describing the relationship between justice perceptions and other variables are fragmented. Furthermore, findings of studies in performance appraisal context are not organized using a justice framework. This theoretical paper attempts to develop a model of antecedents of justice perceptions in performance appraisal context. It is proposed that procedural and interactional justice are jointly determined by organizational regulations and rater behavior whereas distributive justice is determined by actual rating, and the way the ratings are used. Future relationships for justice perceptions in the context of performance appraisals are discussed.
Performance appraisal is a human resource management tool that has received much attention for more than seven decades. (Landy & Farr, 1980). Still, there is lack of agreement between researchers and practitioners on the characteristics of a good performance appraisal system. The reason for this lack of agreement is their different focuses. Traditionally, the focus of researchers was on identifying performance appraisal systems that would result in the most accurate measurement. (Bretz, Milkovich & Read, 1992). Validity and reliability of performance appraisals was the focus of many studies. However, a recent survey of Fortune 100 companies identified perceived fairness of the performance appraisal system as the most important criterion of effectiveness among practitioners (Thomas & Bretz, 1994).

Focusing on the validity and reliability issues treats performance appraisals as a test that aims at measuring individuals against certain criteria. Folger, Konovsky, and Cropanzano (1992) named this phenomenon “test metaphor”. Test metaphor emphasizes rating formats as a means of achieving accuracy and the aim of performance appraisal research becomes minimizing biases to achieve accuracy. Test metaphor makes three assumptions about the nature of performance appraisal (Folger et al., 1992). First, it assumes that work arrangements allow reliable and valid measurement of performance. However, this assumption is not always true, because in many jobs measuring performance objectively is not possible. Secondly, it assumes that raters can assess performance accurately. However, many researchers have argued that there are limitations in cognitive processing of individuals that limit objective observation and evaluation of performance (e.g., Feldman, 1981, 1990). Third, it is assumed that there are unitary, rational criteria to judge performance. However, there is much controversy as to which behaviors should be rated and selection of these behaviors can be biased as well. As a result, Folger et al. (1992) argued that instead of focusing on accuracy, the goal of performance appraisal should be ensuring fairness in the process, which is a more achievable goal. Researchers started to adopt the viewpoint that employee perceptions of fairness are more important than objective accuracy of the appraisal system. If an accurate appraisal tool is perceived as unfair, it may lead to negative consequences. Or, it is possible that an inaccurate appraisal tool that is perceived as fair may not lead to negative outcomes.

Fairness should be adopted not only because accuracy is not achievable but because justice is an important societal value and feelings of injustice have important consequences for the society and the workplace (Sabbagh, Yechezkel, & Nura, 1994, Sashkin & Williams, 1990). Fairness of human resource practices deserves attention from a humanistic point of view as well.

Another reason for the concern for fairness is the recent literature on the importance of organizational justice. There is research evidence indicating that fairness perceptions of human resource practices are related to outcomes such as organizational commitment (Koys, 1991, Ogilvie, 1986), likelihood of an applicant accepting a job (Bretz & Judge, 1994), trust in management, turnover intentions and performance (Konovsky & Cropanzano, 1991), and likelihood of managers to use the system (Blancero & Dyer, 1996). Since performance appraisal is an important human resource practice that influences pay, promotion and other important
rewards accruing to individuals, important organizational consequences can be expected as a result of fairness perceptions. As a result, it is necessary to understand the determinants of justice perceptions within the context of performance appraisal.

In this paper, the antecedents of justice perceptions of performance appraisal are analyzed. Performance appraisal refers to the formal process of evaluating organizational members. Even though performance appraisal occurs in organizations informally on an ongoing basis, in this paper the definition is limited to formal performance appraisals that are conducted by the organization periodically. Performance appraisal includes the establishment of performance standards, supervisors’ appraisal-related behaviors during the appraisal period, determination of the rating, and the interview in which the rating is communicated to the ratee.

Studies that analyzed justice in the performance appraisal context had several weaknesses. One problem with existing research is a lack of agreement on the definition of terms used in the field. In some studies, the terms fairness, justice, acceptance of justice are used interchangeably (Barclay & Harland, 1995). Recently, a three dimensional view of justice is introduced, but several studies included only one or two of these aspects of justice. (Korsgaard & Roberson, 1995). Some studies included overall measures of fairness, whereas others incorporated more than one dimension in a single justice variable (Kleiman, Biderman & Faley, 1987). In order to ensure that later studies build on previous ones, it is necessary to clearly define different forms of justice, and include all forms of justice in a theoretical model. In addition, different types of justice may be related to different antecedents and different outcomes, and therefore it is necessary to study all forms of justice simultaneously.

Another weakness of some of the past research is the tendency to use the antecedents of justice as the perceived justice itself. In this approach, the researcher determines the components of different types of justice, and once these components are present, it is assumed that justice is perceived. For example, Dailey and Kirk (1992) conceptualized procedural justice as the degree to which individuals are provided with feedback. Folger and Konovsky (1989) defined procedural justice as the sum of feedback, planning, recourse and observation. However, a more flexible approach is necessary, which allows different components to be important for different individuals. Even though some of the theoretical antecedents of justice are present, each individual may weight different antecedents differently when forming their justice perceptions. Therefore, it is necessary to measure justice more generally, without equating justice perceptions to the existence of antecedents of justice. Models of justice need to separate antecedents of justice from the definition of justice.

There are several new developments in the performance appraisal field, such as peer appraisals, subordinate appraisals of supervisors and 360-degree appraisals. It is necessary to incorporate these developments to theories of justice. Current theories on performance appraisals tend to focus on appraisals conducted by supervisors. In order to facilitate research, the framework that is adopted should allow for the appraisal to be conducted by different sources.

This paper attempts to address some of the weaknesses of current justice theory in the context of performance appraisals. First, the three dimensional conceptualization of justice is introduced. A clear distinction is made between different forms of justice. Then, based on the
literature on justice theory and performance appraisals, their separate antecedents are described. In addition to summarizing research findings, new propositions are formulated when describing these relationships. Several variables that are equated to justice perceptions such as voice, procedural control and due process characteristics will be examined as antecedents of justice. The framework that is developed will be general, and it will be possible to apply this framework to appraisal systems where rater is not the supervisor. The paper will attempt to contribute to justice literature by attempting to better explain the relationship between justice perceptions and other variables, and to the performance appraisal literature by organizing the findings related to performance appraisals within a justice framework and by developing propositions that suggest previously unexamined relationships.

Types of Justice

Before analyzing its determinants, we need to define justice. The taxonomy that is most often used to describe organizational justice is distributive and procedural justice (Cropanzano & Folger, 1991). Later, interactional justice has been introduced as a third type of justice (Bies & Moag, 1986). Although these dimensions are correlated, they are accepted as separate aspects of the justice construct.

Distributive justice is based on equity theory of motivation (Adams, 1965). According to equity theory, individuals compare their input-output ratios with those of others. As a result of this comparison, individuals decide to exert more or less effort, or change their perceptions of inputs or outcomes. When the input/outcome ratio of the individual is equal to those of comparison others, equity is perceived. Equity of the performance rating constitutes distributive justice. Individuals compare their efforts with the rating they receive, and their effort/rating ratio with those of other individuals to determine the level of distributive justice.

In addition to the fairness of outcomes, the fairness of the procedures used to reach the final decision is important as well. The fairness of the procedure by which performance is evaluated is procedural justice. Even though the outcome of the appraisal is fair, procedures used to arrive at those outcomes may be unfair. The importance of procedural justice is explained by two theories. According to control theory by Thibaut and Walker (1975), individuals have a desire to control what happens to them. When a procedure has important consequences for the individuals, they would prefer to be a part of the decision process. Therefore, perceived control would be a determinant of procedural justice perceptions. Secondly, according to the group-value model of Lind and Tyler (1988), people want to be valuable members of their groups. As a result, they look for cues that indicate that they are valued and accepted by their group. Individuals will perceive procedural justice when there are procedures that communicate that they are valued by the organization. Because of individuals’ desire to exert control over procedures, as well as their desire to be perceived as valuable members of the organization, procedural justice will be important for them.

The third type of justice is interactional justice, which is the perception of justice in the interactions between individuals. In performance appraisal context, it refers to fairness of the appraisal-related communication between the rater and the ratee. Performance appraisal requires a substantial degree of communication between rater and ratee. During this interaction,
individuals expect to be treated respectfully, regardless of the outcome. The fairness of the communication with the rater during the appraisal process will form interactional justice perceptions in performance appraisals.

Most researchers treat interactional justice as a component of procedural justice. However, as argued by Bies and Moag (1986), it may be a better approach to separate procedural and individual components of justice. Sometimes, the organization may have fair performance appraisal procedures and individuals may perceive procedural justice. However, they still may feel unfairly treated as a result of the interpersonal interaction during the performance appraisal. Therefore it is useful to consider them as two separate constructs.

Some researchers define procedural and interactional justice such that procedural justice refers to the existence of fair procedures whereas interactional justice is the way supervisors apply the existing mechanisms and regulations. This definition implies that procedural justice is a result of how the organization designed the performance appraisal process. In reality it may be difficult for ratees to differentiate fair procedures from how they are applied by supervisors. Ratees may not be able to perceive procedures in isolation from how they are applied. Therefore, the definition adopted here treats interactional justice as the perceived fairness of the interpersonal treatment by the rater. On the other hand, procedural justice is defined as the fairness of procedures that are designed by the organization and applied by the rater.

A model that describes antecedents of justice perceptions is presented in Figure 1. This model attempts to separate antecedents of justice from justice perceptions, which were sometimes considered to be the same in previous studies. In addition, the model incorporates links that were not studied previously, such as contextual variables. The components of the model will be explained in the next section.

Antecedents of Procedural Justice

System Characteristics

Determinants of procedural justice are factors that enable the ratees to exert control over the performance appraisal process and make them feel as valuable members of the group. These are the procedures, rules and regulations about performance appraisal, which are developed by the organization and enforced by raters. So, procedural justice can be viewed as a joint function of organizational procedures and rater behavior regarding the application of these procedures.

Due Process Characteristics: Folger and his colleagues (1992) integrated the past research on performance appraisals to define due process appraisals. It is argued that performance appraisal systems must have the characteristics of a fair judgment procedure. This procedure allows employees to exert control over the process. Due process appraisals are based on three basic principles: Adequate notice, fair hearing, and judgment based on evidence.

Taylor et al. (1995, 1998) showed that the due process appraisal was related to positive reactions to the performance appraisal process, the raters and the organization. Their research did
not attempt to test the relative impact of components of due process appraisals; a categorical variable was used to represent whether the appraisal system was due process or not. However, a due process appraisal system is not an objective reality. The perceptions of due process characteristics depend on behaviors of individual raters, as well as organizational realities. Therefore it is possible to observe different perceptions of due process characteristics, and different perceptions of procedural justice within the same organization. A better test of these propositions must measure individual perceptions of the three principles of due process.

**Figure 1: Antecedents of Justice Perceptions in Performance Appraisals.**
According to the adequate notice principle, ratees must know objectives and standards of the performance appraisal system before the performance appraisal period starts. The organization is responsible for informing employees about the principles of the performance appraisal system. Research has shown that the knowledge of performance appraisal standards and mechanisms, (Levy & Williams, 1998) clarity of expectations, and understanding of the performance appraisal process (Tang & Baldwin, 1996), are important determinants of procedural justice.

The adequate notice principle also states that individuals must be allowed to provide input into the standard development phase to ensure that standards are relevant to their work and are accepted by employees. Field research provides support for the notions that agreement between supervisor and subordinate on job duties (Landy, Barnes & Murphy, 1978), content relevance of the system (Cobb, Vest & Hills, 1997), participation of employees in the development of standards (Inderrieden, Keaveny & Allen, 1988) and participation in goal setting (Renn, 1998) are determinants of fairness perceptions. These factors may be related to procedural justice because they ensure employees indirect control over the process and communicate feelings of self worth.

According to the adequate notice principle, employees must be provided with feedback during the appraisal period to ensure that they have knowledge about their performance and can take corrective action. Frequent feedback from supervisors during the appraisal period is related to perceived fairness (Inderrieden et al., 1988). Frequent feedback during the appraisal period increases individuals’ knowledge of their performance; this ensures indirect control over the process, which is a determinant of procedural justice.

Keeping in mind that adequate notice refers to knowledge of the appraisal standards prior to the performance appraisal, being able to provide input into the standard development phase, and receiving feedback during the appraisal period, the following proposition is developed.

P1a: The degree to which the performance appraisal system provides adequate notice to the individual will be positively related to perceptions of procedural justice.

The second principle of due process appraisal systems is fair hearing, which argues that raters should have sufficient knowledge of ratees’ work. Rater familiarity of ratee work is related to fairness perceptions (Landy et al., 1978, Evans & McShane, 1988, Fulk, Brief & Barr, 1985) and procedural justice (Greenberg, 1986). The general belief that the rater is qualified to rate the performance of the employee is also related to perceptions of fairness (Kleiman, Biderman & Faley, 1987).

The fair hearing principle also argues that employees should be allowed to present their explanations and provide input before the appraisal is made. With this approach, employees are often asked to complete self-ratings prior to receipt of the raters’ appraisals. The ability to exert voice during the decision making process has been shown to be an antecedent of procedural justice (e.g. Skarlicki, Ellard & Kelln, 1998; Lind, Kanfer & Earley, 1990). Participation of the employee in the appraisal process before the final decision is made is a very important determinant of fairness perceptions (Evans & McShane, 1988) and procedural justice.
(Greenberg, 1986). This opportunity gives the employees indirect control over the procedure and communicates feelings of self worth. Some of the more fragmented findings in performance appraisal research can be explained by the fair hearing principle. Self-ratings are mechanisms by which employees can explain their own perceptions of performance. It has been found that self-appraisals result in less defensive behavior on the part of subordinates (Basset & Meyer, 1968) and are suggested as complementary mechanisms to more traditional methods. If self-ratings are effective, this may be due to their impact on perceptions of fair hearing, which is related to procedural justice perceptions.

After defining fair hearing as having raters who are knowledgeable of ratees’ work, and allowing ratees to explain their side before the appraisal decision is made, the following proposition is developed.

P1b: The degree to which the performance appraisal process provides fair hearing to the individual will be positively related to perceptions of procedural justice.

The third principle of due process appraisals is judgment based on evidence. According to this principle, raters must apply the standards consistently across all individuals, without yielding to external pressure and corruption. Organizations must develop mechanisms to ensure the validity of appraisals. Development of valid appraisal forms based on job analysis and training raters to ensure accuracy of the results are some of the ways in which the organization can promote fairness. Consistent application of standards is argued to be the most important determinant of procedural justice (Greenberg, 1986).

Judgment based on evidence principle suggests that after the rating decision is made, the rater must explain the decision and cite the regarding evidence. Research results supported that diary keeping increases the acceptance of performance appraisal process by raters and results in more accurate ratings (DeNisi & Peters, 1995). The impact of diary keeping on individual attitudes towards the appraisal process may be explained by the fact that diary keeping is a way to achieve judgment based on evidence.

According to judgment based on the evidence principle, appeal mechanisms that allow employees to challenge the decision is necessary. Previous researchers argued in favor of formal appeal mechanisms as a means to provide a neutral arena in which employees can object to the decisions (Stratton, 1988). However its impact on procedural justice has not been established yet. Research shows that the ability to challenge the evaluation is an important determinant of procedural justice (Greenberg, 1986). To the extent that appeal mechanisms can make the ratees feel that they can challenge the process when necessary, they should have a positive impact on procedural justice perceptions. The ability to appeal the decision is not enough by itself; the individuals must also feel that the decision may change if they can defend themselves. Barclay and Harland (1995) found that the perception that the ratings are correctable was related to procedural justice perceptions.

After defining judgment based on the evidence as a consistent application of appraisal standards, explanation of the decision to the ratees clearly, and allowing ratees to challenge the decision, the following proposition is developed.
P1c: The degree to which the performance appraisal process provides the individual with judgment based on evidence will be positively related to perceptions of procedural justice.

In sum, due process characteristics are argued to be the important characteristics of the performance appraisal system that will mainly influence perceptions of procedural justice.

**Contextual Characteristics**

In addition to the characteristics of the performance appraisal system, some variables outside the performance appraisal process may influence justice perceptions of performance appraisals. The variables that are considered as contextual variables include organizational culture, rater-ratee exchange quality, and perceived organizational support.

**Organizational Culture:** Some researchers argue that performance appraisal systems must fit the organizational culture. (Maroney & Buckley, 1992, Evans & McShane, 1988) Since organizational culture constitutes the context in which performance appraisal occurs, it is expected to exert influence over the perceptions related to justice. Organizational culture can be conceptualized in different ways, such as a collection of values (O’Reilly, Chatman & Caldwell, 1991), norms (Cooke & Rousseau, 1988) or myths and stories (Trice & Beyer, 1984). Studying culture as behavioral norms may be more beneficial for the purposes of justice perceptions. Stories and myths may be too general and macro to influence specific perceptions of justice in the context of performance appraisals. On the other hand, the relationship between justice perceptions and established values may be reciprocal, and justice perceptions may be a part of established value system, thereby making it difficult to study culture as an antecedent of justice. Therefore, studying culture as behavioral norms and styles may prove to be more helpful in analyzing and explaining the relationship between organizational culture and justice perceptions.

According to Cooke and Szumal (1993), organizational culture will consist of three forms of behavioral styles: constructive, passive/defensive, and aggressive/defensive styles. When the organizational culture is constructive, there will be an emphasis on achievement and individual development. In these types of cultures, we may expect that performance appraisal systems are perceived as less threatening. Performance appraisals have the potential to be used as performance enhancing mechanisms, and raters and ratees may be more able to use them as a performance improvement tool. On the other hand, in a passive/defensive culture, ratees may take the ratings more personally, and perceive the process as less fair. In an aggressive/defensive culture, performance appraisals may be used as a tool for power enhancement by raters. As a result, we would expect the procedural justice perceptions to be highest in constructive cultures. Therefore, the following is proposed:

**P2a:** Organizational culture will be related to perceptions of procedural justice such that, in constructive cultures, the highest levels of procedural justice will be observed.

**Exchange Quality Between Rater and Ratee:** In addition to the characteristics of the performance appraisal system, the quality of the exchange between the rater(s) and the ratee is also expected to influence the perceptions of procedural justice. As explained before, group value and control theories explain perceptions of procedural justice by the degree to which the
procedure communicates value and perceived control to the individual. One should keep in mind that performance appraisal occurs within the context of an ongoing relationship between the rater and the ratee. As a result, the quality of this relationship may influence perceived procedural justice as well. When the rater and the ratee have a high quality relationship, the ratee may feel that he or she can indirectly control the procedure, because the rater will do whatever is necessary to protect the ratee's rights. In addition, the ratee will believe that he or she is a valuable member of the group. Therefore, it is proposed that:

\[ P2b: \text{The quality of the ongoing relationship between the rater(s) and the ratee will be positively related to perceptions of procedural justice.} \]

If the rater is the supervisor of the employee, the construct that represents supervisor-subordinate relationship will be leader-member exchange (LMX). If the rating is done by a group of organizational members, the relevant construct may be team member exchange (TMX).

**Perceived Organizational Support:** Eisenberger, Huntington, Hutchison and Sowa (1986) argued that employees hold general perceptions about the degree to which the organization cares about them, and this general perception is perceived organizational support (POS). It suggests that individuals perceive the organization as a single identity with whom they interact. Employee perceptions of organizational support is influenced by developmental experiences provided to the individual, promotions, (Wayne, Shore & Liden, 1997), job condition favorableness (Eisenberger, Cummings, Armeli & Lynch, 1997), and other factors that signal that the organization cares about their well being. Once the individuals enter into the organization, they will gradually develop perceptions of organizational support, based on several organizational practices. By the time the individual reaches the point of performance appraisal, which often occurs some time after initial entry to the job, perceptions of organizational support will have been formed.

It is possible that pre-appraisal perceived organizational support has an impact on perceptions of procedural justice. When the individuals trust the organization, they may expect the procedures to be fair. This expectation may influence later perceptions of justice, by making individuals attend to cues that suggest fairness, and ignore the cues that suggest unfairness to some degree. On the other hand, when the individuals perceive low organizational support in as a result of past experiences, it will be less likely for them to perceive high levels of procedural justice in the performance appraisal. Therefore, the following is proposed:

\[ H2c: \text{Perceived organizational support before the appraisal will positively influence perceptions of procedural justice of the appraisal.} \]

In summary, procedural justice is argued to be a consequence of systems characteristics and contextual variables that provide ratees with instrumental control, and communicate that they are valued members of their group. We need more research in order to understand the relative importance of these variables in this process.
Antecedents of Interactional Justice

In the performance appraisal context, interactional justice refers to the fairness of appraisal-related communication. Even though procedures are fair, the individual may find the communication and interpersonal treatment involved in the process unfair. People expect to be treated with respect, understanding, and kindness regardless of their degree of control over the process.

Interactional justice is thought to be determined by the behaviors of the rater, who is often the supervisor of the ratee. However, research about justice in performance appraisals has not considered interactional justice separately, so the suggestions and findings relevant to interactional justice are not explicit in the literature. The determinants of interactional justice are explained below.

Rater Behaviors:

**Session Behavior of Rater.** Session behavior is the behavior that is demonstrated in settings related to the performance appraisal, such as standard setting, mid-period, and performance appraisal interviews. Interview behavior is one of the major determinants of performance appraisal fairness. Being a good listener and letting subordinates talk are important determinants of fairness (Burke, Weitzel, & Weir, 1980). Korsgaard and Roberson (1995) showed that voice, the degree to which ratees are allowed to express their feelings, has an instrumental and non-instrumental value, and both of them are related to important outcomes. They argued that even though the individuals are not able to influence the actual decision, being given the opportunity to participate communicates to the subordinates that they have status and importance in the eyes of the supervisors, which leads to feelings of justice. Later, Cawley, Keeping, and Levy (1998) found in a meta-analysis that value expressive participation, which is equivalent to non-instrumental voice, was more strongly related to fairness perceptions than instrumental voice. This study did not differentiate between interactional and procedural justice components of fairness. Since it is more relevant to interpersonal communication between the rater and the ratee, it is possible to consider non-instrumental voice as a determinant of interactional justice.

The way the appraisal interview is conducted is important for interactional justice, as well as procedural justice. Research indicates that courteous feedback provided by supervisors contributes to fairness perceptions of subordinates (Giles, Findley, & Feild, 1997). So, the way feedback is given is also important and is another determinant of interactional justice.

Bies and Moag (1986) argued that truthfulness, respect, appropriateness of questions, and justification are important communication variables which may be universal. However, the context of their argument was personnel selection. There is a need to determine criteria that are important in a performance appraisal setting. These criteria may be different for performance appraisals. For example, instead of being truthful, talking about the aspects of performance that can be improved may be perceived as fairer from a communications viewpoint in performance appraisals. Based on the nature of the interaction in the performance appraisal context, the following proposition is suggested:
P3a: The session behavior of the supervisor that involves two way communication, courteous feedback, and respect will be positively related to perceptions of interactional justice.

Impression Management. Greenberg (1991) argued that fairness is a result of impression management and unfavorable events can be perceived as fair if acceptable explanations can be provided. Explanations can take the form of justification of the ratings, comparison with other employees, or simple apology. Greenberg (1991) showed that especially in cases where the rating is low, explanations have an important impact on fairness perceptions. This is probably because explanations communicate to employees that the evaluation is not done hastily and effort is exerted into the process. Since explanations will not change the outcome of the appraisal but may make the employees feel better about themselves, this can be considered as an interactional form of fairness perception. There may be other forms of impression management tactics that can be used in the performance appraisal context, such as ingratiation. There is lack of research in the impression management literature that focuses on supervisors in a performance appraisal context. This area deserves separate attention because in the performance appraisal context supervisors need to make the ratings acceptable without causing the individuals to attribute their low performance to external factors. In the performance appraisal context, the objective of impression management is to convey that the ratees are treated with respect, the supervisors exerted enough effort into the process, and the supervisors care about how the subordinates feel.

P3b: The degree of impression management engaged in by the supervisor will be positively related to the perceptions of interactional justice by the ratee.

Even though the focus of this section is rater behavior, rater behavior can be motivated and influenced by the ratee as well. Raters may decide to behave in an interactionally fair way because they want to, because they are required to by the organizational policies, or because of the ratee’s behavior and personality. It has been found in a laboratory setting that when ratees were given assertiveness training before the appraisal, raters demonstrated more interactional fairness. (Korsgaard, Roberson & Rymph, 1998). Or, it is reasonable to expect that subordinates who are more agreeable, extroverted, or conscientious may motivate the raters to behave in a more interactionally fair manner. We expect that the determinant of interactional fairness will be the behavior demonstrated by the rater, but it is possible for ratees to influence these behaviors.

Contextual Variables:

Exchange quality between rater and ratee. Perceptions of interactional justice may be influenced by the behaviors of raters outside the performance appraisal context, including the general exchange between raters and ratees. When the relationship between the rater and ratee is of high quality, we may expect that the ratees will feel that they are being treated fairly and respectfully. When the rater is the supervisor, leader-member exchange may be a variable that will influence feelings of fair treatment and fair communication. When leader-member exchange is of high quality, the nature of the relationship between the leader and the subordinate goes beyond what is required in the employment contract (Sparrowe & Liden, 1997). The relationship is characterized by higher degrees of liking, loyalty, willingness to contribute to the objectives of the other party, and respect. (Liden, Sparrowe & Wayne, 1997) As a result, subordinates may
perceive higher interactional fairness because the supervisor may be more sensitive in his or her behavior toward the ratee in general.

There is some indirect evidence that relates rater and ratee exchange quality to justice perceptions. First of all, there is some evidence suggesting that the communication patterns between supervisor and subordinate are different when exchange quality is high (Fairhurst & Chandler, 1989). Secondly, there is research evidence showing that African Americans, females and less experienced individuals tend to perceive less fairness in performance appraisal (Kleiman et al., 1987). These groups may be less integrated in the organizational networks and may have lower leader-member exchange because of their lower similarity with their supervisors and insufficient time to develop high-quality leader member exchanges. Also there is research indicating that trust in supervisor is positively related to higher perceptions of fairness (Fulk et al., 1985). All of this research evidence supports the possibility of a relationship between exchange quality and interactional justice. Since it is possible to have multiple raters, or raters who are not supervisors, we can argue more generally that:

P4: The quality of the exchange between the rater and the ratee will positively influence perceptions of interactional justice during performance appraisal.

In summary, interactional justice is thought to be caused by rater behavior during performance appraisal, and the exchange quality between the rater and the ratee. Since rater behavior communicates to individuals that they are respected and valued, it is an important part of perceived justice of performance appraisals. However, this aspect of justice has been neglected compared to other forms of justice perceptions, and there is need for more research to understand the determinants of interactional justice in the context of performance appraisals.

Antecedents of Distributive Justice

Distributive justice is perceptions of fairness of the appraisal outcome. This includes fairness of the performance rating compared to other ratees’ ratings in the immediate environment of the individual and fairness of the usage of performance rating as a source of input to other human resource management decisions. Antecedents of distributive justice are explained below.

Performance Rating and Comparisons. Most of the findings related to distributive justice are based on equity theory (Adams, 1965), which is based on social comparisons between individuals. According to equity theory, individuals compare their inputs and outcomes with those of referent individuals, and if these comparisons are proportional, the outcome will be perceived as fair. Many rating systems currently used in organizations prevent individuals from doing comparisons with their coworkers, because appraisal systems do not allow the individual to learn the performance ratings of other individuals. However, this does not mean that the individual will not engage in any comparisons. In those cases, we may expect that individuals will change their comparison standard and compare their own rating with internal standards.

Some researchers related actual ratings to perceptions of distributive justice and found that higher ratings are associated with higher perceived fairness (Inderrieden, et al., 1988, Evans...
& McShane, 1988) and distributive justice (Stoffey & Reilly, 1997). This may be due to a phenomenon named “egocentric bias” which states that individuals believe they deserve high levels of outcomes. Egocentric bias is consistent with equity theory because it implies a comparison with an internal standard. However, the comparison is biased because the individuals overestimate their contributions. (Ashford, 1989; Harris & Schaubroeck, 1988).

Other studies argued that there is no relationship between actual ratings and fairness perceptions (Landy, Barnes-Farrell & Cleveland, 1980). Greenberg (1986) showed that perceptions of distributive justice are determined by the belief that performance ratings are based on actual performance of the individual. However, the Greenberg (1986) study was based on self-reports of individuals about the factors influencing justice perceptions. Individuals may avoid saying that higher ratings are necessary for justice perceptions, but still feel so when they are being evaluated as part of the performance appraisal process. Therefore, it is hypothesized that:

P5a: The favorability of the performance rating will be positively related to perceptions of distributive justice.

In addition, the individual may make a comparison with past ratings. When the current rating is an increase over the most recent rating, the individual may feel higher levels of distributive justice perceptions. When the current rating represents a decrease compared to the most recent appraisal, we may expect to observe lower levels of distributive justice. Therefore I argue that:

P5b: Increases in performance rating compared to the most recent performance appraisal will be positively related to distributive justice perceptions.

Use of Performance Appraisal. According to Greenberg (1986), another determinant of distributive justice is whether the performance appraisal information is used for salary and promotion decisions. Individuals would like to see that performance appraisal is not just a bureaucratic procedure that needs to be fulfilled a few times a year. This finding is consistent with other research in this area. For example, Kleiman et al. (1987) showed that the discussion of appraisal-related outcomes was related to higher degrees of fairness.

The perception of fairness is also influenced by the degree to which performance appraisal is aimed at improving performance and overcoming job-related weaknesses. For example, perception of fairness is higher when corrective action is taken to eliminate weaknesses in performance (Landy et al., 1978) and when job-relevant problems are discussed in the interview (Burke et al., 1980). These findings suggest that when individuals believe performance appraisal is used to correct job-related weaknesses, rather than judge individuals, perceived fairness is higher. Based on these findings, we may argue that:

P5c: The degree to which performance appraisal results are used in administrative decisions will be negatively related to perceptions of distributive justice, and the degree to which appraisal results are used in training decisions will be positively related to perceptions of distributive justice.
**Attributions:** When individuals are given a performance rating, they may make either internal or external attributions for the rating. If they make an internal attribution, they believe that the high or low rating is mainly caused by their own performance or job-related behaviors. If they make an external attribution, they believe that the high or low rating is because of an external entity. We may expect that the attributions made for the rating will influence distributive justice perceptions. Liden, Ferris, and Dienesch (1988) showed in an experiment that when internal attributions are made for positive feedback and external attributions are made for negative feedback, appraisals are perceived as fair. However, this study was conducted in a laboratory setting with student subjects. In a real appraisal setting where important outcomes for the individual are influenced by appraisal results, external attributions may influence justice perceptions more negatively. According to referent cognitions theory, when outcomes associated with a decision are lower than easily imagined alternative outcomes, the outcome will be perceived as unfair (Folger, 1986). External attributions will make the alternative circumstances more salient, and therefore may result in lower levels of distributive justice perceptions. As a result, the following is proposed:

P5d: Attributions will be related to distributive justice perceptions such that, distributive justice perceptions will be highest when internal attributions are made, and lowest when external attributions are made.

In summary, distributive justice is determined by the actual rating, comparisons made by the individual, the perception of a linkage between performance rating and outcomes, and attributions made for the rating. As procedural and interactional components of justice perceptions began to attract research attention, there has been less attention devoted to distributive aspects of performance appraisal. However, distributive justice is also very important and should not be considered as less important. There is still need for more research in order to identify other determinants of distributive justice.

**Future Directions**

With the addition of justice perceptions, theory on performance appraisals was enriched and advanced. Justice theory is very useful in organizing the findings about why certain characteristics of performance appraisals are related to more positive attitudes towards appraisals, and how these attitudes influence behaviors and attitudes. However, there is still room for more research in this area because there are still some missing links and unknowns.

In the future, it is necessary to clearly distinguish between dimensions of justice, arrive at an agreement on the definitions of alternative justice forms. The use of interactional components when defining procedural justice, or the use of constructs such as acceptance or reasonableness of the appraisal when measuring distributive justice may be contaminating the findings. Achieving consistency in definitions will be an important step in understanding the antecedents of justice related to different human resources practices.

In addition to separately measuring different dimensions of justice in research designs, it is necessary to use statistical forms of control. Some of the previous researchers used only correlations in order to determine which relationships are stronger. In order to compare the
strength of the relationships, it is necessary to use techniques such as regression, or structural equation modeling. Especially structural equation modeling may be useful when looking at the relationships together, instead of testing parts of the model.

There is a need for more research that focuses on the motivation of supervisors to conduct fair appraisals. The existing studies acknowledge the importance of this construct but there has not been much research focusing on this variable (cf. Salvemini, Reilly & Smither, 1993). It is difficult to start this line of research in the field, because of the possibility of self-serving bias when replying to questions about whether they are motivated to conduct fair appraisals. Therefore, retrospective measures can be used to determine the important antecedents and they can be tested in a laboratory environment.

In addition, studies need to be conducted in appraisal settings where peers and subordinates assume the role of raters. Most of the existing literature is based on studies in which the rater is the supervisor of the employee. In this paper, the propositions are made in a general manner, and it is thought that the relationships will hold for peers and subordinates, as well as the supervisors. However, it is necessary to empirically validate these propositions, before accepting them.

**SUMMARY**

In this study, past research on antecedents of perceived justice in performance appraisals was reviewed and a model summarizing the development of justice perceptions was presented. Procedural, interactional, and distributive justice are important variables that determine the success of performance appraisals. Achieving justice has become the most important criterion of success in performance appraisals. Ensuring justice is a joint responsibility of the organization and rater(s). However, it is also important to make sure that ratees are aware of the fairness of rules, regulations, and rater behavior.

Perceptions of justice create a desire to reciprocate to the organization for respecting the members by giving them control over procedures and to reciprocate to the raters for ensuring process control and treating the individual fairly. As a result of social exchange mechanisms, procedural and interactional justice will result in rater-related, performance-related, and organizational outcomes. On the other hand, when rewards are contingent on performance, distributive justice will be perceived, which will motivate individuals to perform higher and increase outcome satisfaction. All types of justice are important in determining attitudinal and behavioral outcomes and therefore they need to be given adequate attention. Continued focus on the determinants of justice perceptions is necessary in order to understand these relationships better, and in order to identify additional determinants of justice perceptions.
REFERENCES


