



Organizational justice and performance appraisal satisfaction: A study in Suburban Hospital in Indonesia

Alita Dewi Percunda¹, Nungky Taniyasi², Djazuly Chalidyanto^{1*}

¹ Department of Health Policy and Administration, Faculty of Public Health, Universitas Airlangga, Surabaya 60155, INDONESIA

² Anwar Medika General Hospital, Sidoarjo, INDONESIA

*Corresponding author: djazulych@fkm.unair.ac.id

Abstract

Introduction: The performance evaluation performed is aimed at increasing the efficiency of workers. This study has been carried out to observe the connection between organizational justice with performance appraisal satisfaction.

Methods: A questionnaire was used to measure organizational justice and performance appraisal satisfaction given to employee in Anwar Medika General Hospital, Sidoarjo, Indonesia. Data analysis had been done descriptively and through linear regression for correlation coefficient.

Result: The descriptive analysis showed mean value for organizational justice, which was 3.03 ± 0.26 . The highest dimension was interactional justice with mean value of 3.04 ± 0.26 . The test showed significant correlation justice and performance appraisal satisfaction using t-test linear regression, showing correlation ($p < 0.05$) as well as interactional justice, procedural justice, and distributive justice.

Conclusion: The correlation of organizational justice and performance appraisal satisfaction showed that factor contributing to satisfaction with performance appraisal system is the fairness of organization.

Keywords: organizational justice, performance appraisal satisfaction, hospital

Percunda AD, Taniyasi N, Chalidyanto D (2020) Organizational justice and performance appraisal satisfaction: A study in Suburban Hospital in Indonesia. *Eurasia J Biosci* 14: 2887-2891.

© 2020 Percunda et al.

This is an open-access article distributed under the terms of the Creative Commons Attribution License.

INTRODUCTION

Organizations are long interested in how employees think and feel their work and what causes employees to dedicate to the organization (Srimulyani 2016). Performance management is important to attain competitive advantage of organization. Organization must develop integration between organizational strategy and human resource management by performing formal performance system characterized by appraisal (Rowland & Hall 2012). Performance is the description of the degree to which an activity/program/policy is implemented to achieve the organization's goals, objectives, mission and vision as part of its strategic planning (Muda and Erlina 2018). Performance appraisal is a process evaluating employee's performance periodically (Nitin Sippy & Shilpa Varma 2014). It is an instrument to evaluate and support the performance of employees (Karkoulian, Assaker, & Hallak 2016). One big issue on performance appraisal is the effectiveness of performance appraisal. It was referred to the operational of assessment process of employee work performance. Now, it concentrates on an approach to manage the performance appraisal system (Iqbal, Akbar, & Budhwar 2015). Performance

appraisal is considered to be fail if what the employee perceive does not develop or motivate people. The employee will be satisfied if it is perceived to be fair in terms of organizational justice (Cook & Crossman 2004).

Employees performance plays an important role in improving organizational performance, where motivation is the degree to which an individual wants and strives to carry out a task or job well and a willingness to put a high level of effort toward an organizational goal, conditioned by ability that effort to meet an individual need (Dharma and Ikhsan 2018). Effectiveness of the performance appraisal system depends on employee perception of its fairness (Warokka, Gallato, & Moorthy 2012). In prior study, there has been two factors identified in organizational justice. First, it is related to the fairness of the appraisal outcomes which is called as distributive justice. Second, it is described as a fair procedure called as procedural justice (Moorman 1991). The third dimension of organizational justice is interactional justice referring to the treatment received by employees as decisions from managerial. Each of this factor is

Received: November 2019

Accepted: March 2020

Printed: September 2020

interrelated even though they are defined differently. They complete each other in building the effectiveness (Cropanzano, Bowen, & Gilliland 2007; Nokerbekova, et al, 2018) The employee's response to performance evaluation is important to the success of the evaluation. (Pichler et al. 2015). Prior studies indicate that employee work performance is influenced by their perception on each dimension of organizational justice as they were under performance appraisal process (Warokka et al. 2012). Hospital, as one of important sector in a country, focuses their goal in giving health service to improve quality and patient safety. Retaining qualified employee is important in today business world like hospital since they have higher level of job knowledge as we know in health service, employee performance could impact the service quality (Birecikli et al. 2016). In this area of pay for performance for example, study said that when organization made their employees feel treated as important assets, they may be more positive in assessing pay for performance system (Kim 2016). An important driver of organizational performance is to make employee motivation relevant to organizational management. The idea of reward is thus intended to meet the needs that motivate people to work. Nonetheless, human principles that drive and direct behaviour and conduct assessments of individuals cannot be overlooked (Taba 2016).

Some studies have explored the relationship of organizational justice and other factors such as job satisfaction, work performance, etc. It is also said that leader-focused justice dimensions is related to some organizational outcomes and some somatic complaints of employee (Herr et al. 2018). Employee believes that a fair procedure

guarantees more beneficial outcomes (Cropanzano et al. 2001). Furthermore, referring to the importance of performance appraisal as a managerial tool in improving organizational stability, in which performance appraisal is one of the steps. This study has been carried out to observe the connection between organizational justice with performance appraisal satisfaction. Not much studies were done in Asia, nevertheless in health sector especially in hospital.

METHODS

This was a quantitative research using cross-sectional study. The design used self-reported questionnaire given to the respondents. We used simple random sampling in this research. The research was conducted from July to August 2019. The questionnaire consists of two sections. The first section was used to measure organizational justice which consists of six items of interactional justice, seven items of procedural justice, and five items of distributive justice. All items are in four Likert scale. The second section was used to measure performance appraisal satisfaction which had

Table 1. Respondents' Characteristics

Characteristics	n	%
Sex		
1. Female	180	80.7
2. Male	43	19.3
Age		
1. ≤ 30 year	165	74.0
2. 31-40 year	49	22.0
3. 41-50 year	8	3.6
4. > 50 year	1	0.4
Education Background		
1. Elementary school	2	0.9
2. Junior high school	1	0.4
3. Senior high school	28	12.6
4. Diploma	141	63.2
5. University	23	10.3
6. Profession	28	12.6
Unit		
1. Emergency	19	8.5
2. Outpatient	23	10.3
3. Inpatient	87	39.0
4. Haemodialysis	15	6.7
5. Laboratory	12	5.4
6. Radiology	5	2.2
7. Registration/Admission	27	12.1
8. Pharmacy	18	8.1
9. Kitchen/Nutrition	17	7.6

seven items with four Likert scale adapted from Cook and Crossman (2004).

This research was conducted at Anwar Medika General Hospital in Sidoarjo, East Java, Indonesia. It is a private hospital with 260 beds capacity. We focused on the employee in Service Department of the hospital. The number of respondents reached 271 from ten units of department including emergency, inpatient ward, outpatient clinics, laboratory, radiology, pharmacy, medical record, kitchen and nutrition, operating room, and haemodialysis. Total number of 223 valid questionnaires were collected and processed. Data were analysed using IBM SPSS for descriptive and inferential. The data used for this research were both valid and reliable shown by the Cronbach's alpha sig > 0.06 and Pearson correlation sig < 0.05.

RESULTS

The valid 223 questionnaires were collected from Service Department employees. Data showed that the samples were mostly female (80.7%) with majority age group less than 30 years (74%). The respondents mostly had diploma education background (63.2%) and mostly from Inpatient Ward unit (39.0%). These respondents' characteristics are shown in **Table 1**.

The descriptive analysis showed mean value for organizational justice (overall score), which was 3.03 ± 0.26 . The highest dimension was interactional justice with mean value of 3.04 ± 0.26 , and the lowest was distributive justice with mean value of 3.017 ± 0.31 close to procedural justice with mean value of 3.02 ± 0.28 . The details of the means can be seen in **Table 2**.

Table 2. Descriptive analysis

Variables	Mean \pm Standard Deviation
Organizational justice	3.03 \pm 0.26
Interactional justice	3.04 \pm 0.26
Procedural justice	3.02 \pm 0.28
Distributive justice	3.017 \pm 0.31
Performance appraisal satisfaction	2.99 \pm 0.31

Table 3. T-test results

Variables	Sig	R square
Organizational justice	0.00	0.00
Interactional justice	0.00	0.537
Procedural justice	0.00	0.559
Distributive justice	0.00	0.444

The performance appraisal satisfaction mean value was 2.99 \pm 0.31. We can assume that satisfaction to performance appraisal to improve employee performance is not good which is the same as the finding of research that showed less than half of the respondents were satisfied to performance appraisal (Rowland and Hall 2012). Employees who have satisfaction with his work will not be absent and quit his job, the employee's performance will also increase. Employment satisfaction is one of the keys to successful performance and in line with the organization's goals (Kaikatuy, Pasinringi, and Jafar 2018). Previous study also showed that 88% of respondents thought that performance appraisal was a waste of time event though 60% of respondent said that performance appraisal was fair and unbiased. In addition, most of her respondents thought that performance appraisal plays crucial role in their career development and help them in identifying training and development needs (Nitin Sippy & Shilpa Varma 2014). Another study also found that satisfaction score result was 101 with maximum score of 151 (Cook and Crossman 2004). Then, we analysed the correlation of organizational justice and performance appraisal satisfaction using t-test linear regression, showing correlation ($p < 0.05$) as well as interactional justice, procedural justice, and distributive justice. The finding of correlation between distributive justices is similar to another study. They also said that procedural justice was correlated to performance appraisal satisfaction. Previous study said that interactional justice was significantly correlated to performance appraisal satisfaction too (Iqbal et al. 2015). From the r-square value in **Table 3**, we know that procedural justice had the most influence to performance appraisal satisfaction. This result is the same as another study who said that system procedural justice was the most related aspects of organizational justice (Cook and Crossman 2004).

DISCUSSION

Organization uses performance appraisal for many reasons, but mostly is for administrative purpose which is to develop employees and used for training programs development (Dipboye 2018). It also has some benefits such as an opportunity to communicate between

performer and assigner. It also can improve employee performance by helping them realize their conditions and put effort in carrying them out (Nitin Sippy & Shilpa Varma 2014). There is a close connection between individual performance and company performance. It shows that if employee work performance is good, company performance will also become good (Sinabariba, Raja, and Salim 2018). Performance appraisal is an important issue because employees are concerned about the implementation of it within organization (Kim 2016). One vital subject in performance appraisal is the effectiveness of performance appraisal. From the framework, we know that rate of reactions or satisfaction to performance appraisal will depend on three factors, i.e. performance appraisal purposefulness, performance appraisal accuracy, and performance appraisal fairness. Fairness in performance appraisal could be seen as justice (Iqbal et al. 2015). Many social contexts influence the performance appraisal such as economic conditions, rather issues, rather training, and feedback system (Kim 2016). Previous study concluded that human resource analytics on employees' willingness to improve performance affect the perceived accuracy and fairness which further affects the performance appraisal satisfaction and also the will of employee to improve performance subsequently (Sharma and Sharma 2017). Implementations of performance appraisal are often failed because of the inherent conflicts in their process (Dipboye 2018). Clear performance appraisal criteria will make the employee to believe that their efforts in work will be valued fairly thus can motivate them (Kim 2016). Another study said that assessing performance appraisal system effectiveness had to use criteria such as utilization, qualitative, quantitative, and outcome criteria (Ikramullah Jan-Willem Van Prooijen Muhammad Zahid Iqbal Faqir Sajjad UI-Hassan et al. 2013).

Organizational performance in a functional category is the result of group work that can produce goods or services of high quality using a minimum amount of resources (Soesanto 2019). There are many studies in organizational justice. Another research said that organizational justice can be related to rewards both financial and non-financial such as payment and incentives, opportunities in promotion, and performance appraisal procedure. This is an employee perception which can influence their attitude towards management. All those three dimensions of organizational justice have contribution. Organizational justice is important in economic consideration such as fair compensation, social consideration for creating trust among employees towards organization, and ethical consideration including organizational unethical and inappropriate actions. Many impacts of organizational justice have been recorded, such as trust building, employee organizational citizenship behaviour, and performance

improvement (Cropanzano et al. 2001). Organizational justice dimensions show to be the moderator of relationship between need for independence and turnover intention (Birecikli et al. 2016). It is also said that organizational justice could also decrease the counterproductive work behaviour, such as fraud, sabotage, theft, etc. with the mediating factor job burnout (Wu et al. 2016).

Since procedural justice is the most influencing aspect in our research, some messages have to be understood by management. Management needs to arrange the performance appraisal procedure especially for underperformers since they need help to improve their performance (Gomes et al. 2017). They can perform more developmental session to help employee discover their deficiencies. It is also important to perform positive feedback to employees who receive good score since it would create a feeling of worth and value especially if combined with a raise. The procedure of performance appraisal needs to be open and flexible to account for individual characteristics (Warokka et al. 2012). Some important key factors for managers in terms of performance appraisal procedural are consider the employees' viewpoints, suppress bias, consistent in applying criteria, providing feedback, justification in decision, truth in communication, and treating employees with courtesy and civility. The development of new performance methods, such as 360-degree appraisal, self-assessment, and competence-based appraisal, may improve the reliability and objectivity of performance appraisal itself (Rowland and Hall 2012). Another research suggested three phases to develop system in performance appraisal based on

organizational justice. The first phase is developing the instrument, and then confirmation latent construct, and the last phase is assessment of justice perception (Thurston and McNall 2010). Organizational justice, which captures real perception of employee about organizational justice level, also plays main mediating role between workplace attitude and behavior attitude (Mohammad et al. 2019).

The limitation of this study is we only conducted this research in one specific hospital which can have their own organization characteristics. In addition, we also only used self-reported questionnaire. The number of our sample was also limited.

CONCLUSION

From this study, we know that organizational justice should be considered as an important aspect of management since its correlation with performance appraisal satisfaction is believed to be correlated to job performance itself profitable to organization. The outcome of performance appraisal taught to be distributive justice often become the most doubtful aspect in employee perception. In the other hand, the process of performance appraisal known as procedural justice is considered to be the most important aspect since it is the most influencing factor.

ACKNOWLEDGEMENT

The researchers would like to thank all management and employees of Anwar Medika General Hospital who supported our study.

REFERENCES

- Birecikli, B., Alpan, L., Ertürk, A., & Aksoy, S. (2016). Employees' need for independence, organizational commitment, and turnover intentions: The moderating role of justice perceptions about performance appraisals. *International Journal of Organizational Leadership*, 5, 270-284.
- Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The management of organizational justice. *Academy of management perspectives*, 21(4), 34-48.
- Cropanzano, R., Byrne, Z. S., Bobocel, D. R., & Rupp, D. E. (2001). Moral virtues, fairness heuristics, social entities, and other denizens of organizational justice. *Journal of vocational behavior*, 58(2), 164-209.
- Crossman, A. V., & Cook, J. (2004). Satisfaction with performance appraisal systems: a study of role appraisal systems. *Journal of Managerial Psychology*, 19(5), 526-541.
- Dharma, Y., & Ikhsan, A. (2018). The Effect of Islamic Work Ethic and Motivation through the Organizational Citizenship Behaviour and Employee Performance at Bank Aceh Syariah. *Indian Journal of Public Health Research & Development*, 9(12), 1903-1909.
- Dipboye, R. L., & Dipboye, R. L. (2018). Criterion Development, Performance Appraisal, and Feedback'.
- Gomes, E., Mellahi, K., Sahadev, S., & Harvey, A. (2017). Perceptions of justice and organisational commitment in international mergers and acquisitions. *International Marketing Review*, 34(5), 582-605.
- Herr, R. M., Bosch, J. A., Loerbroks, A., Genser, B., Almer, C., van Vianen, A. E., & Fischer, J. E. (2018). Organizational justice, justice climate, and somatic complaints: A multilevel investigation. *Journal of psychosomatic research*, 111, 15-21.

- Ikramullah Jan-Willem Van Prooijen Muhammad Zahid Iqbal Faqir Sajjad Ul-Hassan, Malik, Neha Paliwal Sharma, Tanuja Sharma, Madhushree Nanda Agarwal, Caroline Ann Rowland, Roger David Hall, Peter Hosie, and Alan Nankervis. 2013. "Personnel Review Effectiveness of Performance Appraisal: Developing a Conceptual Framework Using Competing Values Approach Effectiveness of Performance Appraisal System." *Personnel Review Iss Employee Relations EuroMed Journal of Business Iss* 45(3):224–47.
- Iqbal, M. Z., Akbar, S., & Budhwar, P. (2015). Effectiveness of performance appraisal: An integrated framework. *International Journal of Management Reviews*, 17(4), 510-533.
- Kaikatuy, A., Pasinringi, S. A., & Jafar, N. (2018, June). Factors Related of Work Environment on Officials Work Satisfaction of Health Centers in Keerom Regency Papua Province in 2016. In *Proceedings of the International Conference on Healthcare Service Management 2018* (pp. 52-56).
- Karkoulian, S., Assaker, G., & Hallak, R. (2016). An empirical study of 360-degree feedback, organizational justice, and firm sustainability. *Journal of business research*, 69(5), 1862-1867.
- Kim, J. (2016). Impact of performance appraisal justice on the effectiveness of pay-for-performance systems after civil service reform. *Public Personnel Management*, 45(2), 148-170.
- Mohammad, J., Quoquab, F., Idris, F., Al Jabari, M., & Wishah, R. (2019). The mediating role of overall fairness perception: a structural equation modelling assessment. *Employee Relations: The International Journal*.
- Moorman, R. H. (1991). Relationship between organizational justice and organizational citizenship behaviors: Do fairness perceptions influence employee citizenship?. *Journal of applied psychology*, 76(6), 845.
- Muda, I. (2018). Erlina,(2018). Performance Appraisal of Government Internal Supervisory Apparatus (APIP) in Implementation of Compliance Audit at Inspectorate of Medan City, Indonesia. *International Journal of Civil Engineering and Technology*, 9(5), 1347-1359.
- Nokerbekova, N. K., Suleimenov, Y. T., & Zhapayev, R. K. (2018). Influence of Fertilizing with Nitrogen Fertilizer on the Content of Amino Acids in Sweet Sorghum Grain. *Agriculture and Food Sciences Research*, 5(2), 64-67.
- Pichler, S., Varma, A., Michel, J. S., Levy, P. E., Budhwar, P. S., & Sharma, A. (2016). Leader-member exchange, group-and individual-level procedural justice and reactions to performance appraisals. *Human Resource Management*, 55(5), 871-883.
- Rowland, C. A., & Hall, R. D. (2012). Organizational justice and performance: is appraisal fair?. *EuroMed Journal of Business*.
- Sharma, A., & Sharma, T. (2017). HR analytics and performance appraisal system. *Management Research Review*.
- Sinabariba, W. J., Raja, P. L., & Salim, S. R. A. Analysis Of Influence Of Intellectual Ability, Communication Skill And Work Experience O Competency And Their Impact On Employee Work Performance At Pt Bank Sumut, Branch Of Simpang Kwala, Medan.
- Sippy, N. I. T. I. N., & Varma, V. (2014). Performance Appraisal Systems in the Hospital Sector—A Research Based On Hospitals in Kerala. *International Journal of Business Management & Research (IJBMR)*, 4(1), 97-106.
- Soesanto, D. (2019). Improving the Performance of Primary Healthcare Centers in Surabaya: a Comparison of Leadership Style and Vertical Dyad Linkage. *Jurnal Administrasi Kesehatan Indonesia*, 7(1), 40-49.
- Srimulyani, V. A. (2016). Analisis Pengaruh Integrative Leadership Terhadap Organizational Justice, Employee Engagement Dan Organizational Citizenship Behavior. *Jurnal Manajemen Teori dan Terapan| Journal of Theory and Applied Management*, 9(2).
- Taba, M. I. (2018). Mediating effect of work performance and organizational commitment in the relationship between reward system and employees' work satisfaction. *Journal of Management Development*.
- Thurston, P. W., & McNall, L. (2010). Justice perceptions of performance appraisal practices. *Journal of Managerial Psychology*.
- Warokka, Ari, Cristina G. Gallato, & Thamendren Moorthy. (2012). "Does Organizational Justice in Performance Appraisal System Affect Work Performance? Evidence from an Emerging Market." *Innovation and Sustainable Competitive Advantage: From Regional Development to World Economies - Proceedings of the 18th International Business Information Management Association Conference* 4(September):2292–2308.
- Wu, M., Sun, X., Zhang, D., & Wang, C. (2016). Moderated mediation model of relationship between perceived organizational justice and counterproductive work behavior. *Journal of Chinese Human Resource Management*.