IMPLEMENTING PERFORMANCE APPRAISAL: EXPLORING THE EMPLOYEE EXPERIENCE

ELAINE FARNDALE AND CLARE KELLIHER

Line managers play an important role as implementers of performance appraisal, enacting procedures designed by the HR function. However, the actual employee experience of these procedures (which may differ from how they were intended or enacted) in terms of perceptions of justice in the process is likely to have consequences for levels of organizational commitment. Furthermore, based on signaling theory, the broader organizational climate, measured here in terms of the level of trust employees have in the senior management, sets the context in which this experience takes shape. Presenting multilevel analysis of 4,422 employees across 22 business units, we show that organizational units with high trust in senior management have both higher levels of commitment, and show a stronger link between employee perceptions of fair treatment by their line manager during performance appraisal, and organizational commitment. This provides initial evidence that the impact of line manager actions is important for employee-level outcomes but is also constrained by the organizational climate. © 2013 Wiley Periodicals, Inc.

Keywords: performance appraisal, line manager enactment, employee perceptions, organizational justice, trust, organizational climate, commitment, multilevel analysis

Introduction

Human resource management practices in organizations may be observed through three lenses (Nishii & Wright, 2008): the practices as intended by the human resources function and as embodied in policy documents and practice guidelines; the enactment of these practices by line managers in the workplace; and the employee experience of these practices (irrespective of what the HR function or the line manager intended). This distinction between intended, enacted, and experienced HRM has received little empirical attention to date, yet it is experience that guides employee behaviors and attitudes (Whitener, 2001). Thus, if organizations focus on the signals they send to employees, rather than the practices themselves, they may be closer to understanding the resultant employee outcomes (Haggerty & Wright, 2009). Similarly, Becker and Huselid (2006) argue that in moving forward our understanding of
the relationship between HR and organizational performance, attention needs to be paid to implementation of HR strategies, since it cannot be assumed that effective implementation will automatically follow strategy design (Barney, 2001). This concern with implementation thus moves the focus from the activities of the HRM function to those of line managers who enact them (Guest, 2011).

At the micro level, it has been acknowledged that line managers play a crucial role in implementing HRM practices (Purcell & Hutchinson, 2007; Truss, Gratton, Hope Hailey, Stiles, & Zaleska, 2002), and specifically performance appraisal (Maxwell & Watson, 2006). The organizational justice literature explains how employee perceptions of their treatment during the performance appraisal process are linked to attitudinal or behavioral outcomes (Erdogan, 2002). The manner in which a line manager carries out the appraisal process (procedural justice) and the personal communication between the employee and their line manager during this process (interactional justice) influences how fair the employee believes the appraisal process to be. Using social exchange theory (Blau, 1964), it can be argued that the employee reciprocates perceived justice with positive outcomes, such as organizational commitment (Masterson, Lewis, Goldman, & Taylor, 2000).

Relationships between an individual and their supervisor exist, however, within the broader context of the organizational climate (Schneider, 1990). Signaling theory (Spence, 1973) explains how members of an organizational group receive signals from senior management, and interpret these to form shared perceptions. Perceived organization support describes how employee attitudes and behaviors are then affected by these shared perceptions (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Thus, it is important to understand the prevailing organizational climate, in order to explore the broader context within which employees interpret the actions of line management. This necessitates a multilevel approach to the study of employee experiences of performance appraisal. In this study, organizational climate is investigated by exploring employee trust in senior management. By contrasting groups of employees who record high and low levels of trust in senior management at the business-unit level, the study examines the extent to which employee perceptions of line manager enactment of performance appraisal impact organizational commitment at the individual level.

The article contributes to current discussions in the HRM and organizational behavior fields by focusing on the implications of employee experiences of line managers’ implementation of performance appraisal practices for an important outcome: organizational commitment. Much extant literature tends to treat employees as if they are independent of the broader organizational context (Heck, Thomas, & Tabata, 2010); therefore, the study addresses calls for more multilevel research in the HRM field (Boselie, Brewster, & Paauwe, 2009; Saunders & Frenkel, 2011; Wright & Boswell, 2002). This approach explains the role that line managers and, importantly, the broader climate created by senior managers play in organizations when it comes to implementing performance appraisal. The study contributes to further theorizing on the relationship between the HR function and management, in particular highlighting multilevel issues and the micro employee perspective.

**Line Managers and HRM**

Since the emergence of HRM over personnel management, there has been much debate about the trend of assigning the implementation of HRM practices to line managers (Boselie et al., 2009; Eisenstat, 1996; McGovern, Gratton, Hope Hailey, Stiles, & Truss, 1997; Ulrich, 2001). If the ability to implement strategy effectively can be a source of competitive advantage (Barney, 2001),...
then line managers can play an important role in this process. Moreover, involving line managers in the implementation of HRM is seen as a means of adding value and delivering results for organizations, since it can result in a more comprehensive approach to HRM and speed up decision making, as line managers are closer to employees (Budhwar, 2000; Renwick, 2003). It can also reduce costs and lead to smaller HR teams (Larsen & Brewster, 2003), who can then focus on strategic and business issues (Francis & Keegan, 2006; Truss et al., 2002).

Research has identified certain HRM practices that are commonly transferred to line managers, including performance appraisal (Maxwell & Watson, 2006). The implementation of such practices by line managers introduces the possibility that the enactment may differ from what was intended (Nishii & Wright, 2008; Wright, Gardner, Moynihan, & Allen, 2005), since the way in which they are actually implemented may be shaped by line managers themselves (Bondarouk & Looise, 2009). As such they constitute a variable between the intended and experienced that may influence performance outcomes (Wright et al., 2005), potentially resulting in the practice either being implemented poorly or not at all (Guest, 2011).

Line managers’ roles have grown as a result of taking on increased HRM responsibilities (Hales, 2005; Perry & Kulik, 2008), but in an unclear and unstructured way (Hope Hailey, Farndale, & Truss, 2005; Purcell, Kinnie, Hutchinson, Rayton, & Swart, 2003; Watson & Maxwell, 2007). This may in part explain why the implementation of HRM activities does not always work out as intended (Brandl, Madsen, & Madsen, 2009; Nehles, Van Riemsdijk, Kok, & Looise, 2006) with consequences for the effectiveness of HRM policy (McGovern et al., 1997; Truss et al., 2002). This has been attributed to a number of factors, including low levels of interest on the part of line managers (Hope Hailey et al., 2005; Watson, Maxwell, & Farquharson, 2007), lack of training and competence in HRM activities (Renwick, 2003; Truss, 2001), and a reluctance to handle conflicting environmental pressures, which result in line managers prioritizing short-term operational or performance-related tasks (Hales, 2005; Hope Hailey et al., 2005). Crucially, the different ways in which line managers enact HRM practices can influence how employees experience these practices.

HRM and Organizational Commitment

Organizational commitment is frequently a variable of interest in studies of HRM and individual or organizational performance (Swailes, 2002), and has engendered a field of study of high-commitment work practices that includes performance appraisal (Farndale, Hope-Hailey, & Kelliher, 2011). Organizational commitment is defined as believing in and accepting the goals and values of an organization, being willing to exert effort on behalf of the organization, and desiring to maintain membership of the organization (Mowday, Steers, & Porter, 1979). Commitment has been shown to be strongly associated with organizational success factors such as higher job satisfaction, performance, productivity, receptivity to change, willingness to share knowledge, and organizational citizenship behavior, and lower turnover, absenteeism, and tardiness (Cohen, 1992; Fedor, Caldwell, & Herold, 2006; Lease, 1998; Mathieu & Zajac, 1990; Organ, 1990). In summary, individuals with high levels of commitment are more willing to devote greater efforts toward an organization’s goals and objectives (Guest, 1987). Organizations are thus keen to uncover the mechanisms by which they can increase levels of commitment among their employees.

Social exchange theory (Blau, 1964) proposes that when one party provides a benefit to the other, the other party feels obliged to respond by providing something beneficial in return, creating an exchange relationship between the two parties. In psychological contract terms, an informal exchange agreement between employees and the organization is built on an employee’s beliefs about
The primary aim of performance appraisal is for line management to provide guidance to its employees on how to apply their resources for the benefit of the organization (Gardner, Moynihan, Park, & Wright, 2001), creating an ongoing process of identifying, measuring, and developing performance, and aligning this with the strategic goals of the organization (Aguinis, 2007). While this might be the intention, there is a need to explore how performance appraisal practices are actually experienced by employees (Gratton & Truss, 2003; Nishii & Wright, 2008) in order to understand how they impact behaviors and attitudes (Guest, 1999).

Experience of performance appraisal can be examined through the concept of organizational justice (i.e., the extent to which employees perceive the process as fair; Cohen-Charash & Spector, 2001). There are different types of organizational justice (see, for an overview, Cohen-Charash & Spector, 2001): however, two types in particular focus on the interaction between the employee and their line manager: procedural and interactional justice. Procedural justice refers to employee perceptions of the fairness of a process as it is carried out (Greenberg, 1990; Thibaut & Walker, 1975). Bies and Moag (1986) examined the social side of justice, interactional justice, which focuses on employee perceptions of fairness of interpersonal treatment received during implementation of processes (Chang, 2005). Interactional justice is thus proposed to be a subset of procedural justice (Cropanzano, Prehar, & Chen, 2002).

In the context of performance appraisal, procedural justice relates to the fairness of the process by which employees feel their performance is measured, whereas interactional justice relates to the way in which they feel they are treated by their line manager during this process. Procedural and interactional justice have been shown to be associated with organizational commitment, job performance ratings, and trust in line management (Folger & Konovsky, 1989; Greenberg & Colquitt, 2005; McFarlin & Sweeney, 1992). Measuring perceptions of procedural and interactional justice in the performance appraisal process therefore allows us to explore employee experiences of an HRM practice that is implemented by line managers. Based in social exchange theory, these experiences, if positive, will be related to higher levels of organizational commitment. This leads to the first hypothesis for this study:

Hypothesis 1: Employee experiences of justice in performance appraisal are positively related to their level of organizational commitment.

Organizational Climate

Organizational justice in performance appraisal examines the relationship between an employee and his or her line manager; however, this relationship exists within the broader context of the organization as a whole. Here, the focus is on understanding the prevailing climate within a business unit, in terms of employee attitudes toward senior management.

Organizational climate comprises employees’ shared perceptions of the types of behaviors and actions that are rewarded and supported by the organization’s policies,
practices, and procedures (Schneider, 1990). There are multiple explanations of how individuals’ perceptions are transformed into higher-level unit constructs (Van de Voorde, 2009). Common experiences of organizational practices, combined with social interactions among unit members (Salancik & Pfeffer, 1978), are seen to result in the development of shared perceptions across an organizational unit (Nishii & Wright, 2008; Ostroff, 1992). Structural characteristics, such as hierarchy and leadership, can also inform a common interpretation by unit members of the organizational climate (Schneider & Reichers, 1983). In short, members of the same business unit are subject to the same work environment and leaders (Mason & Griffin, 2002), and through group socialization processes resulting in consistency in affect and behaviors (George, 1996).

Much extant literature treats employees as if they are independent of the broader organizational climate, which ignores the complexity of the clustered nature of individuals in higher-level groupings (Heck et al., 2010). The notion of clustering can be combined with signaling theory (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1973): employees develop a shared understanding of their organizational context by inferring the organization’s interests and priorities from information in the work environment, which guides their attitudes and behaviors (Murray, 1991; Srivastava & Lurie, 2001). Employees observe actions by senior managers, line managers, and colleagues, and interpret these as signals of less observable characteristics (i.e., values and goals; Haggerty & Wright, 2009). Such practices can promote positive employee and organizational outcomes: for example, work-life balance policies have been found to facilitate organizational attachment indirectly, by signaling that the organization cares about employee well-being (Casper & Harris, 2008).

The aspect of organizational climate of interest here is the level of trust that employees display in senior management. It is proposed that trust may facilitate the effects of other determinants (i.e., line manager actions) on desired outcomes such as commitment: Dirks and Ferrin (2001, p. 451) acknowledge that there is empirical evidence that trust has a main effect, but also develop a theoretical argument that trust “moderates the relationship between an interaction partner’s action and the trustee’s response by influencing one’s interpretation of the action.” Employee trust in senior management is “based on the outcomes of organizational decisions made by these top managers and less on direct experience of their character, words and actions” (Costigan, Ilter, & Berman, 1998, p. 304). Employees need to have confidence in the actions of the organization’s leaders (Eisenhardt, 1989), trusting that senior managers will make decisions that are at least not detrimental to employee interests (Farndale, Van Ruiten et al., 2011). In return, trust creates conditions that affect employee responses to HRM practices, including commitment (Eisenberger et al., 1986; Macky & Boxall, 2007; Masterson et al., 2000; McAllister, 1995). This leads to the second hypothesis for this study:

**Hypothesis 2**: A climate of employee trust in senior management is positively related to organizational commitment.

It is thus hypothesized that there is a positive relationship between perceptions of organizational justice and commitment, and between trust and commitment. Based on this reasoning, and in line with Dirks and Ferrin (2001), it is suggested further that a climate of trust in senior management across an organization moderates the relationship between employee perceptions of how they have been treated by their line manager in the performance appraisal process, and their related behavioral and attitudinal outcomes in terms of commitment. This leads to the final hypothesis:

**Hypothesis 3**: A climate of employee trust in senior management at the group level moderates the relationship between individual employee experiences of justice in performance appraisal and their level of organizational commitment.

In summary, the hypothesized model for this study is presented in Figure 1.
Methodology

The data for this study were collected by the Change Management Consortium (CMC), a collaboration of practitioners and academics. To test the hypotheses, five large organizations, members of the CMC in the United Kingdom, were surveyed. After removing incomplete responses, the total number of responses used in this analysis is 4,422, representing 22 business units across these five organizations (see Table I). Due to the large variation in group size at the business-unit level, additional calculations were made to calculate average group size (as recommended by Bliese & Halverson, 1998). The resultant average business-unit size was 184.5 employees.

Questionnaires were distributed by internal post to the population of the business units included in the study. Completed questionnaires were returned anonymously directly to the researchers. The questionnaire was previously piloted within a large organization and showed strong reliability of the measures used. Details of each of the measures included are given below, and details of the items used are presented in the Appendix; all items were measured on a five-point Likert scale ranging from “strongly disagree” to “strongly agree.” The overall mean of each scale was used to generate a factor score per respondent.

Measures

Organizational commitment was measured using four items at the individual level. The scale includes two elements—a belief in and acceptance of an organization’s goals and values, and a willingness to exert effort on behalf of the organization—based on Mowday et al.’s (1979) Organizational Commitment Questionnaire. The scale showed strong reliability (Cronbach’s $\alpha = .767$).

Justice in performance appraisal (PA justice) incorporates employee perceptions of how they felt they were treated by their line manager in the process of performance appraisal. Two items focused on the content and process of conversations between the employee and his/her line manager during performance appraisal, drawing on the work by Folger and Konovsky (1989). Three remaining items considered whether the employee felt he/she was treated with dignity, sensitivity, and consideration, and the quality of information used to reach decisions on performance (Bies & Moag, 1986; Skarlicki, Folger, & Tesluk, 1999). Due to the lack of clarity in the literature as to whether it is preferable to measure procedural or interactional justice separately...
or combined, both approaches were adopted here. First, based on a combined approach, factor analysis revealed a single factor with strong reliability (Cronbach’s $\alpha = .885$). Second, breaking the concept down into two dimensions, factor analysis also revealed a single factor for procedural justice and for interactional justice, both again with strong reliability (Cronbach’s $\alpha = .795$ and .883, respectively).

**Senior management trust (SM trust)** was measured using four items that asked for employee perceptions of the sincerity, equity, and integrity of senior management, based on Cook and Wall (1980). The scale showed strong reliability (Cronbach’s $\alpha = .824$). SM trust is used as an aggregate variable at the business-unit level, calculated from the mean of individual-level perceptions. “Business unit” refers to an operating division of the larger organization.

Regarding control variables, there is some debate as to whether there is a consistent relationship between gender and organizational commitment (Aven, Parker, & McEvoy, 1993); however, gender differences in the relationship between organizational justice and organizational commitment have been found (Sweeney & McFarlin, 1997). Cohen (1992) also found varying relationships between organizational commitment and personal antecedents like tenure across manual, technical, and professional staff. Tenure significantly predicted organizational commitment (Mathieu & Zajac, 1990), as did job grade, with managers being more positive than clerical workers (McFarlin & Sweeney, 1992). Therefore, three control variables were included in the analysis: job grade was measured on a five-point scale from junior to senior, based on the actual job titles or grades used in each organization; gender was included as a dichotomous variable; and tenure with the organization was measured on an eight-point scale ranging from less than one year to over 30 years at stepped intervals.

**Analysis Strategy**

To model the relationships presented in Figure 1, a two-level hierarchical linear modeling (HLM) analysis was carried out. The level 1 analysis explored the PA justice-commitment relationship at the individual employee level. The level 2 analysis introduced the business-unit variable, SM trust, at the between-group level of analysis.

Before carrying out the HLM analysis, the first step was to explore the construct validity of the group-level variable. Intra-class correlations (ICCs) and average deviations (ADs) were first calculated for SM trust. The results show strong group-level reliability (ICC(2) = .98; AD = .68 [standard deviation = .49]). The ICC(1) results show that 17.4 percent of variance in trust in senior management can be explained by group membership, which supports aggregation of this variable to this level.

As a single source was used for collection of both the independent and dependent variables, Harman’s single-factor test was carried out to try to eliminate concerns over common method bias. In line with the unrotated factor solution, four factors emerged from the data. As all items did not load onto a single factor, this indicates that common method effects are not likely to be a contaminant of the results observed in this investigation, although this test may be considered insufficient in itself (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). In addition, aggregating the SM trust variable to the mean at the business-unit level reduces the impact of same-source response bias, while at the same time giving a shared perspective at the group level. HLM analysis was therefore deemed appropriate, as it maintains the requirements of independence for the group-level data (Hofmann, 1997).

To establish further the reliability of the factors, in addition to the high Cronbach’s $\alpha$ results reported earlier, confirmatory factor analysis was carried out. An initial model with all items at individual level loading onto a single factor produced a poor level of fit (Root mean square error of approximation [RMSEA] = .225; Akaike information criterion [AIC] = 14,633), while a model including the four factors (PA procedural justice, PA interactional justice, SM trust, and commitment) improved the level of fit significantly (RMSEA = .059; AIC = 1,065). To test further for possible common method bias, the data were
refit with a single-method factor to control for the portion of variance in the indicators that is attributable to obtaining the measures from the same source (as recommended by Podsakoff et al., 2003). The method factor was defined as having all of the employees’ self-report measures as indicators. In this model, the estimated factor loadings for the method factor remained positive, statistically significant ($p < .01$), and all but two were smaller than their corresponding trait factor loadings. This indicates that the relationships observed are not wholly attributable to same-source variance.

## Results

It was hypothesized that organizational commitment would be related to justice perceptions in performance appraisal at the individual level, and trust in senior management at the business-unit level. Before proceeding with the HLM analysis, whether there was systematic within-group and between-group variance in commitment was explored by estimating a null model. The results showed that there is significant variance to be explained within business units (Wald $Z = 46.899, p < .01$) and across the sample of business units (Wald $Z = 2.982, p < .01$). The data are therefore suitable for further exploration of the relationships at the individual and group levels.

Table II presents the means, standard deviations, reliabilities, and intercorrelations of the variables in the study. This shows that PA justice (combined, procedural, and interactional) and SM trust are significantly related to commitment. Job grade, gender, and tenure are also associated with SM trust and commitment; however, PA justice (combined and procedural) is only significantly related to job grade, while PA interactional justice is also significantly related to tenure. No problems of multicollinearity were indicated in the data, with all correlations below the .700 level generally accepted as the cutoff point indicating problematic data (with the exception of PA combined justice and its two components as would be expected). Procedural and interactional justice correlate at .662, indicating that these are distinct constructs in the data.

The first step in testing the hypotheses, represented by Model 1 in Table III, specifies commitment as the outcome variable including only control variables in the analysis. The second step involved adding the PA justice variable to create Model 2 to explore the within-group effect. This model (see Table III) reveals that PA justice explains considerable unique variance in commitment beyond that explained by the control variables. As predicted, there is a significant positive relationship between PA justice (combined) and commitment ($.224, p < .01$), lending support to Hypothesis 1.

### Table II

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
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<th>6</th>
<th>7</th>
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<tbody>
<tr>
<td>1. Commitment</td>
<td>3.05</td>
<td>.79</td>
<td></td>
<td></td>
<td>(.767)</td>
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<td>2. PA justice</td>
<td>3.64</td>
<td>.70</td>
<td>.235***</td>
<td>(.885)</td>
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<td></td>
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<td>3. PA procedural justice</td>
<td>3.50</td>
<td>.80</td>
<td>.202***</td>
<td>.877***</td>
<td>(.795)</td>
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<tr>
<td>4. PA interactional justice</td>
<td>3.74</td>
<td>.75</td>
<td>.224***</td>
<td>.941***</td>
<td>.662***</td>
<td>(.883)</td>
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<td>5. SM trust</td>
<td>2.36</td>
<td>.84</td>
<td>.487***</td>
<td>.267***</td>
<td>.249***</td>
<td>.241***</td>
<td>(.824)</td>
<td></td>
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<tr>
<td>6. Job grade</td>
<td>3.15</td>
<td>.86</td>
<td>.106***</td>
<td>.077***</td>
<td>.054***</td>
<td>.083***</td>
<td>.059***</td>
<td></td>
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<tr>
<td>7. Gender (0 = Male)</td>
<td>0.49</td>
<td>.50</td>
<td>.079***</td>
<td>.002</td>
<td>.004</td>
<td>.000</td>
<td>.090***</td>
<td>-.252***</td>
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<tr>
<td>8. Tenure</td>
<td>5.72</td>
<td>2.10</td>
<td>-.171***</td>
<td>-.039</td>
<td>-.025</td>
<td>-.043***</td>
<td>-.173***</td>
<td>.315***</td>
<td>-.175***</td>
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*N = 4,422.

***$p < .01$.

Factor reliability on the diagonal in parentheses.
<table>
<thead>
<tr>
<th>Table III Results of Hierarchical Linear Modeling Analysis on Commitment</th>
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<td><strong>A. Using combined PA justice variable</strong></td>
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<td>Fixed Effects</td>
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<td>PA justice</td>
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<td>SM trust</td>
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<td>PA justice * SM trust</td>
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<td>Control Variables</td>
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<td><strong>B. Using separate PA procedural and interactional justice variables</strong></td>
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<td>Fixed Effects</td>
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<td>PA procedural justice</td>
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N = 4,422 individuals (level 1), 22 business units (level 2).
Significance values for fixed effects are based on t-tests: *p < .10, **p < .05, ***p < .01.
Standard error included in parentheses.
Nonsignificant random intercepts removed from analysis for Models 3 and 4.
This is also supported separately for procedural justice (.097, $p < .01$), and interactional justice (.127, $p < .01$).

Model 3 (Table III) adds the business-unit level variable, trust in senior management, to explain further the cross-level main effects. PA justice remains significant after addition of the SM trust variable (.224, $p < .01$). This was also supported when applying the separate procedural and interactional justice variables (.096, $p < .01$ and .128, $p < .01$, respectively). These models show that SM trust at the business-unit level is positively related to mean changes in commitment (.605, $p < .01$) after controlling for PA justice. This supports Hypothesis 2.

The final model, Model 4 (Table III), explores the cross-level moderating effect of SM trust on the PA justice-commitment relationship. Hypothesis 3 predicted that business-unit SM trust would moderate the relationship between PA justice and commitment in such a way that the higher the trust, the stronger the relationship. Observing the results of the combined PA justice variable, the interaction of SM trust is significant (.081, $p < .10$), supporting this hypothesis. However, neither of the interaction effects of the separate procedural and interactional justice variables is significant, indicating that SM trust moderates only the combined effect of PA justice, and not each of its components.

Exploring the interaction of low and high levels of combined procedural and interactional PA justice and SM trust, Figure 2 illustrates how the PA justice-commitment relationship is stronger in business units where members share high levels of trust, as well as commitment being higher in these high SM trust units.

**Discussion**

Although it has been recognized that HRM practices can be examined at different levels—intended, enacted, and experienced (Nishii & Wright, 2008)—to date there has been little empirical attention to how employees experience HRM practices. In this study, employee experiences of performance appraisal were examined in terms of perceptions of justice when these practices are enacted by line managers. Based on a literature review, it was proposed that positive attitudes toward the organization, such as belief in and adoption of the goals of the organization, would be related to employee perceptions of fairness (Cropanzano & Greenberg, 1997). Using the principles of social exchange (Blau, 1964) and the psychological contract (Conway & Briner, 2005), it was argued that employee experiences of organizational actions would influence their perception of organizational support leading to reciprocation in terms of commitment (Whitener, 2001).

As there have been many studies exploring the relationship between micro-level organizational justice perceptions and commitment (although fewer focus on performance appraisal), additional investigation of the impact of a macro-level phenomenon, group-level trust, is an important contribution made by this investigation. Perceptions of fairness, based on line manager–employee interaction, need to be seen in the broader context of the organizational climate (Murray, 1991; Srivastava & Lurie, 2001). This perspective stems from the principles of signaling theory (Spence, 1973), arguing that employees’ attitudes and behaviors are influenced by the actions and perceptions of those around them in the workplace. Organizational
climate was measured here by considering the level of trust employees exhibited in senior management.

In line with these arguments, it was hypothesized that where employees perceive fair treatment by their line manager in the performance appraisal process, levels of organizational commitment will be higher. This positive relationship was also expected to be amplified where employees reported a high level of trust in senior management within the business unit. The findings gave support to these hypotheses, providing evidence of the importance to commitment of employee perceptions of how line managers enact performance appraisal practices, and how these perceptions are affected by the level of trust placed in senior management. By being able to explore organizational climate at the business-unit level, it has been shown how a positive climate of trust has a moderating impact on the performance appraisal justice–commitment relationship.

The separate impact of procedural and interactional justice in performance appraisal was also explored, as evidence is mixed regarding whether a combined or separate justice measure is preferred (Cohen-Charash & Spector, 2001). The results indicated that both types of justice were positively associated with commitment, but that neither form of justice had a significant effect in the final model tested, implying the combined effect of procedural and interactional justice is stronger than the individual effect of each type. This finding supports applying both a combined and separated approach to exploring organizational justice in future research.

At a general level, these findings are in line with Whitener’s (2001) work suggesting that the employee experience of organizational actions influences levels of commitment. In the specific context of performance appraisal, where managers are making judgments about employee performance (Aguinis, 2007), perceptions of procedural and interactional justice in this process were found to have a significant relationship with organizational commitment. This context adds detail and refinement to the extant work that looks more generally at the relationship between perceptions of justice and employee attitudes and behavior (Folger & Konovsky, 1989; Purcell et al., 2003). In addition, previous work suggests that procedural justice has a stronger relationship with organization-related outcomes such as commitment, while interactional justice is more closely linked to supervisor-related outcomes (Masterson et al., 2000). In contrast, the study presented here found both types of justice to be significantly related to organization commitment. Further research is required to explore these mixed findings in the field.

The findings also suggest that organizational climate (Parker et al., 2003) influences levels of commitment, and acts as a moderator of the relationship between perceptions of justice in performance appraisal and commitment. In line with Mason and Griffin (2002), shared perceptions, specifically trust in senior management in this instance, were found to influence commitment. This would suggest that although the line manager may in some circumstances be seen as a representative of the organization as a whole (Coyle-Shapiro & Shore, 2007), there are other organizational representations that influence employee attitudes. As a result, account needs to be taken of higher-level groupings to understand the different drivers of employee outcomes (Heck et al., 2010). This also lends support to other more general findings that trust can create conditions that affect employee responses to HRM practices (Dirks & Ferrin, 2001; Macky & Boxall, 2007; McAllister, 1995).

It is proposed that these findings in relation to organizational commitment can be explained by reference to social exchange (Blau, 1964) and psychological contract theory (Conway & Briner, 2005): Organizational commitment is a means by which employees reciprocate benefits provided to them, in this case in the form of perceived fair treatment from their line
This study has demonstrated the significance of line managers in enacting performance appraisal practices to influence employee commitment. However, it also confirms that the significance of the line manager–employee relationship does not occur in isolation. The findings also demonstrate how a high-trust climate is more likely to be associated with higher employee perceptions of fairness in the performance appraisal process (Dirks & Ferrin, 2001). Overall, this suggests that line managers have an important role to play in the effective implementation of HRM practices (Becker & Huselid, 2006), but that outcomes are also influenced by the wider organizational climate in which the line manager–employee interaction takes place.

In considering these findings, a number of potentially fruitful areas for further research emerge. First, the research reported here has only examined the employee–line manager interaction in the context of performance appraisal. Given the significance of line managers in the HRM-performance chain, other HRM practices enacted by line managers are worthy of investigation, since they may impact employee outcomes in different ways. Second, the employee experience of performance appraisal was examined here by exploring perceptions of justice. It may be that other employee experiences of performance appraisal (e.g., clarity of guidance and direction), which, although potentially related to perceptions of justice, might deliver different outcomes. Third, organizational climate has been examined by looking at trust in senior managers. Other measures of organizational climate (e.g., pressure to produce, or a focus on well-being) might influence employee outcomes differently, and hence could contribute to developing understanding of the influences on performance-related outcomes.

Conclusions

Since there may be differences between what is intended by the HRM function and what is actually experienced by employees (Nishii & Wright, 2008), line managers play a crucial role in enacting HRM practices in the HRM-performance chain. More specifically, this study has demonstrated the significance of line managers in enacting performance appraisal practices to influence employee commitment. However, it also confirms that the significance of the line manager–employee relationship does not occur in isolation (Heck et al., 2010). The organizational climate, examined here through trust in senior managers at the business-unit level, is associated not only with levels of commitment directly, but also moderates the relationship between perceived performance appraisal justice and levels of organizational commitment. This would suggest that employees see their relationship with the organization (and hence their commitment) personified by both line managers and senior management (Coyle-Shapiro & Shore, 2007). Taken together, these findings start to construct a picture of the range of factors that influence effective HRM implementation, and relatedly organizational performance (Becker & Huselid, 2006).

In practical terms, prior research has shown evidence of different line manager behaviors in the performance appraisal process affecting perceptions of justice. For example, employee voice as one aspect of the performance appraisal process has been shown to influence perceptions of fairness (Dulebohn & Ferris, 1999). Similarly, in career management, line managers’ behavior in terms of respect, feedback, voice, consistency, and bias suppression has also been shown to influence perceptions of justice (Crawshaw, 2006). In the current study, the focus has been on the outcomes of these perceptions, but further research that explores the detailed events of the performance appraisal process as well as the related employee-level outcomes would be beneficial.

On a positive note, the findings underline the added value of line managers in the implementation of HRM practices for performance-related outcomes. Yet perhaps of more concern is that assignment of HRM practices to line managers increases the...
potential for variation in what is enacted. Hence, line managers need to be well briefed and well prepared to ensure that what is implemented and experienced is aligned, as closely as is possible, to what was intended. This may require training and development on such issues as awareness of how events in the performance appraisal process (including personal communication, respect, feedback, and facilitating employee voice) impact how employees interpret and act on the line manager behaviors they experience. Whereas the HR function can outline the guidelines for what constitutes an appropriate performance appraisal procedure, it is the line manager who needs to be aware that employees will not only judge this procedure, but also how it is implemented, in reaching conclusions on how they feel about the organization. Prior research has uncovered low levels of line management interest, a focus on short-term operational issues, and a lack of competence regarding line management implementation of HRM as noted earlier. By focusing on the positive outcome of employee commitment if performance appraisal is implemented fairly in the eyes of the employee, this may motivate line managers to be more effective in their implementation.

Equally, it is important to ensure that signals communicated to employees and actions undertaken by senior management take due account of the implications for creating a shared organizational climate; senior managers need to be aware of how their wider actions may be interpreted by employees, as much as line managers need to be aware of the implications of their actions directly in the performance appraisal process. Finally, line managers alone cannot be held accountable for employee outcomes of performance appraisal—the broader organizational climate also has a role to play in developing these attitudes and behaviors.

Despite the interesting findings emerging from this study, there are limitations to consider. As with many tests of moderation, the direction of causality of the model explored here has not been tested, as cross-sectional data have been used. It is possible that higher levels of organizational commitment improve perceptions of treatment by line management and the actions of senior management. Further research, preferably longitudinal, is required to explore this further.

A further consideration is the composite aggregation of individual-level data on SM trust to the business-unit level. First, tests were run to assess the usefulness of aggregation to the business-unit level: calculation of ICC and AD values, as well as HLM analysis reported earlier, highlighted that there was a much greater degree of variance in commitment explained at the business-unit rather than company level. Hence, the analysis was carried out using business units as the second level of analysis. Second, the aggregation process risks ignoring potentially meaningful individual-level variance (Hofmann, 1997). However, this limitation is partly overcome by the items used to measure this variable being worded at the group level (i.e., with senior management as the point of reference—see Mathieu & Chen, 2011). Ultimately, the multilevel analysis allows a more detailed consideration of factors at different levels within an organization impacting on individual employee experiences (Fedor et al., 2006).

Finally, for HLM as applied here, although a minimum of 20 groups and 30 respondents per group is deemed acceptable (Bickel, 2007, p. 272), the study has a relatively small number of groups (22 business units) and considerable variation in group size (with three business units falling below the minimum requirement of 30 members). The restricted maximum likelihood technique was therefore used in the analysis to reduce bias in estimates of variance and covariance parameters and produce more reliable results.

This article has responded to calls to examine HRM beyond the intended level
(Nishii & Wright, 2008) and as a result has added to our knowledge about HRM in organizations by examining employee experiences of performance appraisal as enacted by line managers. It also speaks to requests to examine the implementation of HRM strategy and its role in the HR architecture–organizational performance chain (Becker & Huselid, 2006; Gerhart, 2005). Importantly, this article has addressed calls for more multilevel research (Boselie et al., 2009; Saunders & Frenkel, 2011; Wright & Boswell, 2002), exploring the impact of the broader organization climate that affects this relationship. It is hoped that future research in this field will continue to combine perceptions from different levels of the organization to help improve our understanding of the role of line managers in HRM implementation.

Notes

1. Distributive justice is a third type of justice commonly studied; however, this refers to fairness of the outcome of the appraisal process, rather than the interaction between employees and their line manager during the process. As this study focuses on the perceptions of line manager enactment, this dimension of justice is not investigated here.

2. Except for one company where, at the company’s request, the sample was based on selection of the nth employee on a nonstratified alphabetical listing, reducing the population of 10,000 to a sample of 180 participants.

References


Organizational commitment
- Externally, I say this is a great organization work for.
- I am proud to tell others that I am part of this organization.
- I am willing to put a great deal of effort beyond that normally expected in order to help this organization be successful.
- I really care about the fate of this organization.

PA procedural justice
- When conducting your performance appraisal, does your manager provide opportunities to appeal or challenge the decision?
- When conducting your performance appraisal, does your manager collect accurate information necessary for making decisions?

PA interactional justice
- The last time you had a performance appraisal, did your manager treat you with kindness and consideration?
- The last time you had a performance appraisal, did your manager show concern for your rights as an employee?
- The last time you had a performance appraisal, did your manager consider you viewpoint?

SM trust
- I feel confident that senior management will always try to treat me fairly.
- Senior management is sincere in its attempts to take account of the employees’ point of view.
- Senior management can be trusted to make sensible decisions for this organization’s future.
- Our senior management would be prepared to gain advantage by deceiving the workers (reversed).

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- I am willing to put a great deal of effort beyond that normally expected in order to help this organization be successful.  
- I really care about the fate of this organization. |
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