The [Un]fairness of Performance Evaluation in Pakistani Civil Bureaucracy: Factors Influencing the Perceived Fairness of Performance Appraisal System in Federal Civil Services of Pakistan

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ABSTRACT

Managing the performance of civil servants is critical as they are responsible for providing public services and promoting public welfare. One way of understanding the effectiveness of a Performance Appraisal System is to measure it against the reactions of the employees. These reactions have shown to be positively related with the overall outcome of performance appraisal. ‘Perception of Fairness’ is one such reaction and this study attempts to explore and discuss different factors that are associated with such fairness perceptions.

Using a Mixed Methods approach, quantitative and qualitative data were collected through a survey that investigated the perceptions about six different factors (Performance Appraisal Instrument Design, Performance Appraisal Process, Uses of Performance Appraisal, Organizational Politics, Employees Attitudes towards Performance Appraisal and Ratee-Rater...
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Relationship) and the Fairness of Performance Appraisal System. Responses from 130 civil service officers from BPS 17-19 were analyzed. The empirical findings confirmed that the factors were significantly associated with the perceptions of fairness while the qualitative responses helped identify major issues in the current Performance Appraisal System in the Federal Civil Services of Pakistan.

Keywords: Performance Appraisal System (PAS), Civil Bureaucracy, Fairness Perceptions, Performance Measurement, Public Sector Performance

Introduction

Public sector around the globe is undergoing extensive reforms to address the new challenges posed by the recent socio-political trends (Makinson, 2000). This owes largely to introducing NPM reforms while centering on Performance Measurement and Management Systems (Turc et al, 2016). Different studies that analyzed the current trends in the governments around the globe in the context of NPM, found out that it is the most popular impression that everyone is engaged in some kind of Performance Appraisal with increased focus on effectiveness and performance (Moynihan, 2008; Fryer et al., 2009; Bogt et al., 2015; Hood & Dixon, 2015). However, the studies show mixed results on the outcomes of the use of Performance Appraisal and highlight few issues.

One issue relates to the fact that contemporary reforms in many countries have forced this new found focus on Performance oriented culture upon the public sectors without preparing its grounds (UN, 2003). This has resulted in maltreatment of this concept at the hands of both institutions and individuals. Ohemeng and Owusu (2011) suggest that a successful implementation of any such system needs thorough preparations in terms of facing and addressing numerous challenges and issues that might surface at various levels in the structure and philosophy of a public sector.

Another issue arises while deciding what ‘Performance’ should mean in the public sector. If Performance Appraisal is the measure of the effectiveness of a job performed by an employee, it becomes even more complicated in the context of public sector where public service is the end product and there is no one way to assess its effectiveness as it must incorporate the associating
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costs, outputs and outcomes (Reichard & Bals, 2002). In such a case, it is a challenge to produce results using Performance Management tools that are both appropriate and manageable (Mayne & Zapico-Goni, 1997). Where it might work in theory, practice may present a completely different picture. To study what works and what doesn’t, one has to take a closer look at how things are ‘perceived’ at an individual level before an inquiry about the functioning of ideas can be put in gear.

Many studies have determined that ‘acceptance’ of Performance Appraisal is the most crucial step in the implementation of a successful Performance Appraisal System (PAS) (Cropanzano et al., 2007; Folger and Greenberg, 1985; Gilliland, 1994; Salleh et al., 2013). These studies suggest that employees that perceive that the system delivers positively and justifiably, have stronger feelings of ‘fairness’ and are more likely to ‘accept’ a PAS. This is also associated with employee ‘satisfaction’ with the PAS which is another mark to strive for when trying to produce results at both individual and organizational levels (Greenberg, 1986).

Since PAS does not work in isolation, many factors can be interlinked with its functioning in the public sector. In order for it to be effective, it must be evolved in lines with the other related management practices (Holmes & Shand, 1995; Ledin & Machin, 2016). This brings forth the risks of treating the Performance Appraisal as an end in itself and not as a means to improve the performance of the public managers so that improved services can reach the general public (Gianakis, 2002).

Studies suggest that perceptions of fairness are responsible for developing a strong relationship between improved performance and productivity based on the results of a PAS (Kavanagh et al., 2007; Evans and McShane, 1988; Cawley et al., 1998). The positive perceptions about the factors that affect the perceptions of fairness of PAS are critical in determining the effectiveness and acceptance of the PAS which also result in positive outcomes at both individual and organizational levels (Jawahar, 2007). The purpose of this study was to understand how these factors influence the perceptions of fairness and based on that information, make recommendations to help solve the problems in the current system. The following objectives were expected to be achieved as the end result of this study.

- Identify and explore the factors that influence the Performance Appraisal System (PAS) in the Federal Civil Services of Pakistan (FCSP).
- Evaluate the responses of Federal Civil Servants regarding the perceived fairness of PAS.
Highlight the strengths and weaknesses of the PAS based on the responses of the target audience.

Make recommendations for improvements in PAS in the FCSP.

Propose actionable solutions for the development of a Performance Management Framework for the FCSP based on the detailed comments of the target audience.

Research Questions

In the light of the objectives mentioned above, the following research questions were investigated in this study.

1. What is the existing system of Performance Appraisal in the Federal Civil Services of Pakistan (FCSP)?
2. What are the different factors that influence the fairness perceptions of Performance Appraisal System (PAS) in the officers of Federal Civil Services of Pakistan (FCSP) from BPS 17-19?
3. What are the different strengths and weaknesses of the current PAS as per the opinions of the officers from the target population?

Literature Review

Defining Performance Appraisal

Performance Appraisal is both the most crucial and the most controversial aspect of any organization (Meyer & Gupta, 1994). Andrews (2009) defined Performance Appraisal as the process of planning, analyzing and recording information about relative and gradual performance of employees within the organization. Performance Appraisal system focuses on measuring and improving current performance of employees and identifying potential employees for future (Nurse, 2005). On the other hand, other literature stream defines a Performance Appraisal as the system of identification, measurement, and management of employee performance within organizations that also provides further feedback to senior managers and employees about performance levels (Gomez-Mejia, 2007).
Andrews (2009) suggests that Performance Appraisal is the significant component of organizational life because number of relative functions is included such as resolving performance problems, setting performance goals, managing rewards and processes and dismissal of employees. Moreover, it is also regarded as an important management tool for calibrating, refining and rewarding employee performance. In this way, Performance Appraisal system helps employees to assess and review their performance, achievements and evaluate their role and contributions towards the attainment of organizational goals.

**Contextual Performance Appraisal**

The rationale behind measuring performance comes from the need to assess and analyze the performance of employees in order to ensure that it positively impacts the overall performance of the organization. Klinger et al. (2010) chalk out four main objectives that a PAS must achieve. a) Development of mutually agreed upon objectives that put both employees and management at the same level of understanding of those objectives. b) Making sure that the Performance Appraisal is both technically and financially feasible. c) Designing proper distribution of both tangible and intangible rewards based on the performance of employees. And d) Ensuring that the system in place entertains the possibility of developing an insightful management that leads to enhancement of the employees’ satisfaction, commitment and job productivity. Martin and Bartol (1998) outline that an effective Performance Appraisal framework must attain success in three aspects:

- Linking performance appraisal activity to employee development
- Training the stakeholders involved in accordance with their roles in the measuring of performance and then monitoring the whole process to ensure effectiveness
- Using the performance information to help individuals and teams to improve performance

Further endorsing the points mentioned above, another study by Boice and Kleiner (1997) discusses the fact that all productive PAS must have some things in common; the linking of the appraisal system with the aims set out by the organization, clearly specifying job roles, training of the raters in a way that they are motivated to provide with accurate information in a performance appraisal and meeting deadlines pertaining to the execution of the appraisal. PAS
are responsible for teaching staff how human resources must be managed for performance and results within the context of an organization (Jorm et al., 1996). The importance of social, cultural and political environment within which an organization performs cannot be overemphasized. Designing of Performance Appraisal Systems keeping in view these factors have better chances of being effective (Levy and Williams, 2004, Fletcher and Perry, 2001).

**Performance Appraisal in Public Sector**

However, as it works in the private sector, measuring performance and using objectives to do so is not all that simple when it comes to public sector. Governments will always have to keep changing their definitions of what needs to be measured and how it can be measured keeping in the views of all the stakeholders involved (Atkinson and McCrindell, 1997). Logically, performance measurement in public sector has to be much more than mere meeting of the targets. It must be about ‘accountability’ above all. This purpose fails when too many performance measures are used that are limited in their scopes and understanding (Broadbent, 1995; Sinclair, 1995 and Guthrie and English, 1997).

In the race to achieve the best results in public sector, public organizations have experimented with many tools designed for and used in the private sector. In these neo-market systems, the nature of the public setups demands to bring together the user of the service and the provider of the service (Bringall & Modell, 2000). Practical in designs, these setups usually fail to deliver results in most cases. One of the major reasons for that is the identification and definition of performance indicators. In public sector, this becomes a tedious task as the scope of many an indicators become difficult to grasp and hence impossible to measure. Some case studies conducted by Randor and McGuire (2004) suggest that for this very reason, private sector tools may not bring effectiveness and productivity in public sector organizations.

**Perceived Fairness of PAS**

The reaction of employees to a Performance Appraisal is crucial in establishing its effectiveness. Any Performance Appraisal that is both accepted and supported by the employees is an ‘effective’ appraisal and is more likely to result in positive outcomes (Cawley, Keeping & Levy, 1998). Gauging employee reactions in relation to the Performance Appraisal has attracted much
attention from the scholars in the past. These reactions are thought to affect the validity and reliability of any performance evaluation activity and hence have a significant influence on other factors including employee satisfaction, turn over, organizational commitment etc. (Murphy & Cleaveland, 1995)

One such employee reaction is the ‘perception of fairness of Performance Appraisal’. It is apt to make a distinction between the concepts of ‘Justice’ and ‘Fairness’. Goldman and Cropanzano (2015) argue that while Justice is sticking to a certain agreed upon rules of conduct, Fairness is an individual’s moral evaluation of such. This topic has been of interest in many studies (Fulk, Brief and Barr, 1985; Bernardin and Beatty, 1984; Taylor et al, 1995; Evans and McShane, 1988; Latham and Wexley, 1994; Cropanzano and Greenberg, 1997; Gabris and Ihrki, 2001; Boyd and Kyle, 2004). If employees perceive their Performance Appraisal as ‘fair’, it can be a deciding factor in labeling an organizations’ performance evaluation of their employees as a success (Gilliland and Langdon, 1998). The roots of ‘perceptions of fairness’ lie in Adam’s ‘Equity Theory’ that proposes that employees view their work in the organization in relation to the outcomes of their jobs and this comparison serves as the basis for their perceptions of fairness (Adams, 1965 ). However, this only deals with the outcomes (ratings) of the evaluation process. Literature shows that employees’ perceptions of fairness also come from factors other than the rating (Lawler, 1967). Recent findings (Kavanagh, Benson, and Brown, 2007; Ochoti et al., 2012) point out that there are very few studies that focus on different factors that have an impact on the perceived fairness of the PA process. They believe that this area of study is undervalued for any range of factors that can be improved or manipulated to enhance positive perceptions of PA fairness can be used to develop more effective Performance Management frameworks in any given sector or organization. Lawler (1967) argues that employees’ perceptions of fairness of PA directly influence their other reactions including their confidence in the PAS and ultimately their acceptance of it. Acceptance of the Performance Appraisal has shown to be the most crucial indicator of its success.

Research Methodology
Research Design

This study primarily aimed at first exploring and then describing, understanding and explaining the factors that influence the perceived fairness of the PAS in FCSP. To incorporate different facets of this study and in lines with the guiding principles of pragmatism, the appropriate research design was Mixed Methods, with its main focus on the collection and interpretation of empirical data and analysis of qualitative data that was gathered through a survey. The determinants (factors) of Perceived Fairness were narrowed down using data from several Focus Group Discussions carried out by the researcher to give the study an indigenous edge.

Sample

Using Quota Sampling Method, the questionnaires were distributed among Federal Civil Services officers (direct officers) from BPS 17-19. This method was used to ensure that all (11) departments of FPSC were accounted for. The survey was conducted online where a total of 346 questionnaires were emailed individually using contacts from three closed public forums that listed officers from different services / groups. A total of 130 questionnaires were used for final data analysis.

Research Instrument

The survey questionnaire was divided into three sections. Section One asked the participants to give information against some demographic entries. It included Gender, Group / Service, Basic Pay Scale (BPS), Number of Years in Service, and Rating on the last PER. Section Two contained the scales for factors that affect the perceived fairness of PAS and the scale for measuring the dependent variable: Perceived Fairness. Every variable was calculated using a separate Likert Type agreement scale adapted from different scholars and included 48 Items in total. Factors included PA Instrument Design, PA Process, Organizational Politics, Attitudes of Employees towards PAS, Use of PAS, and Ratee-Rater Relationship. Section Three contained two open end questions regarding the participants’ opinions of the current PAS and suggestions for improvement of the same.
Data Analysis

Different descriptive statistical techniques were used to make sense of the data collected. The reliability of each scale was tested using Cronbach’s Alpha. Ordinal Regression Analysis (PLUM) was used to study the regression relationship between the predictor and dependent variables.

Qualitative data was analyzed by categorizing it into recurring themes. Every theme was then discussed using the quotes of the survey respondents.

Findings

Demographic Data and PAS Fairness

The respondents of the survey were asked for demographic information including Gender, Group / Service, Basic Pay Scale, Years of Service and Last Rating on PER. These categories of demographic information were investigated for their relationship with the dependent variable ‘Perceived Fairness of PAS’. The Crosstabulation results showed that out of the five categories, only Gender was the factor that showed a statistically significant relationship with the dependent variable where females showed greater responses indicating negative perceptions of PAS Fairness.

Ordinal Regression Analysis

After testing for the assumptions, default Ordinal Regression procedure offered by SPSS Polytomous Universal Model (PLUM) was used to run the regression analysis. This study used the Cumulative Odds Ordinal Logistic Regression with Proportional Odds.

Table 1

<table>
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<th>Parameter Estimates</th>
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<td>Estimate</td>
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The coefficients of PAID (PA Instrument Design), PAU (Performance Appraisal Use) and RRR (Ratee-Rater Relationship) have a negative sign because it is associated with poorer perceptions of PA Fairness. Alternatively, for every unit increase in Performance Appraisal Process, there are 0.38 more odds of moving into a higher value of PA Fairness (dependent variable). Also for every unit increase in Performance Appraisal Use, there is 1.471 less odds of moving into a higher value category in dependent variable. This finding supports the theoretical assumptions as well. If there is a high level of Organizational Politics perceived by the officers (that is, a higher score on the scale emphasizing the lack of negative organizational politics), this will result in a higher value of perceived fairness of PA (indicating an overall positive perception of the whole PAS).
Table 2

Pseudo R-Square

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<tr>
<td>Cox and Snell</td>
<td>.429</td>
</tr>
<tr>
<td>Nagelkerke</td>
<td>.475</td>
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<tr>
<td>McFadden</td>
<td>.240</td>
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In the table above, the value of Cox and Snell’s R2 is .429 which suggests that approximately 42.9% of total variance in the outcome variable is explained by the independent variables. Negelkerke is an improvement on Cox and Snell’s R2 and tries to bring its value closer to 1, and that in this case is .475. The small value of McFadden’s R2 shows that the full model is a better fit than the Intercept Only model with no independent variables.

Qualitative Analysis

The respondents were asked two open ended questions regarding a) the drawbacks in the PAS and b) the ways in which the current PAS can be improved. The responses were analyzed for recurrent themes and ideas. The findings are discussed below under each category.

Major Drawbacks in PAS

Many drawbacks were identified by the respondents. Most of those were already covered by the quantitative aspect of the study. However, many of the underlying issues were uncovered during the analysis of the qualitative responses. Following are the themes and the percentages of the respondents that mentioned them.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Percentage</th>
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<tr>
<td>Lack of Objectivity in PER</td>
<td>55.17%</td>
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<tr>
<td>Biased Rating</td>
<td>68%</td>
</tr>
<tr>
<td>Inconvenient Process of Filing PER</td>
<td>3%</td>
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</table>
One-way PER | 18%
---|---
Not used as a tool to train and develop | 21%
Used as an undue influence | 24%

Suggestions for improvement in PAS

The following suggestions were made by the respondents to help improve the PAS.

*Table 4*

<table>
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<th>Theme</th>
<th>Percentage</th>
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<tr>
<td>Should be customized according to the job</td>
<td>23%</td>
</tr>
<tr>
<td>Pay for performance</td>
<td>47%</td>
</tr>
<tr>
<td>More accountability for supervisors</td>
<td>17%</td>
</tr>
<tr>
<td>Increased frequency</td>
<td>21%</td>
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Conclusion

Empirical findings of this study, as shown by the results, establish that the majority of the civil servants did not perceive the PAS to be fair. This is contradictory to the results of a study conducted by Ikramullah et al. (2011) that used the four factor model of Organizational Justice to measure the fairness perception of PAS in the Pakistani Civil Service and concluded that the civil servants perceived the PAS to be fair. The authors of that study indicated that a more culture-focused approach should be used to measure the fairness perceptions regarding PAS in the civil servants of Pakistan in order to weigh in socio-cultural indigenous factors. This suggestion helped guide the overall purpose of this study and the findings confirm that an indigenous approach to the problem brought about completely different results.
Although this study uses Perceptions of Fairness of PAS as response variable, the scope of this study does not include investigating the direction of relationships between individual factor and response variable. Correlation has been found which says little about the causal nature of the variables studied. Based on the findings, we can only conclude that the factors – PA Instrument Design, PA Process, Organizational Politics, Attitudes of Employees towards PAS, Uses of PA, and Ratee-Rater Relationship – are significantly related to the Perceptions of Fairness of PAS but whether these factors act like the ‘cause’ for the ‘effect’ of perceived fairness cannot be concluded.

However, these findings are insightful in uncovering different other relevant areas that have always only been separately studied in relation with the PA fairness. For example, the PA instrument design has rarely been used to see its effect on the employees’ reactions towards PAS. Klieman, Biderman and Faley (1987) suggest that PA instrument design is related with PA fairness perceptions. PA Process on the other hand is shown to be greatly responsible for affecting the fairness perceptions of PAS as is suggested by the findings of many studies (Landy, Barnes and Murphy, 1978; Landy, Barnes-Farrell and Cleaveland, 1980; Kavanagh, Benson and Brown (2007); Fulk, Breif and Barr, 1985; Konovsky, 2000).

Also, Organizational Politics has been studied in terms of its effects on how employees think of the PAS. It becomes even more relevant in the context of public sector organizations where politics are relatively more prevalent and their detrimental nature has more serious consequences. Fairness perceptions of PAS are not specifically studied in association with organizational politics but this study shows that it is of significance. Findings showed that respondents that perceived high levels of organizational politics were more likely to perceive the PAS as unfair. Besides, the organizational politics are generally responsible for defining the culture of an organization that either supports or discourages trust-based relationships. These relationships are central to the effectiveness of any PAS (Chan et al., 2004). Attitudes of employees towards PAS is also studied by different scholars in terms of its relationship with the perceived fairness of PAS, like Landy, Barnes and Murphy (1978) and Silverman and Wexley (1984). If the employees think of PAS as a useful activity that provides them with constructive feedback, they are more likely to perceive it as fair.

Another important factor investigated in this study is the ‘uses of PAS’ that is shown to be critical in measuring fairness perceptions of PAS by many scholars (Halachmi, 2011; Boswell
and Boudreau, 2000). It is also studied in relation with employee satisfaction with the PAS. The relationship of the ratee with the rater is also of great importance in measuring the PA fairness perceptions as the nature of this relationship helps foster the general environment of trust that is imperative for the outcomes of PAS. This relationship is studied by different scholars to understand its significance in determining employees’ reactions to PAS (Scotter and Motowidlo, 1996; Rhodes and Eisenberg, 2002; Cropanzano and Mitchell, 2005).

The quantitative and qualitative assessments presented in this chapter reiterate what the literature on this subject already holds. The different factors that were studied did have a significant impact on the perceived fairness of PAS as can be inferred through the research findings. There are enough reasons to believe that there may be many other intervening factors that might explain the perceptions of fairness, an all-encompassing study can be designed to explore and research more such factors.

**Suggestions for Future Research**

Although there was found some correlation between the variables studied in this research, a more holistic study can uncover more underlying themes that may address the issue at a different level. However, as is done in this study, the issue of cultural context should not be underestimated and whenever possible, must be incorporated in the study design. An extensive interviews based study can be done to serve that purpose and find the cause and effect relationship between the variables studied in this research. Other factors can also be studied including, power dynamics, organizational culture, personality differences, etc to explore how they affect the perceptions of fairness of PA. Although many comparative studies have suggested that the four factors Organizational Justice Model is not appropriate in the context of public sector organizations, a similar study can be conducted using the said model to see the results and how they vary from the results of this study.
References


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