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Organizational Justice in Performance Appraisal System: Its Effects on
Performance Appraisal Satisfaction and Work Performance.

A Dissertation submitted to the College of Business as a partial fulfilment of the
requirements for the Master of Science (Management)

By

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I declare that this thesis has not been accepted for any degree and is concurrently submitted in candidature of any other degree.

I hereby declare that any valuable contributions and all resources have been used as an acknowledgement to this research.

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ABSTRACT

Performance appraisal is an integral part on the Human Resource Management system. An organization implements the performance appraisal system to allocate rewards for the employee, provide development advice as well as to obtain their perspectives and justice perceptions about their jobs, department, managers and organization. Further, performance appraisal is an ongoing communication process between employees and supervisors. Superior should set expectations, monitor performance and provide feedback to employees. By having this information it will direct and develop employee performance by identifying training and development needs, correcting problems and determine raises and promotion.

Employees job satisfaction is important for work performance (Suliman, 2007). For improved work performance, the employees also need a good performance appraisal system to provide them with feedbacks regarding their job. However, for the system to be effective it must be perceived as fair (Suliman, 2007). In line with this, the purpose of this study is to identify the effect of employee perception of justice in performance appraisal system on performance appraisal satisfaction and lastly it will affect the work performance too.

Overall, this study was to examine the employees perceptions of organizational justice (distributive, procedural and interactional justice) in performance appraisal system and the effect on performance appraisal satisfaction and work performance. This study also identified the main perceptions that employee have on performance appraisal system and how reliable the system are to them.
ABSTRAK

Penilaian prestasi merupakan salah satu tulang belakang bagi sistem pengurusan sumber manusia. Pada amnya, sebuah organisasi mengamalkan sistem penilaian prestasi bagi tujuan member ganjaran yang setimpal atas usaha seseorang pekerja, untuk member ruang bagi memperkembangkan potensi serta prestasi diri dan pada masa yang sama untuk mendapatkan persepsi seseorang pekerja dari segi hak kesamarataan dan keadilan terhadap kerja, jabatan, pengurusan dan organisasi tersebut. Sementara itu, penilaian prestasi merupakan satu proses komunikasi yang berterusan diantara majikan dan pekerja. Penyelia atau seseorang pegawai atasan perlu menetapkan objeektif yang perlu dicapai oleh seseorang pekerja, menilai prestasi dan memberi maklumbalas yang sepatutnya kepada pekerja tersebut. Dengan adanya maklumat sebegini rupa ia dapat membantu dalam memantapkan serta memperkembangkan prestasi pekerja dengan melihat pada program latihan yang diperlukan, membetulkan segala masalah dan mempertimbangkan kenaikan pangkat dan gaji.

Pada keseluruhannya, kajian yang dijalankan adalah bertujuan untuk mengkaji tanggapan pekerja terhadap keadilan organisasi (distributive, procedural dan interactional justice) dalam proses penilaian prestasi dan bagaimana ianya boleh memberi kesan terhadap kepuasan penilaian prestasi dan prestasi kerja seseorang pekerja. Tambahan, kajian ini juga bertindak dalam mengenalpasti persepsi pekerja yang dominan atau utama terhadap sistem penilaian prestasi dan sejauh mana sistem berkenaan berkesan bagi golongan pekerja serta mencapai matlamatnya.
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CHAPTER 1
INTRODUCTION

1.0 Introduction

Performance appraisal is an integral part of the Human Resource Management system. An organization implements the performance appraisal system to allocate rewards for the employee, provide development advice as well as to obtain their perspectives and justice perceptions about their jobs, department, managers and organization.

Performance appraisal is an ongoing communication process between employees and supervisors. Superior should set expectations, monitor performance and provide feedback to employees. By having this information it will direct and develop employee performance by identifying training and development needs, correcting problems and determining raises and promotions. Performance appraisal is necessary for the following reasons:

- Provide a review of past work performance and create the opportunity to develop new performance goals.
- Establish lines of communication about employee performance
- Create an opportunity to discuss professional development goals and objectives.
- Document employee performance and provide support increment, promotions or terminations.
- Document corrective action necessary to improve work performance
- It is supervisor’s and manager’s responsibility to monitor, evaluate and coach employees.
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