#### Effects of Employees' Perception of Performance Appraisal Fairness on Job Satisfaction (The Case of Adama Science and Technology University)

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#### Abstract

This study investigates the effect employees' perception of fairness in the performance appraisal system on job satisfaction of an employee. The perceived fairness in appraisal system is discussed with the help of organizational justice theory which was principally derived from Adam's equity theory and used by many researchers in organizational research. The perception of fairness in performance appraisal system consists of three main factors: Distributive justice, procedural justice, interactional justice and are used as independent variables and job satisfaction of an employee as dependent variable. Using a random sample of 297 employees from a total of 1624 population the required data is obtained through structured questionnaires. Descriptive statistics, independent sample t-test, one way-ANOVA, correlation analysis and multiple regression analysis were performed. The independent sample t-test shows that there is significant difference between genders in fairness perception in performance appraisal system, however there is no significant difference between genders in distributive and procedural fairness perception. The one way-ANOVA test shows that there is significant difference among work experience groups and age level groups, however no significant difference found among educational level groups. The descriptive finding of the study shows that in ASTU employees had low level of fairness perception towards the existing performance appraisal practice, and low level of job satisfaction. The correlation analysis result also indicates that distributive. procedural and interactional fairness in the appraisal system had positive and significant relationship with job satisfaction. Whereas the finding of multiple regression analysis indicates that distributive, procedural and interactional fairness in the appraisal system had positive and significant influence job satisfaction. The human resource management of the University should create organizational climate that enhance positive perception among employees regarding distributive. procedural, and interactive justices of performance appraisal more than ever.

*Keywords*: Distributive Justice, Interactive Justice, Job satisfaction, Perceived Fairness, performance appraisal system, Procedural Justice

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## 1. Introduction

## 1.1Bacground of the Study

Designing and implementing an effective performance management system has always been a serious issue among human resource (HR) managers. With an increase in competitive pressures, employers' interest in distinguishing employees' performance levels and improving poor performances by using performance appraisals in an efficient manner have become characteristic of effective organization management (Murphy and Margulies, 2004). Effective performance appraisal system is highly important for the survival of any organization while an ineffective system leads towards the organizational destruction and create dissatisfaction and confusion among employees. In an organization, performance appraisal system usually conduct for administrative or development purposes which means the system is responsible for taking decision for promotion, rewards, demotion, termination etc. or use for employees' training, counseling and personal development etc. (Mejia, Balkin, & Cardy, 2012).

In much organization, the most serious issue in performance appraisal system is the perception of an employee about fairness in performance evaluation and performance review as according to Alwadaei, (2010); Kuvaas, (2007) the best way to evaluate the effectiveness of appraisal system is to analyze the responses of the employees in the organization. Responses are mainly influenced by the perception and are always vary from person to person, whereas, perception is usually developed by the pleasant or bitter experience of an individual with the system in the organization. In organizational context, the main function of employee's affirmative perception is to change the behavior of an employee and put positive effect on employee attitude such as job satisfaction, job performance, organizational commitment, work place behavior etc. Moreover, the attitude or behavior of an individual is largely affected by his perception about the reality rather than reality itself (Poon, 2002).

The employee's perception of fairness is the ultimate check for the success of the system. According to the organizational justice theory efficacy of appraisal system also depends upon the perception of fairness related to it. Organizational justice researchers divide the concept of fairness into three primary types. The first commonly accepted type of justice is referred to as "distributive" justice. In the distributive- oriented perspective, the fairness of the outcomes of a particular decision is the main consideration. "Procedural" justice, the second type, concerns about the fairness of the process that lead to the outcome. The majority of research conducted in the organizational justice's field has put these two areas as the foundation in the last twenty years (Byrne & Cropanzano, 2001). Those studies indicate that people will accept a certain amount of unfairness in distribution if they perceive that the process by which the distribution decisions were made is fair. A third type of justice is often referred to as "interactional" justice. Many scholars defined interactiveoriented justice as the fairness of the interpersonal treatment that one receives at the hands of an authority figure during enactment of organizational processes and distribution of outcomes (Jafari et al., 2011). The interactional justice concept has been included as an interpersonal aspect of procedural justice. In 2007, Robbins and Judge resumed their findings and reinforced distributive, procedural, and interactional justice as the three different components of organizational justice.

In Ethiopia, performance appraisal system has many or multidimensional problems; there is no written policy about the performance appraisal system and the objective of performance appraisal & there is no standard set to which the performance appraisal result is to be compared with it. For instance, raters and the performance appraisal system itself are the major sources of problems in the appraisal process. In this respect, employees' contribution towards the problem is relatively low (Zelalem, 2007). Performance appraisal is done simply to fulfill formalities, and hence no subsequent action is taken after the evaluation is over. Moreover, respondents argued that there is not timely feedback, lack of transparency; inconsistency, inaccuracy, and subjectivity of the rating were identified to be the major sources of problems (Zelalem, 2007). This is supported by Chemeda (2012) suggested that employee reactions to performance appraisal systems are usually better indicators of the overall viability of a system than the more narrow psychometric indices such as leniency and halo.

As per the knowledge of the researchers, there is no empirical research conducted about the effect of fairness perception in performance appraisal on job satisfaction supported by formal and published research in this area initiated the researchers to conduct research in order to evaluate the effectiveness of the appraisal system in Ethiopian context. Belete, Tariku, & Assefa (2014), also recommended in their research study that it is important to investigate about the effect of fairness perception in performance appraisal on job satisfaction. This study is conducted with the aim to identify the effects of fairness perception in performance appraisal on job satisfaction, which is specifically conducted to address the problems faced by working individuals in ASTU because one of the factors that affect employees' job satisfaction is their fairness perception towards the performance appraisal practice of the institution. Therefore, ASTU can realize the current state of the employee job satisfaction and create strategies to improve job satisfaction.

#### **1.2. Statement of Problem**

Performance appraisals usually are utilized mainly for two main purposes; development and evaluation (Mejia, Balkin, & Cardy, 2012). Developmental uses are administered for identification of needs, giving feedback, determination of assignment and transfers, and pointing out employee's strength and weaknesses. Evaluative uses entail the identification of performance, promotion/demotion decisions, recognizing each worker's performance, wage management and retention or termination determinations.

In order for appraisal systems to be effective they need to be 'accepted and supported by its employees'. Prior studies reveal that employees' fairness perception in performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal (Ahmed et al., 2011). In much organization, the most serious issue in performance appraisal system is the perception of an employee about fairness in performance evaluation and performance review as according to Alwadaei, (2010); Kuvaas, (2007) the best way to evaluate the effectiveness of appraisal system is to analyze the responses of the employees in the organization.

The value of such an approach is reflected by recent findings that PA reactions impact on employee attitudes such as job satisfaction and organizational commitment. One employee reaction to PA that has been the focus of a number of studies is that of perceived fairness of the PA process. Therefore, intuitively, people will only be satisfied with a performance appraisal process if it fulfills the criteria of "fairness," which expressed by many researchers as organizational justice. In other words, the employees need a good and fair performance appraisal system to provide them with feedbacks regarding their job, leading to their job satisfaction, and generating an increased work performance (Suliman, 2007).

However, there are no research based evidences about the performance appraisal practices of ASTU. Besides, the observations of the researchers in ASTU, administrative staffs are heard complaining about the performance appraisal system of ASTU, but a due attention was not taken to examine the perception of employees toward the appraisal process as well as appraisers, and their reactions (positive or negative) to the appraisal. The problems with appraisals hinder their utility in the work place and sometimes impacts employee's attitude, reaction, behavior and performance in the work place negatively.

To this effect, this study seeks to fill these gaps and give feedback about the employees' fairness perception in performance appraisal practice being employed in the university and its effect on employee job satisfaction.

# 1.3. Objectives and Hypotheses of the Study

# 1.3.1 Objectives

The general objective of this study is to investigate the employees' fairness perception in the performance appraisal system and its effect on job satisfaction. The specific objectives of the study are:

- to assess the extent of perceived fairness of performance appraisal practice in ASTU.
- to assess the level of the employee's job satisfaction in associated with their fairness perception of the current performance appraisal system.
- to examine the extent to which employees' distributive fairness perception in performance appraisal related and predicting employee job satisfaction.

- to examine the extent to which employees' procedural fairness perception in performance appraisal related and predicting employee job satisfaction.
- to examine the extent to which employees' interactional fairness perception in performance appraisal related and predicting employee job satisfaction.
- to examine the fairness perception in performance appraisal among different demographic variables.

#### 1.3.2. Research Hypothesis

The following are the research hypothesis to be tested based on data to achieve the objective of the study: The overall and guiding objective of this research is to assess the effect of perceived performance appraisal fairness on job satisfaction.

- H<sub>1</sub>: The employees' extent of perceived fairness of performance appraisal practice is low.
- H<sub>2</sub>: The employees' level of job satisfaction is low.
- H<sub>3</sub>: Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.
- H<sub>4</sub>: Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee?
- H<sub>5</sub>: Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee?
- H<sub>6</sub>: There is difference on fairness perception in performance appraisal among demographic variables.

# Review of Concepts Overview of Performance Appraisal

Before defining performance appraisal one has to know what Performance management is, therefore according to Armstrong (2009), Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Performance appraisal (PA) is a continuous dialog process between subordinates and supervisors. Supervisor usually set expectations, monitors performance, and provide feedback to subordinates. Thus, it will direct and develop employee performance by identifying training and development needs, correcting problems, determine raises and promotions (Kaleem, Jabeen, & Twana, 2013).

Performance management is concerned with: aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies (Armstrong, 2009).

## 2.2 Performance Appraisal Fairness

There are a lot of employee perceptions on performance appraisal system that will affect the organizational performance. However, the employee's perception of fairness is the ultimate check for the success of the PA. In an article assessing the past, present, and future states of research on organizational justice (Greenberg, 1990) suggested that organizational justice research may potentially explain many organizational behavior outcome variables. Fullford, (2005) argued that the concept of organizational justice is a multi-dimensional construct that describes the role of fairness in an organizational context. Recent study claimed that the most influential component which makes the system effective and affect employee commitment and satisfaction is the fairness and trust of employees in the workplace and its system (Frank, Finnegan, & Taylor, 2004; Cook & Crossman, 2004; Suliman, 2007; Thamendren, 2011) as cited by Umair.et.al, (2016).

The components of PA fairness, distributive, procedural, and interactional fairness (Kaleem, et al, 2013; Paul, et al, 2010; Warokka, et al, 2012) as cited in (Umair et al., 2016). In the distributive, the fairness of the outcomes of a particular decision is the main consideration. Procedural fairness concerns with the fairness of the process that leads to the outcome. Interactional: the fairness of the interpersonal treatment that receives from authority figure during enactment of organizational processes and distribution of outcomes. Generally, organizational justice is overall perceptions of fairness in all organizational processes and practices are assumed to influence the behavior and work outcomes. It comprised of three different components which are distributive, procedural, and interactional justice (Robbins and Judge, 2007).

*Distributive justice:* Distributive justice refers to the perceived fairness of the outcomes that an individual receives from organization. Outcomes may be distributed on the basis of equality, need or contribution and individuals determine the fairness of distribution through comparison with others (Alsalem et al, 2007). A study by Moorman (1991), Distributive justice compares gaining presented by the organization to the employees with their

responsibilities within the organization, their level of expertise, effort and other contributions related with the work indicates that distributive justice describes the fairness of the outcomes and employee receives. Meanwhile, a study by Suliman (2007), distributive justice is concerned about employee satisfaction with their work outcomes which will lead to organizational effectiveness. Employee perceptions of distributive justice are based largely on comparison with others that are inevitable in the workplace. According to Fernandes and Awamleh (2006), distributive justice refers to the concerns expressed by employees with regard to the distribution of resources and outcomes.

**Procedural justice:** Procedural justice is the fairness of the procedures used to determine those outcomes (Moorman, 1991). According to the Fernandes and Awamleh (2006), these procedures should be consistent, bias free and take into account the concerns of all parties and be normally acceptable. Here, employee concern about whether the decision processes fair and process used to determine the outcome was just. Meanwhile according to Suliman (2007), perceptions of procedural justice have consistently been shown to affect variety of outcomes variables. According to Heslin and Walle, one defining element of procedural justice is providing individual with voice in making decisions that affect them. Further, they have proposed that fair procedures also include, where for instance, bias suppression rather than decisions based on perceptions, accuracy in terms of reflecting all variables and relevant information and correct ability in light of employee input. In addition, when looked in the context of performance appraisals, procedural justice pertains to the apparent fairness of the procedures by which an individual's performance is evaluated. Among the traditional principles of procedural justice are impartiality, voice or opportunity to be heard, and grounds for decisions (Bayles, 1990). Procedural issues such as neutrality of the process (Tyler and Lind, 1992).

*Interactional justice:* Interactional justice relates to the fairness of interpersonal communication relating to organizational procedures (Fernandas and Awamleh, 2006). It is concerned with how the information was communicated and whether individuals affected by a decision were treated with respect in a courteous and civil manner in other words being treated with respect and dignity. Whereas, Suliman (2007), stated that fairness is the one of the most important factors of work environment that influences manager employee relationships, employee relationships and organizational employee relationship. The employee's perceptions of fairness in the organization procedures and processes is assumed to influence his or her relationship with the organization, co- workers and managers, which in term affect his or her behavior and work outcomes. Cottringer (1999) argued that creating and managing fairness is important for work organization because it has an impact on employees' attitudes and performance.

#### 2.3 Job Satisfaction

Job satisfaction has been widely studied over the last four decades of organizational research. Job satisfaction has been defined and measured both as a global construct and as a concept with multiple dimensions or facets (Lund, 2003). Job satisfaction is critical to retaining and attracting well-qualified personnel. Job satisfaction is an attitude that people have about their jobs and the organizations in which they perform these jobs. An interesting job, any job providing learning opportunities, bringing responsibilities are all reasons for satisfaction (Sevimli and İscan, 2005). Job satisfaction is generally recognized as a multifaceted construct that includes employee feelings about a variety of both intrinsic and extrinsic job elements. It

encompasses specific aspects of satisfaction related to pay, benefits, promotion, work conditions, supervision, organizational practices and relationships with co-workers (Misener et al., 1996).

### 2.4. Job Satisfaction and Performance Appraisal System

Effective performance appraisal system is highly important for the survival of any organization and an ineffective system leads towards the organizational destruction and create dissatisfaction and confusion among employees whereas satisfaction with appraisal system brings overall job satisfaction and it is also positively relate with job satisfaction (Blau, 1999; Ellickson, 2002; Petition, Pettijohn, Taylor, & Keillor, 2001a; Pettijohn, Pettijohn, & d'Amico, 2001b; Kuvaas, 2006). Skarlicki and Folger (1997) argues that if employees feel that the system is biased, political, or irrelevant then the appraisal process can become a source of extreme dissatisfaction for them. So, when employees feel that they are not treated fairly then they react by changing their job attitudes (Vigoda, 2000). Levey and William (1998) there is a perceived knowledge in predicting appraisal reaction in terms of job satisfaction and organizational commitment. The conclusion on the studies was drawn as: The employees who believe they understand the appraisal systems used in the organization are most likely to favor important organizational variables in the future and also have the following characteristics: Despite the fact that the evaluations have benefits and they are very useful as a management tool in the workplace (Walsh, 2003), there are problems which distort its usefulness.

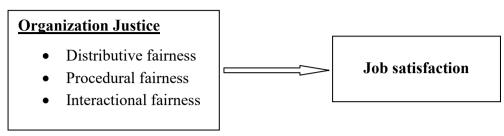


Figure 1: Conceptual framework of study from literature review

### 3. Research Methods

## 3.1Research Design

The researchers have employed causal and relational research design with which fairness was explained using the three components of organizational justice and the relationship between perception of performance appraisal fairness and employee job satisfaction was established. Moreover, the contribution of the components of organizational justices in performance appraisal towards job satisfaction was clearly examined. With the view to address its objectives, the study employs quantitative method.

In this quantitative research design the statistical methods that researchers have employed includes: *descriptive statistics*-to describe the situation and count the frequency of response and the mean and standard deviation of each variables, independent-samples t-test- to compare the mean scores of two different groups of people, *One-way ANOVA-* to compare the mean scores of three or more different groups, *correlation analysis*-to assess the relationship between variables of the study and *multiple regression analysis* –to assess the extent of influence of independent variables on dependent variables. After the required data were collected, it is analyzed by using statistical package for the social sciences (SPSS).

# 3.2. Sample Size and Sampling Techniques

The target population comprised permanent administrative staff of ASTU, with a total population of 1624; however, the eligible population of the study included all administrative staffs who have worked in the institution for at least two consecutive years. Out of the 1624 total permanent administrative employees of ASTU 1315 were considered as an illegible sample frame. In this research, the researchers employed simple random sampling, so as to give equal chance for target population.

## **3.3 The Research Instruments**

The approaches used to gather data a questionnaire was used to assess the perception of employees of ASTU. Essentially, there were two main variables, which were organizational justice, and job satisfaction. The independent variables for this study consist of three components of organizational justice, which are distributive fairness, procedural fairness and interactional fairness. Meanwhile, the dependent variable is job satisfaction. A pilot test was made (n=30) where Cranach's Alpha result was 0.821, which is acceptable.

# 3.3.1 Organizational Justice Scale (OJS)

The OJS developed by Moorman (1991) is an 18-item self-reported questionnaire. It measures three components of organizational justice: (a) distributive fairness (5 items) assess participants' perceptions regarding the fairness of performance appraisal outcomes, (b) procedural fairness (7 items) assess participants' perceptions regarding the fairness of performance appraisal procedures in the organization, and (c) interactional fairness (6 items) assess participants' perceptions regarding the fairness of treatment they receive from their supervisor. Participants were asked to respond on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

#### **3.3.2 Job satisfaction**

The second of the questionnaire measures the employees' job satisfaction. This section is adapted from Spector (1997), there are six items measures their attitudes toward job satisfaction. Participants were asked to respond on a 5point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

# 3.4 Model Specifications/Assumptions

The multiple linear regression analysis has assumptions to come up with estimates and inferences about the parameters of the population being studied. Thus, the three assumptions taken for this study include: normality, linearity, homoscedasticity and independence of residuals checked using residual diagnostic plots.

#### 4. Results and Discussion

#### 4.1 Characteristics of Respondents

Out of 297 questionnaires prepared and distributed, 275 questionnaires were collected back, 14 of them were excluded, 261 properly filled to evaluate employees' fairness perceptions towards the performance appraisal, and job satisfaction. The gender distribution is 133 (51%) of the respondents were male while the remaining 128 (49%) were female. Regarding to the age composition of the respondents, the largest number of the respondents 83 (31.8%) were in the age group of 26 to 35 years; the second largest group 67 (25.7) those aged between 36 to 45 years, while 58 (22.2%) indicated that they were in the age group of under 25 years. Moreover, educational level of the respondents exhibited 108 (41.1%) are in secondary education; 52(19.9%) with College diploma, and 48(18.4%) with first degree. Furthermore,

87(33.3%) and 81(31%) have worked from 6 to 7 years and 4 to 5 years in the University respectively while 70(26.8%) from 2 to 3 years.

## 4.2 Comparison of Dimensions of Fairness between Gender Groups

The above table indicates the relationship between gender and fairness in appraisal. perception dimensions performance Based on the independent sample T-test result above in Table 4.1, the findings indicate the significance level for the three fairness perception dimensions Levene's test is less than .05. This means that the assumption of equal variances has been violated; therefore, the assumption of equal variances is not assumed assumption was used to report t-value. Gender differences have been hypothesized to exist in the perceived importance of fairness issues. There was statistically significant difference the Sig. (2-tailed) value is .000 between genders on interactional fairness perception as determined by independent sample-test. However, there was no statistically significant difference on distributive fairness perception (Sig. (2-tailed) value is .980) and, procedural fairness perception (Sig. (2-tailed) value is .613). Females reported more agreement with interactional fairness (mean = 2.91) than males (mean = 2.59). Women have been shown to be more concerned with interactional issues. These differences in perceptions may become more critical as the workplace becomes more diverse.

Dimensions of Fairness	Respondent's Sex			Levene's Test for Equality of	Two Tailed
		Ν	Mean	Variances	Sig
Distributive Fairness	Female	133	2.9353	0.04	0.98
	Male	128	2.9375	-	
Procedural Fairness	Female	133	2.7669	0.04	0.61
	Male	128	2.7254	-	
Interactional Fairness	Female	133	2.9123	0.00	0.00
	Male	128	2.5898	-	

## **Table 1: Fairness Perception Dimensions between Genders**

Source: Own survey data (2016)

## 4.3 Comparison on Dimensions of Fairness among Educational Groups

Table 2 indicates the relationship among the educational levels and fairness perception dimensions in performance appraisal system. The table gives both between- groups and within-groups sums of squares, degrees of freedom, mean square, F-value, and Sig. value.

Fairness Dimensions	Groups	Sum of Squares	F	Sig.
Distributive	Between Groups	3.511		
Fairness	Within Groups	121.633	1.85	0.12
	Total	125.144	-	
Procedural	Between Groups	3.755		
Fairness	Within Groups	108.892	2.21	0.07
	Total	112.646	-	
Interactional	Between Groups	1.227		
Fairness	Within Groups	85.192	0.92	0.45
	Total	86.419	-	
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Source: Own survey data (2016)

Based on the one way ANOVA test result the Sig. value of all dependent variables for the five educational level group are greater than 0.05, then there is no a significant difference among the mean scores on the dependent variables for the five groups. Therefore, it can be concluded that educational level difference plays no role in measuring the level of fairness perception dimensions in ASTU.

Level of education of employees influences their perception of performance appraisal practice (Gurbuz & Dikmenli, 2007). However, the result of this study showed that there is no significant difference among level of education of employees. This might be due to existence of employees who undergo performance appraisal several times. Employees who had received more appraisals during their career, regardless of their education, accumulate valuable information, knowledge and experience about its process and purpose through the feedback system. This eventually helps reduce the anxiety of experienced employees who have low level education and might avoid the significant difference in level of perception.

## 4.4 Comparison of Fairness Dimensions among Work Experience Level

Table 3 indicates the relationship among work experience levels and fairness perception dimensions in performance appraisal system. The table gives both between- groups and within-groups sums of squares, degrees of freedom, mean square, F-value, and Sig. value.

Fairness	Groups	Sum of	F	Sig.
Dimensions	*	Square		C C
	Between Groups	13.668		
Distributive			7.85	0.00
Fairness	Within Groups	111.476		
	Total	125.144		
Procedural	Between Groups	4.669	2 77	0.02
Fairness	Within Groups	107.978	2.77	0.03
	Total	112.646		
Interactional	Between Groups	3.761	• • • •	0.02
Fairness	Within Groups	82.658	- 2.91	0.02
	Total	86.419		

# Table 3 : Group Comparison of Fairness Dimensions among Work Experience Level

Source: Own survey data (2016)

Based on the one way ANOVA test result the Sig. value of all dependent variables for the five work experience level groups are less than 0.05, therefore there is a significant difference among the mean scores on the dependent variables for the five groups. However, this does not tell which group is different from which other group. In order to identify where a significant difference among the mean scores on the dependent variables for the five groups on the dependent variables for the five group. In order to identify where a significant difference among the mean scores on the dependent variables for the five groups occurs it is necessary to conduct post-hoc test.

# 4.5. The extent of Perceived Fairness Dimensions of Performance Appraisal Practices in ASTU

In this part the descriptive analysis is performed to assess the fairness perceptions of the respondents with regard to the performance appraisal system. In doing so; the items for measurement of employee perception of performance appraisal fairness are summarized to achieve the first specific objective of this study. In this analysis the response for each specific statement are compared using the mean and standard deviation score. The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point liker scale response in to three by consolidating the strongly agree and agree response in to one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. disagree) and the neutral response is taken as it is. This explains the descriptive statistics on the data analysis and procedures are presented on the basis of the different variables included in the employees' fairness perceptions among dimensions of the independent variables of distributive, procedural and interactional. The measures of central tendency and dispersion for understanding or to achieve the first specific objective of the study i.e. the extent of employees' perception of fairness on their performance appraisal practices which the results obtained from the sample respondents descriptively with mean and standard deviation have shown in each dimension of the independent variables tables below.

**Survey scale:**1=strongly disagree, 2= disagree, 3=neutral, 4 = agree and 5=strongly agree.

**Response Category:** strongly disagree (1.50 or less), disagree (1.51-2.50), neutral (2.51-3.49), agree (3.50-4.49) and strongly agree (4.5 or greater).

According to Zedatol and Bagheri (2009) mean score 3.80 and above is consider high, 3.40-3.79 is moderate and 3.39 and below is low satisfaction. Therefore, the fairness perceptions of the performance appraisal practices in the study considered by the above thresholds.

In order to achieve the first objective of this study, four tables are arranged: Three tables each one deals with one dimension of the organizational justice: distributive, procedural, and interactional

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independently. The fourth table deals with the overall fairness perception in performance appraisal practices of ASTU.

Table 4.4 displays the means and standard deviations of the responses studied employees' attitudes toward distributive fairness in performance appraisal practices in the university. As shown in table 4.4, five items dealing with the overall distributive fairness perception in performance appraisal practices were included in the questionnaire.

#### Table 4: Perceived Level of Distributive Fairness in ASTU

Distributive Fairness Items	_	
Items used to measure distributive fairness in performance	Mean	Std. Dev.
appraisal		
Performance was fairly rated for the amount of effort	2.72	0.78
Performance was fairly rated for the work I have done well	3.16	0.92
Performance was fairly rated by considering my responsibilities	3.08	1.05
Performance was fairly rated in view of the amount of experience	3.00	0.88
Performance was fairly rated for the stresses and strains	2.73	0.78
Total	2.94	0.69

Source: Own survey data (2016)

The respondents had low level of distributive fairness perception in all items which ranged with mean from a maximum 3.16, i.e. 'Performance was fairly rated for the work I have done well' to minimum of 2.72 i.e. 'Performance was fairly rated for the amount of effort'. The overall response indicates that employee level of distributive fairness perceptions in performance appraisal practices has mean= 2.94 and SD= 0.634 to the five items of distributive fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.94 indicate that the distributive fairness perception in performance appraisal practices of the university is

low. The distributive construct has the lower standard deviation of 0.634, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

Moreover, the overall score of items on distributive fairness scale ranged between (mean score 2.72 to 3.16) which are classified into neither agree nor disagree response category of interpretive scale given above. This neutral response might implies that participating employees are faced with the challenge of determining what level of response from the study may indicate areas to make improvement in the form of workloads, work schedules, salary levels, bonuses, promotions or housing allowance.

According to Suliman (2007), distributive justice is concerned about employee satisfaction with their work outcomes which will lead to organizational effectiveness. Employee perceptions of distributive justice are based largely on comparison with others that are inevitable in the workplace. It is the individual within the organization who determines the fairness of the distribution through comparison with others. The employee is concerned about the equity aspect of justice, does the individual think they got what they deserve? In the form of workloads, work schedules, salary levels, bonuses, promotions or housing allowance. For example, coworkers may compare their salaries. If the comparison result is positive, they are likely to feel positive towards the system. However, if the result is negative, employee may sense that they are at an unfair disadvantage resulting to others. They may wish to challenge the system that has given rise to this state of affairs. Systems in which resources are distributed unfairly can become quite prone to disputes, mistrust, disrespect and other social problems.

Procedural Fairness Items		
Items used to measure the procedural fairness in performance appraisal	Mean	Std. Dev.
PAS is designed to collect accurate information for making appraisal ratings.	2.94	1.00
PAS is designed to provide opportunities to appeal or challenge the appraisal rating.	3.08	0.95
PAS is designed to have all sides affected by rating.	2.67	0.80
PAS is designed to generate standards so that appraisal rating made consistency.	2.67	0.81
PAS is designed to hear the concerns of all those affected by appraisal rating.	2.48	0.84
PAS is designed to provide useful feedback regarding the appraisal rating.	2.93	0.94
PAS is designed to allow for requests for clarification or information about appraisal	2.45	0.85
Total	2.75	0.66

Source: Own survey data (2016)

Table 5 reports respondents attitudes toward various issues included in perceptions of procedural fairness in performance appraisal practices of the university. As shown in the table, seven items dealing with the overall procedural fairness perception in performance appraisal practices were included in the questionnaire. The respondents had low level of procedural fairness perception in all items which ranged with mean from a maximum 3.08, i.e. 'PAS is designed to provide opportunities to appeal or challenge the appraisal rating.' to minimum of 2.45 i.e. 'PAS is designed to allow for requests for clarification or information about appraisal'. The overall response indicates that employee level of procedural fairness perceptions in performance appraisal practices has mean= 2.75 and SD= 0.658 to the seven items of procedural fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.75 indicate

that the procedural fairness perception in performance appraisal practices of the university is low. The procedural construct has low standard deviation of 0.658, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

According to the Fernandes and Awamleh (2006), these procedures should be consistent, bias free and take into account the concerns of all parties and be normally acceptable. Here, employee concern about whether the decision processes fair and process used to determine the outcome was just. Respondents have recorded neither agree nor disagree with 5-items out of 7-items of procedural justice scales, while they recorded disagree response for 2 - items of the scales. Since the results indicate no "agreement" with the perceptions of fairness, the participating employees are faced with the challenge of determining what level of response from the study may indicate areas of threat to either make improvement or avoid the weaknesses associated with the standards followed, methods and processes used for appraising performance of employees. For example, in the scale "Seeking Appeal" scale respondent didn't show their agreement and reported response "Neither Agree nor Disagree" with the item "PAS is designed to provide opportunities to appeal or challenge the appraisal rating." (mean=3.08) which shows that ratees' are unable to communicate their disagreement to supervisors regarding their appraisal ratings or they have never been asked to give views about their ratings. This procedural justice problem might exist due to absence of a very important part of PAS i.e. Performance Appraisal Review meeting between the supervisor and the subordinates. In which ratings are discussed by appraiser with appraise. Respondent recorded neither "Neither Agree nor Disagree" response, while reporting their response for items of the scale "Performance Feedback" i.e.

"PAS is designed to provide useful feedback regarding the appraisal rating."(mean=2.93). So there is possibility that in the years under review, performance of subordinates might not be checked by supervisor regularly. If, this is the case then subordinates do not know how they are performing, and it also creates problem for them to improve performance in case of any shortcomings or weaknesses. Therefore, it is necessary for supervisors to tell subordinates regularly about how they are working so that they can improve in case of any weakness.

Similarly in the scale "Clarification or Information" respondent recorded response "Disagree" for item "PAS is designed to allow for requests for clarification or information about appraisal" (mean=2.45). This shows that the diary keeping for recoding important performance events is not in practice, as respondent recorded disagree response for this item. But in the rules of PAS given in booklet "A Guide to Performance Evaluation" it is clearly mentioned that supervisor should keep "Katcha register" to record important events of subordinate's performance during the appraisal period. This diary keeping has been recommended by Greenberg (1986b as cited by Ikramullah et al., 2011).

Items used to measure interactional fairness in performance appraisal	Mean	Std. Dev.
Supervisor treated me with kindness and consideration.	2.72	0.73
Supervisor showed concern for my rights as an employee.	3.00	0.95
Supervisor took steps to deal with me in a truthful manner.	2.69	0.77
Supervisor was able to suppress personal biases.	2.52	0.80
Supervisor provided me with timely feedback about the ratings and its implications.	2.87	0.73
Supervisor considers my viewpoint.	2.73	0.78
Total	2.75	0.58

#### **Table 6: Perceived Level of Interactional Fairness**

**Source**: Own survey data (2016)

As showed in table 6 the means and standard deviations studied of employees' attitudes towards the behavior of their supervisors. As shown in table, six items dealing with the overall interactional fairness perception in performance appraisal practices were included in the questionnaire. The respondents had low level of interactional fairness perception in all items which ranged with mean from a maximum 3.00, i.e. 'Supervisor showed concern for my rights as an employee' to minimum of 2.52 i.e. 'Supervisor was able to suppress personal biases'. The overall response indicates that employee level of interactional fairness perceptions in performance appraisal practices has mean = 2.75 and SD = 0.58 to the six items of interactional fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.75 indicate that the interactional fairness perception in performance appraisal practices of the university is low. The interactional construct has the lowest standard deviation of 0.58, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

According to Cohen-Charash and Spector (2001) interactional justice highlights the justice perception related with the communication established between the employees and the managers distributing the resources. In accordance with this dimension of organizational justice, performance of the communication process between the source of justice and the receiver on the basis of kindness, respect and honesty is important. The important issue in terms of interactional justice is the perceptions related with the quality of inter-personal behaviors encountered during application of processes.

Respondents have recorded score of items on interactional fairness scale ranged between (mean score 2.52 to 3.00) which are classified into neither agree nor disagree response category of interpretive scale given above. Since the results indicate no "agreement" with the perceptions of fairness, the participating organizations are faced with the challenge of determining what level of response from the study may indicate areas of improvement with the fairness perceptions related with the quality of inter-personal behaviors encountered during application of processes. Quality of interpersonal behaviors includes various actions displaying social sensitivity, such as when supervisors treat employees with respect and dignity, when they are sensitive to their personal needs, when they deal with them in a truthful manner, and when they discuss the implications with them while making decisions about performance appraisal practices.

Research has shown that an employee's perception of trust and the supervisor's ability to treat employees with courtesy and respect are strong determinants to perceptions of interpersonal fairness (Tyler & Bies, 1990).

Variables	N	Т	Sig. (2- tailed)	Mean	Std. Dev.	Std. Error Mean
Distributive Fairness	261	68.38	0.00	2.94	0.70	0.043
Informational Fairness	261	67.41	0.00	2.75	0.66	0.041
Interactional Fairness	261	77.18	0.00	2.75	0.58	0.036
Fairness Perceptions of Performance Appraisal	261	80.74	0.00	2.81	0.56	0.035

 Table 7: Extent of Employees' Fairness Perceptions of Performance

 Appraisal Practices

In the above table 4.7 the measures of central tendency and dispersion for understanding or to answer the first specific objective of the study i.e. the extent of employees' perception of fairness on their performance appraisal practices which the results obtained from the sample respondents descriptively with one sample t-test. The sample respondents indicated that the extent of perception of fairness (distributive, procedural, interactional) with the average mean (M=2.936, SD=0.6937; M=2.747, SD=0.6582; M=2.754, SD=0.576) respectively that currently having low response category (no opinion) as perceived by the sample respondents on their performance appraisal practices.

In general, the employees' perceptions of fairness found to be as the dissatisfaction on the performance appraisal practices with the total average mean (M=2.8124) having low response category (disagree) as perceived by the sample respondents on their performance appraisal practices, according to Zedatol and Bagheri (2009) mean score 3.80 and above is high, 3.40-3.79 is moderate and below 3.39 is low satisfaction. Each of the fairness perception dimensions has low standard deviation, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

Among the empirical findings on employee's fairness perception in performance appraisal, Belete et al.(2014) the overall fairness perception mean is low M=2.47 and SD=0.869.and Warokka et al. (2012) The overall fairness perception mean is moderate M=3.52 and SD= 0.782. Thus, from the above two empirical findings one of the empirical finding support the finding of this study. Whereas, this study finding implies that there is low level of fairness perception in performance appraisal practices.

According to (Maaniemi & Hakonen, 2011) and Awosanya & Ademola (2012) studies have proposed rules that managers should follow in order to promote fairness in performance appraisal. Thus; from this finding it can be generalized that, the respondents are dissatisfied concerning with the current practice of ASTU appraisal system: regularity in performance feedback, consideration of employees' point of view, bias-suppression, consistency, timely feedback about decision outcomes, supervisors' truthfulness in communications with employees, polite and courtesy treatment of employees, sufficient justification for an outcome decision, supervisor knowledge about work performance standards, the existence of appeal process, continuous opportunity to the employees to show their positive or feelings about performance appraisal review and mutual negative understanding, and effective communication between supervisors and subordinates in setting new performance goals are remarked areas of dissatisfaction are the good indicators and the root causes for employees' negative perception regarding to the performance appraisal practice of their organization. In turn, it might have its own impact on the employees' job satisfaction.

#### 4.6 The Level of the Employee's Job Satisfaction in relation to the Perceived Fairness of the current Performance Appraisal System.

In order to understand the current job satisfaction of employees of ASTU, six items related to overall job satisfaction of employees were included in the questionnaire. The respondents had low level of job satisfaction in all items which ranged with mean from a maximum 3.13, i.e. 'I am satisfied with the working condition' to minimum of 2.51 i.e. 'I am satisfied with the way my supervisor handles employees'.

		Std.
Items used to measure the level of Job Satisfaction	Mean	Dev.
In general, I am satisfied with this Job.	2.69	0.80
I am satisfied with the working condition.	3.13	0.96
I am satisfied with the personal relationship between my supervisor and his/her employees.	2.70	0.84
I am satisfied with the opportunities for promotion and professional growth.	2.73	0.81
I am satisfied with the way my pay compares with that for similar jobs in other organizations.	2.87	0.76
I am satisfied with the way my supervisor handles employees.	2.51	0.98
Total	2.77	0.63

### **Table 8: Perceived Level of Job Satisfaction**

Source: Own survey data (2016)

As it is shown in table 4.8 above, the overall response indicates that employee level of job satisfaction has mean= 2.77 and SD= .628 to the six items of job satisfaction. Based on Zaidatol (2008) mean score specification, the mean score= 2.77 indicate that the job satisfaction of employees of ASTU is low. The job satisfaction construct has low standard deviation, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

Among the conceptual review finding on employee's level of Job Satisfaction (Jeanmarie, 2008; Alwadaei, 2010) and (Thomas & Bretz, 1994) as cited by Warroka et al. (2012). If performance appraisals are perceived as unfair, therefore, the benefits of performance appraisals can diminish rather than enhance employee's positive attitudes and performance. Specifically, the perceptions of unfairness can adversely affect employee's organizational commitment, job satisfaction, trust in management, performance as well as

their work-related stress, organization citizenship behavior, theft, and inclination to litigate against their employer.

## 4.7 The Effects of Employees' Perception of Performance Appraisal Fairness on Job Satisfaction

In this part the correlation analysis is performed to identify if relation exist between components of perceived fairness in performance appraisal and job satisfaction. This correlation analysis is used as preliminary test. If the assumptions of the multiple linear regression analysis models fulfilled, subsequent analysis would be performed. Correlation refers to synonym for association or the relationship between variables and it measures the degree to which two sets of data are related. Higher correlation value indicates stronger relationship between both sets of data. When the correlation is 1or-1, a perfectly linear positive or negative relationship exists; when the correlation is 0, there is no relationship between the two sets of data (Vignaswaran, 2005).

Inter-correlations coefficients (r) were calculated by using the Pearson's Product Moment. According to Cohen (1998), the correlation coefficient (r) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation. As shown in the conceptual framework of this study, to test the relationship between employees' perception of performance appraisal fairness and job satisfaction, the following correlation analysis is performed.

To test the research hypothesis 3, 4, and 5, and achieve the specific objectives 3, 4, and 5 the result of the correlation is analyzed to show the strength of the association between the variables involved and to indicate

the direction and the significance level of the relationship between these variables.

- H3: Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.
- H4: Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.
- H5: Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

Variables	Variables			
	CDJ	СРЈ	CIJ	CJS
CDJ	1			
СРЈ	$0.78^{**}$	1		
CIJ	0.58**	0.56**	1	
CJS	0.65**	0.66**	0.66**	1

**Table 9: Pearson Correlation among Variables** 

\*\* Correlation is significant at 0.01 level (2-tailed) Source: Survey data (2016)

Table 9 presents the inter-correlations among the variables being explored. The correlation analysis has been done to analyze the relationship of each variable with all the other variables under study at 5% significance level. From the analysis, it is noted that the distributive(r=.645, P. value =.000), procedural(r=.662, P. value = 0.00), and interactional(r=.656, P. value =.000) fairness about performance appraisal practice is positively and strongly correlated with employees job satisfaction.

Based on the above preliminary test results, the assumptions of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below. Basically, regression analysis was carried out in order to test the effect of independent variables on dependent variable. Thus, this (multiple regression) analysis is performed to address the research hypothesis 3, 4, and 5 that is, to find out whether the employees perception of performance appraisal fairness has a significant impact on employees job satisfaction or not.

To assess the effect of perceptions of performance appraisal fairness on employees' job satisfaction, multiple regression analysis has been carried out. The result of the regression model showed that the value of the regression coefficient R- square = 0.57 and adjusted R- square = 0.56 and significance level of P<0.01 indicates that the model is significant at p<0.01. Thus, the aggregated effect of employees' perception of performance appraisal fairness on employees' job satisfaction is explained by the value of the R square, which indicates that 56.9% of employee job satisfaction in ASTU is accounted specifically by their perception of performance appraisal fairness. The variables jointly explained the variation in the dependent variable (F value of 113.14 and p<0.01).

To compare the different variables it is important that to look at the standardized coefficients of the model in table 10. The beta value for the predictor variable employees' perception of performance appraisal fairness (distributive fairness) is 0.195 at t-value of 2.86 and the p-value of .005, (procedural fairness) is .298 at t-value of 4.425 and p-value of 0.00, and (interactional justice) is .376 at t - value of 7.31 and the p-value of .000 indicate the model is significant at p<0.01. In this study the largest beta coefficient is .376, which is for distributive fairness. This means that this

variable makes the strongest unique contribution to explaining the employee job satisfaction, when the variance explained by all other variables in the model is controlled for. The Beta value for procedural fairness is slightly lower (0.298), indicating that it made next strong contribution. The Beta value for distributive fairness was the lowest (0.195), indicating that it made the lowest contribution.

	Unstander	dized Coefficient	Standardized Coefficient	t	
Variables	В	Std. Error			
Constant	0.35	0.14		2.55***	
CDJ	0.18	0.06	0.19	2.86***	
СРЈ	0.28	0.06	0.29	4.43***	
CIJ	0.41	0.06	0.38	7.31***	

 Table 10: Estimation Results of the Effects of Perceived Fairness on Job

 Satisfaction (JSP)

\* Significant at p<0.01

#### Source: Own survey data (2016)

The unstandardized coefficient of distributive fairness (B= 0.18) implies the level of employee job satisfaction is increase by 17.6 % if their perception of interactional fairness in performance appraisal increases by one, the unstandardized coefficient of procedural fairness (B=0.28) implies the level of job satisfaction increase by 28.4 % if their perception of procedural fairness in performance appraisal increase by one, and the unstandardized coefficient of interactional fairness (B= 0.41) implies the level of employee job satisfaction is increase by 40.9 % if their perception of interactional fairness in performance approach the level of interactional fairness by 40.9 % if their perception of interactional fairness in performance increases by one.

Regarding to the above analysis the empirical findings of previous study include, the study by Umair et al. (2016) conduct a study that investigated

the perceived fairness in performance appraisal system and its effect on job satisfaction of an employee. Overall, the findings of multiple regression analysis shows a significant relationship between Job satisfaction and three constructs of perceived fairness in performance appraisal system the R square value shows that 74.9% variation in the job satisfaction is explained by the significant constructs of perceived fairness in performance appraisal system. Based on a sample of 133 employees of multinational companies in Malaysia, employees' performance appraisal experience was identified. "Fairness of PA Process" (P<0.01) can be considered as good predictors for job satisfaction. Thus, the finding of this study (R- square = 0.57) is supported by the finding of the above two previous studies of Umair et al (2016) and Adnan et al (2010).

#### 5. Conclusion and Recommendation

#### 5.1 Conclusion

The primary objective of this study was to assess the influence of perception of performance appraisal fairness on employee job satisfaction; because performance appraisal has been an issue of major concern with its long lasting impacts on the employees' job satisfaction which in turn, leads to the organizational performance. The study has been successful in accomplishing its six research objectives and it makes contributions to the literature. Thus, based on the finding of the study the following conclusions are drawn.

This research explored the significance of employees' fairness perception about the performance appraisal and it also analyzed how job satisfaction can be increased by fairness of organizational justice perceptions among the employees of an organization. An overall perception of respondents shows a below average rating towards distributive justice, procedural justice and interactional justice, which means most of the employees have unfair perception about the performance appraisal practice of the University.

To put it in a more specific way employees of ASTU perceive that the appraisal system exists in the university is not fair enough in terms of procedures, outcome received on the basis of performance and treat of top management with the employees. This in turn, has made their job satisfaction to be low. Overall the findings of the study indicated that perceived fairness in appraisal system has effect the job satisfaction of an employee in ASTU.

Moreover, the value of the regression coefficient R-square=.569 and adjusted R-square =.564 and significance level of P=.000 indicates that the model is significant at p<.001, 2 -tailed. Thus, the aggregated effect of employees' perception of performance appraisal fairness on employees' job satisfaction is explained by the value of the R square, which indicates that 56.9% of employee job satisfaction in ASTU is accounted specifically by their perception of performance appraisal fairness. Furthermore, the beta value for the predictor variable employees' perception of performance appraisal fairness (distributive fairness) is .195 at t-value of 2.862 and the p-value of .005, (procedural fairness) is .298 at t-value of 4.425 and p-value of .000, and (interactional justice) is .376 at t - value of 7.311 and the p-value of .000 indicate the model is significant at p<.001. This implies that all alternative hypotheses are accepted.

Subsequently, the research findings indicated that there will be more increased job satisfaction in ASTU, if the employees feel and perceive it fair and accurate. Researchers also asserted that acceptance of appraisal system in terms of fairness and accuracy of the system among employees is the main source of providing job satisfaction to the employee (Gary, 2003; Elverfeldt, 2005). Moreover, job satisfaction of an employee brings

effectiveness and efficiency in the work and ultimately contributes or has a great impact to the University performance. Therefore, this study is believed to be an awakening bell to the University.

### 5.2 Recommendation

According to the findings obtained on the basis of their importance and priority, the following suggestions are recommended to enhance fairness perception in performance appraisal system and job satisfaction of the employees: The three factors of justice determined that appraises' perceive the system fair i.e. procedurally, distributively, and interactionally fair. The university under study has below average level in all dimensions of organizational justice. The human resource management of the institution should create organizational climate that enhance positive perception among employees more than ever. This requires institutionalizing distributive, procedural and interactional justice in the university.

#### For implementing distributive justice:

Supervisors should try to use a good performance appraisal system which is derived from an appropriate job description, for this purpose, one should first analyze the job in a scientific manner, and then output in the institution should be distributed to the employees with their responsibilities within the organization, their level of expertise, effort and other contributions related with the work.

#### For implementing procedural justice:

- There should be clarity and transparency in institutional guidelines and procedures.
- Open communication should be encouraged so that the employees who are affected by the performance appraisal

procedure should be able to freely express their views and feelings.

- Performance appraisal procedures should be so designed so that employees affected by them must have the ability to appeal if they disagree with the results.
- Regular feedback should be encouraged so as to ensure employees with a voice of their own in the university.
- Implementation of performance appraisal procedures must be consistent and unbiased.
- ASTU must have a formal written standard of performance appraisal procedures that are consistently complied with; thereby emanating a perception of the university is fair and does not play 'favorites' or 'politics' while making decisions.

# For implementing interactional justice

Since our culture is collectivist, paying attention to interactional justice has the upmost importance. Training of supervisors with regard to the sensitivity with which the employee should be treated, fairness when conducting evaluations in unbiased and ethical way is a key to improving interactional fairness amongst employees in the university.

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