Abstract

The purpose of performance appraisal (PA) is to improve the contribution of employees into the achievement of organizational objectives. However, appraisers and appraisees do not respond favourably to a performance appraisal system unless they find it equitable. In practice, the PA has not always helped achieving the desired results. The employee’s perception of the PA plays a determinant role in the success of the PA system as they are willing to voluntarily engage in the pursuit of performance. The perception of fairness towards the PA is a crucial for achieving employee’s satisfaction. The PA can be used to improve the level of job satisfaction. Many authors consider trust critical in the relationship supervisor-employee. And through a trust relationship towards the supervisor that employee’s satisfaction with the PAS can be cultivated. The first objective of our research is to determine the importance of the relation between the perception of performance appraisal and job satisfaction. Second, our research examines the impact of trust towards supervisors on the relation between the perceived performance appraisal effectiveness and job satisfaction. The proposal was supported by results from a survey of Bank employees using measures of PA perception, job satisfaction and trust towards supervisor.

Keywords: Performance appraisal, Trust, Job satisfaction

1. Introduction

The goal of performance appraisal (PA) is to improve employees’ contribution to organizational goals and work performance.

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The appraisal is also designed to support and improve employee development and eliminate performance barriers (Dusterhoff, Cunningham & MacGregor, 2014). It helps employers and employees to define, communicate and revise expectations, goals and progression in the achievement of strategic goals (Bacal, 2004); however, appraisers and appraisees only respond favorably to a PA system when they deem it fair and equitable (Brown & Benson, 2005). The reaction of employees affected by a company’s performance appraisal system is considered one of the main criteria to evaluate the relevance of this system (Boachie-Mensah & Seidou, 2012; Levy & Williams, 2004; Keeping & Levy, 2000). The PA system cannot be deemed efficient if employees do not see the use of it and its fair and equitable nature (Keeping & Levy, 2000). Jawahar (2007) notes that the efficiency of a PA system depends not only on the validity and reliability of the performance appraisal measures but also on the employees’ reaction. Yet, the question of employees’ reaction to the performance appraisal has been given little attention (Kuvaasa, 2011). In regards to the results of other research work, Aleassa (2014) reports that the impact of HR practices on the behavior and attitudes of employees depends on the employees’ perceptions and evaluation of these practices. A reaction that is earning interest among researchers is the employees’ assessment of the PA (Keeping & Levy, 2000).

Employee satisfaction with the PA plays an essential role in their long-term efficiency. A negative reaction toward the PA can ruin the entire PA system even if it was built meticulously (Cardy & Dobbins, 1994; Murphy & Cleveland, 1995, in Aleassa, 2014). Research conducted in Great Britain shows that 80% of employees are dissatisfied with their PA system (Cook & Crossman, 2004, in Aleassa, 2014). Only 10% of employees say that their organization’s formal PA system helps them improve their performance (Pulakos, 2004, in DeNisi & Pritchard, 2006). A study conducted among approximately 50,000 respondents showed that only 13% of managers and employees and 6% of CEO’s think that their performance management system is sufficient (Posthuma and Campion, 2008, in Dusterhoff, Cunningham & MacGregor, 2014). If employees see the PA system as unfair, they are less likely to use the feedback from the appraisal to improve their performance. What is more, the reaction of appraisees is a better indicator of the overall efficiency of the PA system than its psychometric properties (Cawley, Keeping, & Levy, 1998). Pettijohn & al. (2001) note that a performance appraisal system that is perceived as equitable can improve employees’ organizational commitment. It can even improve the job satisfaction level of employees, they add.
If well conducted, the PA can guide and encourage employees to develop their skills and focus on their performance in their efforts to achieve organizational priorities and objectives (Lawler, 1994).

Efficient implementation of the performance appraisal process can help the organization in various ways. This process offers the advantage of identifying the employees’ skill level and serving the employees’ development needs and career ambitions (Khan, 2013). First, this research tries to determine the relationship between the perception of the PA and job satisfaction. Second, we examine the role of trust between the employee and his supervisor in this relationship. In other words, a positive perception of the PA system should be linked to a proper application of this system, which, in most cases, is done by the immediate supervisor. It should all help to increase the employee’s job satisfaction. The answer to this question will help to enrich the literature on the PA experience as lived by employees and its impacts on their satisfaction. It will also help organizations to better understand the crucial role of trust in relationships between supervisors and their subordinates.

2. Literature

2.1 Performance Appraisal Perception (PAP)

According to the theory of organizational justice, the efficiency of the PA system depends on the perception of justice linked to it (Warokka & al., 2012). Perception is the process through which individuals organize and interpret their sensory impressions to give meaning to their environment (Robbins and Judge, 2007, in Warokka & al., 2012). Perception varies from one person to another since everyone behaves and reads into the system differently. Perception can be influenced by other factors linked to the nature of the person himself (attitudes, personality, motives, interests, past experience and expectations). Many studies revealed that the perception of equality, where the PA is concerned, is a significant factor in the acceptance of the PA and the satisfaction it generates (Ahmed & al., 2013). A good perception of the PA system will create a positive work atmosphere while a negative perception will create problems that will affect performance. These perceptions depend on the supervisor’s actions and the quality of his interactions with his subordinates. Many companies use the PA process as a simple formality while it could potentially be used to provide feedback to employees.
Shen (2004, in Warokka & al., 2012) reported a lack of transparency and feedback in the performance appraisal process, which creates perception problems toward the performance appraisal system. The latter can become a source of dissatisfaction if it is perceived as unfair, political or useless (Keeping & Levy, 2000).

A consensus emerged among researchers and practitioners that the success of the PA program is extremely important to encourage the development of employees and stimulate their work motivation, reports Kuvaas (2011). Keeping and Levy (2000) argue that the reaction of appraisees is probably the best criterion to use to evaluate a performance assessment system. They note that this system would be inefficient if appraisees did not see it as fair, useful and equitable. The perception of errors and bias of appraisers and the reactions of appraisees and appraisers to the PA system in place are among the efficiency measures of the PA (Keeping & Levy, 2000). In general, the appraisees and appraisers respond favorably to a PA system that is seen as fair and equitable (Brown & Benson, 2005).

2.2 Performance Appraisal Perception and Job Satisfaction

In literature, job satisfaction can take on various meanings. For example, Beer (1964) defined job satisfaction as the workers’ attitude toward the organization, their job and their work colleagues and according to other psychological aspects related to the work situation. Ivancevich and Donnelly (1968) consider job satisfaction to be the workers’ favorable perception of their role at work at a given time. For Dawis and Lofquist (1984), job satisfaction results from the correspondence between the incentives provided by the employer and the employee’s needs.

According to Smith, Kendall and Hulin (1969), job satisfaction refers to the feelings that the worker has toward his job. Portigal (1976, p. 53) defines satisfaction as being “something felt by an individual in reference to a specific state of affairs”. This specific something drives the individual’s perceptions and appraisals according to his own (but shared) value system and can bring about many feelings in response to what is perceived and esteemed. Locke (1976) deems that job satisfaction affects work quality as it offers positive emotional stimulation, resulting from the pleasure felt in the work atmosphere. For many researchers (Weiss 2002; Greenberg and Baron 2008), job satisfaction describes a person’s positive or negative attitude toward his job and work atmosphere.
Among satisfied employees, this appraisal is rather favorable based on the employees’ observations and emotional experiences. In fact, job satisfaction is a set of attitudes toward certain specific work aspects (Robbin and Judge, 2007). According to Nye & Witt (1993, in Khan, 2013), employees’ perception of an unhealthy work atmosphere (such as an inequitable PA) is negatively correlated with job satisfaction. As such, employees’ perception of the way in which the PA program was implemented plays a significant role in job satisfaction.

Satisfaction toward the appraisal was the most measured response, according to Dusterhoff, Cunningham & MacGregor (2014). These authors distinguish two forms of satisfaction: one linked to the appraisal session and one linked to the appraisal system and its perceived use. The PA is seen as a key part of a strategic management approach, offering a tool that links employee skills and behaviors to the organization’s strategic goals. To play this strategic role however, employees must perceive the program positively and be satisfied with its overall use (Dusterhoff, Cunningham & MacGregor, 2014). Brown, Hyatt & Benson (2010) note that the dissatisfaction and disagreement with the PA program are linked to increasing work dissatisfaction, organizational commitment and the intention to resign. This allows us to assume that there is a link between the perception of the PA system and job satisfaction.

Hypothesis 1: positive perception of the performance appraisal has a positive impact on employees’ job satisfaction.

2.3 Trust in the Supervisor

The PA seeks to improve performance from individuals, groups, teams and the entire company. Ideally, an efficient PA process should provide enough information to managers for them to know what to do to ensure the desired performance on behalf of employees (Armstrong & Baron, 2004, in Khan, 2013). Employees are usually appraised by their immediate supervisor. The quality of relationships between these employees and their supervisors can help to reinforce the perception they have of the PA system given that the appraisal is conducted by the appraiser (supervisor). In HRM practices, the PA system stems from a multi-step program.
The authors (for example Ste-Onge & al., 2013) specifically emphasize the following steps: process planning (identification of responsibilities, appraisal period, criteria or indicators,...); monitoring (advising, motivating and supporting employees so that they can contribute to the achievement of company goals); appraisal exercise (forms, interviews, ...); consequences (rewards, skills development, punishments....). These steps include regular and continuous interactions between employees and supervisors, which has a significant impact on the assessment of the entire appraisal process. Reactions to the PA are very important for the efficiency of the PA appraisal in literature.

Many studies are dedicated to these reactions (Kuvaas, 2011; Cawley & al., 1998; Jawahar, 2007; Keeping & Levy, 2000; Levy & Williams, 2004); however, the focus was rarely on the nature of the role that the supervisor plays in the whole performance appraisal process. The supervisor’s presence throughout all of the appraisal process steps makes him a key player in the process. His role affects the perceptions that employees have of the appraisal practice. It is important to note that even though the supervisor does not control all of the appraisal process steps, especially the one linked to consequences (given that the rewards are usually determined outside of the supervisor’s prerogatives), the relationship of trust with employees promotes a positive perception of the performance appraisal. A positive relationship with the supervisor reinforces acceptance of the PA process (Elicker et al., 2006). Managers must maintain a close relationship with their employees to foster a positive image and thus avoid a negative perception of the PA system (Khan, 2013). Many researchers and managers wonder if the PA is worthwhile given the difficulties that stem from its use. Conflicts, sometimes long-lasting, occur between employees and their supervisors (Lawler, 1994). Employees are often dissatisfied and reject the results of their appraisal (Elicker et al., 2006). The feedback often fails to change the employees’ work habits and does not help to improve performance and motivation and does not serve as a guide for employee development (Keeping & Levy, 2000). The PA was discredited by certain employees because it is a top-down administrative operation. It is also considered a bureaucratic system that can become a source of stress and conflicts leading to a loss of confidence within the department and team, notes (Khan, 2013).

Employees and supervisors generally have ambivalent attitudes regarding the PA and its perceived benefits (Cederblom & Pemerl, 2002, in Cintron & Flaniken, 2011).
Nichols (2007) argues that the PA takes up a lot of time and energy and can create frustration that can undermine the teamwork and climate of trust. Lack of communication, very variable appraisal standards and personal biases and values that replace organization standards, etc. are all factors mentioned by researchers to explain these deviations. In reference to other research work, Jawahar (2007) notes that supervisors play a crucial role in the success or failure of the performance appraisal system. In this regard, Boachie-Mensah & Seidou (2012) argue that trust is a key factor in the management of the supervisor-employee relationship. Trust includes expectations that the parties with an ethical sense and involved in the relationship demonstrate by treating the other equitably (Pichler, 2012).

Mayer, Davis, and Schoorman (1995) define trust as: « the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other part » (p. 712). This definition includes the concept of vulnerability and being vulnerable implies that there is something of importance to be lost. Trust is not taking risk per se, but rather it is a willingness to take risk (Mayer, Davis, and Schoorman, 1995). If appraisees have little trust toward their supervisors, they will not be as receptive to their feedback (Boachie-Mensah, 2012). Trust issues can limit the efficiency of PA systems (Levy & Williams, 2004; Dirks & Ferrin, 2001; Hedge & Teachout, 2000). Mani’s study (2002) stipulates that the level of trust toward supervisors is important in determining the level of satisfaction toward the performance appraisal. This trust can also render the PA system equitable in its perception but also efficient in its use. Hubbell and Chory-Assad (2005) report that when there is a lack of organizational trust, subordinates display less job satisfaction (Driscoll, 1978) and start to adopt behaviors that ultimately affect their performance. Elicker et al. (2006) argue that a positive employee-supervisor relationship can generate better acceptance of the PA and greater job satisfaction. Based on the above, we suppose that the level of trust toward the supervisor will allow employees to consolidate the impact of the perception they have of the PA on their job satisfaction.

H2: trust in the supervisor moderates the relationship between the perception of performance appraisal and job satisfaction.
3. Research Method

A questionnaire was distributed to employees of a large Canadian bank. Fifteen of the bank’s branches as well as its head office agreed to participate in the study. The questionnaire came with a letter explaining the subject matter to employees and asking them to participate in the study. To preserve the anonymity of participants, the questionnaire was posted online with no employee identification. With an overall headcount of approximately 888, we received 478 valid responses, which represents a 65.1% response rate.

4. Measures

The study’s measurement tools were all taken from literature. For performance appraisal perception, we translated and adapted the instrument of Thurston and McNall (2010). To measure job satisfaction, we chose to use the Minnesota Satisfaction Questionnaire developed by Weiss & al. (1977). This questionnaire is widely used in research work because of its psychometric qualities. We opted for the short version of this questionnaire to facilitate its administration to employees. To measure the level of trust toward supervisors, we were inspired by the Hubbell and Chory-Assad (2005) scale measuring both the level of trust toward supervisors and the organization. Two variables were chosen to measure the level of trust toward supervisors. A Lickert-type scale from 1 to 5 (1: very dissatisfied and 5: very satisfied) was used.

5. Results

Table 1 presents the averages, standard deviations, reliability coefficients and correlations between the three variables studied (performance appraisal, satisfaction and trust toward supervisors). Before testing our hypotheses, we conducted a series of confirmatory factor analyses (CFAs) with LISREL (8) to verify the structure of the variables mobilized for this research. Using the “maximum likelihood” function estimate, we compared the adjustment of the structural model with three factors (M3F: one factor per variable) to “nested models” with only one factor (M1F: one single factor combining all three variables). The results of these analyses help us to draw two conclusions.
First, at the 1% threshold, there are major differences between the 3-factor model (M3F) and the single-factor nested model (M1F) ($\Delta ch^2/\Delta ddl = 581.65/3; \varphi<0.001$). Also, the 3-factor model (M3F) is superior to the single-factor model (M1F) in that it presents better adjustment indices ($\chi^2[87]=552.19; \varphi<0.001; CFI=0.85; RMSEA=0.09; SRMR=0.07$). Consequently, the 3-factor model (M3F) does not present any redundant variables; this model will be used for subsequent analyses.

Table 1: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Moy.</th>
<th>Ecart-type</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PAP</td>
<td>3.84</td>
<td>0.88</td>
<td>(0,843)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>SUP trust</td>
<td>4.10</td>
<td>0.87</td>
<td>.514**</td>
<td>(0,778)</td>
</tr>
<tr>
<td>3</td>
<td>Satisfaction</td>
<td>4.05</td>
<td>0.65</td>
<td>.412**</td>
<td>.598**</td>
</tr>
</tbody>
</table>

Independent variables: (1) PAP; (2) Sup trust; dependent variable: (3) satisfaction; Cronbach's alpha are on the diagonal. ** p ≤ .01

Table 2: Adjustment Indicators

<table>
<thead>
<tr>
<th></th>
<th>Ch2</th>
<th>ddl</th>
<th>CFI</th>
<th>RMSEA</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mod1 : 1 facteur</td>
<td>1133.84</td>
<td>90</td>
<td>0.67</td>
<td>0.14</td>
<td>0.09</td>
</tr>
<tr>
<td>Mod3 : 3 facteurs</td>
<td>552.19</td>
<td>87</td>
<td>0.85</td>
<td>0.09</td>
<td>0.07</td>
</tr>
<tr>
<td>Mod3 vs Mod1</td>
<td>$\Delta ch^2 = 581.65$</td>
<td>$\Delta ddl = 3$ (sig)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

5.1 Characteristic of the Sample

The main demographic characteristics of the respondents are as follows: for the most part, approximately half of employees are between 26 and 45 years old (48.7%). The proportion of youth (18-25 years old) does not exceed 5%, while the proportion of 46-55 year olds represents approximately 37.9%. 80.4% of respondents are women and 19.6% are men. 43.9% of employees have a university education while 56.1% have a high school or college diploma. As for seniority within the company, 24% of respondents have less than 5 years of service, 21% have between 6 and 15 years of seniority and 38.4% have been 15 and 30 years. Finally, 13.3% of employees hold supervisory positions and 86.7% of employees do not supervise others.
5.2 Link between Variables

We tested the correlations between the study's three variables before analyzing the regression. The "perception of the performance appraisal" and trust toward supervisors" variables are significantly correlated (0.586). Table 3 summarizes the results of the regression analysis to test the link between the perception of the performance appraisal, trust toward supervisors and job satisfaction.

In conformance with our prediction, this table reports that the link between the perception of the PA and job satisfaction is positive and significant (β₁ = .199, p < .01, t = 4.253). Hypothesis H1 is thus supported. Also, the link between the “trust toward supervisors” and “job satisfaction” variables is positive and significant. The greater the trust toward supervisors among employees, the greater their work satisfaction (β₂ = .545, p < .01, t = 4.253). Finally, the interaction between the “trust toward supervisors” and the “perception of the performance appraisal” variables has a positive and significant interaction with the employees’ job satisfaction (β₃ = .126, p < .01, t = 11.007). Hypothesis H2 is thus supported. The significant link between the perception of the PA and job satisfaction is thus consolidated by the trust employees have toward their supervisors. Finally, it is important to mention that the perception of the performance appraisal, trust toward supervisors and their interaction accounts for approximately 43% of employees’ job satisfaction (see Table 4).

**Tableau 3 : Coefficients**

<table>
<thead>
<tr>
<th>Modèle</th>
<th>Non-standardised coefficients</th>
<th>Standardised coefficients</th>
<th>t</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>Erreur standard</td>
<td>Bêta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constante)</td>
<td>4.116</td>
<td>.022</td>
<td>190,642</td>
</tr>
<tr>
<td></td>
<td>Zscore(PAP)</td>
<td>.111</td>
<td>.026</td>
<td>4,253</td>
</tr>
<tr>
<td></td>
<td>Zscore(trust)</td>
<td>.305</td>
<td>.028</td>
<td>11,007</td>
</tr>
<tr>
<td></td>
<td>Mod2M</td>
<td>.053</td>
<td>.016</td>
<td>3.418</td>
</tr>
</tbody>
</table>

*a. Variable dépendante : satisfaction*
6. Discussion

This study was meant to confirm the existence of a positive and significant relationship between the perception of the PA, and employees' job satisfaction in keeping with the research work conducted by several authors.

This research also highlighted the role of the supervisor, the main actor in the PA process, and often the only appraiser in this process. The relationship of trust that characterizes the employee-supervisor (appraisee-appraiser) relationship can greatly support the efficiency of the PA. We were able to confirm this in the second hypothesis as the trust toward supervisors reinforced the link between the positive perception of the performance appraisal and employees' job satisfaction. The authors highlighted the poor results of PA practices despite the energy and investments they mobilize and the quality of the instruments they use. This research focuses on the role of the key actor in the PA system to improve job satisfaction. Employees' perception of the latter is consolidated when employees trust their supervisors. This is why it is so important to take into account the practical aspects of HR management programs, in this case of the PA system. As practical implications, it is important to invest considerable amounts in the design of a PAS and its various instruments, but its efficiency will greatly depend on those who implement it.

Supervisors often have the difficult task of implementing policies and programs adopted by organizations. This research shows the importance of the quality of relationships that supervisors build with their employees to ensure the successful and efficient implementation of these programs. The culture of trust not only helps to reinforce the relationship between employees' perception and job satisfaction, but also allows the PA to support organizational goals. Is this not the main objective of the PA? Satisfied employees are more devoted to and motivated by their work and are more likely to increase their performance and contribute to the achievement of organizational goals. Trust toward supervisors then becomes crucial to neutralize what Cintron & Flaniken (2012) called ambivalent attitudes that employees and supervisors adopt toward the PA and its perceived benefits.
Trust can also address issues causing the PAS to drift, namely the lack of communication, variability of appraisal standards or personal biases. These issues, often raised in research work, are sources of frustration and can only serve to generate work dissatisfaction.

7. Limitations and Future Research Work

Despite the number of respondents who participated in this research, the research was only conducted in one business sector (financial services) and only used one appraisal tool (by the supervisor).

Business sectors can change the dynamics of the employee-supervisor relationship and thus affect the scope of our results. Similarly, in organizations in which the PA system plans on using two or more appraisal sources (multi-source or 360-degree appraisal), will the employees’ trust toward supervisors have the same impact as the one supported by this research? There will certainly be other influential factors, but seeing as though most PASs call on the judgment of supervisors to appraise employee performance, the scope of our results is reinforced. Moreover, regarding the age, education level and experience of employees, Gurbuz and Dikmenli (2007) state that younger or less experienced employees are more anxious toward the PA. Also, older and more experienced employees are more familiar with the PA process and so their anxiety is reduced with each new appraisal. Their perceptions of the PAS will obviously differ from those of younger employees. Those are variables that future research work could integrate to identify their impact in the relationships tested in this research. The status of employees and their hierarchical position can also impact the employees’ perception of the PAS (permanent employee vs. temporary employee or employee with no supervisory position vs. supervisory position).

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