

A Study on the Interactive Relationship between Performance Appraisal and Trust and Management Tactics

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Abstract. There is an interactive relationship between performance appraisal and trust. Performance appraisal as a tool for managing and monitoring employees' behavior because of leaders don't trust employees, however, it also cause employees don't trust leaders for its politics. This relationship is economical exchange relationship in nature, and will become sick and deteriorate tendency. At last, this paper indicates that through increase performance appraisal justice can improve employees' trust for leaders.

Introduction

Trust has been test by many researches, and been taken as an important and effective management tools in a long term. For example, it has found that trust has a positive influence on organizational citizenship behavior, organizational commitment, and knowledge sharing (Colquitt & LePine, 2007). However, if employees don't trust their organization and their leaders, they will commit counterproductive work behavior to express their dissatisfaction. In a manner of speaking, how to increase employees' trust has become a focus for every manager.

As a key module of human resource management, performance appraisal may have an interaction relationship wit trust. On one side, performance appraisal reflects managers don't trust employees. In a sense, managers just take performance appraisal to monitor and control employees' behavior for fear their lazing. On the other hand, performance appraisal also will result in employees don't trust their leaders because its problems, such as the politics in performance appraisal. The relationship between performance appraisal and trust will become worse and vicious spiral which just as Ghosha & Moran (1996) had said. In this paper, I just want to analyze the interactive influence between performance appraisal and trust, and put forward several management tactics to improve trust in organization.

Performance Appraisal and Trust

Performance appraisal. In a broad sense, performance appraisal is a control system that is used by many organizations to specify the behavior that employees must perform in accordance with organizational objectives, and include of objectives setting, performance assessment and performance feedback. In a narrow sense, performance appraisal is performance assessment. It has found that performance appraisal is not just a management tool which has psychological character, but also is a social process which include of context, cognitive and affective (Levy & Williams, 2004). Performance appraisal can change employee's work attitudes and behaviors, and has an important influence on individual and organizational performance.

Trust. Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer et al., 1995). Trust is a multidimensional construct, and different scholars have different ideas. Mayer et al. (1995) point out that trust include of benevolence, ability, and integrity three dimensions. Benevolence is the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive. Ability is that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain. Integrity is the trustor perception that the trustee adheres to a set of principles that

the trustor finds acceptable. Trust include of the trust between employees, trust between employees and leaders, and trust between employees and organization. In this paper, we focus on the trust between employees and leaders.

The Interactive Influence Mechanism between Performance Appraisal and Trust

Leaders don't trust employees: performance appraisal as a monitor. Why leaders conduct performance appraisal? Although there are many reasons, but assess and check whether employee performance up to standard is the most important one. So, in a sense, performance appraisal reflects leaders don't trust employees, and want to use a control tool to monitor employees to enhance the predictable of behavior, and decrease the unethical behavior. In theoretical research, MacGregor thought that employee will commit opportunistic practice, lazy, and need adopt several management measure to control. According to rational choice theory, employee will commit behaviors that beneficial for themselves but often at the expense of organizational interests. Fisher et al. (2005) use principal-agent theory also pointed out that the reason why leaders conduct performance appraisal is just want to control employees' short-term behavior, and reduce all kinds of agency problem. In management practice, checking attendance, electronic monitor equipment, critical incident method, 360 degree performance appraisal and so on are the common methods that can monitor employee and increase leader's trust.

Employees don't trust leaders: The politics of performance appraisal. Performance appraisal reflects leaders don't trust employees, but it also can cause and exacerbate employees don't trust their leaders for the politics in performance appraisal. Mintzberg point that organization just like a political arena, and performance appraisal is an effective tool for leaders to manipulation. The politics in performance appraisal means that managers intentionally manipulate the assessment results for some purpose, such as leaders consider private relationship, organizational status, and situation of resource control when they conduct performance appraisal (Tziner et al., 1996). Because the politics in performance appraisal can result in employees feel lack of control and sense of security, so they don't trust their leaders. Every employee wants to control some resource, their behaviors by themselves. But the politics in performance appraisal means uncertainty, and this uncertainty will result in employees think themselves are targets for the other manipulation and dally with, and then distrust will increase.

The interactive relationship between performance appraisal and trust. Social exchange theory can explain the interactive relationship between performance appraisal and trust. According to social exchange theory, the nature of relationship among people is exchange, and type of exchange is the key to decide their reactive mode. When leaders don't trust employees, they will adopt performance appraisal to monitor their behavior and conduct rewards and punishments based on the appraisal results. Under this condition, performance appraisal becomes a way to deliver the economic exchange relationship between leaders and employees. However, because there are many political behavior in performance appraisal, when employees think they can't control resource and behaviors, and there are many uncertainties in the relationship between effort, performance and gains anticipate, they will distrust their leaders. Under this condition, employees don't trust their leaders also reflect the economic exchange relationship between two parties. Fig. 1 is the interactive relationship between distrust between leaders and employees which caused by performance appraisal.

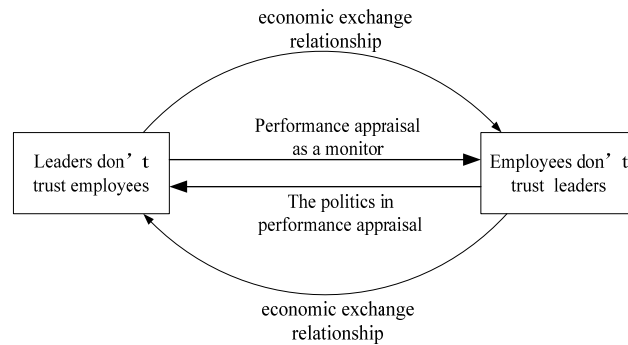


Fig. 1 the interactive relationship between distrust between leaders and employees which caused by performance appraisal

Management Tactics Which Are Based on the Interactive Relationship between Performance Appraisal and Trust

Although performance appraisal reflect leaders don't trust employees, but the ultimate aim that organization conduct it is to enhance leaders' trust for employees from management perspective. Therefore, we will analyze how to do performance appraisal can enhance employees trust for leaders.

Improve employees appraisal reaction is the key to solve this problem, and enhance employee fairness perception of performance appraisal is most important. The fairness perception of performance appraisal is extent of organizational fairness in performance appraisal, include of distributive justice, procedural justice and interactive justice. It has found that performance appraisal is very sensitive to fairness or justice in the final analysis, if employee don't think appraisal is fairness, justice, any appraisal system will be bound to fail. Fulk et al. (1985) pointed that only employee perceptive fairness of performance appraisal, they will want to trust their leaders. Hertzmann & Slapnicar (2009) also pointed that increase employee fairness perception of performance appraisal can improve the trust in leadership. Frazier et al. (2010) based on social exchange theory also proposed that when employee perceptive appraisal justice, they will enhance their trust propensity to organization and leaders. Therefore, leaders must enhance the distributive justice, procedural justice and interactive justice in performance appraisal.

First, performance appraisal must objective, comprehensive and truly represents employee effort and contribution. In order to achieve this, managers should adopt objective indicators as far as possible, and adopt scientific methods to quantize performance. If we can't find all objective indicators, managers also distribute weight among subjective and objective indicators reasonable, collect total performance information, strive to unbiased, and reflect employees' effort and contribution accurately.

Second, allow employees to express their opinion, and make sure justice in front of rule. Procedural justice means everybody justice in front of rule. Managers need announce appraisal procedural on time, and make sure each individual know the steps, laws and methods of appraisal. Impel employee take part in the procedural of appraisal decision, and allow them to express their opinion, suggestion and active listening. Make certain each decision is based on fact.

Third, explain and illustrate relevant information, respect and care for employees. Managers not only communicate with employee in performance appraisal, but also offer feedback at the end of assessment. For the unclear, doubtful issues, managers must give an explanation, make employees get a statement. Managers also respect, care for employees, confirm their value and contribution, and enhance their pride and "face".

Conclusions

Trust is very important for organization operates healthy, and performance appraisal is also the

key tool to enhance organization performance. This paper analyze the interactive relationship between performance appraisal and trust, and point out that performance appraisal is the control tool for leaders don't trust employee, but employee also don't trust their leaders because of politics in performance appraisal, this interactive relationship will emerge "sick spiral relation" development trend. At last, we point that leaders should make distributive justice, procedural justice and interactive justice in performance appraisal to improve employee trust in leadership.

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