

Objective Vagueness, Appraisal Bias, and Lack of Employee Involvement in Performance Appraisal and Job Satisfaction in Organizations

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ABSTRACT

This study discusses the impact of unclear performance goals and standards, as well as the influence of appraisal bias and lack of employee engagement on the quality of performance appraisals and job satisfaction in organizations. The lack of clarity in performance goals and standards can cause confusion for employees to achieve desired expectations, leading to decreased motivation and performance. Bias in performance appraisals worsens the objectivity of the performance management system, creating unfairness that damages the relationship between employees and management. Lack of employee involvement in the appraisal process also worsens the situation, reducing ownership of individual and team performance. This study uses a literature study approach to explore theories related to performance management, appraisal bias, and employee engagement, and their impact on job satisfaction. The results of the analysis show that unclear objectives, bias in appraisals, and lack of employee involvement in performance evaluations can undermine the effectiveness of performance management systems and reduce the level of employee job satisfaction. Therefore, it is important for organizations to set clear goals, use objective standards in appraisals, and increase employee involvement to ensure effectiveness and fairness in performance management. This study contributes to the understanding of how organizations can improve performance appraisal systems and improve working relationships to achieve common goals.

INTRODUCTION

Performance management is an integral part of human resource practices in various organizations. Performance management focuses on assessing individuals, and improving overall organizational performance. There is an increasing trend in the need for organizations to implement objective, transparent, and sustainable performance management systems, which can help improve employee productivity and work quality. Many companies are trying to adopt various theories and models of performance management derived from both traditional and modern approaches. Among the various theories, it is important to understand that their implementation may vary depending on the characteristics of the organization and the objectives to be achieved. Therefore, an understanding of performance management theories is necessary so that employee appraisal results can effectively support organizational development and goals.

In practice, there is a gap between the academically accepted theory of performance management and the practice on the ground. For example, while many organizations use a Management by Objectives (MBO) model of performance evaluation, not all employees or managers are able to set clear and measurable goals. There is also the issue of vagueness in performance appraisals due to the lack of objectivity in providing feedback, which has the potential to damage working relationships. Biased or unfair appraisal practices can lead to employee demotivation and dissatisfaction, even leading to high turnover. This phenomenon shows that while performance management theories are well developed, the real challenges of implementation still require organizations to adapt appraisal practices to the specific dynamics and needs present in the workplace.

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One of the main problems in performance management is the lack of clarity in setting goals and performance standards used in appraisals. Many organizations face difficulties in determining appropriate performance criteria, which can be objectively measured and relevant to the employee's task or role (Aguinis, 2013). Unspecific and unmeasurable goal setting often leads to inconsistent evaluations, which can ultimately undermine the integrity of the performance management system itself. Performance appraisals based on these unclear goals can cause uncertainty for employees to understand what is expected of them, and adversely affect motivation and productivity.

Another issue that often arises is the presence of bias in the performance evaluation process. This can be personal judgment bias, stereotyping bias, or affective bias that influences managers' assessment of employees. This is often due to subjective factors, such as emotional closeness or personal dislike for certain individuals, which leads to unobjective appraisals (Murphy & Cleveland, 1995). This appraisal bias can be very costly, as it leads to unfairness in rewards or punishments, ultimately affecting organizational climate and employee relations. Bias in performance evaluations can reduce employee confidence in the existing performance management system.

Another problem is the lack of employee involvement and participation in the performance appraisal process. Many organizations still rely on unilateral appraisals conducted by direct supervisors without involving employees in the feedback or self-assessment process (Locke & Latham, 2002). When employees do not feel involved in their performance appraisals, this can lead to dissatisfaction and even decreased commitment to the organization. Employees feel that their performance appraisal does not reflect their overall effort and contribution, resulting in a sense of unfairness. The lack of transparency and communication about how appraisals are conducted exacerbates this problem, as employees feel they have no control over a process that could affect their careers.

Examining issues in performance management is critical as the quality of the appraisal system in place directly affects employee motivation and performance. Lack of clarity in appraisal goals and standards can lead to confusion among employees about the expectations they must achieve, potentially lowering their productivity. It can also negatively impact the organizational climate, ultimately reducing team effectiveness and even hindering the achievement of long-term company

goals (Aguinis, 2019). Therefore, understanding and addressing issues such as these will help create a more transparent, fair and effective performance management system, which in turn will improve individual and overall organizational performance.

The urgency of observing issues such as bias in performance evaluation and lack of employee engagement cannot be ignored. Bias in appraisals can undermine employees' trust in management and cause dissatisfaction that can lead to increased turnover and decreased loyalty. Employees who feel unfairly treated are likely to lose motivation and commitment to the organization's goals, which impacts the performance of the team and the company as a whole (Murphy & Cleveland, 1995). By observing and understanding these issues, companies can design a more objective and inclusive system, ensuring that each individual feels valued and has equal opportunities to develop.

The purpose of this study is to analyze how vagueness in goal setting and performance standards can affect the objectivity and effectiveness of performance management systems in organizations. This research aims to explore the impact of appraisal biases that occur in the performance evaluation process, as well as to examine the effect of a lack of employee engagement on the quality of performance appraisals and the level of job satisfaction felt by employees within the organization.

RESEARCH METHOD

The research method used in this study is a literature study approach, which aims to collect, analyze, and integrate various sources of information related to the theory and practice of performance management in organizations. Literature studies allow researchers to identify existing theories, as well as map the development of performance management systems implemented in various organizations. With this approach, researchers can explore a variety of existing literature, both in the form of books, journal articles, and previous research reports to explore a deeper understanding of the problems faced in performance appraisal, such as unclear objectives and bias in evaluation (Pulakos, 2009).

This literature study approach allows researchers to compare various views from experts and practitioners in the field of performance management. The researcher will analyze various existing theories, such as goal-setting theory and behavioral theory, to understand how these two theories can be applied in employee performance appraisal. This study will also review previous research results related to the issues

of appraisal bias and employee involvement in the appraisal process, to provide a clearer picture of the factors that influence the success of performance management systems in organizations (Boswell & Boudreau, 2000).

Through a literature review approach, this research focuses on existing theories, and covers current practices in performance management applied in the industrialized world. By reviewing various cases and field research, the researcher was able to draw more comprehensive conclusions about the challenges and problems faced by organizations in employee performance appraisal. The results of this literature study are expected to provide new insights into how organizations can overcome existing problems in performance management and implement a more effective and fair system for employees (DeNisi & Pritchard, 2006).

RESULT AND DISCUSSION

Performance management systems and performance appraisal systems are important components of human resource management in an organization. Both serve to ensure that organizational goals are achieved through the measurement and evaluation of individual and team performance. The performance management system focuses on assessing work outcomes, and employee development and achievement of the organization's strategic goals. According to Aguinis (2019), an effective performance management system should include planning, monitoring, assessing, and developing employees so as to create a continuous feedback cycle.

The performance appraisal system is more focused on measuring employee work results based on predetermined criteria. This assessment can be done through various methods, such as 360-degree assessment, goal-based assessment, or competency-based assessment. Research by Pulakos et al. (2015) shows that a transparent and fair appraisal system can increase employee motivation and encourage them to achieve better performance. Therefore, it is important for organizations to design an appraisal system that fits their culture and goals.

Standardization in performance management and appraisal systems is also very important to ensure consistency and fairness in evaluation. With clear standards in place, organizations can reduce subjectivity in appraisals and ensure that all employees are appraised based on the same criteria. According to DeNisi and Kluger (2000), standardization can help reduce bias in performance appraisals resulting in more accurate and

constructive feedback. This is important for creating a fair and transparent work environment.

Feedback provided through performance management and appraisal systems should be constructive and development-oriented. Effective feedback provides information about current performance, and the Aguinis provide direction for future improvements. According to London (2003), development-focused feedback can increase employee engagement and encourage them to take the initiative in self-development. Therefore, it is important for managers to provide clear, specific, and data-based feedback.

Effective implementation of a performance management system also requires support from all levels of the organization. Top management involvement in this process is critical to creating a high performance culture. According to Wright and Nishii (2013), management support can increase employees' acceptance of the performance management system and encourage them to actively participate in the evaluation process. Top management involvement can create synergy between organizational goals and employee development. Information technology can play an important role in improving the effectiveness of performance management and appraisal systems. By utilizing performance management software, organizations can collect and analyze performance data in real-time, making it easier to make decisions. Research by Marler and Fisher (2013) shows that the use of technology in performance management can improve efficiency and accuracy in the appraisal process. This allows organizations to provide faster and more relevant feedback to employees.

Thus, an effective performance management system and performance appraisal system, accompanied by proper standardization, can generate maximum and constructive feedback for organizational progress. By integrating all these elements, organizations can create a work environment that supports employee development and the achievement of strategic goals. Through a systematic and data-driven approach, organizations can improve individual performance, and achieve long-term sustainable success.

The Effect of Vagueness in Goal Setting and Performance Standards on the Objectivity and Effectiveness of Performance Management Systems

The lack of clarity in setting performance goals and standards is one of the main problems that organizations often face when implementing a performance management system. Goals that are not specific or measurable can make it difficult for

employees to understand the expectations they must achieve. This risks causing uncertainty in the direction of employees' work so that employees tend to focus less on achieving goals that are relevant to their work (Locke & Latham, 2002). Without clear objectives, the performance management system becomes undirected and less effective in improving individual and team productivity and performance.

Setting unclear or ambiguous performance standards can also interfere with objectivity in performance evaluation. Vague or unmeasurable standards leave room for subjective judgment from supervisors or managers. This will create inconsistencies in the way assessments are conducted and can result in biased evaluations, where some employees may be rated higher or lower based on personal perceptions rather than actual achievement against set goals (Aguinis, 2019). This lack of clarity is detrimental to employees, and reduces trust in the organization's performance management system.

When performance goals and standards are unclear, employees are less likely to know exactly the criteria used to evaluate their performance. This causes them to feel underappreciated or ignored, which results in low motivation levels (Murphy & Cleveland, 1995). For example, if performance standards are not well-defined, employees may feel that their efforts are not appreciated despite their hard work, or conversely, they may feel that sub-par work is acceptable. This kind of vagueness in evaluation worsens the relationship between employees and management, leading to greater demotivation.

Lack of clarity in setting goals and performance standards hinders the employee development process. One of the main purposes of a performance management system is to provide constructive feedback to help employees develop. However, if there are no clear objectives or measurable standards, then the feedback provided will be irrelevant or difficult to receive. This hinders the organization's efforts to support employees' career development and improve their competencies. Unclear or non-goal-based appraisals also make employees feel that they have no opportunity to grow or develop within the organization (Locke & Latham, 2002).

In the long run, lack of clarity in the performance management system can damage the organizational climate and impact the overall effectiveness of the company. Without clear goals and standards, employees will not have adequate guidance to work towards the organization's common goals. When goals are not aligned with the company's mission

and vision, the overall performance of the organization will suffer. This leads to suboptimal results, where the organization fails to achieve the long-term goals it has set (Aguinis, 2019). Furthermore, organizations may struggle to attract and retain top talent due to uncertainty in the assessment and development process.

The lack of clarity in goal setting also contributes to the discrepancy between management expectations and employee achievements. Employees who do not know what is expected of them or how their performance will be assessed may find their confusion unaddressed, ultimately causing them to feel a lack of control over their career. This lack of clarity can lead to a low sense of ownership of the work, as well as a reduction in personal responsibility for achieving desired outcomes (DeNisi & Pritchard, 2006). Therefore, it is important for organizations to have clear goals and standards, so that employees can know what to do to achieve expected performance.

Lack of clarity in setting performance goals and standards can undermine the effectiveness of the performance management system implemented in the organization. It will hinder objectivity in performance appraisals, and can reduce employee motivation, damage working relationships, and hinder individual development. Therefore, to achieve success in a performance management system, organizations must ensure that the objectives set are clear, measurable, and relevant, and the performance standards used can be assessed objectively and fairly (DeNisi & Pritchard, 2006).

The Impact of Appraisal Bias and Lack of Employee Engagement on Performance Appraisal Quality and Job Satisfaction

Bias in performance appraisals and lack of employee involvement in the appraisal process have a significant impact on the quality of performance appraisals and job satisfaction within organizations. Appraisal bias occurs when supervisors or managers make judgments based on personal factors unrelated to an employee's objective performance, such as personal closeness or stereotypes. These unobjective assessments can lead to inequities in feedback, rewards or punishments, further affecting employee motivation and job satisfaction (Murphy & Cleveland, 1995). These inequities often lead to decreased employee confidence in the performance management system implemented by the organization.

When bias affects performance appraisals, employees who are not treated fairly may feel neglected or treated inappropriately for their efforts

and contributions. This can lead to frustration and dissatisfaction with the organization. Employees who feel unfairly treated are likely to experience decreased motivation to achieve better performance, as they feel that their efforts are not properly rewarded. In the long run, this can lead to decreased individual performance and negatively impact the productivity of the team and the organization as a whole (Pfeffer & Sutton, 2006). Furthermore, this decrease in motivation can exacerbate turnover rates, as employees who are dissatisfied with their appraisals are more likely to seek employment opportunities elsewhere.

In addition to appraisal bias, lack of employee involvement in the appraisal process also contributes greatly to this problem. Employee involvement in the performance appraisal process is an important factor to ensure that employees feel valued and have control over the evaluations they receive. If employees are not involved in appraisals or feedback on their performance, they can feel alienated and unappreciated within the organization. This can decrease their sense of attachment to the company and affect their job satisfaction. Employees who do not feel involved or given the opportunity to give input into their appraisals are likely to feel that the appraisal does not objectively reflect their efforts and contributions (Locke & Latham, 2002).

Employee involvement in performance appraisals serves as a way to increase transparency and trust in the performance management process. When employees have the opportunity to give feedback or engage in self-assessment, they feel more valued and have the opportunity to discuss their achievements and challenges. This can strengthen the relationship between supervisor and employee, as well as create more open communication within the organization (Boswell & Boudreau, 2000). Without this involvement, appraisals can seem one-sided and unfair, reducing the effectiveness of the performance management system.

The impact of a lack of employee involvement can also lead to deeper feelings of dissatisfaction with the policies and procedures implemented by the organization. When performance appraisals are perceived as unfair or do not involve employees in the process, they are likely to feel that they have no influence over decisions that affect their careers. This lowers job satisfaction, and reduces employees' sense of responsibility for their work outcomes. Employees who feel disengaged are less likely to be motivated to improve their performance, as they feel there is no opportunity to show their potential in a system that is perceived as unfair (Borman & Motowidlo, 1997).

In addition to affecting individual job satisfaction, appraisal bias and lack of engagement can also affect overall team effectiveness. If performance appraisals are not objective and transparent, team members may feel unappreciated or unrecognized for their contributions. This unfairness may lead to unhealthy competition between team members or even conflict within the team. Under these conditions, team members will tend to reduce collaboration and increase focus on their personal interests, rather than working together to achieve organizational goals (DeNisi & Pritchard, 2006). As a result, the overall performance of the team will suffer, and the achievement of organizational goals becomes more difficult to achieve.

Appraisal bias and lack of employee involvement in the performance appraisal process have a great impact on appraisal quality and job satisfaction within the organization. To create a productive and effective work environment, it is important for organizations to ensure that their performance management systems are fair, transparent and inclusive. This will help increase employee motivation, strengthen supervisor-employee relationships, and improve overall performance and job satisfaction (Pfeffer & Sutton, 2006).

CONCLUSION

Lack of clarity in setting performance goals and standards, as well as bias in appraisals and lack of employee engagement, can affect the quality of performance appraisals and job satisfaction within organizations. The lack of clarity in goals causes employees to feel that their confusion is not resolved, which risks reducing motivation and focus on achieving performance targets. Bias in appraisals can undermine objectivity and create unfairness, which negatively impacts the relationship between management and employees. Lack of employee involvement in the appraisal process also exacerbates this situation, reducing their sense of ownership and responsibility towards achieving organizational goals. The impact of these issues is decreased job satisfaction, decreased motivation, and ultimately sub-optimal performance at both the individual and team levels.

For this reason, it is very important for organizations to clarify performance objectives and standards so that the performance management system can run effectively and objectively. Measurable standards and clear goals will help employees understand expectations and provide

better direction at work. Organizations need to ensure that performance appraisals are conducted fairly and objectively, avoiding biases that could undermine employees' trust in the system. Involving employees in the appraisal process, whether through feedback or self-assessment, will increase transparency and provide a sense of being valued, which can further increase their job satisfaction and motivation. Organizations that can address these issues will benefit from better performance, increased productivity, and a more harmonious relationship between employees and management.

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