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**RESEARCH ARTICLE**

## Role of Performance Appraisal Justice on Employee Performance: Mediating Role of Work Engagement

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### ABSTRACT

Human resource management cannot ignore performance appraisal as a managerial tool often used to enhance organizational sustainability. Nevertheless, it will make an organization's performance appraisal work and be effective in enhancing the performance of employees only if these employees consider it fair. Therefore, aligning with the perspective of social exchange theory, we proposed a model to explore the influence of performance appraisal justice on employee job performance through work engagement. Survey data from 157 employees in the education department were analyzed using multiple regression. Findings show that the work engagement of employees is significantly affected by the performance appraisal justice of the employees. Also, work engagement was found to have partially mediated the relationship between PA justice and their job performance. Thus, the conclusions drawn in this work equate to the idea that when employees recognize justice in the organizational performance appraisals, they will invest more effort and energy into their work assignments, which, in return, will enhance organizational job performance. The limitations and implications for future research and practice are also discussed.

### KEYWORDS

Performance appraisal justice, work engagement, employee job performance, social exchange theory.

### ARTICLE INFORMATION

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### 1. Introduction

Performance appraisal is the most strategic component of human resource management because it is used as a tool in today's management systems of organizations to motivate workers (Dangol, 2021). Performance appraisal could possibly have a significant effect on the actualization of an organization's performance targets. As has been established earlier, many previous scholars have provided evidential proof of how enhancing employee job performance is proximately linked with organizational performance (Ju, 2021; Lee, 2019). Numerous researches explored the interacting factors affecting employee job performance; the aspect of human resource management practice (for instance, performance appraisal) has gradually emerged as the center of research focus (Meijerink, 2021; Gogsido, 2024). Particularly, the performance appraisal is a tool that may influence the employee attitude and behavior directly by changing their job satisfaction level, organizational commitment, turnover intentions, and well-being levels. However, the employees are more likely to accept the results of the PA if they were made to see the fact that the performance appraisal of any organization is fair. The thinking that the general structure of the appraisal remedies is relatively easy when employees consider that bias is the performance appraisal of the standards they hold. This implies that acceptance of a performance appraisal and its result depends on the perception that the employees have towards performance appraisal justice because this balance influences their future behaviour in work.

PA justice was the extent to which workers in a profit organization thought their organization had been fair during the performance appraisal period from the whole process and results of system use. (Pauzi, 2023; Iqbal, 2019). Studies have confirmed the

organization members on the satisfaction with performance appraisal, system, and process and how well feedback has certain reliability and validity and improves part of their beliefs; they also indirectly affect a part of psychological security, self-esteem, organizational commitment, and group status. Employees will want to feel that the PA of an organization is fair, so they try to keep their job performance high because they are more likely to reward their organization. They would also go ahead and make the defects in the quality of their work, which will ultimately boost their work performance (Lee, 2019). Hence, based on employees.

Social exchange theory postulates that when a party perceives himself to be treated fairly by another party, such as an organization, the former will exhibit more positive behavior towards the latter. Performance appraisal justice as a concept is likely to boost work engagement as a positive working state for employees (Micacchi, 2023). When the employees understand the organization's performance appraisal as being fair, they will be more motivated and have a higher interest in their work, implying that work engagement will be higher. In this case, the employees consider themselves capable of addressing different issues that they encounter in their workplace so as to complete their tasks within the shortest time possible, hence showcasing high levels of performance in their duties (Ju, 2021). Therefore, the second research question of the present study is what role work engagement plays in the link between PA justice and employee job performance.

In combination, the present study works to construct and then use the validated model to talk about the impact. Research on the effects of performance appraisal justice on employee job performance. Using social exchange theory, the present study adds work engagement as a mediator for the purpose of examining the internal mechanism linking performance appraisal justice to performance on the job.

## **2. Literature Review**

### **2.1 Performance Appraisal Justice (PA)**

PA justice may be defined as a level of employees' perceptions of the extent to which they have been treated fairly in relation to the system, process, and outcome of performance appraisal of the organization during the specified PA period. At its core, it is the employee's belief, with respect to a certain organizational context, as to the fairness of the performance appraisal system. Several prior research has argued that it is the employee's perception of PA justice that defines their acceptance of the PA process as well as the potential consequences of the said appraisal (Dangol, 2021). For instance, Keeping and Levy (2000) stated that performance appraisal justice has become the most important factor in the density of the proportion of the performance of performance management within an organization for a very long period. It is not only due to their reported high sense of justice but also because the performance appraisal results have direct organisational reward implications in terms of differences in the carrots and sticks, including promotions. Moreover, Schleicher et al. (2019) noted that the perception of employees on PA justice would naturally influence their work attitudes and behaviors.

### **2.2. Performance Appraisal Justice and Job Performance**

For a considerable period, performance research has remained central to HRM and studies of organizational behavior. Employee job performance is defined as the activities of people at work and the steps they take in executing their daily tasks to meet organizational objectives; these are critical to propelling the entire sustainable economy. They are, in fact, a target-related, behavioural entity that can be measured and is, in effect, a multi-dimensional one. From the preceding literature, it is clear that employee job performance depends on employee characteristics and surroundings. The research on Own characteristics mainly focuses on the different effects of personality characteristics, motivation, and ability of employees towards their performance. Most of those studies focusing on external situational factors primarily concern the effects of both organizational and operational context on employees' performance at the workplace. For instance, Robbins and DeNisi (1994) proposed a model of the determinants of employees' performance derived from individual and organizational contexts. Other authors also highlighted that perceived organizational justice (in distributive, procedural, and interactive ways) positively affects the employees' job performance, as confirmed by Swalhi et al. (2017). As in their study, the present study infers that performance appraisal justice as a type of organisational justice for PA has the possibility to improve the employees' job performance. According to equity theory, when employees do not see a fair exchange where they are getting commensurate returns for what they are contributing, they will not put in much effort. In other words, if employees believe the organization has been fair towards them, they will reciprocate with positive work attitude and behavior at the workplace. On the other hand, employees are likely to develop negative attitudes and behave in a manner that will address issues of parity violation. Several earlier research works have also substantiated that organizational performance appraisals based on the employees' perception of distributive justice, procedural justice, informational justice, and interpersonal justice did affect positive work-related attitudes and behavior (Micacchi, 2023). Besides, according to Roberts (2003), performance can be further viewed as a rather multifaceted and debatable human resource approach that is linked to the creation of an organisational climate. If the administration has a fair PA system in an organization, it fosters an environment of full care, trust, support, and understanding. Employees in organizations with such an environment are likely to be more productive and exhibit higher performance at their workplaces. Therefore, we propose the following hypothesis.

### **2.3 Work Engagement**

Kahn (1990) first used work engagement as meaning "The individual's psychological presence or involvement in the tasks in their daily work". As cited by W. Schaufeli (2012), work engagement can be described as the "state in which employees invest themselves into work, and it refers to a positive orientation towards work and a tireless state characterized by vigor, dedication, and absorption" (p. 74). Engagement is defined as vigour, which entails concentration and mental strength on assigned tasks, as well as the desire to tackle challenges at the workplace. Commitment is related to the work and includes such feelings as devotion, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully occupied and happy while doing a particular job, and one can easily realize that time is not long enough to be separated from the work. Since then, with the advent of positive psychology and with work engagement being a positive attitude towards work, it has slowly but progressively become a new trend research topic in the fields of psychology, HRM, and OB.

Kahn (1990) and W. Schaufeli (2012) have also confirmed that the work engagement of individuals depends on the organisational justice they receive from the external situation. Some researchers also supported the idea that the work engagement level of employees is predicted by organizational justice perceptions. However, it can be said that as one of the elements of organizational justice, performance appraisal justice can be regarded as the focal and the most concrete manifestation and, to some extent, the reflection of organizational justice in terms of the specific aspect of PA within an organization (Dangol, 2021). In the case where the employees have the impression that the organization's performance appraisal reflection is fair, then the employees' engagement will be excellent. Besides, it should be stated that employees' perception of organizational fairness based on the principle of reciprocity means they will be more positive in the given organization to work because they think that if they perform well, the company will recognize their efforts (Ju, 2021). That is, if punished or rewarded fairly in organizational performance appraisal, the reaction of the employees will be reflected in work engagement. Thus, the notion of performance appraisal justice held by employees will enhance their work engagement to a very high level.

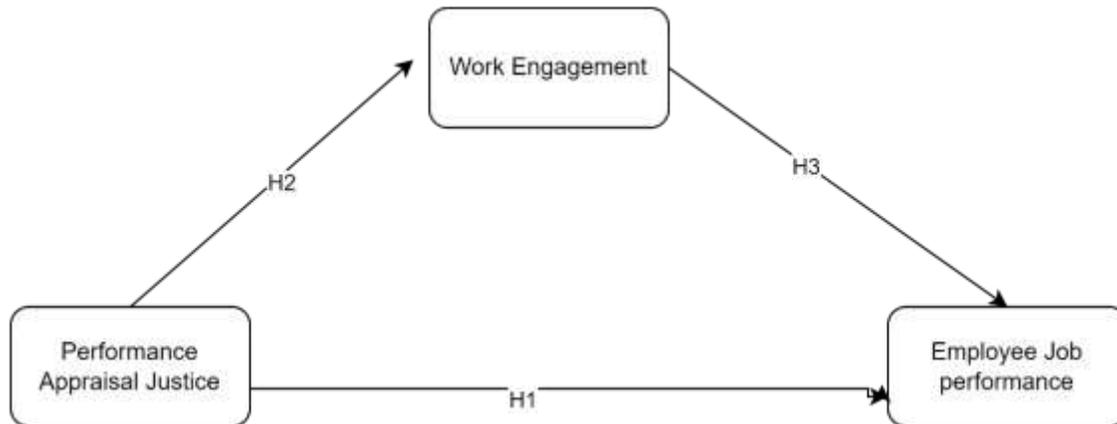
Hypothesis 2: Performance appraisal justice is positively related to work engagement.

Hypothesis 3: Work engagement is positively related to employee job performance

### **2.4 Mediating Role of Work Engagement**

Numerous empirical research papers in the last decade have established that work engagement plays a moderate role in mediating between work performance and its antecedent variables. Therefore, based on the findings of the aforementioned studies in relation to PA justice, work engagement, and job performance of the present research, it could be posited that work engagement would mediate the relationship between PA justice and job performance. In particular, employees' performance appraisal justice brings them more concern and enthusiasm in organizations and encourages them to pay more attention to their own jobs, devote themselves to accomplishing work and realizing the performance objectives, thus attaining better organizational performance. Besides, the social exchange theory postulates that people respond more positively when they get positive treatment from their counterparts, and it holds that when employees of an organization feel that the organization is giving them a raw deal, they will not reciprocate positively. Since performance appraisal inspires feelings of satisfaction among the employees, one can perceive that the organization has recognized his/her previous efforts. This feeling of recognition enhances their work morale and makes them more willing to contribute to the goals of an organization, thus improving their performance. In relation to the above analysis, the authors deduce that work engagement is the variable through which work performance appraisal justice impacts job performance. On the basis of the above literature, we proposed the hypothesis as:

Hypothesis 4: Work engagement mediates the relationship between performance appraisal justice and employee job performance



### 3. Methodology

#### 3.1 Research Design

This study utilizes a quantitative research design to investigate the impact of performance appraisal on employee job performance moderated by work engagement. The quantitative technique is applied when the study aims to test existing theories (Shahid et al., 2020). A structured questionnaire was distributed to employees in the education department to collect primary data, specifically focusing on administrative staff in public board offices.

##### 3.1.1 Time Horizon

The current study is one time or cross-sectional, and the research data have been collected from the targeted population in one shot. As such, we can say that the study is cross-sectional and not a longitudinal one.

#### 3.2 Data Collection Techniques

Primary data was collected through a structured questionnaire distributed among the target population (see Aslam et al., 2022; Aslam et al., 2018). The questionnaire included items measuring talent management, employee retention, organizational performance, and workplace safety. The Scale used here is a 5-point Likert scale, i.e., Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree. The total of items in the questionnaire is 34. Talent Management is measured using an 11-item scale. Employee Retention is measured using a 4-item scale. Organizational Performance is measured using a 13-item scale, and Workplace Safety is measured using a 6-item scale.

#### 3.3 Sample and Sampling Techniques

The sample size of this study was 157 respondents. The sample size was selected as per Roscoe's (1975) "rule of thumb," which defines the sample size as greater than 30 and less than 500. The researcher used a non-probability technique to collect data as each element was selected from the population, which is not known, so the researcher used a Convenience non probability sampling technique for collection of data from potential 250 respondents in Pakistan.

#### 3.4 Measures

Performance appraisal justice: The 17-item scale revised by (Gupta, 2012) was used to measure employees' perception of performance appraisal justice in the present study.

Work engagement: For the measurement of employee's work engagement, the present study used the nine-item scale developed and verified by (Schaufeli, 2006)

Job performance: For the measurement of employees' job performance, the present study used the four-item scale developed by Van Dyne and LePine (1998).

### 4. Analysis

#### 4.1 Demographic Statistics

The demographic statistics show that the study's sample is a male majority. Most of the respondents are single and between the ages of 31 and 40. The majority of them have been for six to ten years on average experience. These demographic characteristics provide a helpful foundation for assessing the study's findings.

**4.1.1 Measurement Model:**

**4.1.1.1 Reliability analysis**

Performance Appraisal Justice:

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.922	.925	17

Work Engagement:

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.774	.785	7

Employee Job Performance:

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.840	.836	4

**4.2 Validity**

**4.2.1 Hypothesis Testing**

Hypothesis1: Performance appraisal justice and employee job performance

**Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.55	.30	.20		1.02

- a. Predictors: (Constant), PJ
- b. Dependent variable: EP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60.23	1	66.712	57.90	.000
	Residual	140.52	156	1.43		
	Total	200.75	157			

- a. Dependent Variable: EP
- b. Predictors: (Constant), PJ

Hypothesis 2: Performance appraisal justice and Work engagement

**Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.62	.38	.37		0.88

- a. Predictors: (Constant), PJ
- b. Dependent variable: WE

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.43	1	55.43	71.42	.000
	Residual	90.12	156	0.92		
	Total	145.75	157			

- a. Dependent Variable: WE
- b. Predictors: (Constant), PJ

H3: Work engagement is positively related to employee job performance

**Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.65	.42	.41		0.89

- a. Predictors: (Constant), WE
- c. Dependent variable: EP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.01	1	64.01	80.82	.000
	Residual	89.34	155	0.89		
	Total	153.35	156			

- a. Dependent Variable: EP
- b. Predictors: (Constant), WE

**5. Discussion**

Most prior studies have supported the idea that enhancing the performance of employees is a major challenge that organizations must undertake to accomplish development objectives. In view of the performance management system, the present study mainly sought to establish whether issues related to performance appraisal justice impact the job performance of the employees. On the other hand, the present study added work engagement as a mediator to the examination of performance appraisal justice and employee job performance, following the social exchange theory. To achieve this consistency, three hypotheses were developed in order to elaborate on how Performance Appraisal Justice, Work Engagement, and Job Performance are related.

The results confirmed a positive relationship between employees' perceptions of performance appraisal justice, work engagement, and job performance. One possible reason for these results may be that when employees feel they are being treated fairly by the organization, they reward the organization with positive work attitudes and behaviors (Awan et al., 2020). Besides, the ultimate purpose of organizational performance appraisal is to help employees identify their strengths and weaknesses through the appraisal results (Dangol, 2021), improve their working ability, and finally promote their job performance. In doing so, employees'

perception of performance appraisal justice as a specific form of organizational justice (Rubin & Edwards, 2020; Zacher et al., 2010) is also positively related to their job performance. To our knowledge, the present study is the first research to explore the direct relationship between performance appraisal justice and employee job performance, which further enriches the research on the influencing factors of job performance.

These findings provided evidence for the hypothesized posited between performance appraisal justice, work engagement, and job performance. There could be several reasons why these results were received; for instance, Often, when an employee perceives the organization as fair treatment, the employee repays this sentiment by developing positive work attitudes and behaviors toward the organization (Awan, 2020). On a final note, the critical goal of organizational performance appraisal is to enable the individual to discover his or her areas of success and failure based on appraisal results. In doing so, it is worth noting that performance appraisal justice – as one of the categories of organizational justice (Dangol, 2021)– is also positively connected with job performance among employees. With regard to the primary findings of our study, we found a direct positive relationship between PA justice and job performance, thus extending the knowledge of antecedents of job performance.

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