

Performance Appraisal in China: an analysis of stakeholder perceptions in the Chinese State-owned Banking Industry

Yongmei Zhang

A thesis submitted in fulfilment of the requirements of Liverpool John Moores University for the degree of Doctor of Philosophy

January 2010

Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning. In addition, the candidate confirms that the work submitted is her own and appropriate references have been made to the work of others

Abstract

Performance appraisal is an important element of Human Resource Management and one which can directly contribute to the achieving of organizational goals. The process of performance appraisal can also result in employee development, enhanced communication and a strengthening of a feeling of belonging. The central conceptual framework for the study embraced performance appraisal within the wider framework of performance management, stakeholder theory and the diversity of national culture.

Much of the previous research into performance appraisal has predominantly focused on Western organizations, with limited attention being paid to its practice in developing economies. The entry, in 2001, of the People's Republic of China to the World Trade Organisation (WTO), provided an opportunity for foreign banks to operate in China which, in turn, increased competition for Chinese banks. As the banking sector, particularly the state-owned banks, is an extremely sensitive area for the nation's economy, the contribution that performance appraisal can make to a bank's success is important and thus provided a natural setting for the research.

Adopting an exploratory approach, a specifically-designed questionnaire was used to gather data from salient stakeholders in Chinese state-owned banks between 2006 and 2007. Over 700 questionnaires were returned and analysed using parametric statistics to determine how stakeholders perceived performance appraisal within their bank. Biographic data provided independent variables which were evaluated against the areas of satisfaction, loyalty and the perception of an 'ideal' performance appraisal system.

Levels of employee satisfaction provided a strong cultural perspective on the appraisal process, with this being contrasted at different levels within the banks and between each bank. The findings suggest a relationship between salient stakeholders' positive perceptions of procedural and distributive justice and levels of satisfaction. Findings from stakeholder perceptions of an 'ideal' appraisal process were used to provide recommendations as to how performance appraisal can be intertwined within a national culture.

The unique setting provided direct contributions of knowledge with respect to developing the conceptual framework of performance appraisal from a stakeholder perspective. The associated areas of performance management and evaluation of performance appraisal in a developing economy extended the literature with respect to international HRM. From an organizational perspective, the empirical study provided recommendations that contributed to the development of employees in Chinese state-owned banks, which would enhance their strategic aims, in the new post-WTO competitive environment.

Acknowledgements

There are a number of people I would like to thank for the support and guidance they have offered whilst studying for my doctorate. I am particularly indebted to Dr Ian Lovegrove for his invaluable supervision and clear guidance. He has been extremely supportive and the guidance and advice he provided were invaluable. Without his clear understanding and great patience, it would not have been possible to achieve my goal.

Acknowledgement must also go to the other members of my original supervisory team, to Dr John Simmons and Dr Peter Williamson for their valuable insight and their assistance in organizing my ideas. Thanks are also due to Dr Aileen Lawless for taking over when John had to leave.

Special thanks are due to Dr David Bryde and Dr Bob McClelland for their time, guidance and encouragement, which ultimately made this study a better product. I would also like to express my sincere gratitude to Liverpool Business School for having funded the earlier part of the research and supporting my studies. In particular, Bernie Hobbs has been particularly supportive in backing my research, both on an administrative and personal level.

My appreciation also goes to all those who made this study possible, particularly those who took the time to respond to the survey, and the many friends and colleagues in the Chinese state-owned banking industry, who provided valuable support, encouragement and feedback. Without their help, the challenge of the task would have been greater.

Last but not least, my special gratitude goes to my dearest family who have endured as much as I have during past four and half years of study. Without their strong emotional support, this project would not have come to completion.

Table of Contents

Declaration	ii
Abstract	iii
Acknowledgements	iv
Table of Contents	v
List of Tables	xii
List of Figures	xv
Glossary	xvi
CHAPTER 1 INTRODUCTION	1
1.1 Overview of Performance Appraisal	1
1.2 Banking and the Global Economy	3
1.3 The Chinese Context	5
1.4 Rationale and the Need for the Study	8
1.5 The Research Focus and Question	13
1.6 Research Background	14
1.7 The Organisation of the Thesis	14
<i>Summary</i>	16
CHAPTER 2 CHINESE STATE-OWNED BANKING INDUSTRY	18
2.1 Development of Chinese State-owned Banking Industry	18
2.1.1 Pre-1993 Banking System	18
2.1.2 Post-1993 Banking System	21
2.1.3 Impact of the WTO Entry	25
2.2 Comparison of Financial Performance of Chinese State-owned Big-Four Banks	27
<i>Summary</i>	32
CHAPTER 3 LITERATURE REVIEW	34
3.1 Performance Management	34
3.1.1 Performance Management System	37
3.1.2 Performance Measures	38
3.1.3 Characteristics of Performance Measures	39
3.1.4 Selection of the Performance Measures	40
3.1.5 Building a Performance Measure System	40
3.1.6 Evaluation of Existing Performance Measure Systems	42
3.1.7 Purposes of the Performance Measurement	43
3.1.8 Frameworks	44
3.1.9 Performance Measurement System as a Tool	45
3.1.10 Employee's Performance and Satisfaction	47

3.2	Performance Appraisal	47
3.2.1	Performance Management and Performance Appraisal	49
3.2.2	Performance Management Methods	50
3.2.3	Traditional Methods	51
3.2.4	Collaborative Methods	52
3.2.5	Limitations of Performance Appraisal Systems	53
3.2.6	Models of Performance Appraisal Management	56
3.3	Measuring the HR and the Chinese Context	61
3.3.1	Selection and Recruitment	63
3.3.2	Training and Development	64
3.3.3	Rewards	65
3.3.4	Employee Relations	67
3.3.5	Changes of HR Practices after Entry to WTO	69
3.3.6	Culture Aspects of China	70
3.3.7	Confucianism	70
3.3.8	Guanxi	72
3.3.9	Face	73
3.3.10	Harmony	74
3.3.11	Taoism	74
3.3.12	Hofstede's Dimensions of Culture	76
	Individualism-Collectivism	76
	Power Distance	77
	Uncertainty Avoidance	78
	Masculinity-Femininity	78
	Confucian Dynamism	79
3.3.13	Cultural Implications for Chinese Organisations	80
3.4	Stakeholder Perspective on Performance Appraisal	81
3.4.1	Stakeholder Identification and Categorization	81
3.4.2	Stakeholder Synthesis: disparity of perspectives	83
3.4.3	Stakeholder Perception of Organisational Justice	84
	Procedural Justice	86
	Distributive Justice	88
3.4.4	Cultural Impact on Stakeholder Perception of Justice	89
3.5	Performance Appraisal System	91
3.6	International Comparison of Performance Appraisal Practices	94
	<i>Summary</i>	97
CHAPTER 4 RESEARCH DESIGN AND METHODS		100
4.1	Research Philosophy: the methodology of paradigms	101
4.1.1	Positivism	102
4.1.2	Interpretivism	104
4.1.3	Critical Perspective	105

4.2	Research Approach	107
4.2.1	Quantitative and Qualitative Approaches	107
4.2.2	The Nature of Investigation	113
4.2.3	Research Design	114
4.3	Methods—Sample and Selection	116
4.4	Methods—Research Instrumentation	121
4.4.1	Preliminary Interviews	121
4.4.2	Outcomes from Interviews	123
4.4.3	Questionnaire Design and Construction	124
	Content, Sequencing and Presentation	125
	Scales	126
	Phrasing and Language	128
	Reliability of Instrumentation	128
4.5	Methods – Research Procedures	129
4.5.1	Distribution	130
4.6	Methods – Data Processes and Statistical Tests	131
4.6.1	Student's t Test – Measure of Difference	132
4.7	Reliability and Validity	133
4.7.1	Reliability	134
4.7.2	Validity	134
4.7.3	Validity (Internal)	135
4.7.4	Validity (External)	135
4.7.5	Content and Face Validity	135
4.7.6	Criterion Validity—Concurrent, Predicative and Construct	136
4.8	Ethical Considerations	137
4.9	Research Hypothesizes for the Current Study	138
4.9.1	Independent Variables	138
4.9.2	Dependent Variable of Banks Rating	138
4.9.3	Hypothesizes	139
	<i>Summary</i>	140
CHAPTER 5 SURVEY FINDINGS		141
5.1	Descriptive Statistics	142
5.1.1	Personal Characteristics	142
5.1.2	Occupational Characteristics	144
5.1.3	Organisational Characteristics	145
5.2	Reporting Statistical Findings	145

5.2.1	Section A: Your Thoughts on PA in General PA Functions	146
	a. Roles in the organisation	146
	b. Educational background	148
	c. Length of service	148
	d. The organization respondents work for	149
	<i>Attitudes towards Performance Appraisal</i>	149
	a. Roles in the organisation	149
	b. Educational background	151
	c. Frequency of performance appraisal	151
	d. Undertaking performance appraisal training	152
	e. Length of service	154
	f. The organisation respondents work for	154
	g. Last performance appraisal result	154
	h. Self-evaluated last year's performance	155
	i. Relationship between last PA result and the self-evaluation of last year's performance	155
	j. The Actual and the Ideal	156
5.2.2	Section B: PA in Your Organisation	157
	a. Roles in the organisation	157
	b. Educational background	158
	c. Frequency of performance appraisal	159
	d. Undertaking performance appraisal training	160
	e. Length of service	161
	f. The organisation respondents work for	161
	g. Last performance appraisal result	162
	h. Self-evaluated last year's performance	162
	i. The Actual and the Ideal	163
5.2.3	Section C: PA Process at Chinese SOB Industry	164
	a. Roles in the organisation	164
	b. Educational background	165
	c. Frequency of performance appraisal	166
	d. Undertaking performance appraisal training	168
	e. Length of service	169
	f. The organisation respondents work for	170
	g. Last performance appraisal result	171
	h. Self-evaluated last year's performance	171
	i. The Actual and the Ideal	172
5.2.4	Section D: Employee's Loyalty to the Organisation	173
	a. Roles in the organisation	173
	b. Educational background	174
	c. Frequency of performance appraisal	175
	d. Undertaking performance appraisal training	175
	e. Length of service	176
	f. The organisation respondents work for	176
	g. Last performance appraisal result	177
	h. Self-evaluated last year's performance	177

	i. The Actual and the Ideal	177
5.2.5	Section E: Respondents' Views of an Ideal PA Management Process	178
	a. Roles in the organisation	178
	b. Educational background	179
	c. Frequency of performance appraisal	181
	d. Undertaking performance appraisal training	182
	e. Length of service	184
	f. The organisation respondents work for	185
	g. Last performance appraisal result	185
	h. Self-evaluated last year's performance	186
5.2.6	Section F: Your Views on the Process of PA	186
	a. Roles in the organisation	187
	b. Educational background	188
	c. Frequency of performance appraisal	188
	d. Undertaking performance appraisal training	190
	e. Length of service	192
	f. The organisation respondents work for	193
	g. Last performance appraisal result	194
	h. Self-evaluated last year's performance	194
	i. The Actual and the Ideal	195
5.3	Key Mean Scores	198
	<i>Summary</i>	200
CHAPTER 6 DISCUSSION		201
6.1	Stakeholder Perception of Performance Appraisal – Research Objective 1	202
6.1.1	Objective 1—Part I: The purpose of Performance Appraisal	203
	Improving performance	204
	Employees development	205
	Increased motivation	207
6.1.2	Objective 1—Part II: Perceptions of employees' own organisation	208
	General considerations	208
	Managers	210
	The training of managers	212
	Feedback	213
	Procedural justice	214
6.2	Satisfaction and Commitment—Research Objective 2	217
6.2.1	Objective 2—Part I: Salient stakeholder links to satisfaction of PA outcomes	217
6.2.2	Objective 2—Part II: Salient stakeholder links to satisfaction of	220

	PA Processes	
6.2.3	Objective 2—Part III: Salient stakeholder links to satisfaction of loyalty and commitments in PA	221
6.2.4	Objective 2—Part IV: Satisfaction in relation to actual performance	224
6.2.5	Objective 2—Part V: Satisfaction in relation to perceived Performance	227
6.3	Objective 3—Stakeholders' Ideal Performance Appraisal	229
6.3.1	Objective 3—Part I: Stakeholder perception of what constitutes an ideal Performance Appraisal system	229
	Feedback and managers	230
	Organisational justice	232
	Purpose	233
6.3.2	Objective 3—Part II: Stakeholder view of the differences between their perceptions of the current situation and what they consider to be important	234
6.3.3	Objective 3—Part III: Organisational differences in the same national culture perception and preferences	237
6.3.4	Cultural Dimensions	243
6.4	Chapter Summary	245
	<i>Summary of Objective 1</i>	245
	<i>Summary of Objective 2</i>	248
	<i>Summary of Objective 3</i>	251
6.5	Overview	254
	CHAPTER 7 CONCLUSIONS AND RECOMMENDATIONS	256
7.1	Wider Perspective of Performance Appraisal	257
7.1.1	Control and Managers	257
7.1.2	Stakeholder Perceived Justice	258
7.2	Cultural Fit of Performance Appraisal in Chinese State-owned Banking	264
7.2.1	Contribution of Banking to an Emerging Economy	267
7.3	Contribution to Knowledge—Implications for Theory	268
7.4	Implication for Applied Knowledge	270
7.5	Recommendations	271
7.6	Limitations Linked with this Research	274
7.7	Future Area for Research	275
	<i>Summary</i>	276

BIBLIOGRAPHY		277
APPENDICES		333
Appendix I	Telephone Interview Questions	333
Appendix II	Survey Letters	335
Appendix III	Survey Questionnaires	337
Appendix IV	Post Hoc Findings	352
Appendix V	Organizational Charts	397

LIST OF TABLES

Table 2.1	Big Four Banks' Financial Performance in 2006	28
Table 5.1	Respondents age groups (n=706)	143
Table 5.2	Educational background	143
Table 5.3	Respondents' length of service (n=706)	144
Table 5.4	Which organization you work for	145
Table 5.5	Perception of performance appraisal functions	146
Table 5.6	Perception of performance appraisal functions based on roles	147
Table 5.7	Statistics on means	147
Table 5.8	Perceptions of performance appraisal functions based on respondents' educational background	148
Table 5.9	Statistics on means	148
Table 5.10	Perceptions of performance appraisal functions based on respondents' length of service	148
Table 5.11	Perception of performance appraisal functions based on respondents' Organizations	149
Table 5.12	Respondents' attitudes toward the performance appraisal	150
Table 5.13	Respondents' attitudes toward performance appraisal based on their roles in the organization they work for	150
Table 5.14	Respondents attitudes toward performance appraisal based on their educational background	151
Table 5.15	Respondents' thoughts on PA based on the frequency of PA	151
Table 5.16	Statistics on means	152
Table 5.17	Respondents' thoughts on PA based on 'undertaking performance appraisal training'	153
Table 5.18	Statistics on means	153
Table 5.19	Respondents' attitudes toward performance appraisal based on their length of service	154
Table 5.20	Respondents' attitudes toward performance appraisal based on the organization they work for	154
Table 5.21	Respondents' thoughts on PA based on last performance appraisal result	155
Table 5.22	Respondents' thoughts on PA based on self-evaluation of last year's performance	155
Table 5.23	Relationships between 'last performance appraisal result' and 'self-evaluation of last year's performance'	156
Table 5.24	Effect size test on respondents' thoughts on PA based on the actual and the ideal	157
Table 5.25	Respondents' satisfaction with performance appraisal based on their roles in the organization they work for	158
Table 5.26	Statistics on means	158
Table 5.27	Respondents' satisfaction with performance appraisal based on their educational background	159
Table 5.28	Statistics on means	159
Table 5.29	Respondents' satisfaction with PA based on frequency of performance appraisal	159

Table 5.30	Statistics on means	159
Table 5.31	Respondents' satisfaction with PA based on undertaking performance appraisal training	160
Table 5.32	Statistics on means	161
Table 5.33	Respondents' satisfaction with performance appraisal based on their length of service	161
Table 5.34	Respondents' satisfaction with performance appraisal based on the organization they work for	162
Table 5.35	Respondents' satisfaction with PA based on the self-evaluation of last year's performance	163
Table 5.36	Effect size test on respondents' satisfaction with PA based on the actual and the ideal	163
Table 5.37	Statistics on means	164
Table 5.38	Responses to performance appraisal process based on their roles in the organization they work for	165
Table 5.39	Statistics on means	165
Table 5.40	Respondents' views on performance appraisal process based on their educational background	165
Table 5.41	Statistics on means	166
Table 5.42	Respondents' views on performance appraisal process based on frequency of performance appraisal	167
Table 5.43	Statistics on means	167
Table 5.44	Respondents' views on performance appraisal process based on undertaking performance appraisal training	168
Table 5.45	Statistics on means	169
Table 5.46	Respondents' response to performance appraisal process based on their length of service	170
Table 5.47	Respondents' responses to performance appraisal process based on the organization they work for	171
Table 5.48	Respondents' views on performance appraisal process based on last performance appraisal result	171
Table 5.49	Respondents' views on performance appraisal process based on self-evaluation of last year's performance	172
Table 5.50	Effect size test on respondents' performance appraisal process based on actual and the ideal	172
Table 5.51	Statistics on means	173
Table 5.52	Respondents' loyalty to their organization based on their educational background	174
Table 5.53	Statistics on means	174
Table 5.54	Respondents' loyalty to their organization based on undertaking performance appraisal training	175
Table 5.55	Statistics on means	175
Table 5.56	Respondents' loyalty to their organization based on their length of service	176
Table 5.57	Respondents' loyalty to their organization based on the organization they work for	176
Table 5.58	Respondents' loyalty to their organization based on self-evaluation of last year's performance	177
Table 5.59	Effect size test on employees' loyalty to their organization based	177

	on actual and the ideal	
Table 5.60	Statistics on means	178
Table 5.61	Respondents' views of an ideal performance appraisal system based on their educational background	179
Table 5.62	Statistics on means	181
Table 5.63	Respondents' ideal performance appraisal process based on frequency of performance appraisal	181
Table 5.64	Statistics on means	182
Table 5.65	Respondents' ideal performance appraisal based on undertaking performance appraisal training	183
Table 5.66	Statistics on means	184
Table 5.67	Respondents' views of an ideal performance appraisal system based on their length of service	184
Table 5.68	Respondents' views of an ideal performance appraisal system based on the organization they work for	185
Table 5.69	Respondents' views of an ideal performance appraisal process based on last performance appraisal result	186
Table 5.70	Respondents' views of an ideal performance appraisal process based on self-evaluation of last year's performance	186
Table 5.71	Respondents' views on the process of performance appraisal based on their roles in their Organization	187
Table 5.72	Statistics on means	188
Table 5.73	Respondents' views on performance appraisal process based on frequency of performance appraisal	189
Table 5.74	Statistics on means	189
Table 5.75	Respondents' views on performance appraisal process based on their undertaking performance appraisal training	190
Table 5.76	Statistics on means	191
Table 5.77	Respondents' views on the process of performance appraisal based on their length of service	192
Table 5.78	Respondents' views on the process of performance appraisal based on the organization they work for	193
Table 5.79	Respondents' views on the process of performance appraisal based on last performance appraisal result	194
Table 5.80	Respondents' views on the process of performance appraisal based on self-evaluation of last year's performance	194
Table 5.81	Effect size test on respondents' views on the process of performance appraisal based on actual and the ideal	195
Table 5.82	Statistics on means	197
Table 5.83	Results from the Section E, which specifically referred to 'Ideal'	198
Table 5.84	Top twenty results referring to an 'Ideal' mean scores for Performance Appraisal	199
Table 5.85	Top twenty results referring to an 'Actual' mean scores for Performance Appraisal	199

LIST OF FIGURES

Figure 1.1	Organisation of the Research	17
Figure 2.1	DaCosta & Foo, (2002) <i>Chinese Mono-Banking System Structure Pre-1993 Reform</i> , pp. 17.	20
Figure 2.2	DaCosta & Foo, (2002) <i>Restructured Banking System Post - 1993</i> , pp. 18.	23
Figure 2.3	Comparison of banks' performance based on NIM for 2006	29
Figure 2.4	Comparison of banks' performance based on ROA in 2006	29
Figure 2.5	Comparison of banks' performance based on ROE in 2006	30
Figure 2.6	Comparison of banks' performance based on COI in 2006	31
Figure 2.7	Comparison of banks' performance based on NPL in 2006	32
Figure 2.8	Comparison of banks' performance based on CAR in 2006	57
Figure 3.1	A Model of Performance Appraisal-Performance Management (Lambert, 1979, p.8)	57
Figure 3.2	An expectancy-based motivation model for individual performance improvement	59
Figure 4.1	Design and Sampling Strategy for Distributing Questionnaires	118
Figure 5.1	Gender of the Sample (n=706)	142
Figure 5.2	Respondents' length of service (n=706)	144
Figure 7.1	Stakeholder perspective on performance appraisal – a proposed model	261

GLOSSARY

- **ABC** – Agricultural Bank of China: provides banking services for agricultural and rural industrial projects
- **ACTFU** – All-China Trade Union of Federation, largest trade union in the world, which serves as an umbrella organisation for all trade unions in China.
- **BOC** – Bank of China holds responsibility for conducting foreign exchange operations
- **CAR** – Capital adequacy ratio, a measure of the bank's capital, expressed as a percentage of its risk weighted credit exposures.
- **CBC** – Construction Bank of China: provides loans for fixed asset investment
- **CBRC** – China Banking Regulatory Commission
- **CCP** – Chinese Communist Party
- **Confucianism** – the principle concern of Confucianism is to cultivate one's relationships with others, which involves five key virtues, which are:
 - humanity/benevolence (ren), righteousness (yi)
 - propriety (li)
 - wisdom (zhi)
 - trustworthiness (xin).
 - The main difference between Confucianism and Taoism relates to the emphasis placed on addressing dao. Harmony (he) is stressed in both systems, although the main concern of Confucianism is the harmonious relationship within society, wherein Taoists followers place greater value on achieving harmonious relationships between nature and the person.
- **Dao** – part of Taoism: needs either to be discovered or constructed and acts as a road builder.
- **De** – Morality
- **COI** - Cost-to-income: considered an efficiency measure that reflects changes in the cost-assets ratio and the interest margin
- **FIE** – foreign-invested enterprises
- **Guanxi** – a special type of relationship, which is characterised by favour, trust and interdependence, which often leads to insider-based decision making in business dealings. Emphasises long-term obligations rather than short-term benefits or gains
- **Harmony** – a characteristic of Confucianism which defines a person's inner balance, along with the balance with their natural and social surroundings.
- **ICBC** – Industrial and Commercial Bank of China: established as the fourth specialized, state-owned bank
- **Ji** – Achievement
- **Li** – propriety: Confucianist principle that focuses on the ritual codes that guide individuals to act appropriately in their relationships with others
- **Neng** – Ability
- **Mianzi or Lian** – closely related to the Confucianism is the concept of face, which refers to a person's reputation or social status

- **NIM** – net interest margin: the interest margin as the difference between interest income and expense, divided by the total assets.
- **NPL** – non-performing assets to total loans, which measures the proportion of total loans that are classified as bad or non-performing, because the borrower failed to meet contractual principal repayments
- **Qing** – Relationship to colleagues
- **Ren** – humanity/benevolence: Confucian value that relates to the relationship between two persons. The central ethical interest of ren is related to the love and care that individuals show others and their affection and concern for the well-being of others
- **PBOC** – People’s Bank of China, the ‘central bank’ – split into four state-owned banks
- **PRC** – People’s Republic of China
- **ROA** – return on assets, or investment: shows how effectively a company has generated profits with its available assets
- **ROE** – return on equity: measures the banks profitability, through the profits relative to total assets
- **Taoism** – believe that the world created itself through dao, which guides the functions of nature.
- **Yang** – Taoist concept relating to the sunny side, which contributes to productive and harmonious relationships. An emphasis is placed on balancing various strengths (yang) and weaknesses (yin)
- **Yin** – Taoist concepts referring to the shady side
- **WTO** – World Trade Organisation
- **Xin** – trustworthiness: Confucian virtue governing the relationship between friends, which relates to being trustworthy in accordance with li (rites) and proper behaviour
- **Yi** – righteousness Confucian value that focuses on what is right and refers to making a judgment appropriate for the situation, which includes the individual’s social status or role
- **Zhi** – wisdom: Confucian value that refers to an individuals’ knowledge to practise ren, yi and li in human relationships.

CHAPTER 1

INTRODUCTION

1.1 Overview of Performance Appraisal

There is some confusion in the literature, with the terms 'performance management' and 'performance appraisal' sometimes being used interchangeably (Armstrong & Baron, 2005). Indeed, Pickett (2003) observes that 'performance management' is frequently used to describe a performance review or performance appraisal. In addition to performance management, other terms are sometimes used to denote performance appraisal, which include performance measurement, performance evaluation (Thompson, 1990), performance rating (Landy & Farr, 1980), performance assessment and staff appraisal (Randell, Packard & Slater, 1984).

Performance appraisal has been assigned a number of purposes although there are three that commonly appear, with these being to improve performance, prepare plans for future training and development and improve organizational communication (Thompson, 1990). Armstrong (1992) is less certain of the communication element and views the third purpose as determining rewards, whereby individuals with potential are identified and rewarded in some way.

More recent works identify a wide range of the purposes behind performance appraisal (Devries, 2007). As well as determining pay raises and promotions the process can, through recognition, provide motivation. Opportunities also exist for managers to coach, mentor or counsel their employees. At an organizational level, performance appraisal feeds into decisions ranging from suitable training programmes to downsizing. Finally, the appraisal process provides an audit trail, which may be required during an employee litigation process.

Adopting a more specific approach, there is some evidence that even the positive feedback from a performance evaluation can end up being demoralizing (Coens & Jenkins, 2002), possibly because of the employees having little faith in the system, or the antagonism they may receive from others.

The importance of people in an organization, especially employees, has long been recognised (Prahalad & Hamel, 1990). However, nearly a decade later, Ahmed (1999) continues to urge that human resource management be seen as a major organizational function, asserting that:

[it] encompasses a variety of functions designed to manage, support and develop employees working in organizations. Assessing the effectiveness of human resource management is as much and may be more complex than assessing any other organizational activity (Ahmed, 1999:543)

Enhancing performance is seen as a core management responsibility (Behery & Paton, 2008) and there is a recognition that a robust and equitable performance appraisal system will foster employee commitment (Gratton, Hope-Hailey, Stils & Truss, 2000; Michie & Sheehan, 2000). Nonetheless, it is clear that whichever system is used to appraise performance it needs to be appropriate for the culture and principles that guide the organization within which it operates (Murphy & Cleveland, 1991).

The performance appraisal process is unlikely to be effective if it is disconnected from employee motivation and reward (Rao, 2007). Yet:

Of all the activities in HRM, performance appraisal is arguably the most contentious and least popular among those who are involved. Managers do not appear to like doing it, employees see no point, in it, and personnel and human resource managers as guardians of the organization's appraisal policy and procedures have to stand by and watch their work fall into disrepute (Bratton & Gold, 1999:214).

Indeed, in 1993 it was reported that 68 percent of organizations were dissatisfied with their performance appraisal system (Bratton & Gold, 1999). Nonetheless,

performance appraisal practices are still viewed as important management tools (Gomez-Mejia, Balkin & Cardy, 2007) and, writing from a Malaysian perspective, Poon (2004) identifies performance appraisal as a 'central function' of human resource management. Further, performance appraisal can contribute towards enhancing an organization's global performance, by increasing individual performance (Hagan, 1996). Similarly, in labelling these as strategic functions, Ubeda and Santos (2007) recognize the contribution performance appraisal and personal standards can make to organizational success.

Within the wider scope of performance management, managerial decisions relating to the human resource invariably depend on how an individual's performance is perceived, or measured. Information surrounding an employee's performance, which is invariably gleaned for performance appraisal, is used to inform decisions on promotion, transfer, reward, renewal of contracts and to assess the employee's training and development needs. Thus, performance provides a two-fold purpose, in that it determines employee selection criteria, whilst at the same time it can be used to motivate employees to improve their future performance (Armstrong, 2006b). Furthermore, the outcomes drawn from performance evaluations can be used to help establish the effectiveness of areas such as training programmes, selection procedures and incentive programmes (Fletcher, 1997; Landy & Farr, 1983).

1.2 Banking and the Global Economy

If, as recently as a year ago, a global banking crisis had been mooted it is likely that the suggestion would have been dismissed. The causes are complex and not easy to identify, although there is a suggestion that a global failure of regulation is one of the major causes. Indeed, the current crisis has been described as the biggest international regulatory failure in financial history (Meng, 2009).

The recent crisis in sub-prime lending has called into question the effectiveness of regulators in Western banks (Meng, 2009) and led to a questioning of the global banking market. In times of crisis and particularly the current world economic

downturn, Meng argues that greater efforts should be placed on internal improvements, of which he cites, amongst others, a focus on human resource management.

In studying the perceptions of employees in retail banking in Germany, the process of change was investigated (Hetzner, Gartmeier, Heid & Gruber, 2009), particularly with respect to attitudes towards employee development. They found that employees needed to permanently adapt their skills and knowledge to cope with new requirements, which is a finding that has been found before in other sectors (Billett, 2008). An important point arising from the study was the argument that learning did not happen automatically, but was related to the immediate demands of the job, whereby it could be argued that this situation may be aggravated further in an emerging economy, such as exists in China.

The role Western governments play in the banking sector has changed over time, with, for example, there being reasonably tight control in the European Union until the mid 1980s, following which formal restrictions on financial services were removed in 1993 (Malul, Shoham & Rosenboim, 2009). Against conventional thought, it was felt that this process of liberalization did not increase competition (Bikker & Groenveld, 1998), although there was some discussion surrounding the level of impact a nation's culture might have on this and the differences within emerging economies.

Hofstede's (1991) national cultural differences have continued to provide a set of benchmark measures by which to gauge national differences (Crotts & Erdmann, 2000; Dwyer, Mesak & Hsu, 2005). When studying the degree of tolerance for a concentration in the banking sector Malul *et al.* (2009) found that Hofstede's power-distance and individualism dimensions exerted the greatest influence. In short, banks concentrated less on individualised cultures and fostered a high power-distance, thus it could be expected that the collectivist culture of China would be seen to have a greater concentration of banks and mergers.

With respect to differences in national culture, Meng (2009) argues that foreign banks entering China have a much stronger learning culture than their mainland counterparts, which is likely to accelerate their ability to adapt and innovate. However, it has been argued that whilst multinational banks do not radically differ from manufacturing organizations, thus allowing an exchange of theories, Western research into both has shed little light on how developing economies operate (*ibid*). Thus, it is argued that as Chinese banking strengthens, along with the expansion of foreign banks, the system should receive greater attention from both academics and practitioners. Meng (2009), in taking this forward, discovered that the quality of the managerial resource and the cultural proximity are important factors in a foreign bank being assimilated and accepted in the host culture.

Full market liberalization came into existence in the People's Republic of China in 2007, which allowed foreign banks to become more established in mainland China (Meng, 2009). However China's 'big four' state-owned commercial banks remain dominant in local banking and in 2006, accounted for over 53 percent of the nation's loans, assets and deposits (PBOC Quarterly Statistical Bulletin, 2002-2008).

A study of what is termed 'transition countries' (Foo, 2005) can provide some guidance, as it concerns the transition from the Soviet era of a mono-state banking system to one that is more market orientated. Whilst the situation is not identical, China, in liberalizing the banking sector, it is moving further away from a mono-state system. However, whilst Foo primarily concentrates on banking reforms, the requirement to reward managers with profit-related incentives which are linked to organizational aims, is cited as an important factor. The elements of training and development are also considered as important aspects of any transitional process.

1.3 The Chinese Context

The history of China has been locked into the country's centuries-old existence as a civilisation. For most of its history, China functioned under feudal law, with the people being ruled by a succession of Emperors. The intrusion of foreign nationals was

generally unwelcome and border skirmishes occurred over the centuries. However, in the early 20th century China experienced foreign military intrusion and occupation. The occupation by Japanese forces continued until after the Second World War, when power was returned to the Emperor. Civil unrest ensued, with conflict between the Nationalist army and the Revolutionary army established by Mao Zedong and his followers. Following its defeat, the Nationalist army moved to Taiwan, after which the People's Republic of China (PRC) was established in 1949. The new state was administered by the Chinese Communist party, under the leadership of Mao Zedong and in so doing, China moved from an imperialist focus to one that focused on the people.

From 1949 to 1976, under a centrally planned system, the Chinese economy experienced low growth, which resulted in severe hardship for the people. Industries were owned and run by the state; indeed much of the country's activities, including the human resource, were planned centrally by the various governments. Whilst the state was considered all-powerful, it developed systems to support the people, with one example being the 'iron rice-bowl', which provided lifetime employment and a series of cradle-to-grave welfare structures (Glover & Siu, 2000).

With the introduction of the country's 'open-door' policy in 1978, China embarked on an economic reform that moved the economy from a sluggish Soviet-style, centrally planned, economy to more of a socialist market economy (Goodall & Warner, 1997). The transition of the Chinese economy towards a market orientation resulted in large opportunities being available to Chinese enterprises (Nolan, 2002). Political control remained tight, although there was a considerable reduction in government sponsorship, with State-owned enterprises still being held responsible for profitability and their employees (Ding, Akhtar & Ge, 2001).

The 'open-door' reforms also offered opportunities for foreign interests and investments to develop, with a view to supporting the Chinese economy. It is of note that in the new context, indigenous Chinese and foreign-invested enterprises (FIE) were charged with managing the employment relationship in their organizations (Glover & Siu, 2000). The economic reform has therefore led to a significant change

in the way Human Resource Management in China operates, moving from a centrally controlled system to a more developed model of HRM (Bjorkman & Lu, 2000).

In recent years, the Chinese economy has experienced unprecedented growth, with some claiming that it has become an indispensable participant in the global economy (Qu & Leung, 2006), with the annual GDP growth rate averaging around 10 percent (Liu, Liu, Jing & Huang, 2005). Following China's accession to the World Trade Organization, the Chinese financial industry has experienced a dramatic growth. Indeed, the industry has developed from one financial institute, the People's Bank of China, to the separation of the central bank and commercial banks, through to the current co-existence of multiple financial institutes, both domestic and foreign. However, it is the banking sector that holds a majority stake in the Chinese financial industry, with assets accounting for 85 per cent of the whole industry in 2001 (*ibid*). Currently, the industry comprises seven state-owned banks, supported by more than ten shareholding rural banks and around 100 city commercial banks. There are also approximately 200 foreign-owned financial institutes operating in the PRC (Liu, 2002). Consequently, a competitive market has gradually evolved in the banking industry.

In that the competitive emphasis within the financial industry has moved from being largely market-based to being more resource-based, there is a growing acknowledgement that the management of the human resource is likely to have a greater influence and impact on an organization's performance (Perez & Falcon, 2004).

As the Chinese state-owned banking industry is cited as one of the most sensitive sectors associated with the economic reforms (People's Daily Online, 2006), the reforms within the banking sector are considered crucial to China's ambition to create a modern and competitive banking system that supports the nation's emerging economy. Whilst, in general terms, the human resources have been cited as being key to organizational success (Armstrong, 2006b), there is the additional factor that banks need to rely on highly motivated and committed personnel to succeed in a highly competitive situation. The effectiveness is particularly important

when it is considered that they could be competing against overseas institutions, which have a greater global awareness. In addition, the staff need to adapt to structural changes, which have been brought about by the forces of deregulation and technological development. Thus, in this highly competitive economic context, the people aspect of banking and the way they are managed, acquires far greater significance, as it is one of the resources that a bank can influence directly (Perez & Falcon, 2004).

1.4 Rationale and the Need for the Study

Within the service sector of the economy, such as the financial sector, stakeholder management is considered especially important (Freeman, 1984). This sector of the economy provides a direct service to customers, rather than focusing on the production of tangible goods, as is the case with agriculture, manufacturing and construction. The service organization, with its strong focus on people has distinctive characteristics, of which Kreitner (1995) identified five. First, customers participate directly in the 'production' process; second, services are consumed and cannot be stored; third, services are provided when and where the customer desires; fourth, services tend to be labour-intensive and finally, the services that are provided are intangible. These five criteria can be applied to the banking industry although, as with all service industries, there is a divide between the staff who deal directly with the customer and those who support the enterprise indirectly. Regardless, with the customer providing the central focus it is argued that the stakeholders' perception is of greater importance than in manufacturing.

Stakeholders are considered to be persons or organizations that can be positively or negatively impacted on by the organization's actions (Savage, Nix, Whitehead & Blair, 1991). Turner, Kristoffer and Thurloway (2002) further divide stakeholders into two main types, labelling these as primary and secondary. People working in the banking sector will invariably be termed primary stakeholders, as they are likely to be directly affected by the organization's actions. However, within a service organization the employees, as stakeholders, have an equal opportunity to influence and impact

on the customer, thereby making it important to consider their role and contribution within the organization. This point parallels the central focus of stakeholder analysis, which is to analyze the attitudes of salient stakeholders to a specific area. For the current study, it is important to ascertain the views and attitudes of stakeholders in how they perceive the performance appraisal system in their own banking organization.

In proposing a classification of stakeholders based on legitimacy, power and the urgency of a stakeholder's claim within the organization, one approach is for the manager to determine to which competing stakeholder claim she or he should give priority (Mitchell, Agle & Wood, 1997). Classifications have also been used which adopt the position of giving saliency to those stakeholders who exercise the greatest potential threat to the organisation or who, conversely, have the ability to cooperate effectively (Savage, Nix, Whitehead & Blair, 1991). Within a service sector industry, such as banking, it is apparent that stakeholders have considerable potential to both damage and enhance customer service. However, the current investigation, whilst staying within the organization, focuses on the key stakeholders of managers and subordinates. Of particular importance is the relationship and differences that exist within the Chinese state-owned banks, along with the influence and social networks that exist (Weaver, 2007).

Further, it is argued that it is important to take stakeholder needs and expectations into account when addressing performance management issues (McAdam, Hazlett & Casey, 2005). Given the importance of both people and performance it is timely, within a developing economy, for the reforms in Chinese state-owned banking to address how salient stakeholder performance can be evaluated and, where necessary, improved.

With respect to the organizational culture, as opposed to the national element, models have been devised that attempt to explain how organizations operate (Deal & Kennedy, 1982; Handy, 1985; Schein, 1985). At a national level Hofstede (1980), drawing on his research of over 100,000 IBM employees from around the world, identified aspects of culture that might influence organizational behaviour. It is

possible to speculate between organizational frameworks and national culture, for example it might be expected that a high degree of power-distance (Hofstede, 1980), might reasonably fit with Handy's 'role culture', which is identified by its clearly delineated structure and which supports a hierarchical bureaucracy. However, whilst the organizational culture is important, the current investigation focuses more closely on the aspect of national culture and explores its influence in a wider setting.

An important aspect of performance appraisal is the extent to which the participants feel they have been treated justly, which is contained within the concept of organizational justice (Cropanzano & Stein, 2009) and a feeling of being treated equitably (Adams, 1965). Whilst there is not complete agreement on what constitutes organizational justice, meta-analysis suggests that three forms can be identified (Cohen-Carash & Spector, 2001). Procedural justice refers to the extent to which employees perceive that the processes used lead to outcomes that are just. Concepts such as freedom from bias, accuracy, legitimacy, ethical consistency and stakeholder representation, apply to an employee's perception of procedural justice. Distributive justice refers to the extent to which employees perceive the actual allocation of outcomes to be just (Burney, Henle & Widener, 2008), with the principle being built on the foundation of perceived equity (Adams, 1965). The third type of organizational justice is interactional justice, which relates to how the 'message' is perceived to be delivered.

Entwined within interactional justice is the personality and behaviour of the individual and yet, with respect to performance rating, evidence suggests that the procedural element has the greatest impact on the perception of equity (Burney, Henle & Widener, 2008). Given the culture that exists in a Chinese state bank, gathering data to demonstrate interpersonal justice would be challenging and thus the current study took procedural and, to a lesser extent, distributive justice, as the central focus.

Making an appraisal of others is considered to be an inevitable and universal part of life (Dulewicz, 1989). Whilst appraisal is considered to constitute an element of the wider performance management process, a precise definition remains elusive (Armstrong & Baron, 2005). Besides its major management purpose of supporting

organizational goals, performance appraisal measures an employee's past performance and identifies future targets, along with the training needed to achieve these. There is less certainty over the place of reward being associated with performance appraisal; it may be the case that intrinsic rewards offer a greater motivational incentive (Krattenmaker, 2009), particularly when exercised in a collectivism setting (Hofstede, 1980). The feedback and reward an employee receives during an appraisal meeting is interpreted through her or his individual perception of organizational justice, with particular reference to the procedural and distributive elements.

Having laid the ground for the investigation, a central focus was to explore the extent to which the various stakeholders, essentially managers and employees, were satisfied with the performance appraisal being conducted in their organizations. The concept of 'satisfaction' was deduced from responses to questionnaire scales, whilst a comparison as to what employees reported to be actually happening and what they perceived as important, provided a measure of what they desired; their 'ideal' system.

The four state-owned banks of China were chosen as the 'vehicle' with which to investigate the phenomenon of performance appraisal for two main reasons. First, the state-owned banks were perceived to provide a broadly consistent organizational culture that was largely untouched by the influence of Western banks, which had penetrated the Chinese financial sector. Second, as the state-owned banks played a key role in the State's economy it was felt important to determine the levels of stakeholder satisfaction with performance appraisal. Finally, in combining the first two points with the external threat posed by China entering the World Trade Organization in 2001, after which the country is obliged to open up its banking market to foreign competitors (Lin & Zhang, 2007), any limitations identified could be addressed, so as to counter external threats.

The adoption of human resource management practices, which include performance appraisal, is often constrained by what is termed 'organizational inertia' (Warner, 1999). The phenomenon is characterized by factors that operate as barriers to organizational change. In the Chinese context, the heritage associated with Chinese

culture is often reflected in the ownership, size, age and location of an enterprise and particularly in the approaches to management that are adopted (Ding, Goodall & Warner, 2000). Indeed, some have gone further to claim that China has its own highly specific institutional framework, which has been referred to as 'Chinese characteristics' (Warner, 2002: 386). The aspect of the Chinese 'character' is likely to impact on the workplace in a complex way, with the uncertainty of the overall cultural element presenting further complications. Difficulties exist in separating traditional values associated with Confucianism and Taoist thinking (Cheung, 2008) from the values of collectivism put forward by the rulers of China. Wong and Slater (2002) argue that the more traditional values do indeed contribute to collectivism, although the speed and the extent of this contribution are not easy to determine (Wong & Chen, 1999; Yang, 1993).

With studies on performance appraisal being based predominately on Western theories and models (Hempel, 2001), it can be argued that cultural diversity may affect the validity of the conceptual framework when they are applied across cultures. Thus, as performance management is considered important to those financial institutes that exist in a developing economy and there is a question over the validity of current performance management theories' ability to cross international borders, this provides an important area for investigation. Given this premise, it is timely that a study of performance appraisal in the Chinese state-owned banking industry, which is viewed through the eyes of salient stakeholders, be undertaken to provide a unique window into both performance management in Chinese organizations and attitudes towards theoretical concepts in an emerging economy. That is not to say that performance appraisal is viewed as a coherent whole by Western researchers; there are many detractors of the process, most noticeably Deming (1984, 2000) and his followers, who view the process as a purely evaluative, backward-looking system.

A number of elements have been identified as being associated with the current investigation and the intertwining of these is noted. However, the importance of the study is linked to the threat that China faces from outside financial competition (Lin & Zhang, 2007). With respect to the overall focus, the study is not considered to be an investigation into cultural dimensions, nor one of comparative cultures, important

though these are. Neither does the study place the specific process of the performance appraisal as the central focus; it is more that the investigation sought to measure the attitudes of stakeholders and their levels of satisfaction as salient employees. That is, in positivist terms (Fisher, 2007), to test out attitudes and in so doing to explore the objective reality of state-owned bank employees, which in itself will establish a valuable benchmark in the important area of managing performance.

1.5 The Research focus and Question

In conducting an exploratory investigation into performance appraisal in Chinese State-owned banks, the research question seeks to determine, within the economic reform in China: “what factors contribute to stakeholder perception of the performance appraisal management process for the Chinese State-owned banks and what importance is attached to these?”

Thus, to address the research question three key aims are identified. First, to investigate the views and expectations of stakeholders, to determine their levels of satisfaction with their performance appraisal processes. Second, to evaluate what the key stakeholders perceive to be important in the performance appraisal process, which would incorporate a perception of an ideal model. Third, to identify how cultural factors that may be associated with the stakeholders’ perspective impact on their views. Research objectives, which supplement and complement the general direction identified in the research question, are presented at the end of Chapter 3, following the literature review.

The contribution to knowledge relates to both theoretical and practical elements. This will be discussed more fully in the final chapter; however, the conceptual framework of performance appraisal is extended, both with respect to the concepts surrounding performance appraisal and to the wider context of international HRM. In focusing the investigation on performance appraisal, as viewed from a stakeholder perspective, it is acknowledged that the subject is being isolated from the wider discipline of performance management. An acknowledgement is also held that the subject area

embraces a diverse set of concepts, which range from the concept of power, to human resource strategy and the subject of leadership. Nevertheless, in general, these associated areas essentially remain peripheral to the central focus of this study.

1.6 Research Background

Research, and the manner of conducting it, is often affected by the specific interest of the researcher, with respect to both their commercial and academic experience. After graduating from Henan University, in China, with an MA degree in Linguistics and Literature, the researcher studied for a MBA degree at Liverpool John Moores University, which was completed in 2004. At the same time, the researcher gained commercial experience of UK organizations whilst spending three and a half years working for the HSBC Bank.

When undertaking management research, commercial experience can invariably be utilized in interpreting a specific phenomenon, although this approach needs to be accompanied by an open mind that allows the investigation to provide a broader understanding of the phenomenon's position in the world (Kidger, 1999). The MBA programme laid the conceptual foundation for further research and assisted in developing an interest in the subject area. These experiences exerted a positive influence on the researcher's academic interests, which turned into employment as a research assistant with Liverpool John Moores University and an opportunity to integrate research and theoretical concepts with the business world.

1.7 The Organization of the Thesis

Chapter One provides a general introduction of the research. This chapter first introduced broad concepts of the performance contribution, which was followed by cultural aspects associated with the People's Republic of China and the economic reforms undertaken in its recent history. An explanation was provided as to why the current research is necessary, which was followed by the research question and the

likely contribution to knowledge. Finally, the researcher's background was introduced, which then led to how the dissertation is organized.

Chapter Two presents an overview of State-owned banking in China which, in providing background information, locates the study in its unique context.

Chapter Three first presents the conceptual framework and an overview of previous research on performance appraisal. The areas that are addressed include definitions, the relationship with performance management and human resource management, along with the purpose, methods and issues associated with the various models. The inter-relationship between performance appraisal, stakeholder theory and organizational justice are then investigated, along with the potential impact that national culture might have on performance appraisal. This is followed by a review of how performance appraisal is conducted in Chinese state-owned banking, which leads to the final part of the chapter and the identification of a key gap in literature, along with the research objectives that address this gap.

Chapter Four considers the research methodology. The first section of this chapter explains the research strategy, which includes the philosophical perspective. The second part revisits the research objectives and identifies the hypotheses used to test these. Next comes a review and justification of the different types of research design, with the sample design, sampling method and the sample size all being examined. The procedures associated with the design and development of the questionnaire is explained next, along with the rationale behind the data collection and its analysis. In the final section of the chapter the validity and the reliability of measurements are discussed.

Chapter Five outlines the survey findings, starting with the descriptive statistics associated with the organization and the respondents' gender, age group, educational level, role and service in their current organization. Next, significant responses to questions on the performance appraisal process and satisfaction with their current performance appraisal are reported. Loyalty to their current organization and participants' views of what comprises an ideal performance appraisal are

reported, in terms of performance appraisal feedback, training and organizational justice.

Chapter Six provides the discussion surrounding the research objectives and relates the outcomes to the theoretical concepts and findings from previous studies. Respondents' views, with respect to their perceptions of both the current performance appraisal system, and what they perceive as important in the process, form the basis of the discussion. Contrasting differences between the various stakeholders are presented and discussed. The chapter concludes by exploring a performance appraisal management process that would be suitable for the Chinese State-owned banks.

As the concluding chapter, Chapter Seven draws together the key points and aligns these in a way that the research question is answered. The importance and integration of stakeholder contribution is summarised in diagrammatical form. Recommendations are provided, which are predominately drawn from what respondents considered as the 'ideal' approach to performance appraisal. After presenting the contributions to knowledge that the research has made, both with respect to the conceptual and practical elements, those limitations which might restrict the extent to which the findings can be generalised are highlighted. Finally, suggested themes are presented for further research.

Summary

This first chapter introduced the concept of performance appraisal, following which the research was placed in context through the current banking situation and the cultural dimensions of China, including the associated political system. It is now time to consider the banking system in China in more detail, as it is the banking environment that forms the vehicle by which the performance appraisal research question is to be addressed (Figure 1.1).

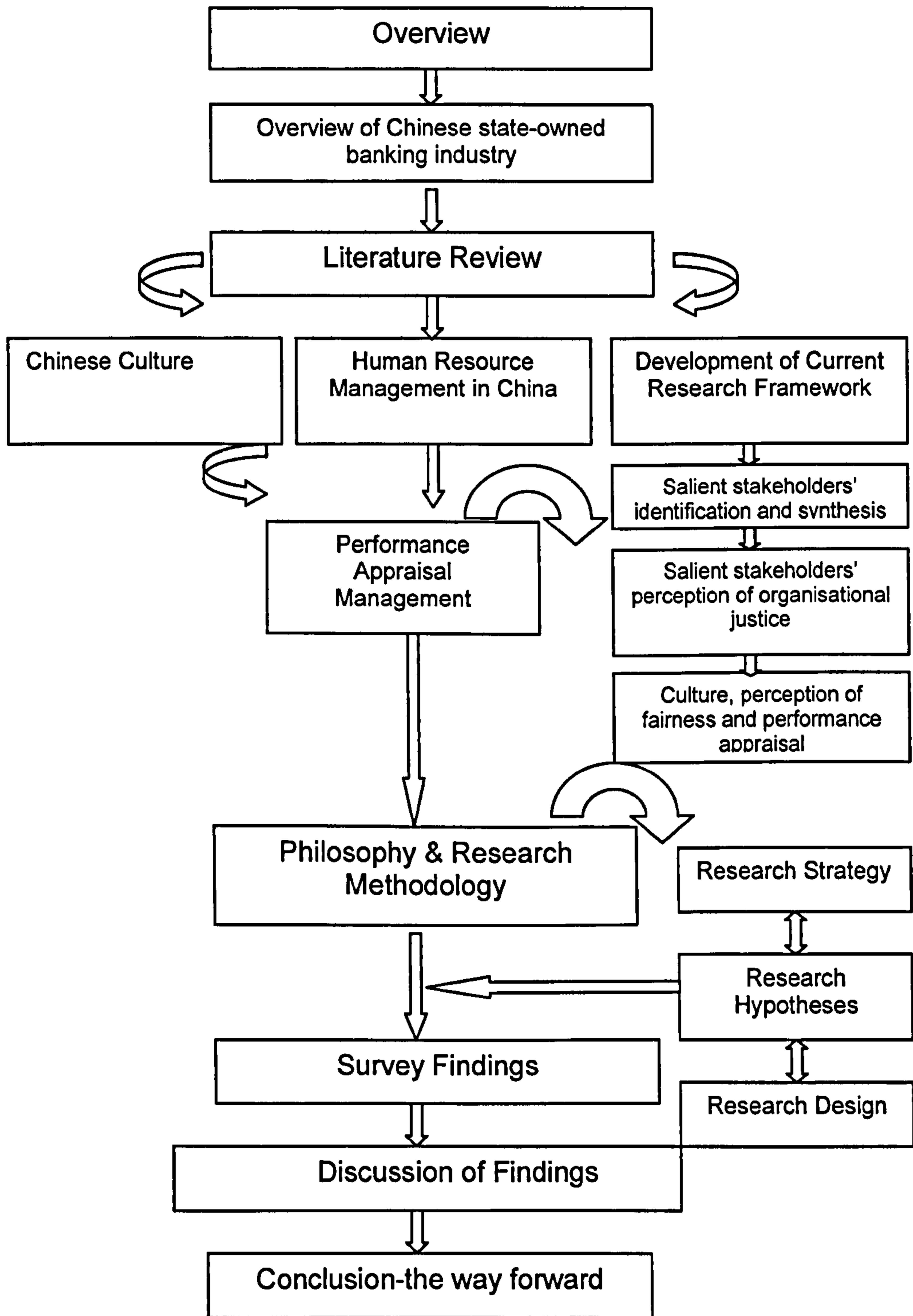


Figure 1.1 Organisation of the Research

CHAPTER 2

CHINESE STATE-OWNED BANKING INDUSTRY

This chapter provides a two-fold purpose. Firstly, the development of the Chinese State-owned banking industry is traced, so as to place the current research of performance appraisal in context. Secondly, a comparison of financial performance is provided for what is termed the 'Big Four' state-owned banks in China.

2.1 Development of Chinese State-owned Banking Industry

Since opening up the economy to the world in 1978, the People's Republic of China has undertaken comprehensive financial reforms. With respect to the banking system, the government embarked on a series of financial reform programmes (Chen, 2006), which culminated in the government's stated goals of achieving a 'socialist market economy' through a 'planned economy' (Steve, 2005). Within the banking reforms and development, daCosta and Foo (2004) identify two key stages for China's banking reforms, with these being pre- and post- 1993.

2.1.1 Pre-1993 Banking System

The Chinese socialist banking system, which was established in the late 1940s, essentially followed the system used in the former Soviet Union (Zhou, 2007). The 'central bank', labelled the People's Bank of China (PBOC), came into existence in 1948, through the consolidation of three former banks – Huabei, Beihai and the Xibei Peasant Bank. However, during the Cultural Revolution (1966-1976), the PBOC was stripped of many of its functions as a central bank, although later in this period it was given responsibility for monetary control and the issue of currency.

Thus, in the times leading up to 1978, a mono-bank financial system (People's Bank of China) was adopted in China, whereby all the country's banks formed part of one administrative hierarchy (Lin & Zhang, 2008). At this time, banks were either taken over, restructured within the PBOC system, or placed under administration by PBOC or the Ministry of Finance. The overall aim was to ensure that, as part of the hierarchy, the national plans for production would be achieved whilst, at the same time, there would be no incentive for banks to compete with one another (Zhou, 2007).

In the period before 1993 it is argued that the PBOC controlled 93 percent of China's financial assets, and handled the vast majority of financial transactions (Wu, Chen & Shiu, 2007). Equally important is the finding that most investment was in the form of budget appropriations by the government, rather than these being implemented through the banking system itself. Thus, with an absence of non-banking institutions and depressed financial markets, the only form of financial assets related directly to bank deposits.

Under reforms that began in 1978, the banking system expanded and established several large state-owned commercial banks (Berger, Hasen & Zhou, 2006). The 'Big Four' state-owned banks, along with the lending functions from the PBOC were split. As a result, the Agricultural Bank of China (ABC) was to provide banking services for agricultural and rural industrial projects, whilst the Bank of China (BOC) took responsibility for conducting foreign exchange operations. In addition, the Construction Bank of China (CBC) provided loans for fixed asset investment. In 1984, the PBOC was officially designated as the 'central bank' and the Industrial and Commercial Bank of China (ICBC) was established as the fourth specialized, state-owned bank. In addition to the original state-owned banks, Li (2004) claims that additional institutions such as rural credit cooperatives, commercial banks, trust and investment companies, insurance companies, security companies and urban credit cooperatives, had been established by the late 1980s.

In summary, the Chinese mono-banking structure, including the other financial companies involved in investment and trust, was established (Figure 2.1).

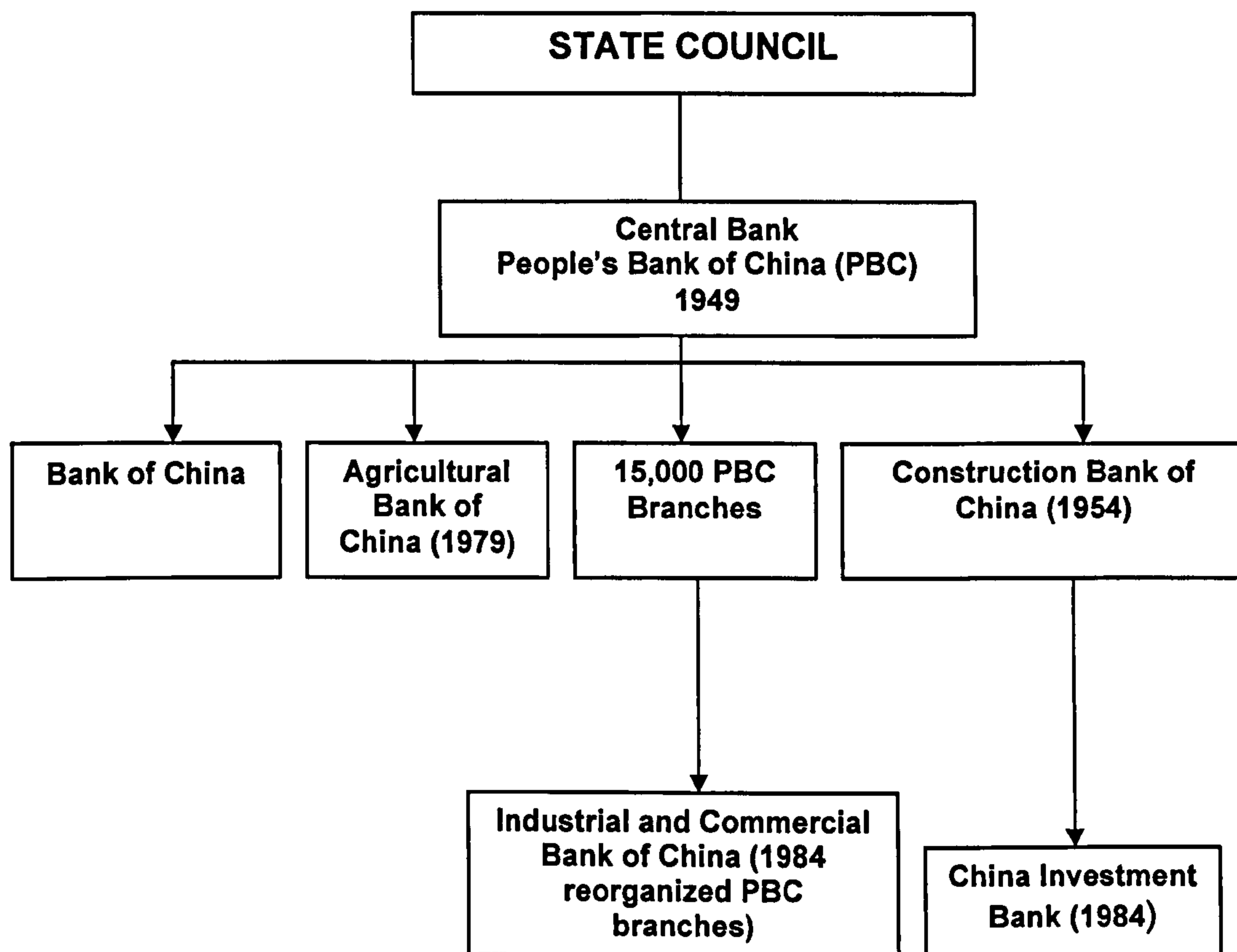


Figure 2.1: daCosta & Foo, (2002) *Chinese Mono-Banking System Structure Pre-1993 Reform*, pp. 17.

In 1985, additional changes were implemented that were designed to give the major financial institutions greater scope to raise and allocate capital. The development broke with the past, in that the Big Four banks were obliged to compete with each other (Lin & Zhang, 2007). Despite this change in direction, Zhou (2007) noted that the competition among the main banks remained extremely limited until the mid-1990s, because they served mainly as policy-lending 'conduits' for the government and lacked any major incentive to compete. Additional banking reforms in the mid and late 1980s addressed the issue of bank ownership. However, during this period, the structure of the existing banking system held constant, with the ownership reforms being introduced incrementally (Lin & Zhang, 2008).

The first Chinese-foreign joint-equity bank, the China and South Sea Bank Ltd., was established in 1984. Two years later the Bank of Communications was founded, which was the first bank of a domestic joint-equity nature. In 1991, Shenzhen Development Bank, which was also a domestic joint-equity bank, was successfully listed on the Shenzhen Stock Exchange, which made it the first partially public-owned bank in China. In 1994, the Government established three specialized policy banks, with these being the Agricultural Development Bank of China (ADBC), the China Development Bank (CDB), and the Export-Import Bank of China (Chexim). The reasoning behind this development was to reduce the burden on the commercial banks, especially with respect to financing the state-directed trade and development projects.

2.1.2 Post-1993 Banking System

In early 1992, Deng Xiaoping called upon the whole country to accelerate growth and vigorously pursue a policy of reform in opening up the economy. To reinforce the message, he toured the prosperous southern coastal cities. Further, at the Fourteenth National Congress of the Chinese Communist Party in October 1992, the President's views were formally endorsed with the national goal of establishing a 'socialist market economy' (Harvie, 1999). The momentum of change received further support when a new reform strategy was adopted during the Third Plenum of the Fourteenth Central Committee in November 1993. Here, the goal of creating a socialist market economy was interpreted as being one in which market forces would play the primary role in resource allocation, although this would remain within the context of dominant state ownership.

One of the objects of the government's reform programme was to attain a secure, market oriented, financial system. In this regard, legislation was introduced, which acted in four key ways: to strengthen the operational autonomy of the PBOC; to commercialise the state-owned banks and provide them with greater autonomy in lending decisions; to encourage the development of new market-based financial institutions and to develop tools for indirect monetary policy management. With respect to terminology, Zhou (2007) defines a state-owned bank as one in which the

state and state-owned enterprise ownership is greater than 50 percent of the total ownership. However, the definition does not stand alone, whereby the 1995 Commercial Bank Law of China officially labelled the major state-owned banks as 'commercial banks' and enforced this by directing them to engage in commercial business, based on market principles, rather than a lending policy.

Nonetheless, in July 1993 it was observed that the PBC still lacked central bank independence, as it was required to implement the State-Council's directives and policies and allocate credits to preferred investments (daCosta, 2004). The author suggested that:

'China has the characteristics of a government-permeated financial system, in which the government owns most of the financial institutions and banks (state, provincial and local) and bank lending is still under government control.' (da Costa, 2004: 10).

The situation allowed regional local governments to exert greater influence on local PBOC branches and pressure them to extend loans of questionable quality to local financial institutions, on the basis of 'Guanxi', or 'favours' (Marangos, 2006). Because of the reforms, the assets quality of state-owned banks deteriorated significantly during the 1990s, as these banks predominately loaned to state-owned enterprises (SOEs), which had little incentive to repay loans. To address this problem, the Government established three policy banks in 1994 that were to take over the policy-lending activities from the state-owned banks. In 1998, the Ministry of Finance issued 270 billion RMB or yuan (US\$ 32.6 billion) of 30-year Government special bonds to recapitalize the 'Big Four' banks (Zhou, 2007).

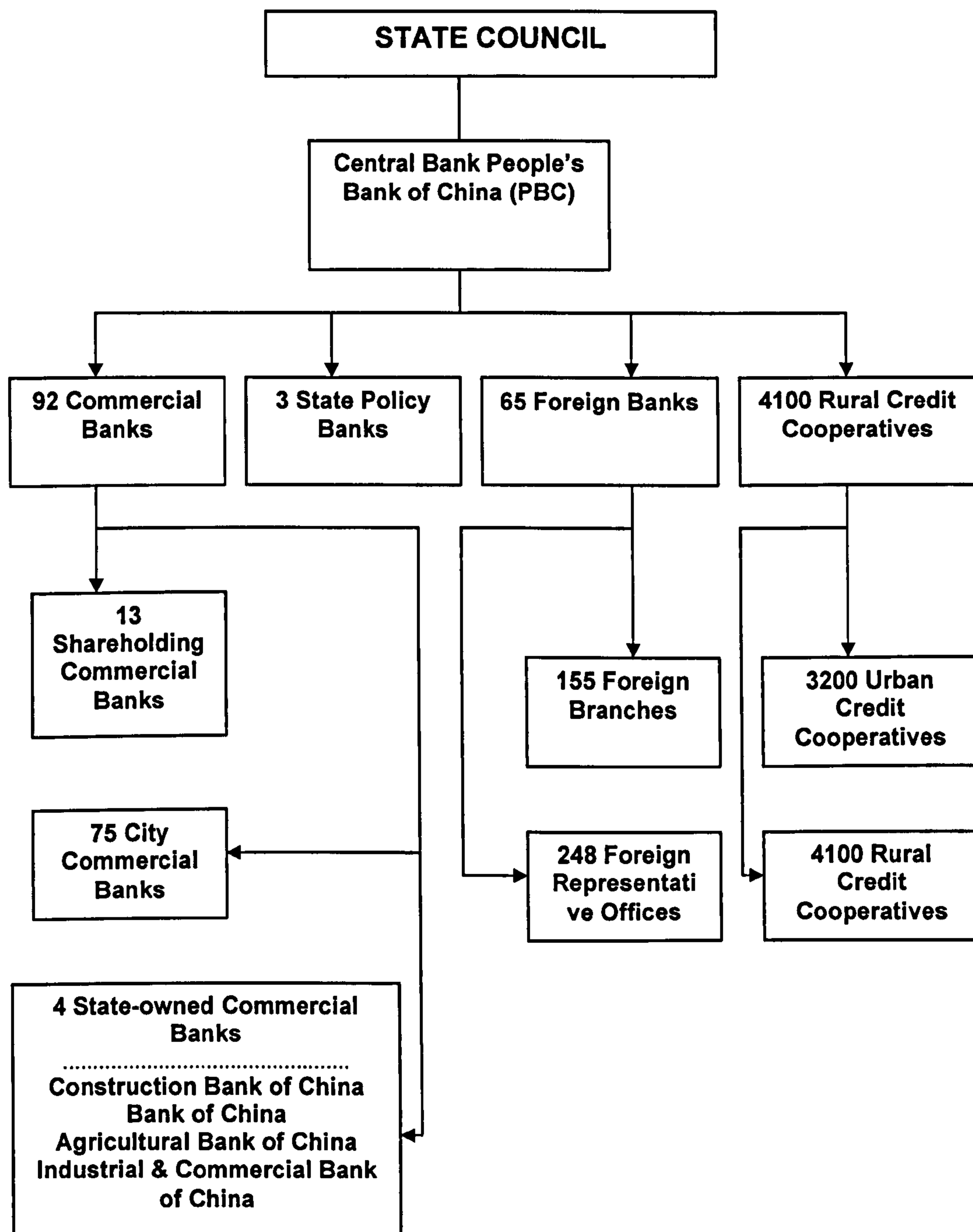


Figure 2.2 daCosta & Foo, (2002) *Restructured Banking System Post- 1993*, pp. 18.

The gradual process of reform led to a number of significant changes in China's financial sector, including the emergence of a range of different types of commercial

banks. There are currently four main types of banks operating in China: state-owned commercial banks, regional and national shareholding commercial banks, city commercial banks and foreign banks.

In the first quarter of 2006, the Big Four state-owned commercial banks held combined assets of RMB 20,804.9 billion, accounting for 53.1 percent of the total assets of all banks in China (Wu *et al.*, 2007). Banks dominate the Chinese financial system and thus play an important role in areas such as the allocation of funds, which means that the operational performance of China's state-owned commercial banks is of great significance to the nation's economy.

The post-1993 banking system allowed for a more structured format for the state-owned banks, along with a more clearly defined purpose and goals (DaCosta & Foo, 2002). As the four main state-owned banks were not in direct competition with each other and are all controlled by the state, it is not surprising that the organizational structure is similar, at least in broad principle (see Appendix V). Whilst the functional dimension of the structure reflects each bank's individual purpose it is apparent that matters concerning the human resource are all placed under the Board of Directors, which implies a high degree of importance is placed on this area.

Before the reforms citizens, including those graduating from university, were assigned to jobs by the state (Liu, 2004). That is, the banks, along with other organizations, did not recruit staff through a process of open competition. Whilst elements of recruitment practice were introduced after the reforms, with this being considered a necessary action given the introduction of foreign banking competition (Zhou, 2007), it has been suggested that there is large degree of nepotism, which follows the Confucian practice of 'guanxi' and the principle of reciprocal and supporting relationships (Marangos, 2006). There is little official dissemination of current recruitment practices in state-owned organizations and whilst it is an interesting area of study, it is equally valid to determine the attitudes and perceptions of individuals once they have entered the organization.

2.1.3 Impact of entry to the World Trade Organization (WTO)

China's entry to the WTO in 2001 signalled its commitment to opening-up its banking markets to foreign investors by the end of 2006. Whilst foreign banks have been allowed to establish representative offices in mainland China since 1979 and, since 1982, to operate branches in the Special Economic Zones, such as those Hong Kong banks operating in nearby Shenzhen, they were prohibited, during the 1990s, from conducting consumer banking in local currency (RMB) with mainland residents (Zhou, 2007).

In 1996 foreign owned banks were allowed to do business with Chinese enterprises by taking deposits and making loans in local currency (RMB) in the Shanghai Pudong New Zone (and later in Shenzhen Special Economic Zone), although this was only on the basis of individual licenses. In 1998, PBOC granted permission for eight foreign licensed banks to obtain local currency funding. By the end of 1999, 25 foreign banks had received permission to conduct local currency business with Chinese enterprises, with totals of 21,813 million RMB (US \$2,635 million) in assets, 11,341 million RMB (US \$1,340 million) in loans, and 15,100 million RMB (US \$1,824 million) in deposits. Total assets of all foreign licensed banks in China reached nearly 272 billion RMB (US \$32,84 million) by 1999.

One attempt of the Government to improve monitoring in the banking industry was the creation of China Banking Regulatory Commission (CBRC) in 2003, to oversee reforms and regulations (Zhou, 2007). Since December 2003, the CBRC has allowed foreign banks to own up to 25% of a Chinese financial institution, although when their equity participation exceeds 25% they are designated as foreign or joint venture banks. Heffernan and Fu (2008) observe that since 2005, foreigners can buy a limited number of shares in three of the four big state-owned banks. Whilst these banks are listed on the Hong Kong and Shanghai stock exchanges, the Government continues to hold controlling stakes in them. In addition, some foreign organizations have been allowed to purchase minority stakes in national, regional and city commercial banks.

The four main state-owned banks are controlled by the Government, which holds the majority shares in each case and supports their purpose to further the economy and provide investment for national developments. As a result of joining the WTO in 2001, foreign enterprises have been permitted to take out shares in China's banks, including those owned by the State. The easing of restrictions has seen investors target the state-owned banks; for example the Bank of America hold a ten percent share in the Construction Bank of China, whilst Goldman Sachs, Dresdener and AMEX all have a stake in the Industrial and Commercial Bank of China. The Bank of China has attracted investment from the Royal Bank of Scotland and the Singapore Government. The Agricultural Bank of China is part owned by the Chinese Ministry of Finance and Huijin, which might indicate that foreign investors see China's future being outside the agricultural zone.

As the Government retain the majority of shares (Zhou, 2007), the extent of influence that foreign investors have on the banks is limited, although it possible that they are looking to the future, with an anticipation that the share limit will be extended. Foreign investors may try to pressurize state-owned banks into adopting Western processes, with a view to maximizing their investment, although there is little evidence of this happening currently; indeed, Kynge (2002) identified that a widespread system of corruption still exists within the banks.

Since China gained entry into the WTO, a new set of rules has emerged, along with some existing regulations and laws being repealed and others revised to align with the WTO agreement. Two such repeals were the 1995 Central Bank Law and the Commercial Bank Law. By allowing foreign banks to enter the Chinese market, the Government hopes to both improve bank performance in China and satisfy the statutory WTO conditions.

An example of one development is that, from 2002, overseas banks can provide foreign currency services to Chinese residents and enterprises. In addition, in February 2004, China opened its local currency market and allowed foreign banks to provide local currency services to Chinese enterprises in designated cities and areas.

Finally, under the WTO agreement, the retail market was opened for foreign banks in December 2006 (Zhou, 2007).

Under the WTO agreement, all restrictions were required to be lifted by 2007, from which time all organizations needed to comply with international regulations and practices when dealing with transactions (China Daily, 2002). Following this, four foreign banks (Citigroups Inc., HSBC Holdings PLC, Standard Chartered PLC, and Bank of East Asia Ltd.), obtained approval from the Chinese regulators to accept deposits in RMB from the country's citizens.

Whilst an impression of openness is provided, Kyngé (2002) asserts that the 'Big Four' state-owned commercial banks are rife with corruption and lumbered with management problems. Perez and Falcon (2004) observe another notable development by acknowledging that the changes have turned the previous market-based emphasis into one that focuses more on resources, particularly the human resource, which they claim has an important influence on an organization's performance.

2.2 Comparison of Financial Performance of Chinese Big-Four State-Owned Banks

The efficiency and competitiveness of the banking system is not easily measured because products and services are essentially intangible (Kosmidou & Zopounidis, 2008). One way of resolving this issue is to use outputs and costs to measure the banking industry performance. In investigating the determinants of banking performance in U.S. commercial banks, Revel (1980) adopts a net interest margin (NIM) as a performance measure. He defines the interest margin as the difference between interest income and expense, divided by the total assets. Whilst Heffernan and Fu (2008) concur with using the net interest margin (NIM) to measure commercial banking performance, they also consider Return on Assets (ROA) and Return on Equity (ROE) as measures by which to measure bank profitability. The ROA is considered to be the profits relative to total assets, whilst the ROE concerns

profits (net income after taxes) relative to equity (Lin & Zhang, 2008). With respect to the Chinese state-owned banking industry, Podpiera (2006) proposes that besides measures of net interest margin, ROA and ROE, ratios of Cost-to-Income (COI) and Non-Performing assets to total Loans (NPL) should be used as performance assessment indicators.

At this stage, the financial performance of Chinese state-owned banks is reported, with a focus on the 'Big Four banks': ICBC, BOC, CBC, and ABC. The NIM, ROA, ROE, COI, NPL, and Capital Adequacy (CAR) are considered. The aim, in presenting a single year's data is to provide an overview of financial performance, although it is acknowledged that it does not convey a year on year trend. The data is based on the performance of each bank, as shown in their annual reports, with additional data being sourced from The Banker (2007) magazine.

Big Four Banks	Measures & Ranking											
	NIM	R	ROA	R	ROE	R	COI	R	NPL	R	CAR	R
ICBC	2.32	3	0.96	3	10.6	4	36.3	1	3.79	2	6.15	2
BOC	2.45	2	1.28	1	14.2	3	46.3	3	4.04	3	7.70	1
CBC	2.69	1	1.21	2	15.0	1	44.0	2	3.29	1	6.06	3
ABC	0.01	4	0.23	4	14.4	2	50.4	4	23.4	4	1.67	4

Table 2.2a Big Four Banks' Financial Performance in 2006

The net interest margin (NIM) shows the percentage difference between the interest income produced by a bank's earning assets (loans and investments) and its major expense and interest paid to its depositors, with the net difference between interest earned and interest paid being a key measure of the banks profitability (Revel, 1980). A small change in margin can produce a large effect on profitability, since it usually accounts for 70-85% of the total revenue. As the higher net interest margin indicates greater profitability, Table 2.1 indicates that CBC (2.69) returns the highest score in

NIM among the Big Four banks, with ABC returning an extremely low figure (Figure 2.3).

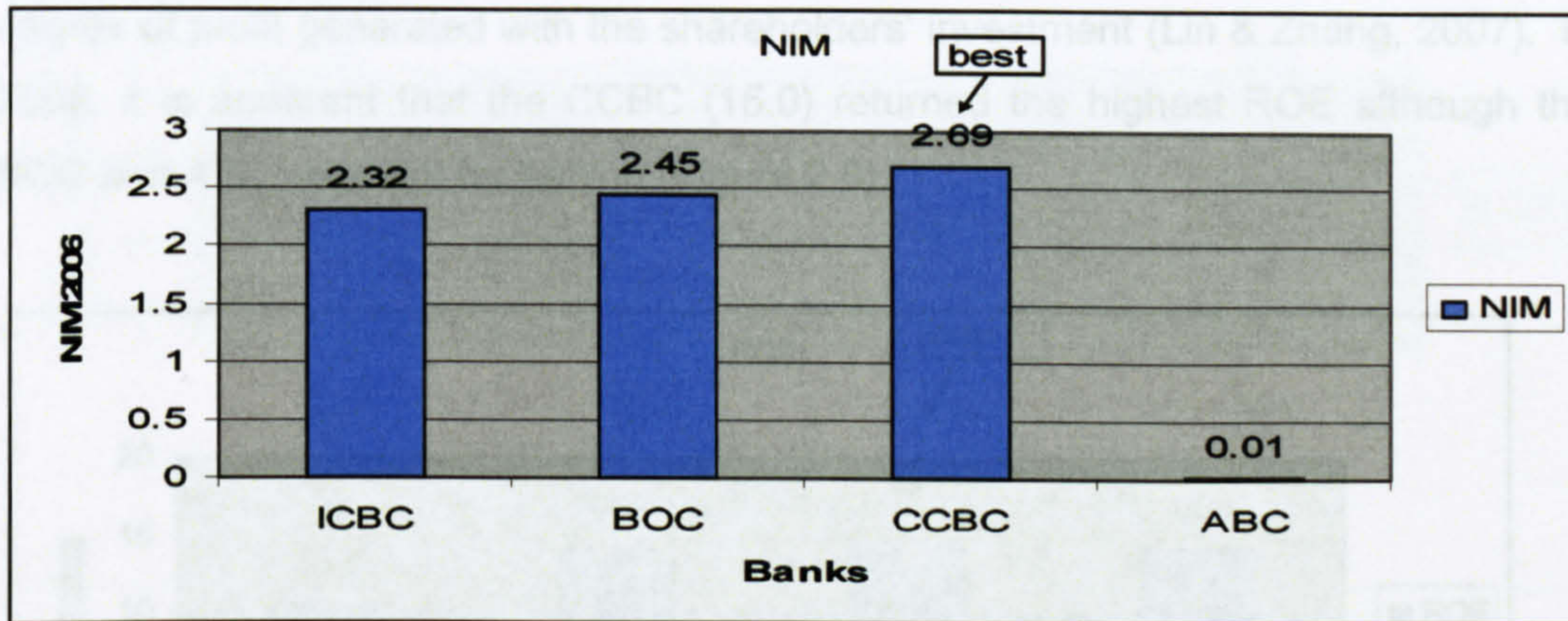


Figure 2.3 Comparison of banks' performance based on NIM for 2006

Return on assets (ROA), or investment, shows how effectively a company has generated profits with its available assets. Essentially, the measure reflects management's ability to generate profits during a given period, usually a year (Heffernan & Fu, 2008). Table 2.1 reveals that BOC (1.28) returned the highest ROA (Figure 2.4), which indicates that they generated profits effectively from their available assets.

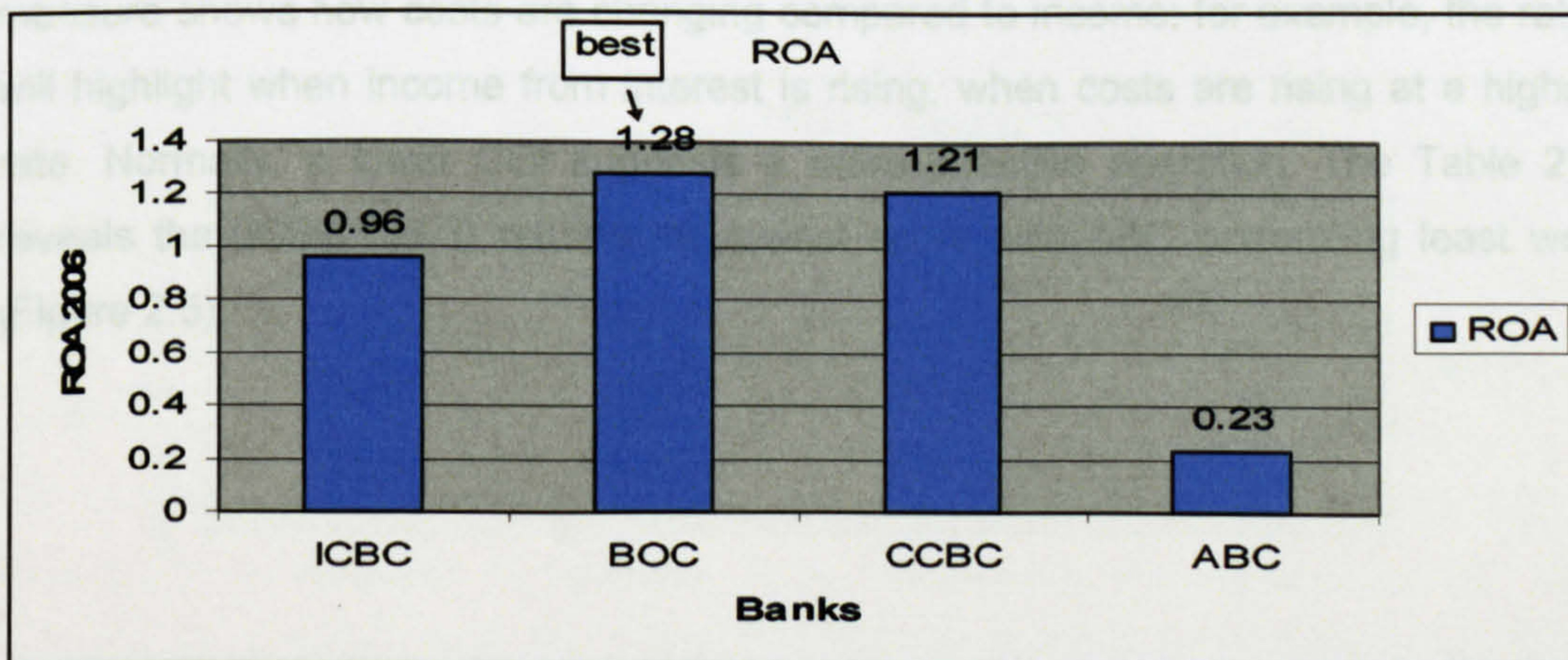


Figure 2.4 Comparison of banks' performance based on ROA in 2006

Return on equity (ROE) relates to the net income returned as a percentage of shareholders' equity and indicates a corporation's profitability by revealing the degree of profit generated with the shareholders' investment (Lin & Zhang, 2007). In 2006, it is apparent that the CCBC (15.0) returned the highest ROE although the BOC and ABC were not far behind (Figure 2.8).

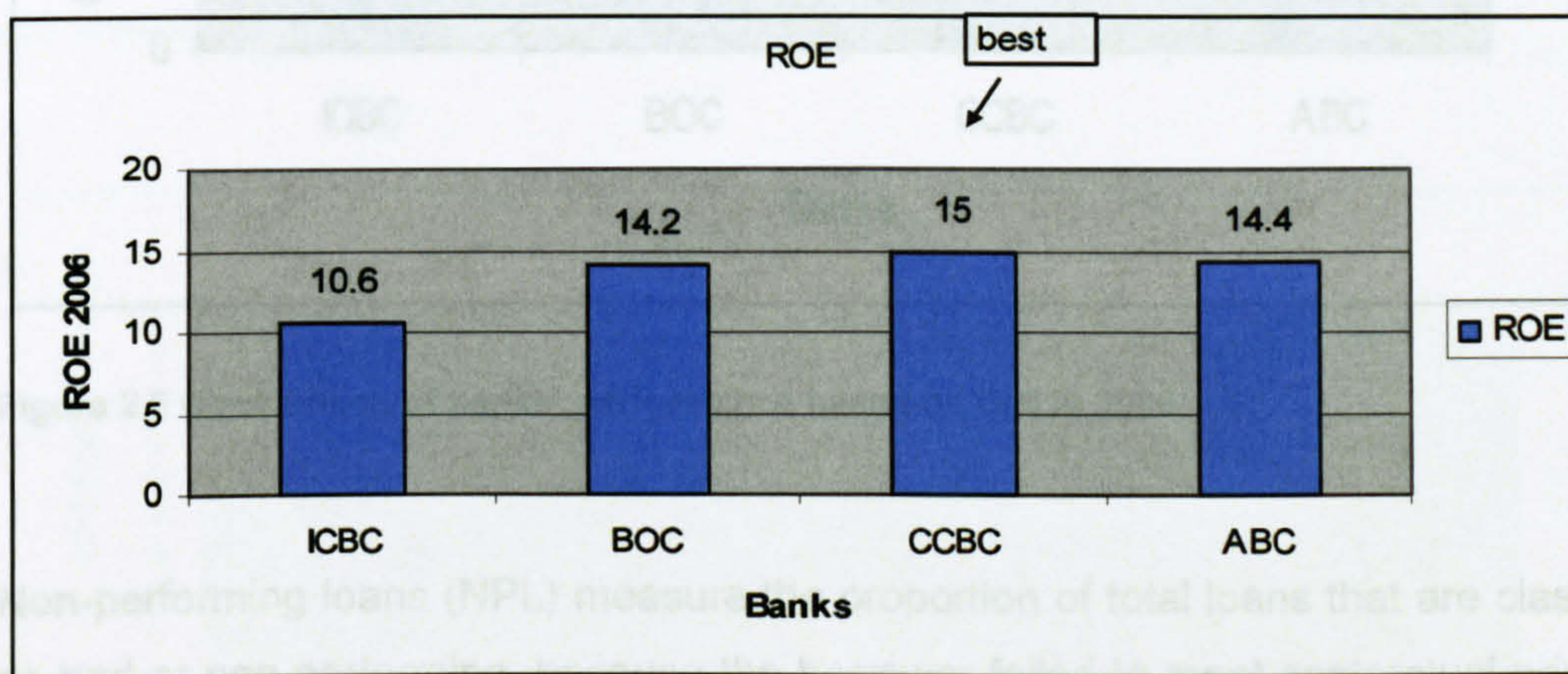


Figure 2.5 Comparison of banks' performance based on ROE in 2006

The Cost-income ratio (COI) is considered an efficiency measure that reflects changes in the cost-assets ratio and the interest margin (Podpiera, 2006). The measure shows how costs are changing compared to income; for example, the ratio will highlight when income from interest is rising, when costs are rising at a higher rate. Normally, a lower COI suggests a more effective operation. The Table 2.1 reveals that ICBC (36.3) returns the lowest score with ABC performing least well (Figure 2.5).

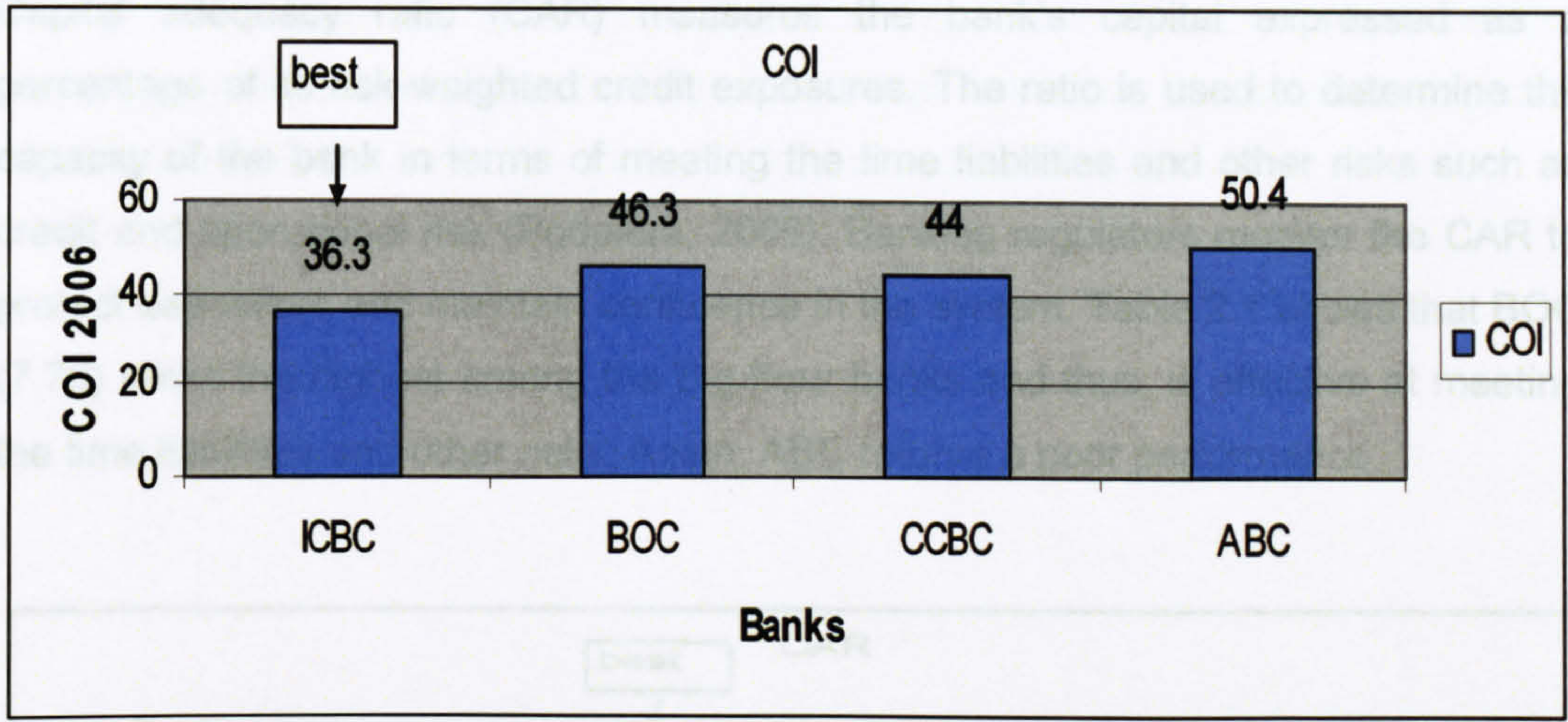


Figure 2.6 Comparison of banks' performance based on COI in 2006

Non-performing loans (NPL) measure the proportion of total loans that are classified as bad or non-performing, because the borrower failed to meet contractual principal repayments (Podpiera, 2006). Hence, the lower the NPL, the better the bank performance, with Table 2.1 showing that CCBC (3.29) achieves the best return, although ABC is apparent by being out of line with the other three (Figure 2.6).

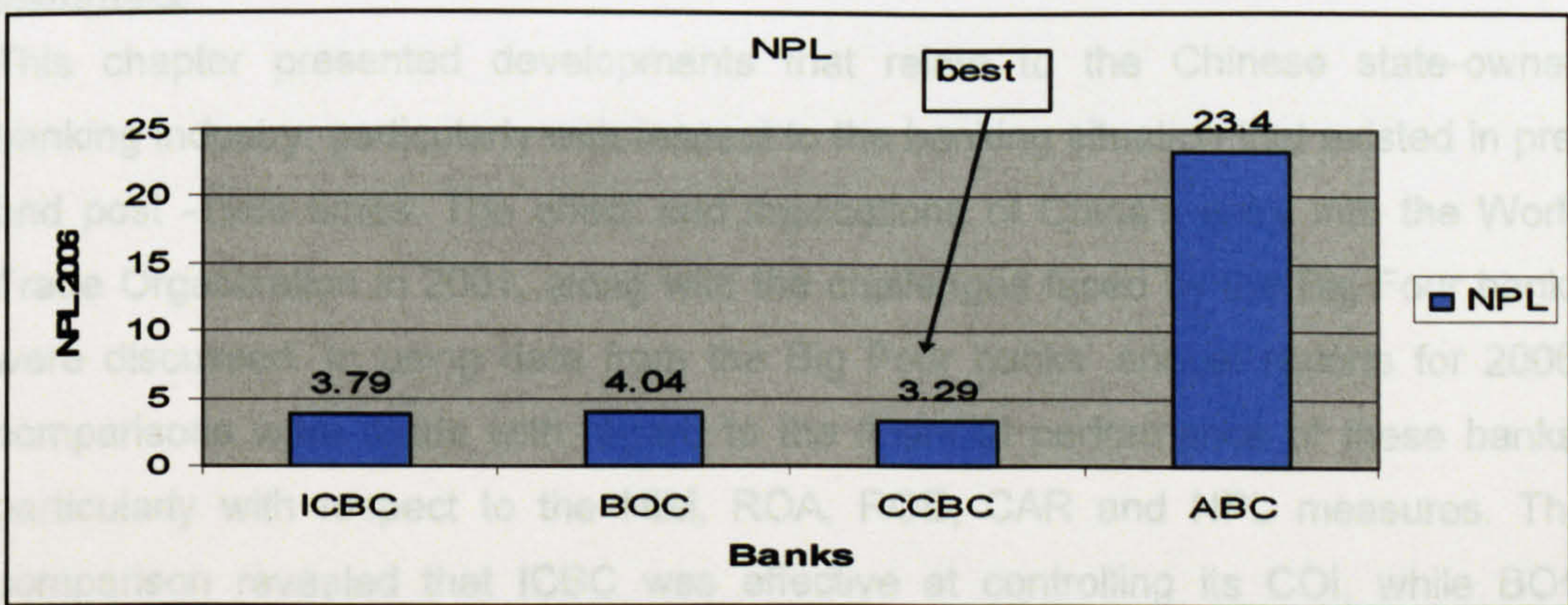


Figure 2.7 Comparison of banks' performance based on NPL in 2006

Capital adequacy ratio (CAR) measures the bank's capital expressed as a percentage of its risk-weighted credit exposures. The ratio is used to determine the capacity of the bank in terms of meeting the time liabilities and other risks such as credit and operational risk (Podpiera, 2006). Banking regulators monitor the CAR to protect depositors and maintain confidence in the system. Table 2.1 shows that BOC (7.70) ranks the highest among the Big Four banks and thus, is effective at meeting the time liabilities and other risks. Again, ABC returns a poor performance.

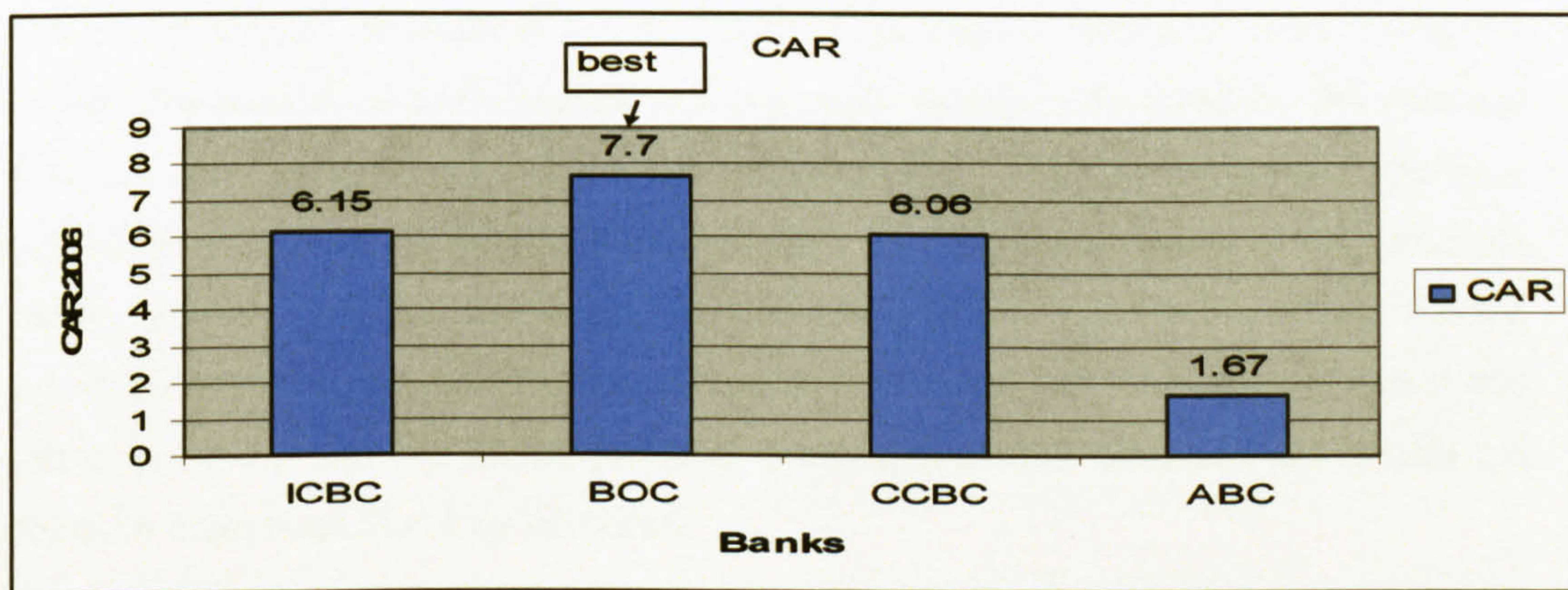


Figure 2.7 Comparison of banks' performance based on CAR in 2006

Summary

This chapter presented developments that relate to the Chinese state-owned banking industry, particularly with respect to the banking situation that existed in pre- and post -1993 times. The effect and implications of China's entry into the World Trade Organization in 2001, along with the challenges faced by the Big Four banks were discussed. In using data from the Big Four banks' annual reports for 2006, comparisons were made with regard to the financial performance of these banks, particularly with respect to the NIM, ROA, ROE, CAR and NPL measures. The comparison revealed that ICBC was effective at controlling its COI, while BOC performed well for both the ROA and CAR measures. Finally, CCBC was efficient in measures for NIM and ROE, and in controlling their NPL.

Having established the nature of state-owned banks in China and their relative strengths, attention now turns to the literature that surrounds performance appraisal and the wider issues associated with the human resource.

CHAPTER 3

LITERATURE REVIEW

Over the last seventy years performance appraisal management has increasingly been the source of much attention, with organizations utilizing various assessment systems (Erdogen, Kraimer & Liden, 2001). This chapter starts by addressing the broader framework of performance management, which is followed by the relevant literature on performance appraisal management. The performance appraisal process in a Chinese context is presented next, followed by a review of the concepts associated with Chinese culture and human resource management in China. Finally, issues surrounding the stakeholder perspective are explored. The chapter concludes with a summary and the identification of a key gap in the literature, along with the research objectives that flow from this.

The aim of this chapter therefore is threefold. First, to explore performance appraisal management as one element of human resource management practice; second, to investigate the inter-relationship between performance appraisal satisfaction and stakeholders' perception of justice, and finally, to explore how cultural factors impact on potential performance appraisal issues. An overarching aim is to identify gaps in the literature, associated with the management of the performance appraisal process, which will subsequently lead to the research focus.

3.1 Performance Management

Armstrong (2006b) argues that performance management is an integrated strategic process that has the ability to deliver sustained organizational success, by improving the performance of employees and developing their ability to contribute, both as individuals and in teams. The integration in performance management is

demonstrated in two ways. First is the concept of vertical integration, which relates to aligning the business with specified team and individual objectives. Second is the idea of horizontal integration, whereby different activities are linked across functions, so that a coherent approach to the management and development of people can be achieved. The approach receives support from Williams (2006) who views performance management practices as a vehicle for managing employee behaviour, so as to assist the organization in achieving its goals.

Therefore, in an endeavour to support the aims and achievement of the organization's strategic objectives, the performance management of the human resource represents an ongoing process of communication between managers and employees (Mabey & Salaman, 1995). DeNisi and Pritchard (2006) propose that an organization might opt to see a particular set of core activities as comprising performance management, although it is important that management recognize that they interact with each other. The integration is further extended by the linking of HR activities with the wider performance environment, through performance plans and performance reward.

Performance management systems are invariably linked with training, promotions, salary, reward, administration and research (Rao, 2007). Indeed, Bevan and Thompson (1991) conclude by asserting that a purpose of performance management is to integrate the various components of human resource management and more closely align them with the organization's main business. As Den Hartog, Boselie and Paauwe (2004) observe, effective performance management has, through maximizing the contribution of employees, the potential to make a major contribution towards the achievement of business objectives.

Performance appraisal is part of the wider performance management, which is itself a key element within the area of human resource management. Whilst performance management is not a single entity (Williams, 2006) it generally refers to the systematic processes used to improve organizational performance, which is achieved by enhancing the performance of individuals and teams (Armstrong, 2006a). Thus, organizations use the performance process to improve results through

individuals and teams, with this being completed within a framework of planned goals, standards, shared understanding and competence requirements. Importantly, the process needs to be owned and administered by line managers.

Performance management has developed from the late 1980's and early 1990's. Indeed, in the 1990's, performance management processes invariably comprised of isolated performance appraisal schemes that had little impact on organizational effectiveness (Armstrong, 1992). Significant changes have taken place in performance management and the process now offers a more integrated and continuous approach to managing employee performance.

Earlier views perceived performance management as managing the organization (Mohrman & Mohrman, 1995), particularly with a view to gaining commitment from employees in working towards shared goals (Locke, 1968). There was a distinct element of direction and control associated with the process, which sought to achieve organizational goals. The direction was also more centrally placed with quality, delivery, cycle time and waste being offered as key performance measures (Lawson, 1995).

Over time, various definitions of performance measurement and the associated area of management systems have been offered in the literature. One of the basic concepts associated with performance management relates to 'quantifying' employee actions to achieve an effective outcome (Neely, Gregory & Platts, 1995). Radnor and Bames (2007) build on the quantifying element and focus more on the measurement of employee inputs, against the nature of outputs, arguing that the process is directed towards improvements in behaviour and motivation.

Performance measurement can be traced back many years, although the concept gained a stronger following in the 1970s and 1980s when the principles were applied in the private sector, although it was a decade later before the public sector fully embraced performance management (Kopczynski & Lombardo, 1999). The authors argue that performance measurement emerged from the utilization of budgetary information in support of management decision-making.

For Lohman, Fortuin and Wouters (2002) the focus moves to the managers' function in the process and their contribution in achieving predefined goals, which are organizationally related.

3.1.1 Performance Management Systems

With regard to performance management systems, these are designed to support the decision-making process and are aimed at collating non-financial and financial information (DeWaal, 2003). Olsen, Zhou, Lee, Chong and Padunchwi (2007) argue that performance measurement systems often provide the information that works to support the organization's operations, such as controlling, monitoring and evaluating.

In reviewing performance measurement systems, two key phases can be identified. The initial stage is strongly identified by a clear focus on financial measures such as return on investment, productivity and profit. The second phase emerged as a result of global competition and greater customer demands, which requires a more formalised process where there is a need to introduce new performance measures (Bourne, Mills, Wilcox, Neely & Platts, 2000; Ghalayini, Noble & Crowe, 1997; Manoochehri, 1999; Yenyurt, 2003)

There is an acceptance that performance management has developed from efficiency-based measurements, to embrace the concept of cost-oriented productivity, which clearly aligns the operational aspect with the organizational goals (Radnor & Barnes, 2007). In terms of operations management three key phases can be identified. First is the move from the process and task orientation, adapted by Taylorism (Gilbreth and Gilbreth, 1917; Taylor, 1911), to business process reengineering (Davenport, 1993; Hammer & Champy, 1993), which aligns measures with the organizational goals and with customers and suppliers. The second phase embraces a strengthening of the link between work operations and strategic orientation, whilst the third phase is characterized by a stronger focus on quality, effectiveness and measurement.

3.1.2 Performance Measures

To measure performance the organization needs accurate measures which, according to Leandri (2001), can be used to provide 'vital signs' of the organization's 'health'. That is, the performance measures used provide quantitative, rather than qualitative data, although the degree to which the measures accurately represent subjective judgments is questionable. In addition, the performance measures are seen as expressing, in a quantitative way, the effectiveness of the processes, or systems used (Lohman *et al.*, 2002). According to Kopczynski and Lombardo (1999), performance measures can be used to measure organizational level areas such as quality, productivity and cost effectiveness, although a key point is made by Franceschini, Galetto and Mastrogiacomo (2008), who argue that to be of use, measures have to support evaluation and the decision-making process.

Performance measures can take different forms, although an important initial decision refers to what should be measured and how (De Toni & Tonchia, 2001). It is possible to separate the two, in that the 'what' aspect refers more to the structure of the measurement, whereas, the 'how' has greater importance in the design of individual metrics (Tangen, 2005). Adopting a slightly different approach, White (1996) argues that the 'what' element is more related to cost measures, such as the effectiveness of the workforce, whilst the 'how' element is more aligned to the system of cost accounting, which, on a individual level, can include input and output measures. The emphasis on output is also recognised by Armstrong and Baron (2005) although they consider that the impact of any outputs which, in individual terms, could relate to rewarding those targets that directly contribute to the organization's aims. De Toni and Tonchia (2001) view performance from two key perspectives, relating to cost and non-cost, which, when addressing both elements, can lead to a value-added analysis.

The idea of dividing performance measures into financial and non-financial costs is quite common (Jusoh, Ibrahim & Zainuddin, 2008; Medori & Steeple, 2000; Parker, 2000), with each having their disadvantages. The traditional approach of measuring

financial costs can lead to poor relevance and an inflexible measure (Manoochehri, 1999). Financial measures may be less relevant than non-financial measures, for measuring the people element, which includes customer satisfaction. However, as Parker (2000) argues, financial data provides a greater degree of precision and objectivity.

Leandri (2001) offers another three-category approach to performance measures. The first includes those measures associated with the motivational elements of company goals, whilst the second comprises outcome measures. The third area relates to the organization's leading indicators, which align with Manoochehri's (1999) view of measures that impact on future results.

3.1.3 Characteristics of the Performance Measures

With regard to the actual characteristics of performance measures, research by Franco and Boume (2003) found that these need to be clearly defined, unambiguous and relevant to both the business and employees. Thinking more along individual lines, Armstrong and Baron (2005) add that it is important that performance measures are related to results and behaviour, and that they are based on agreed objectives. They also argue that the outcome of the measures needs to be within the employee's control. In identifying salient characteristics, Franceschini *et al.* (2008) argue that the required performance should be easily understood, from the point of view of the person being assessed.

A number of authors have attempted to identify what are considered to be the critical characteristics of effective performance measures (Hudson, Smart & Bourne, 2001; Mayo, 2006). Performance measures that are consistently cited include preciseness and the importance of linking them with the organizational strategy. On a more individual level, the measures should be unbiased, in that they are interpreted in the same way and designed so that action can be taken to improve the outcome. It is also considered important that performance measures provide specific feedback that is given in a timely manner, so as to lead to improvements (Neely, Richards, Mills, Platts & Bourne, 1997). Finally, Norcross (2006) states that a key characteristic of a

performance measure is that it should be robust, so as to avoid it being manipulated by managers and individuals.

3.1.4 Selection of the Performance Measures

When faced with a performance management situation the management will need to make decisions as to which measures to choose. Within the broad principle of aligning performance measures with organizational strategy, there is a need to determine which elements are more important. Here, the sub-unit measures need to be consistent with organizational goals and at the same time integrated across the organization (Parker, 2000). It is equally important that agreement is reached on what is being measured and that these are able to impact positively on organizational performance. In arguing that measures be aligned to organizational strategy, Pongatichat and Johnston (2008) cite several benefits, in particular, that the approach provides greater organizational focus on performance and activities.

3.1.5 Building a Performance Measurement System

It is important that an organization's performance measurement system and instruments are directly suited to its needs. The development of performance measurement systems can be considered as a three-stage process that includes design, implementation and the use of performance measures (Boume, Mills, Wilcox, Neely & Platts, 2000). Management alone invariably undertake the initial stage, although it is desirable to have employee involvement (Ukko, Tenhunen & Rantanen, 2007). The implementation stage draws heavily on the employees and their active 'buy-in' for the process. Searcy, Karapetrovic and McCartney (2008) agree with the three-stage approach although the evolution of the performance measurement is offered as the third stage. The final stage can be challenging, as evaluation is required, so that measures can be improved and the continuity of the system ensured. Searcy *et al.* (2008) equally acknowledge the challenges in the first stage, particularly in ensuring the integration of salient stakeholders into the system of decision-making.

Flapper, Fortuin and Stoop (1996) have offered alternative models for developing effective performance measurement processes, although models need to ensure a cultural fit (Hofstede, 1997). They place a strong focus on performance indicators, particularly with respect to defining these and setting target values, although a specific element refers to defining the relationship between performance indicators. This latter point is aimed at ensuring that the indicators provide coherence across the organization and, from an individual perspective, give consistency. Other 'stepped' processes have been offered, with a nine-step model being cited by Neely *et al.* 1995. The major areas are covered, such as aligning measures to the organizational goals and consistency, although they emphasise the continual evaluation of the performance measurement system to ensure it meets the current competitive environment.

Going against the thinking at the time, Neely *et al.*, (2000), argue that a performance measurement system design should incorporate non-financial measures. Additional observations by others argue the importance of organizational commitment, especially the support from top-level management (Hudson *et al.*, 2001).

In turning to the implementation phase, when the systems and procedures are introduced, it is important to have effective procedures for the new initiative (Bourne *et al.*, 2000). Support mechanisms such as computer software and management training will need to be designed and delivered. The researchers go on to suggest that employees often resist change, or new initiatives, to which they identify three potential barriers to implementing new performance measures. First, employees may resist being measured, although this could equally occur at the design phase. Second, technical problems with computer software can be damaging, whilst their final barrier relates to insufficient support from senior management, particularly in the transition from the design to the implementation phase. In a study undertaken by De Waal (2007), it was apparent that different levels of management were not convinced of the value the performance measurement system would add, which is cited as one of the reasons for the initiative having failed to be implemented. Thus management commitment, particularly the time and effort needed, should not be underestimated (Bourne *et al.*, 2000).

Another element in the implementation phase relates to the importance of providing effective training for managers, along with detailed support and training for employees, with it often being the case that management overestimate their capability to fully accept a new system (Ukko *et al.*, 2007). Findings from Ukko *et al.*, pointed to a delay in implementing a new performance system, with a level of communication being a major barrier. Work by De Waal (2007) supports the importance of communication, whose findings show that, due to a lack of information, employees were surprised by the new system to such an extent that it failed to be implemented.

There are a number of factors associated with the poor implementation of a new performance measurement system, of which Aguinis (2007) cites eleven. From an employee's point of view, salient factors relate a lowering of self-esteem, employee dissatisfaction and a damaging of personal relationships. Poor implementation is also likely to impact negatively on managers, by placing an unjustified level of pressure on them as a resource and possibly working with a rating scheme that is unclear to them. Taking a more positive stance, Folan and Browne (2005) provide 32 recommendations for developing effective performance measurement systems, most of which are covered in the section referring to performance measures. However, the concept of using multiple measures is added, along with an emphasis on the system being dynamic, in that it is capable of evolving and fostering continuous improvement and learning.

One approach that can militate against an unsuccessful implementation stage is to conduct a pilot test, wherein the procedures and people are tested (Williams, 2006). The training of managers and employees can also contribute to a successful implementation, to which Bourne *et al.* (2000) add that employing technology specialists can assist in addressing system issues.

3.1.6 Evaluation of Existing Performance Measurement Systems

Once a performance measurement systems has been implemented it is important that periodic reviews are undertaken to judge its effectiveness, so the system

remains aligned with the organization's strategy (Folan & Browne, 2005; Medori & Steeple, 2000)

Flapper *et al.* (1996) argue that systems are affected by both internal and external changes. Internal conditions relate to a product change or reorganizing the workforce, whilst external changes refer to market forces, such as the reduction of sales. Whatever the source, the authors argue that performance measures need to be modified to reflect the new environment, with it being argued that this ongoing evaluation makes a significant contribution to the effectiveness in meeting the organization's goals (Tapinos, Dyson & Meadows, 2005). Other facilitating factors were found in a study by Kennerley and Neely (2002), which identified, amongst others, the process of providing for an open and honest review of the measures. Salient negative factors related to management inertia and an individual resistance to being measured, particularly when they lacked a degree of focus.

3.1.7 Purposes of the Performance Measurement

Performance measurement fulfils a number of purposes, with some salient examples being diagnosis, continuous improvement, motivation and as a support for decision-making (De Toni & Tonchia, 2001), although national culture (Hofstede, 2001) can change the focus. In addition, as well as an aid to planning and controlling organizational activities, the process allows performance to be benchmarked, both internally and externally. More simply, Hass, Burnaby and Bierstaker (2005) argue that performance measurement has three key purposes, with these being the achievement of organizational strategy, to evaluate performance, and to monitor operations. Whilst a broad consensus exists as to why organizations use performance measurement there are some differences in focus, for example Parker (2000) argues that customer satisfaction is important, as is assisting an organization to understand its strengths and weaknesses. An aid to decision-making is another area, along with the provision of supporting evidence for initiatives. From an employee perspective, the process helps them focus on what the organization believes is important (Ukko *et al.*, 2007). Finally, their findings suggested that communication can invariably be improved and that managers felt that the

performance measurement system made a disproportionately large impact on financial performance, than was the case.

There are suggestions that a key purpose of performance measurement is to motivate employees. Indeed, in this regard, Aguinis (2007) highlights employee benefits as being increased self-esteem, greater work competence and a feeling of justice, adding that it is through effective employees that an organization can improve its competitiveness.

3.1.8 Frameworks

Essentially, a framework comprises of a set of recommendations that can assist in the development of the performance measurement system (Folan & Browne, 2005). The concept is further reduced to being either structural or procedural, with the format relating to performance measurement, whereby the process of developing the system is the latter.

In a 'performance measurement matrix' the measures are allocated into cost and non-cost, against internal and external factors. Neely *et al.* (2000) argue that integrating different aspects of an organization is an advantage of this sort of framework. A slightly modified approach is found in the 'results and determinants framework' (Folan & Browne, 2005), which provides a matrix showing measures of results (competitive and financial) and determinants of the results (quality, utilization of resources). An advantage the framework has is that it shows the dependence of the results. However, the framework is criticised by Hudson *et al.* (2001) who argue that the human factor is ignored, with neither employees nor customers being included.

The performance pyramid of Folan and Browne (2005) emphasizes a hierarchical perspective through a ten-step procedural model. A particular advantage of the model is that it separates the measures of external parties from those within the organization, although it is criticised for a lack of detail in the type of measures used (Hudson *et al.*, 2001).

A performance framework that is widely used in organizations is the balanced score card, which was developed by Kaplan and Norton (De Waal 2003). The 'balance' is between the financial and non-financial measures, which produces a vision that is aligned to current actions and at the same time, produces clear strategic priorities and incentives. In addition, it goes beyond many traditional frameworks in that it reveals the importance of the people to management (Jusoh *et al.*, 2008). The framework has progressed through a number of iterations, with the current, third, version concentrating on moving strategic objectives into outcomes and activities, which show a link to causal relations (Radnor & Barnes, 2007).

Criticisms of the balanced score card are found in the literature, particularly against the over complex nature of the model (De Waal, 2005), which are considered too complex for managers to handle. On another point, Neely *et al.*, (2001) argue that shareholders' and customers' views are given too great a weighting over those held by employees, suppliers, and communities.

The business excellence model of the European Foundation for Quality Management comprises of a structural framework, whereby performance measures consider both enablers and results (Folan & Browne, 2005), although Neely *et al.* (2000) argue that the framework is difficult to operate in practice.

Traditional performance measurement systems are not without their criticisms, with the largest criticisms being that they are based on an accounting system, which focuses on reducing the cost of labour and uses measures that tend to lag performance (Ghalayini *et al.*, 1997). Ghalayini *et al.* argue for a more dynamic performance measurement framework. An additional positive is that the framework should facilitate fast and accurate feedback (Hudson *et al.*, 2001), which should derive from clear and unambiguous measures (Krause, 2003).

3.1.9 Performance Measurement System as a Tool

Performance measurement systems can be applied in a number of ways. With respect to being used as control mechanisms, Olsen *et al.*, (2007) put forward two

uses, firstly concerning monitoring and the achievement of standards and secondly as a means of continuous improvement. Taking a different view, De Waal (2003) argues that performance management systems should generate positive outcomes particularly the enhancing of communication.

With respect to the actual measurement of performance, Aguinis (2007) suggests three areas of focus, with these being traits, behaviour and results. Taken on its own, the trait approach emphasizes individual performance, often at the expense of the behavioural aspects and the results. In addition, as an individual cannot overtly control his or her traits, employees generally perceive this measure as being unfair. A second criticism of trait measures is that they do not in themselves guarantee the desired results, which means that many organizations reject traits as a measure of performance (Aguinis, 2007).

The behavioural approach may be more appropriate in circumstances where results extend over a period of time or when poor results may be outside the employee's control or remit. Finally, in considering the results as a measure, there is a tendency for behaviours and, to a less extent, traits to be ignored. Where results are used, Aguinis (2007) argues that for the measure to be just, employees need to possess the appropriate job skills, improvement is consistent over time and there is more than one way to complete the job. Throughout, there is the underlying thought that the performance measurement should aim to stimulate and motivate employees, improve communication and ensure that the organization's overall performance is strengthened (De Waal, 2007).

One key element that measures need to embrace is that of commitment, with Ozcelik, Langton and Aldrich (2008) suggesting a three-pronged typology. They offer affective commitment, which relates to an emotional attachment, continuance commitment, that focuses on economic benefits and normative commitment, whereby the employee feels obliged to commit. Creating a positive emotional ethos is likely to help employees develop a strong connection with the organization, which is likely to strengthen their affective commitment. Indeed, Ozcelik *et al.* findings show that a positive emotional climate can significantly influence organizational

performance. Commitment is considered particularly valuable in that it is seen to have greater long-term implications than motivation itself, with the argument being that the worker is likely to stay within the organization (Latham, 2007).

3.1.10 Employees Performance and Satisfaction

Satisfaction usually comes about when an individual attains a goal that they value (Latham, 2007), to which Weightman (2007) adds that the condition is an 'inner state' that is closely associated with achievement. Rewards can bring satisfaction, although in a wider sense, Silvestro (2002) argues that employee satisfaction and, to an extent, loyalty are negatively related with organizational factors such as profit margins and productivity, which is supported by Weightman (2007). Conversely, employee satisfaction was found to be positively related to supervision style and the physical environment. Other factors that create satisfaction relate to management practices involving work relationships, along with opportunities for personal development and growth (Neely & Al Najjar, 2006). Finally, there is evidence to support that satisfaction is increased when an employee is perceived, or perceives him or herself as competent. Thus, providing strong recognition for measured achievements is likely to lead to greater employee satisfaction (Latham, 2007), although it is noted by Silvestro (2002) that financial rewards may lead to short-term, dysfunctional behaviour.

As the current research investigated the approaches to performance appraisal in Chinese state-owned banking industry, the next section focuses more directly on the practice of performance appraisal management.

3.2 Performance Appraisal

Performance appraisal, which is an element of performance management, is considered the process by which an organization measures and evaluates individual employee behaviour and achievements over a defined period (Devries, Morrison, Shullman & Gerlach, 1981). In this sense performance appraisal is viewed as a

process, whilst a slightly modified approach proposes that performance appraisal concerns the evaluation of employee performance in the light of predetermined standards (Smither, Reilly & Buda, 1988), which portrays the phenomenon as a largely evaluative tool. Performance appraisal can also be viewed as a means of identifying individual training needs, or as an adjunct to making optimal placement decisions (Viswesvaran & Ones, 2000).

Taking a broader view, Latham and Wexley (1981) consider performance appraisal as any human resource decision in which a judgement affects the status of employees, particularly with respect to the areas of termination, promotion, demotion, transfer, salary and training. In adopting this wider perspective, the significance of performance appraisal to the many aspects of managing the human resource, is highlighted.

The concept of performance appraisal is often associated with the process of determining the distribution of rewards (Fletcher, 2001). However, rather than concentrating on the performance results alone, Kulno (2008) argues that a key element of performance appraisal is to determine the employee's work results, which provides a stronger business focus. In this way, performance appraisal needs to consider how optimal work conditions can be created, which can be achieved through identifying competent management teams and developing staff successfully. The approach also helps in providing a high level of motivation amongst staff.

Essentially, the process can be viewed as an integrated performance evaluation system (Williams, 2006). In this respect, the system identifies an employee's strengths and developmental needs, whilst engaging in the setting of goals that are in line with the organizational aims. The system equally provides an opportunity for increased employee participation and an opportunity to enhance organizational performance, through employee effectiveness. Indeed, performance appraisal, is considered as one of the most important human resource practices (Boswell & Boudreau, 2002) through which an organization can assess employees, develop competence, enhance performance and distribute rewards. Thus, the process has the potential to influence the effectiveness of the whole organization.

The functions of performance appraisal can be seen to relate to the wider field of human resource management (Fletcher, 2001). Outcomes from performance appraisal have the potential to create a major impact on employee motivation and satisfaction, particularly with respect to identifying employee development needs. In addition, appraisal results can be used to monitor the effectiveness of the recruitment strategies. Another aspect of a widening approach is to integrate and embed human resource management strategies within the broader perspective of performance management.

3.2.1 Performance Management and Performance Appraisal

Research indicates that there is a positive association between a range of human resource management practices and measures of organizational performance (Schneider, Smith & Sipe, 2000). Indeed, their findings support the notion that effective human resource management practices can make a positive contribution, through enhanced organizational performance, to gaining competitive advantage.

Performance management embraces a broad set of activities that aim to improve employee performance and as such, performance appraisal information can feed into the performance management process. Performance management is designed to motivate employees to want to improve their performance and, as such, the goal of the performance management is performance improvement (DeNisi & Pritchard, 2006), initially at the organizational level, before moving to individual employees. Thus, the primary aim of performance appraisal is to provide information that enables managers to improve employee performance and then communicate this to their employees.

Some authors are less positive, arguing that measuring performance is simply that, a practical exercise that may contribute to the wider concept of performance management (Busi & Bititci, 2006). In this respect, performance management is viewed as gathering information for the purpose of effecting a positive change in organizational systems and processes. The purpose is achieved through setting

agreed performance goals, allocating and prioritising resources, or to confirm or otherwise the extent to which current policies are operating effectively (Amaratunga & Baldry, 2002).

Waggoner, Neely and Kennerley (1999) argue that, in business terms, performance measurement monitors performance and identifies areas for improvement. Additional spin-offs relate to enhanced motivation, improved communication and a greater strengthening of accountability. Another benefit, identified by Tsang (2007), is that performance appraisal can support the supervision and development of staff within work teams. Thus, as managing performance involves the process of clarifying business goals and then agreeing individual standards of performance through performance appraisal, there is a strong degree of mutual dependency (Macaulay & Cook, 1994).

In reviewing the literature, it is apparent that performance appraisal is recognised as the basis for many important human resource decisions, yet whilst some of these relate to soft human resource skills, the overall goal of improving organizational performance remains paramount (Grote, 2000), although the mix can be affected by culture (Hofstede, 2001).

3.2.2 Performance Appraisal Methods

There is no universal method of performance appraisal, although Jackson and Mathis (1994) have categorized the various methods under four main headings. The first category is termed Rating Scales, which includes graphic rating scales, checklists and forced choice methods. Comparative Methods form the second category, with ranking, paired comparison and forced distribution being included under this title. The third category is titled Written Methods and includes approaches such as critical incident, essay and field review. The final category refers to Special Methods, which embraces Management by Objectives (MBO) and Behaviourally Anchored Rating Scales (BARS).

Building on the original classification, Catalanello and Hooper (1981) identified two primary methods for measuring performance appraisal as being traditional and collaborative, which are based on the fundamental design and focus of a performance appraisal system.

3.2.3 Traditional Methods

Traditional methods are categorized to include ratings, checklist, forced choice, ranking, essay and open-ended reviews (Catalanello & Hooper, 1981), all of which focus on past employee performance. It is argued that, following evaluation, the traditional methods link the performance outcomes with some form of compensation.

When rating, the manager is required to determine the degree to which a certain factor applies to the employee or best describes them, whilst graphic rating scales allow the employee's performance to be 'scored' on a continuum. In using a checklist of statements, the manager is obliged to identify the statement that best suits the employee performance. Finally, the forced choice approach requires the manager to choose the most and least descriptive statement of the employee, which is claimed to reduce manager bias and subjectivity (Jackson & Mathis, 1994).

When using the ranking approach, employees are listed according to their performance, ranging from the highest to the lowest, whilst in paired comparisons each employee is compared with every other employee in the group one at a time. The essay method of appraisal allows the manager a degree of flexibility, in that they have a freer hand in describing the employee's activities and performance (Cole, 1993).

In the main, traditional performance appraisal systems do not include a plan to review future performance, nor do they address personal or organizational obstacles that may impede employee performance, although cultural factors are likely to affect this (Hofstede & Bond, 1984). The purely evaluative, backward-looking, focus of the traditional performance appraisal system has aroused a large degree of criticism from both researchers and practitioners (Deming, 1986).

3.2.4 Collaborative Methods

Collaborative approaches move away from the backward looking evaluations of the traditional set to adopt a stronger job-based focus that is more individually tailored to a goal-oriented system (Catalanello & Hooper, 1981). One example within this category is the Management by Objectives (MBO) approach. Here, the manager and employee mutually establish performance objectives and then use these as a standard by which to measure future performance. The approach is viewed as a person-based method of performance appraisal (Gliddon, 2004), in which managers focus on behaviours rather than on performance or their outcomes. The concept behind the approach argues that if managers could develop positive behaviours in their employees, then positive performance is likely to follow. However, a limiting factor may concern the power differential between the two parties, or the degree of power distance (Hofstede, 2001) that exists within the wider culture.

From a more traditionalist viewpoint, focusing performance appraisal on behaviour, rather than results, is a questionable approach (Plachy & Plachy, 1993). Further, it is argued that an approach that focuses on the outcomes of the employee behaviour more easily avoids issues of personality and attitude bias. Plachy and Plachy add that, in limiting the focus to personal behaviour, such as communication skills, initiative and adaptability, opens the possibility of a personality conflict between manager and employee.

The Behaviourally Observed Scales (BOS) and the Behaviourally Anchored Ranking Scales (BARS) provide two examples of where behavioural descriptions, directly applicable to the job, are anchored on a fixed scale (McGee, 1995). The descriptors have been found to increase the reliability of personnel assessment (Maiorca, 1997) and, at the same time, improve communication between managers and employees. Tziner, Joanies and Murphy (2000) identified the Behaviour Observation Scales (BOS) as a variation of BARS, in that they require managers to report on the frequency of specific job-related behaviours, whereas BARS use behavioural statements to identify rating levels. Finally, it is noted that increased employee

satisfaction with the appraisal system is likely to produce a more positive attitude in the build-up to the appraisal and can help in ensuring acceptance of the results.

With the focus on the fast moving nature of business demands, the frequency of formal performance appraisal may have changed in organizations to a bi-annual event. Setting work objectives and assessing performance, whilst focusing on current behaviours and future performance might, for an annual event, place an excessive demand on managers (Wilson & Western, 2000). Indeed, research suggests that employees prefer their performance appraisal to be conducted more than once a year, and with a strong preference for ongoing feedback throughout the year, and culminating in an annual formal review (Gosselin, Werner & Halle, 1997). Nonetheless, whilst the literature suggests that the focus of performance appraisal system has moved from an evaluation of past performance to a system that more readily evaluates work behaviours, there is less evidence as to what is practiced in organizations.

3.2.5 Limitations of Performance Appraisals

Despite the benefits of an effective performance appraisal system, such as improved job performance, motivation, commitment and satisfaction, there are those who point out the negative side of the phenomenon. Deming (2000) views the appraisal process as having the potential to destroy an organization, citing it as one of the 'Seven Deadly Diseases', with the view being upheld by Lee (2006), who argues that appraisals can '...inspire hatred and distrust among employees...'. Others have gone further to cite performance appraisal as the 'least popular' aspect of human resource management, believing that neither the manager nor the employee look forward to the process (Murphy & Cleveland, 1995). From the manager's perspective, the resentment of conducting the appraisals relates to the potential damage it can cause to their relationship with the employees (Devries, 2007), although, taking the opposing view, there is the potential to enhance individual relationship building. In a survey undertaken by Markle (2000), only five percent of HR professionals were 'very satisfied' with the way their system operated.

There are signs that organizations are moving away from the traditional form of appraisal, where managers 'judge' the employee's performance, and adopting processes that involve self-appraisal and peer appraisal, along with upward, outsider and multi-appraiser inputs (Mohrman & Mohrman, 1995). These developments provide a reaction to the perceived deficiencies of performance appraisal processes and practices, particularly with respect to an inappropriate focus, inadequate training, poor communication and subjective criteria. From a wider perspective, the core of the problem, according to Devries (2007), is that performance appraisals are predominantly based on a set of outdated assumptions about human nature and motivation.

A specific negative area of performance appraisal relates to context, including the strong emphasis on past events, which can clash with the managerial preference for current information (Williams, 1998). In certain organizational cultures, there may be little commitment to conducting the appraisals effectively, whilst the inability for independent observers to be present could lead to questions of bias.

Issues have been raised with respect to the characteristics of the performance appraisal system (Mohrman & Lawler, 1998). With regard to equity, the users of the process often have little input into developing the system, whilst rating systems may be administered subjectively. In addition, there is the potential to discriminate on the grounds of race, sex or disability, especially if there is no standard policy regarding the appraisal process. Williams (2002) also traces the issues with performance appraisal back to the basic elements, for example, particularly with regard to the manager, he or she may not have a detailed knowledge of the appraisee's job, or they might be in possession of erroneous or incomplete information. Managers at different levels in the hierarchy, or within different divisions, may hold differing expectations, or be biased in their judgement through ignorance, error, perceived stereotypes or prejudices. In short, the process has a potential for human error and differences to affect the appraisal outcome.

Another issue of concern is the quality of the performance appraisal outcomes, which, if they are not just, can lead to a loss of motivation amongst employees.

Areas such as failure to recognize excellent performance or errors in promotional decisions are likely to impact negatively on employees directly (Williams, 2002). Managers who have inadequate skills, fail to recognize potential, or fail to build employees through appropriate training and development initiatives can compound the process further. The process can be further devalued through the use of a poor performance appraisal instrument, which does not fit the organizational culture or values and where the content is not conveyed adequately to employees.

The issues raised are not a recent phenomenon and many of the performance appraisal 'problems' cited by Mohrman and his colleagues (Mohrman & Lawler, 1998) still need attention. The seven areas comprised: employee's self-esteem may suffer; the process is extremely time consuming; misleading data may be generated; employees may leave the organization because of the treatment they receive; inaccuracies and political issues may compromise motivation; relationships between colleagues may be damaged irreparably and finally, lawsuits may ensue as a result of appraisal inequities. Whilst minimal litigious action is reported around performance appraisal, it is of note that the issue was raised twenty years ago and in an increasingly litigious environment, organizations need to be aware of the potential damage this may cause to their reputation.

Despite the issues surrounding performance appraisal, attempts have been made to rectify some of the more salient points. One major issue surrounds the role of performance appraisal (Lee, 2006), particularly with respect to its purpose as a motivational tool for improving performance, or a process to measure and rate performance in a bid to support organizational goals. The approaches are not mutually exclusive, although there is a need to establish a clear objective and a statement as to where the balance, or weighting, should be. There is evidence to support the notion that a high level of employee involvement and participation in designing the process is likely to enhance the degree of satisfaction perceived by both the managers and employees (Lucas, 1994). That is to say, where greater ownership of performance appraisal is evident, the satisfaction of all parties is likely to be enhanced.

3.2.6 Models of Performance Appraisal Management

Various models of performance appraisal management exist, with the typology presented by Williams (2002) offering three key perspectives. Firstly, the process is seen as a system for managing organizational performance; second, as managing employee performance and third, as an integration of both the management of organizational and employee performance. Whilst the third perspective is essentially a combination of the first two, Williams argues that the emphasis is largely on the organizational aspect, as compared to employee performance.

One approach to performance appraisal is to adopt a systems approach, with one example being that proposed by Lambert (1979). The model comprises three major activities, planning, implementation and control (Figure 3.1), with each activity in the model leading to the other. In this way an integrated system is formed, although, as with other systems, the approach requires strong support from senior management.

During the planning stage, employees need to be informed of the plans and, ideally, would be involved in the design of these, with the objectives either being set, or reviewed, in a mutually supportive way. The recommendation is for performance appraisal forms to be both flexible and understood by all those who are involved in the process. Finally, the planning would involve the provision for training all managers and employees involved in the appraisal process.

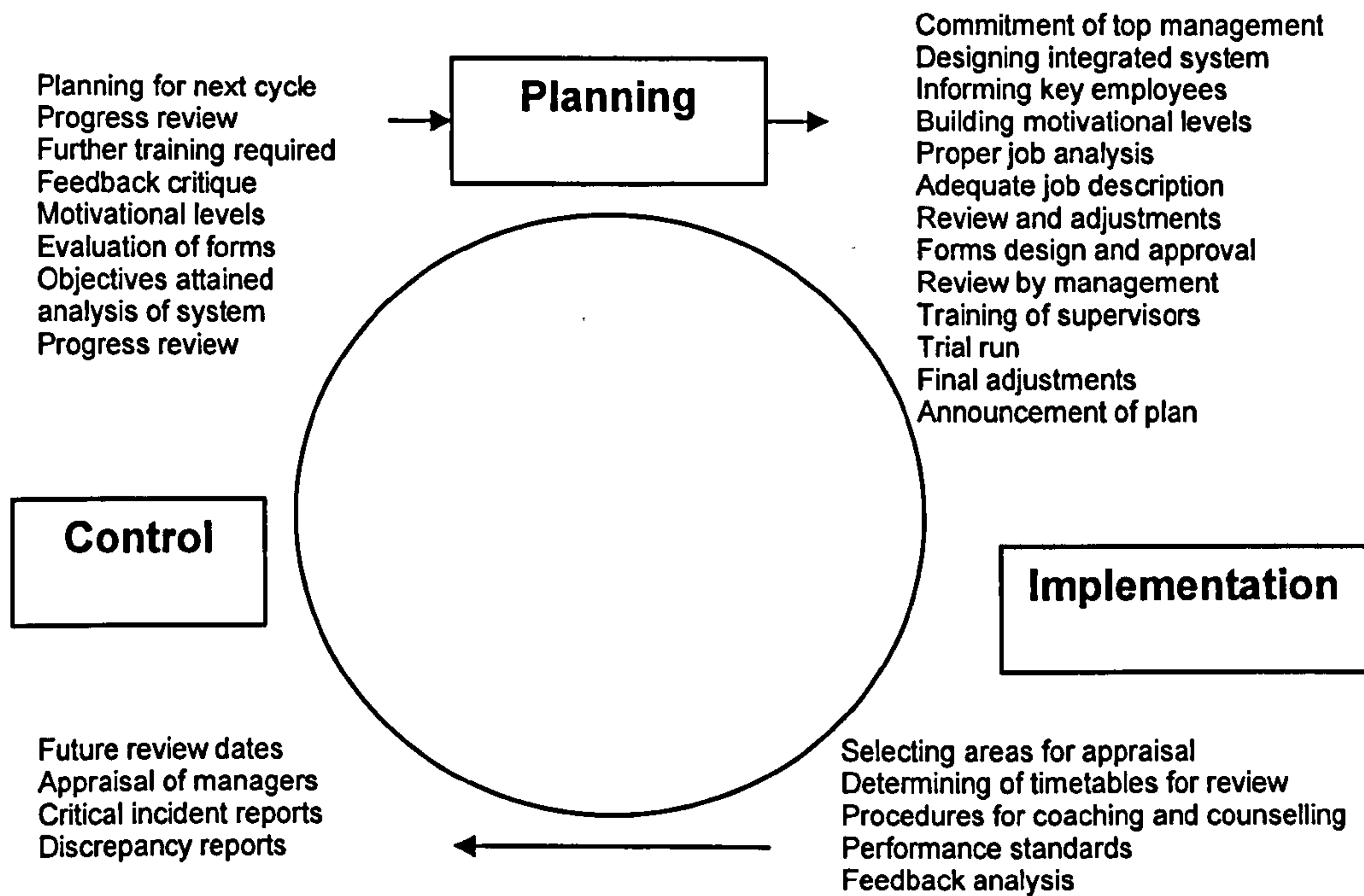


Figure 3.1 A Model of Performance Appraisal-Performance Management (Lambert, 1979, p.8)

The implementation stage involves selecting areas for performance appraisal or aligning specific criteria to different jobs, after which management determine the timetable by which the review is to take place. Management undertake training, possibly involving counselling techniques, after which managers and employees are encouraged to provide formal and informal feedback about how the appraisal system will operate. According to Lambert (1979) the implementation stage requires managers to prepare employees with a critical incident report on their performance. Finally, future dates are set to review the employee's performance.

The controlling stage includes reviewing the process and planning the next cycle. Here, appraisal forms are evaluated and, if needed, criticism of the quality of the appraisal process is made and feedback given. This stage identifies the extent to which the employee achieves his or her objectives, along with any needs for further

training. Finally, a progress review meeting is undertaken, wherein managers suggest improvements and plan for the next period of assessment.

The performance appraisal model advocated by Lambert (1979) has parallels with the second element of Williams' (2002) typology, as a system for managing employee performance. Later models appear to build on Lambert's model, with one example being the three-step cycle proposed by Ainsworth and Smith (1993). Their model includes the components of performance planning (establishment of, agreement on and commitment to objectives or similar performance targets), assessment of performance (actual against intended performance is measured objectively, where possible, or subjectively assessed), and finally, the corrective and adaptive mutual action via mutual feedback discussions is established (commitment to desired actions and acceptance of developmental objectives).

The three-step process appears to have a strong following, for example, Guinn (1987) advocates a model incorporating planning, managing and appraising, whilst Torrington and Hall (1995) constructed their own three-step cycle of planning, supporting and reviewing performance. Essentially, a central element of these models is that the manager, as appraiser, and the appraisee need to have a shared view of what is expected in the process. The direct involvement of all parties is advocated as a means by which a shared view can be arrived at.

Performance appraisal models containing four elements have been presented, with one example involving: directing, energizing, controlling and rewarding (Heisler and Williams, 1988). Hartle (1995) also proposes a four-step cycle, to include planning, managing, reviewing and rewarding. The additional step that is added in these models refers to the rewarding of performance. In taking the process one step further, Spangenberg (1994) presents a comprehensive five-step annual performance cycle. The integrated process involves performance planning, design, managing performance (and improvement), reviewing performance and rewarding performance. This model places a strong emphasis on both organizational and employee performance.

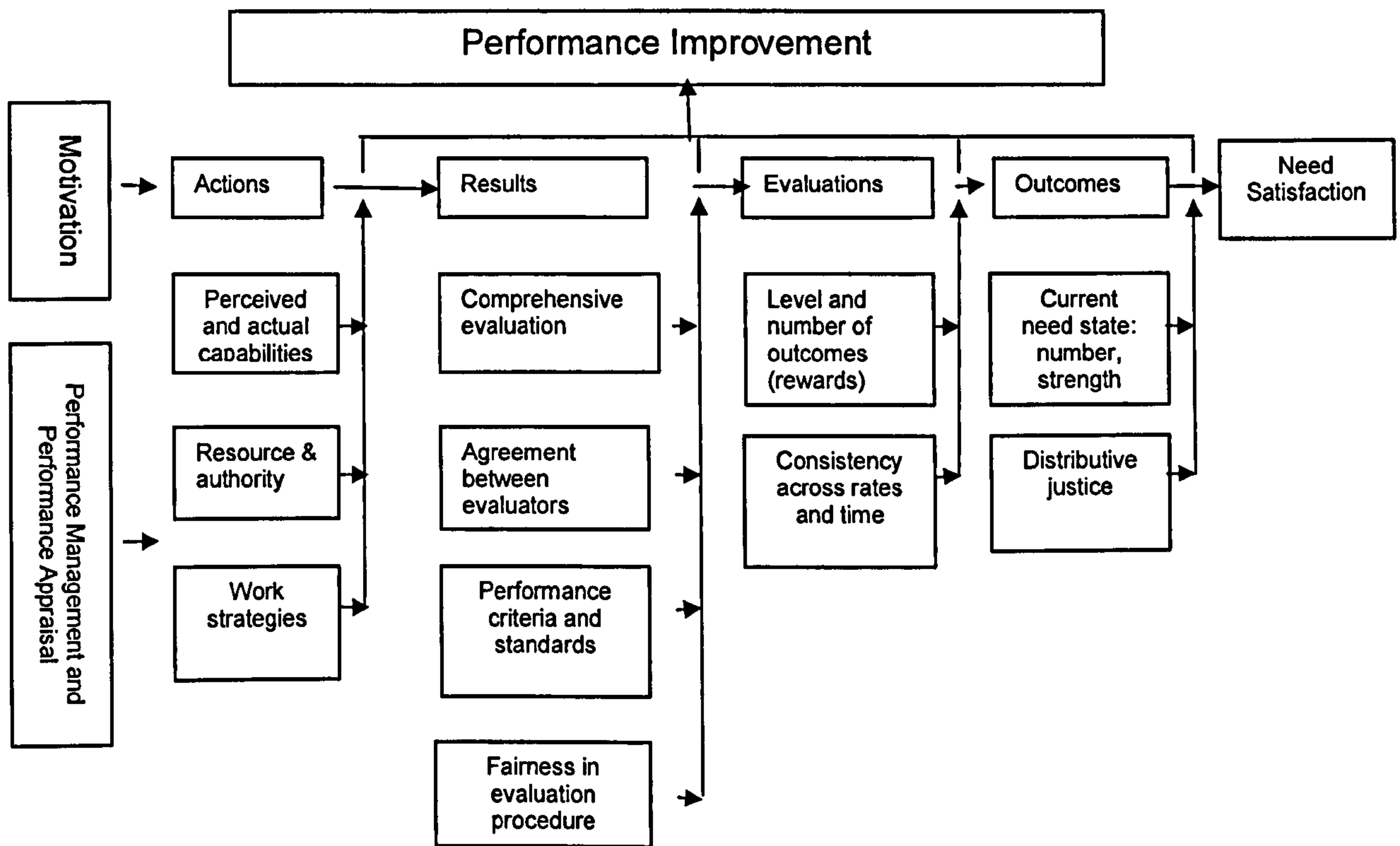


Figure 3.2: An expectancy-based motivation model for individual performance improvement

Despite the later performance management models adding reward to the cycle, the performance management process may still not be fully effective if it fails to motivate employees (Rao, 2007). To address this area DeNisi and Pritchard (2006) proposed an expectancy-based motivation model for individual performance improvement (Figure 3.2).

This model seeks to position performance improvement as its ultimate outcome. The actual motivation process is identified in the top row of the model, which is based on several assumptions. The authors argue that individuals have only a certain degree of energy that they can devote to work; individuals have needs at specific times that they seek to satisfy; and individuals are more likely to give their time and effort in an endeavour to maximize their satisfaction. The model refers to 'actions' to describe

behaviours, with the motivation process being where individuals use their energy to maximize the satisfaction of their needs (DeNisi & Pritchard, 2006).

Performance outcomes are observed and evaluated by the manager, which then leads to certain 'outcomes', which might include a pay increase or promotion. The links between results and evaluations and between evaluations and outcomes are similar to the traditional expectancy models, although DeNisi and Pritchard (2006) claim that these second level outcomes have a greater potential for the satisfaction of needs.

In addition, the model supports the notion that the key for performance appraisal is to ensure that evaluations and outcomes are designed so that the employees can focus their actions that both fulfil the organization's needs and motivate individuals to satisfy their needs (DeNisi & Pritchard, 2006). That is, the system is structured so that employee efforts lead to the outcomes desired by the organization, which are then rewarded by the organization.

An important element in DeNisi and Pritchard's (2006) model is that motivation is based on perceptions, with it being the perceived relationship between actions and need satisfaction which influences the degree of energy exerted. It should be kept in mind that individual perceptions may or may not be accurate, although it is felt that allowing employee involvement in the planning process can enhance their perceived fairness (Dulebohn & Ferris, 1999).

The concept of fairness within organizations can be seen to relate to organizational justice (Greenberg, 1990a). Early works recognised that a perception of organizational justice can be linked to motivation via goal setting theory (Locke, 1968), expectancy theory (Vroom, 1964) and equity theory (Adams, 1965). The premise surrounding this approach is that motivated people invariably work towards established goals for which, on achieving them, they expect a fair reward (Cook & Crossman, 2004). Hence, Cederblom and Pomeroy (2002) argue that when developing a performance appraisal model, the organization needs to consider the

purpose behind the process. Account also needs to be taken of the cultural situation (Hofstede, 2001).

3.3 Measuring the Human Resource and the Chinese Context

Whilst some would contest that an organization's most important asset is its people, there is a broad recognition that the human resource can play a major role and have a significant impact on organizational performance (Barney, 1991), particularly with respect to providing a source of sustained competitive advantage. More specifically, human resource practices can improve productivity and organizational performance, whilst at the same time reducing employee turnover (Huselid, Jackson & Schuler, 1997). There is also evidence that effective human resource systems can encourage a culture of continuous improvement (Twomey & Harris, 2000).

Positive links have been identified between organizations that pursue training programmes for employees and the organization's overall financial performance (Russell, Terborg & Powers, 1985). Training the human resource can enhance an organization's sustainable competitive advantage and promote superior performance (Chang & Chen, 2002), which, in effect, enhances the organization's profitability. With respect to training in the use of performance appraisal, links between appraisals and organizational profitability have been identified as having positive results (Gerhart & Milkovich, 1992).

When considering its origins, it has been argued that Human Resource Management (HRM) is rooted in both Western and Japanese traditional management systems, with it later being adopted and modified in the US and Europe organizational frameworks (Warner, 2004). The translation of HRM into Chinese pinyin is 'ren li zi yuan guan li', which broadly translates as 'labour force resources management'. The literature revealed that the Chinese cultural traditions have had a strong influence on how the human resource has been managed. Indeed, ranging from the intrinsic motivation of Confucianism to the Tang Dynasty's national examination system, the

concept of people management has evolved and had a protracted impact on how people are managed in their place of work (Satow & Wang, 1994).

Confucius considered intrinsic motivation as a key element of learning and suggested that affection could be used as a major intervention to motivate people (Satow & Wang, 1994). This sits with the Western concept that people only learn if the desire, or motivation, is there for that to happen. Another factor associated with success is seen in the ancient Chinese military work of *The Art of War*, which highlights the principle of 'understanding counterparts for every success' (知己知彼, 百战不殆). Here, the importance of management in understanding the characteristics of subordinates is emphasized, along with consideration for the task and the organizational situation. Mencius (327-289 BC), another Chinese thinker, highlights the importance of the quantitative measurement of the human mind. Indeed, as early as 230 BC, a legal representative named Han Feizi, advocated that the measurement of performance against organizational rules and working standards, would provide a level of administrative safeguards for organizations.

During the period AD 220-265, the Chinese used situational interviews to evaluate and measure behavioural traits (Satow & Wang, 1994), which was followed, in around AD 587, with China establishing the world's first comprehensive national system of personnel examinations. This imperial examination system was primarily designed for the selection of personnel for the country's civil service. This system comprised a multi-level selection process, which involved the examination of basic knowledge and problem solving ability, in both public and private settings. The strict performance evaluation used in the process provided the basis for the promotion, or demotion, of officials, which is claimed to have greatly enhanced organizational effectiveness during the Tang Dynasty (Satow & Wang, 1994).

With the emergence of the People's Republic of China (PRC) in 1949, the traditional means of selection, particularly those associated with the imperial past, fell into disuse. Under the administration of the Chinese Communist Party, the focus moved more to serving the people, although the selection process could also be described

as overtly political in nature. In 1978 Deng Xiaoping introduced an ambitious economic reform, with an aim of taking the country forward economically. The reform was designed to encourage greater autonomy for enterprises, particularly within the areas of resource allocation, production decision-making and employee management (Zhu, 2006). Tan and Tan (2003) argue that embedded in the central aim to improve the country's economic performance, was an initiative to champion state-owned enterprises (SOEs) as the backbone of the economy (Warner, 2004), as these were officially seen to be owned by the whole people.

3.3.1 Selection and Recruitment

Prior to the 1978 reform, the Chinese government exerted tight control over the human resources in state-owned enterprises, although employees were provided with lifetime employment and 'cradle to grave' welfare (Cheung, 2008). People were essentially assigned to posts, instead of seeking employment in their own right, with the decision on the number of staff that were recruited by enterprises being made by central government alone (Chow, 2004a). Indeed, writing of the time before the reforms, Child (1994) comments that human resource management was more concerned with control rather than with planning. There was also a practice that related to the occupational inheritance of jobs (*ding ti / jie ban*), whereby offspring inherited jobs from their parents (Warner, 1996).

After the reform, a degree of autonomy was afforded state-owned enterprises in how they recruited their employees, although the government and its agencies retained a certain degree of control (Chow, 2004b). At this stage, although Chinese employees enjoyed a degree of freedom in choosing their jobs, active involvement by HR departments was limited, nor were practices formalised (Cheung, 2008). State-owned enterprises continue to employ the HR practice of favouring individuals who had a connection with current staff, whilst political background also provided a further compounding factor, with respect to both recruitments and performance evaluation.

'Familism' equally played an important role in the staffing of Chinese enterprises (Chow, 2004a), which relates to the appointment of relatives and family members to key positions. In addition, employee referral is widely used in recruiting to lower level jobs, whilst in large organizations a recommendation from an existing employee can provide an avenue to successful employment. To support this system, job descriptions and person specifications tend to be somewhat vague, which in turn permits greater managerial discretion. The digression afforded managers is further supported by a high value being given to harmonious human relations, particularly within the family. Indeed, managers will invariably place a greater emphasis on an employee's potential loyalty and attitude toward the company, rather than his or her ability.

There is evidence to suggest that there has been considerable deregulation of the employment system, which has moved the process of staffing allocation, with the recruitment and selection processes now being more enterprise based (Zhu & Dowling, 2000). Indeed, within the labour market, there are signs that selection is focusing more on job specific criteria, such as technical skills and proven work experience. However, given the importance of *guanxi* in Chinese culture, it may be the case that having the right connections, along with the support of co-workers, is still of considerable importance in Chinese state-owned enterprises (Chow, 2004b).

3.3.2 Training and Development

Training is considered an important investment in human capital, which can upgrade skill levels and compensate for limited experienced in well-qualified staff (Chow, 2004b). For many Chinese enterprises, training and the professional development of their staff has been a key challenge recently (Zhu, 2006), as previous policies on centralised staffing have invariably resulted in low level technical skills and a lack of management experience. Faced with a shortage of managerial expertise, Chinese companies are now placing a stronger emphasis on training and the development. However, with limited resources available, especially among small firms (Hill & Stewart, 2000), the training and development of employees remains a critical issue for many Chinese organizations.

In an earlier work, Redding and Wong (1986) discuss the necessity of the employee training and development in Chinese organizations, which they argue can symbolise that the organization is endeavouring to fulfil its moral obligation to develop existing employees. This is an early recognition that training and development can increase the value of workers, whilst at the same time strengthening the feeling that they are part of the collective unit.

Since the reform, central government has made an effort to increase the educational attainment of managers (Zhu, 2006). For instance, many companies send employees to in-country institutes, or abroad, for both technical and high level managerial training. However, in-country training mostly concentrates on technical knowledge, although it is noted that training courses for state-owned enterprises invariably includes a cultural-political element, which is aimed at fostering the employees' commitment to Communist ideology, along with the associated moral values and patriotism (Chow, 2004b).

3.3.3 Rewards

Organizations invariably use rewards to attract and motivate qualified employees, although there are variances in the types of rewards offered. A typical rewards system would usually comprise a basic reward package, which is a basic wage and benefits, along with short-term and long-term incentives (Milkovich & Newman, 2002).

Prior to the economic reform in China, the pay structure generally comprised of a relatively flat 'grade based' system of wages (Child, 1994). Indeed, income polarization was discouraged, with wages being based on the role the person performed and determined by the Government. In addition, rewards were generally distributed equally across positions and ranks. With respect to promotion, good interpersonal relationships (*guanxi*) and a correct political attitude, formed a major part of the promotional criteria.

Zhu (2006) also observes that there were virtually no incentive payments in existence, wherein the wages of both white-collar (cadres) and blue-collar workers (gongren) were fixed. Material incentives, such as bonuses and performance-based wages were virtually non-existent, or at least did not exist formally. However, in recognition of the power of reward to enhance employee performance, material incentives were one of the first initiatives introduced by China's enterprise reformers (Child, 1994).

The enterprise reform abandoned the principle of equal wages and, in introducing incentive rewards, sought to enhance motivation and thereby increase performance and productivity (Warner, 1995). Another aspect of the reform was the eroding of the 'iron rice bowl' principle, wherein all cadres and workers who were employed by the State enjoyed a virtual lifetime of social welfare benefits. This principle was replaced by a social security scheme, whilst other employment benefits' increasingly became viewed as a component of an employee reward package. Nonetheless, there is still the notion that Chinese enterprises provide a clear reward in recognition of employee loyalty and commitment (Zhu & Dowling, 2000).

With respect to reward systems, research suggests that workers hold a preference for a system where additional payments are related to individual performance (Cyr & Frost, 1991). Whilst there have been rare cases of individual bonuses being paid in China since 1978 (Locke, 1976), it would appear that performance related bonus incentives schemes have emerged more fully since 1983 (Cyr & Frost, 1991). Given the collective and egalitarian nature of the political system, it can be difficult for Chinese people to accept a reward that is based on individual performance. To overcome this aspect, managers explain the reward by subscribing to the value of benevolence, whereby employers seek to demonstrate their concern for fellow employees. An example of a monetary reward can be seen when a manager with a dominant paternalistic style portrays their benevolence for his or her workers, in explaining that they are taking care of them, in exchange for unquestioning loyalty, rather than any monetary reward (Chow, 2004a).

Nonetheless, early research in this field indicates that money can be an important motivator for Chinese employees (Cyr & Frost, 1991), with the likelihood being that competitive pressures from market forces might further increase the demand to adopt some form of merit or performance pay. In the Chinese context rewards may not be level dependent, as there is currently a low differentiation in pay, which reflects the need to minimise competition and promote harmony. Where pay differentials do exist, they are invariably based on length of service, perhaps reflecting the traditional respect for a more senior age.

More recently, performance-based pay has become more prevalent in firms that are privately owned (Bai & Bennington, 2005), although this is much less the case in the state-owned enterprises, where the values of collectivism predominate, along with the need to maintain harmonious relations. In line with a strongly collectivist culture, Confucian values are invariably applied, such as with regard to seniority (Chow, 2004b). Thus, in China, seniority and group based pay systems are predominately used, while the existence of cafeteria type reward systems is extremely limited. For many workers the approach tends to result in a set monthly pay packet, with the possibility of an end of year bonuses, if the organization does well.

At this stage, it is worth noting that the banks in the current research fall within the state sector and the effect any individual performance related pay might have is conjecture. Certainly, in the non-state sector, there is evidence to suggest that individual performance is being rewarded and incentives provided (Chow, 2004b), although with the influx of foreign financial institutions the state-owned banks may need to compete on a commercial basis.

3.3.4 Employee Relations

In many ways, the economic reforms redefined employee relationships in China. During the Communist revolutionary era, prior to 1949, the Chinese Communist Party (CCP) founded trade unions to lead labour actions against the ruling regime. Following the foundation of Socialist China in 1949, the All-China Trade Union Federation (ACTFU), as the largest trade union in the world (China Trade Union

Statistics Yearbook, 2005), served as an umbrella organization for all trade unions in China. With the political assistance of the CCP and the government, regional, industrial and enterprise union branches were established (Wang, 2006).

As the ACFTU had strong historical links with the CCP, once it was established it operated as a subordinate body to the Party. That is, the ACFTU operated solely under the supervision and guidance of the party-state and functioned as an element of CCP labour administration. Without possessing any independence on strategic decision-making issues, the ACFTU is essentially a representation of Party members (Wang, 2006). There is a clear difference between trade unions in the West and Chinese trade unions, with the attachment to the Party being one prominent difference (Zhu & Warner, 2002). More specifically, rather than the Western focus associated with representing worker interests, often with respect to remuneration, the claim is that the CCP rely on the trade unions to promote its enterprise and reform agenda.

Between 1949 and 1978, when Party allegiance and an individual's relationship with the state were considered paramount, the workplace was strongly politicized (Walden, 1986). Workers in state-owned organizations were particularly dependent on the organization for their political, economical and social needs. During this period, job satisfaction did not feature strongly, neither did managers pay a great deal of attention to employees' feelings, or their attitudes towards work. The assumption was that employees in state-owned work had the same high level of job satisfaction and organizational commitment as their more privileged counterparts in the non-state sector, even though the latter invariably enjoyed better working conditions, greater job responsibility and greater pay and benefits (Wang, 2006).

Following the economic reform in 1979, the centrally planned economy quickly progressed to one that was more easily recognised as being market oriented, which resulted in the status of state workers being eroded and in some cases, this resulted in them having equal status with workers in non-state organizations. A further erosion was that state employees forfeited their guaranteed employment status, lost their relatively high position and had their welfare benefits dramatically reduced.

Due to having a shared mission, in terms of the political hierarchy, a common code of conduct existed between the CCP and ACFTU. However, as the ACFTU was the junior party, this invariably meant that the union was forced to cooperate 'obediently' with the CCP and the Government, particularly with respect to handling any potential industrial action on the part of workers (Wang, 2006). However, it may be that industrial unrest in parts of China indicates that Chinese enterprises may need to seek a new way of managing employee relations (China Labour Bulletin, 2007).

3.3.5 Changes of HR Practices after entry to the WTO

Between 1990 and 2000, before China joined the WTO, numerous labour laws were passed that aimed to consolidate HR practices, with a particularly important piece of legislation being the 1994 Labour Law, which grouped previous practices in a single piece of legislation. This legislation was to tidy up paid benefits when China joined the WTO in 2001. Nonetheless, entry to the WTO meant that Chinese companies would be exposed to greater competitive pressure, which may result in the limited supply of experienced staff who are capable of managing the human resource. The recent changes in HR practice are a culmination of 30 years of economic reform in China (Cheung, 2008). A particular change relates to how the reward system is viewed. Greater emphasis has been placed on motivation and the mechanisms for improving organizational performance, as opposed to the previous emphasis on social and economic issues (Zhu & Dowling, 2000). Finally, Bjorkman and Lu (2000) argue that many of the new practices, such as increasing the differentials in pay and performance appraisal systems, have been adopted on a wide scale.

Despite there being an indication of HR practices having moved from the more traditional focus of personnel management, it is apparent that in the state-owned organizations, conventional personnel management continued to be the norm (Warner, 2004). On a wider issue, Warner argues that whether it is performance management or HRM, the conceptual framework still needs to be infused with the cultural element of 'Chinese characteristics' (Hofstede & Bond, 1984).

3.3.6 Culture aspects of China

Hofstede (1991) argues that culture is an anthropological and sociological concept, which is conceived of as a cognitive phenomenon among individuals. In a wider sense, it is a state of societal development, or collective body of arts, in short, a way of life. Paik, Vance and Stage (2000) argue that a country's norms, values and beliefs are predominately shaped by its climate, traditions, people, geographical size and its state of economic development. Thus, whilst organizations hold certain values and beliefs, these are in turn influenced by the wider culture of society. As the external environment can therefore influence the way people are managed, it is important to explore the links between the national and organizational cultures.

The population of Mainland China exceeds 1.2 billion people, or about one in five persons in the world. Since the introduction of the 'Open Door' policy, China has undergone considerable social and economic transformations, although Selmer (2002) argues that, in comparison with most other cultures in the world, Chinese culture is continual, homogeneous and strong. Despite this assertion and with contemporary Chinese mainland culture having been influenced by nearly sixty years of Communist rule, Cheung (2008) argues that there are two prominent schools of thought that contribute to the Chinese way of life, which are the Confucian philosophical tradition and the tradition of Taoist philosophy.

3.3.7 Confucianism

Having been a predominant ideology in China for thousands of years, Confucianism has exerted a strong influence on the Chinese psyche (Redding, 1990). Confucianism is essentially authoritarian, in that it stresses hierarchical principles and differences in status (Bond, 1991). Within this context, Confucianism guides the correct way of handling interpersonal relationships and the principle is generally accepted at all levels of Chinese society. In expanding the concept, Watt (1999) put forward five virtues, which are humanity/benevolence (*ren*), righteousness (*yi*),

propriety (li), wisdom (zhi) and trustworthiness (xin). The virtues are seen in Chinese management culture as producing ideal relations among people, or put another way, people are the centres of management. The Chinese character ren (仁) means two (二) persons (人), indicating that ren is related to the relationship between two persons. The central ethical interest of ren is related to the love and care that individuals show others and their affection and concern for the well-being of others (Cua, 1998).

In terms of yi, which focuses on what is right, it is a judgment appropriate to the situation, which includes the individual's social status or role. As Cheung (2008) observes, social status and roles are clearly defined in the Confucian concept of lun (relations). There are various kinds of lun between individuals, although the most fundamental is wulun, which concerns the relations between a ruler and a subject (superior and subordinate), father and son (parent and child), husband and wife, elder brother and younger brother (siblings) and friends. In this social network, individuals enjoy the rights and obligations associated with their status and roles; the superior, parent, husband, elder brother/sister, and older friend have greater privileges and authority, as well as responsibilities, over the subordinate, child, wife, younger brother/sister, and younger friend (Chen & Chen, 2004).

In Chinese society it is important for individuals to know their roles and position with respect to lun and act accordingly (King & Bond, 1985), as it is only when things are in order, that harmony (he) can be achieved. Individuals are socialised into accepting 'qing shu you bie', where there is a distinction between close and distant relationships and 'zhang you you xu', which refers to the proper order by age. It is argued that only when individuals act according to these principles, can the system of ritual propriety li (rites) function effectively (Cheung, 2008). Cheung (2008) outlines that li focuses on the ritual codes that guide individuals to act appropriately in their relationships with others.

Zhi (wisdom) refers to an individuals' knowledge to practise ren, yi and li in human relationships. The Chinese character of zhi (智) is interchangeable with the zhi

character (know, 知) as wisdom is to know and understand. In Lunyu, wisdom is manifested through the ability to interact effectively with others. Thus, it is argued that if individuals do not know how to socialise with people in an appropriate way, they cannot be considered wise (Cheung, 2008).

Finally, the Chinese character xin (信) is made up of people (人) and words (言). Originally, it referred to being true to one's word, although it currently refers to believe or to trust. Xin is a virtue governing the relationship between friends and being trustworthy to friends is, according to li (rites), considered proper behaviour. As Cheung (2008) points out, the principle concern of Confucianism is to cultivate relationships with others.

3.3.8 Guanxi

Wong and Chan (1999) described guanxi as a special type of relationship, which is characterized by favour, trust and interdependence and which often leads to insider-based decision making in business dealings (Wilpert & Scharpf, 1990). These relationships can be developed into highly complex social networks, which are governed by the unwritten norms of reciprocity. However, guanxi can extend beyond networking and relationships. Watt (1999) argues that guanxi concerns the connection between two individuals that allows a two-way flow of personal or social transactions. For the relationship to flourish over time and in employing the sociological concept of mutual dependency, both parties need to derive benefits from the encounter.

Western views sometimes misinterpret guanxi as bribery (Kidd, 2001), although the difference between the two is that guanxi emphasizes long-term obligations rather than short-term benefits or gains (Yang, 2002). Other writers (Cheung, 2008) refer to the Chinese characters of guanxi 关系: the first character (关) means a pass or gate and the second character (系) means tie or connect. Here, guanxi is interpreted as passing the gate, which is visualised as the entrance for individuals to move from

being strangers to the state of being acquainted as friends. Thus, Davies (1995) argues that the transferable nature of guanxi is based on introductions and networks.

In other words, guanxi occupies an important role in relationships. Indeed, guanxi is present throughout Chinese society and plays a central role in an individual's work and social activity (Buttery & Wong, 1999). Further, Peng and Luo (2000) point out that guanxi has become an influential procedural mechanism in Chinese society and leads to the sharing of various resources that are complementary within an inter-organizational network.

Guanxi is more easily developed when a favour is provided for another party and this creates an unpaid obligation, rather like the Western sociological concept of a gift-debt relationship (Cheung, 2008). This unpaid obligation or renqing is the beginning of a chain of reciprocal exchanges, which eventually culminates in a classic guanxi based relationship. When establishing guanxi, Cheung suggests that individuals should give renqing (favours or relationships) to others and in difficult times, they can legitimately ask others to return the favour. Indeed, this would be seen as acting in accordance with ren (benevolence, humanity) and li (propriety).

3.3.9 Face (lian/mianzi)

Another notion closely related to the Confucianism is the concept of face, mianzi or lian. 'Face' is a phenomenon which refers to a person's reputation or social status (Earley, 1997). However, Buttery and Leung (1998) argue that the concept involves a reciprocal relationship of respect and courtesy, although the influence can vary in different cultural settings (Hoare & Butcher, 2008).

In China, 'face' is an important cultural value and 'face', together with fate and favour, are thought to be the 'three sisters' which control the Chinese way of life (Lin, 1939). In Chinese culture, there is a strong desire to gain or protect 'face' (Hofstede & Bond, 1984). China is a collectivist society that champions the group over the individual and gaining or protecting face, is considered particularly important in the presence of

family and friends. It is equally important in maintaining the reciprocal nature of interpersonal relationships.

At the same time individuals evaluate their own values, which include the number of people who give face, which in turn provides a higher level of self-esteem (Cheung, 2008). Thus, regardless of social status and achievements, if people fulfil the obligations of the roles they play and act according to ren, yi and li, they are likely to have face (lian, mianzi).

3.3.10 Harmony

A third essential characteristic to Confucianism is harmony, which Hoare and Butcher (2008) define as a person's inner balance, along with the balance with their natural and social surroundings. Chinese people aim to achieve harmony or Mean, by controlling the extremes (Pun, Chin & Lau, 2000). Harmony is reflected in the collectivist culture, especially that of conforming to group norms (Zhang & Neelankavil, 1997), which in business activities, refers to maintaining a harmonious relationship with others (Watt, 1999).

It is important to maintain harmony through exchanging a favour with a favour. If mutual exchanges are not enacted, then the guanxi principle regarding reciprocity and equity is likely to be violated, which may result in a loss of face. Loss of face can result in the termination of a quanxi relationship and may also weaken the network in which the individual operates (Pun *et al.*, 2000).

3.3.11 Taoism

Another school of thought that influences work relationships is Taoism, which supports Buddhist principles without abandoning Confucianism. It is thought that the culture of Chinese management owes much to works such as *The Arts of War* by Sunzi and the concepts drawn from the Peasant School, along with the notions put forward by the Yin and Yang School. Ideas from these sources have tended to shape Chinese management culture (Pun *et al.*, 2000). Indeed, Cheung (2008) argues that

as China has over 2000 years of history, Confucianism and Taoism values have played a prominent role in moulding the Chinese character.

Taoists believe that the world created itself through dao, which guides the functions of nature. Dao is used as a noun in Lunyu, and sometimes as a verb. As a noun, it refers to the ethical ideal of a good human life as a whole, whilst as a verb it serves as a guide for an ethical ideal of life (Cua, 1998).

Dao needs either to be discovered or constructed and acts as a road builder. Indeed, Confucianism, which emphasizes actions more than theories, is essentially concerned with improvement and to adopt the dao is to live a moral life. Indeed, if individuals act in accordance with dao, they are likely to develop wisdom (Cheung, 2008).

Taoists follow the natural rhythms of nature and, in attaining dao, can become a zhen ren (a real or true person) (Morris, 1994). The main difference between Confucianism and Taoism relates to the emphasis placed on addressing dao (Cheung, 2008). Whilst harmony (he) is stressed in both systems, the main concern of Confucianism is the harmonious relationship within society, wherein Taoist followers place greater value on achieving harmonious relationships between nature and the person.

Further, the cherishing of harmony is revealed in the Neo-Confucian concepts of li (pattern) and qi (energy), which are the yin and yang (Cheung, 2008). These two elements complement each other in creating things that allow part of li to shine through. Since Neo-Confucians believe that all things possess li, it is argued that all things can be considered as one (*ibid*). Thus, the goal of moral self-cultivation is devoted to maintaining a state of universal harmony and balance between the opposite forces (*ibid*).

The Taoist concepts of *yin* (the shady side) and *yang* (the sunny side) contribute to productive and harmonious relationships, where an emphasis is placed on balancing various strengths (*yang*) and weaknesses (*yin*). These two elements form a pairing

which expresses the mutuality, interdependence and creative efficacy of the dynamic relationships. The concept can sometimes make Chinese people seem more tolerant, which may be perceived as a weakness (Cheung, 2008). However, the 'seeing' of strengths in others makes it easier to maintain a harmonious relationship.

Taoists also advocate Wuwei, whereby individuals accept things as they are, as in this way few obstacles need to be confronted. Thus, in order to maintain a harmonious relationship, the Chinese tend to avoid conflicts. Wuwei requires individuals to be open-minded, rather than expecting the world to conform to their pre-conceived preferences. Thus, individuals should 'empty' themselves, so that they can go along with the world (Fox, 1996).

3.3.12 Hofstede's Dimensions of Culture

In Hofstede's (1980) original work he argues that culture is a significant determinant in organizational behaviour and managerial practice. Thus, when seeking to understand work behaviours, it is important to understand the cultural influences of society. Four cultural dimensions emerged from Hofstede's work, which he classified as: individualism-collectivism, power distance, uncertainty avoidance and masculinity-femininity. In a later work, Hofstede and Bond (1984) introduced a fifth dimension, labelling it 'Confucian Dynamism' (Anderson & Hiltz, 2001).

Individualism-collectivism

Individualism-collectivism is regarded as a major factor in national culture as it addresses the key issue of the individual role, against that of the group (Hofstede, 1980; Trompenaars, 1993). Individualism signifies that an individual is unique, with this being seen in human relationships and, where accepted in wider society, by individual freedom. Where cultures support individualism, interpersonal relationships tend to be dominated by self-interest, with this being thought of as the basis for rational individual behaviour.

In contrast, collectivism champions group interests over those of the individual. Within collectivism, there is a greater emphasis on fostering inter-dependent

relationships among the socio-economic units that the phenomena create. Wong and Slater (2002) argue that Confucianism has contributed to collectivism in China, with this tradition being demonstrated through the concept of guanxi relationships (Wong & Chan, 1999).

Power Distance

Hofstede *et al.* (1990) view power distance as a measure of hierarchy, that is, the extent to which an individual accepts an unequal distribution of power. In cultures that encourage a strong hierarchical system, managers invariably provide explicit directions, wherein employees are generally willing to conform to these. Hofstede (1997) argues that individuals from a culture of high power distance are more able to readily accept interpersonal inequality, when compared with those from cultures with lower power distance. Indeed, they may prefer their managers to act in an autocratic manner and hold little expectation that, as subordinates, they will participate in decision-making processes. Moreover, within a high power distance relationship, individuals invariably accept that it is the manager's right and duty to arrive at decisions without consulting their subordinates (Begley, Lee, Fang & Li, 2002).

Husted (2000) argues that authority associated with high power distance cultures means that it would be rare for subordinates to question their manager, whilst the reverse is the case for low power cultures. It has been noted that high power distance is broadly consistent with Confucian principles (Lam, Schaubroeck & Aryee, 2002). In particular, the five cardinal relations of 'wulun', the rules of correct behaviour 'li' and righteousness 'yi' emphasize respect for the hierarchical order and age (Bond & Hwang, 1987). This approach also confirms the role expectations for an individual (Chiu, 1991), which in itself can reinforce a subordinate's subservience to his or her superiors (Laaksonen, 1988).

The social orientation of the Chinese people has predominately been developed through a traditional agricultural economy, although the impact of the nation's transformation into a more commercial and industrial economy is not easy to determine, neither is the speed of such a change (Yang, 1993). The emergence of a communist ideology, with its emphasis on egalitarian principles, further eroded

traditional Chinese cultural values, by emphasizing political and related economic matters (Meindle, Cheng & Jun, 1990). Nonetheless, recent findings by Tsung (2007) indicate that there is still a considerable social distance between senior managers and front-line employees within Chinese organizations, although it is not easy to determine if this is due to traditional values or the bureaucratic system introduced through Communist and economic development.

Uncertainty Avoidance

The third dimension in Hofstede's (1980) typology concerns uncertainty avoidance, which addresses the extent to which an individual prefers standardised routines and procedures, to operating in an unstructured situation. Uncertainty avoidance is considered to be an important cultural and environmental factor in that it has the potential to support other control mechanisms (Husted, 2000). Indeed, Hofstede (1991) felt that where a high uncertainty avoidance culture is present, such as in Chinese society, the quality of an employee's life can be improved through a clear task structure and providing enhanced job security.

With respect to the performance appraisal process, House, Hanges, Javidan, Dorfman and Gupta (2004) found that a formal, structured approach can reinforce a feeling of certainty, particularly when the approach incorporates standardised employee monitoring. Thus, there is evidence to support the notion that, in the Chinese context, a systematic performance appraisal may reduce the anxiety and uncertainty felt by some employees.

Masculinity-Femininity

Masculinity is considered by Hofstede's (1997) to be the most controversial dimension and one that has stimulated extensive debate. The concept refers to the degree to which society's values traditionally associate with the male role, such as assertiveness, performance and competition, and the extent to which these factors take precedence over values generally associated with the role of women (femininity) (Hofstede, 1997).

Thus, it follows, that in a society which exhibits a high level of masculinity, the expectation would be that males adopt behaviours such as being assertive, ambitious and competitive, whilst females would be expected to support the more nonmaterial aspects of life, such as caring for children. In societies where masculinity predominates, a male may, traditionally, be expected to occupy roles such as a financial manager, whilst a female might support him in a secretarial role, or even stay at home to care for the family. However, this presents a rather simplistic concept of the dimension, with it being more of a general concept in how society values roles generally.

In societies that are high for masculinity, males may resist any movement towards equal employment opportunities, whereas in a more liberal society such movements are unlikely to be perceived as a threat. Traditionally, Chinese society expected women to occupy the more domestic roles and not to surpass their male counterparts, although this approach is contrary to the Communist ideology. However, the championing of egalitarian ideals and the setting of these against traditional values, has required a radical shift in Chinese minds. The opening up of 'free' markets might further reinforce the move away from more traditional views.

Confucian Dynamism

Further research by Hofstede and Bond (1984) demonstrated that the original dimensions did not sit easily with East Asian cultures and it was at this stage the concept of Confucian Dynamism emerged. This additional dimension, which is broadly based on Confucian philosophy, stresses the value of working and the commitment to achieving a long-term goal. The dimension has parallels with the Protestant ethic of Western cultures, in that Confucianism encourages the pursuit of long-term benefits (perseverance), whilst accepting the suffering of short-term loss (thrift) (King & Bond, 1985). In relation to Chinese traditions, Hofstede (1997) argues that whilst Confucian Dynamism champions the virtues of thrift and perseverance, it equally respects traditional values and protects an individual's 'face'.

Whilst business culture in China is still considered to be predominately based on family values or guanxi connections, which are underpinned by Confucian ethics,

there is a belief that these have generated a stronger group orientation, or collectivism (Hutchings & Murray, 2002). It is also invariably the case that Chinese organizations tend to be less formal than their Western counterparts (Redding & Wong, 1986). Thus, compared with Western businesses, it could be argued that Chinese managers rely less on formal controls and with individuals being more receptive of an authoritative style of management and leadership.

3.3.13 Cultural Implications for Chinese Organizations

According to the Confucian scholar Meng Zi: 'Climate is less favourable than geographical position, while the latter is less favourable than harmony and the support of people...'. In a similar, although more recent vein, Cody (2005) observes that China's central government has recently placed a greater emphasis on developing a harmonious society, which has a strong commitment to sharing and the community at large. Therefore, it has been argued, that a strong reliance on promoting and maintaining social harmony still forms a unique and particularly salient characteristic in Chinese business (Chen & Chen, 2004).

Elements of Chinese culture associated with the traditional values of humility and self-restraint can equally impact on the work situation. A particular example is the willingness of workers to act in a self-depreciating way, which is rationalised by the thought that self-promotion, or boasting, can foster a lack of respect or even distrust amongst colleagues (Wright, Szeto & Cheung, 2005). Equally, the foregoing of self-interest is considered a noble gesture, which itself brings social rewards (Shi & Wright, 2003). Thus, in a Chinese organization, employees may reject opportunities to make independent decisions. Indeed, the expectation is that they will be judged on how well they harmonise and support colleagues, rather than for any individual achievements they attain. Importantly, it is the employees' personal social networks that help them achieve organizational performance goals, which again emphasizes that the maintenance of good relations, or *guanxi*, is a key factor for Chinese employees (Zhang & Guo, 2003).

Another element of the work situation is the degree of influence that exists in high power distance culture. Further, Chinese workers have been described as being particularly deferential to their managers, to whom they look and from whom they expect clear directions and authority (Hui, Au & Fock, 2004). This phenomenon can sometimes manifest itself in attributing blame to managers when performance goals are not met, or for not fulfilling their role responsibilities.

A high collectivist culture equally emphasizes relationships and harmony, which in turn places a strong emphasis on communal rewards. Workers are generally expected to advance collective goals and are discouraged from considering individual rewards, particularly those that are likely to be harmful to group harmony, or its collectivist ideals (Chen & Chen, 2004). Thus, it would appear that Chinese employees have a sensitivity that produces a low tolerance for differentiated rewards (Chen, Chang & Yeh., 2004), along with a greater acceptance for rewards being linked to rank and seniority (Chen, 1995).

3.4 Stakeholder Perspective on Performance Appraisal

Various groups are involved in performance appraisal, with there being the possibility that these different stakeholders will view the process from a different perspective. Stakeholder theory is broadly based on the principle that the organization takes into account those groups and individuals that can affect, or be affected by, the attainment of the organization's goals (Freeman, 1984). De Bussy, Ewing and Pitt (2003) argue that the stakeholder concept has become a central theme in business management and with respect to performance appraisal, the views of all stakeholders are considered important (Murphy & Cleveland, 1991). Indeed, it is thought that the process will not be perceived as effective unless those involved in the process are satisfied with its operation, which led Bryson (2004) to argue it would be difficult to design an effective performance appraisal process without undertaking a careful stakeholder analysis.

3.4.1 Stakeholders Identification and Categorization

One stakeholder approach to management follows a four-stage analytical framework, in which the first stage identifies key stakeholders and their specific interests (Lamberg, Savegae & Pajunen, 2003). This initial focus is supported by Neely *et al.* (2002), who believe that stakeholders should be identified by using a typology that includes regulators, customers, suppliers, employees and pressure groups. Other authors have identified different stakeholder models (Buchholz & Rosenthal, 2005; Fletcher & Perry, 2001), which emphasise different aspects, for example Clarkson (1995) separates primary stakeholders, such as owners, employees, customers and suppliers from the 'public stakeholder group' which comprise of governments, communities and the media.

In focusing more directly on the organization, Payne, Ballantyne and Christopher (2005) consider that, in terms of performance improvement, three stakeholder groups are likely to provide the core focus, with these being employees, customers, and shareholders. This view is supported by Reichheld (1996), who argues that the three stakeholder groups form a central focus for loyalty within an organization. He points out that, while other stakeholders may have a major role to play, these three are pivotal in achieving success.

Mitchell, Agle and Wood (1997) developed a stakeholder model by focusing on characteristics that identify a salient stakeholder. The model's premise is that a manager's perception of stakeholder saliency is related to the characteristics associated with stakeholder power, legitimacy and urgency. Power refers to an individual's ability to coerce or impose their will in the relationship, whilst legitimacy concerns the degree to which an individual claim for inclusion is socially acceptable or is expected by the organization. Finally, urgency is seen as the extent to which a stakeholder demands immediate attention. With respect to organizational effectiveness it has been argued that although employees are not necessarily considered 'powerful', they potentially have the power to disrupt or not engage in activities and, as such, the organization's legitimacy can be challenged (De Bussy *et al.*, 2003).

Simmons and Lovegrove (2005) point out that the view taken of employees as a stakeholder group can impact on their stakeholder saliency. On the one hand, it is argued that employees are both powerful and legitimate (Simmons, 2002), because the organization relies on them as a source of competitive advantage and acknowledges that their contribution to organizational effectiveness is central. On the other hand, the value employees provide to an organization should be closely linked to benefits in the area of reward, training, development and employee empowerment. In this case, the process treats the relationship as more of labour exchange, whereby an employee gives time and labour in return for an extrinsic reward. Regardless of the reward, a motivated employee still has the potential to add considerable value to the organization's performance and effectiveness.

The value an employee delivers to the organization is usually measured against a series of performance objectives, which may sometimes be short-term, for which the performance is often appraised formally. However, as intervening factors can influence the outcome of performance against goals, employee stakeholders tend to perceive behaviour-based evaluation as a fairer indication of their worth (Payne *et al.*, 2000). Thus, the application of a stakeholder perspective to performance appraisal provides a promising avenue for research, indeed, McAdam *et al.*, (2005) argue that it is important that stakeholders' needs and expectations are taken into account if organizational performance is to be managed effectively.

3.4.2 Stakeholder synthesis: disparity of perspectives

The analysis of stakeholder needs and interests is considered to be of particular importance for performance management in general (Williams, 2002), particularly as different stakeholders can hold differing views of the performance standards expected. Thus, stakeholder input is considered important at the planning stage, where the organization needs to gain support from all parties for a sophisticated measurement of employee performance (Fraser & Zarkada-Fraser, 2000). To incorporate the needs of stakeholders into the organizational performance planning process, there is a need for employees to express their views in a similar way to other stakeholders. That is, stakeholders need to be able to communicate their

specific needs and expectations, especially when the process is going to assess their work performance. Whilst this form of stakeholder involvement is not always enacted, support for employee participation has been forthcoming for nearly three decades (Dipboye & Pontbriand, 1981).

There is evidence to suggest that a combination of superior, peer, subordinate and self-evaluations can produce a greater balance between reliability, validity and accuracy (Fletcher & Perry, 2001). More recently, Lee (2006) argued that it is the responsibility of both the manager and employee to maintain dialogue, seek solutions to challenges and maintain trust in each other. Whilst not necessarily taken from a stakeholder perspective, other writers have emphasized the importance of trust in building successful work relationships (Payne *et al.*, 2000). To this end, a system of communication could be established whereby performance outcomes are formally logged (Lee, 2006) and, in a spirit of open communication, are made available to all parties. It is argued by Lee, that in using this management approach the employees are more likely to view work as a place where needs are satisfied.

3.4.3 Stakeholder's Perception of Organizational Justice

Turning to the issue of organizational justice, which is a socially constructed dimension, it is apparent that this has clearly expanded in recent years (Colquitt *et al.*, 2001). Masterson *et al.* (2000) concur, and assert that organizational justice can help explain an improvement in attitudinal and behavioural reactions in the workplace, which can specifically refer to areas such as job satisfaction, organizational commitment and organizational citizenship behaviour (Skarlicki & Latham, 1996).

The initial work by Leventhal (1980) and his colleagues has been credited with introducing and adapting the concepts of justice from the legal literature to an organizational setting. Here, the emphasis of procedural justice focused on defining the criteria a procedure should meet if it was to be perceived as fair. The work, which is identified in the five key elements below, maintains its relevance today (Colquitt, Conlon, Wesson, Porter & Ng, 2001). Procedures should be applied consistently

across people and time; be free from bias; ensure that accurate information is collected and used in making decisions; conform to personal or prevailing standards of ethics or morality and, lastly, to ensure that the opinions of various groups affected by a decision have been taken into account.

In more general terms, organizational justice invariably embraces two subjective perceptions (Begley, Lee, Fang & Li, 2002), which refer to distributive justice (the fairness of outcomes) and procedural justice (the fairness of procedures used to distribute outcomes). Distributive justice and procedural justice are influenced by different factors, whereby distributive justice mainly concerns individual factors, whilst procedural justice relates more to the organizational practices. In performance terms, distributive justice is influenced by performance ratings and the associated rewards or recommendations for promotion, whilst procedural justice is influenced by the employee's engagement in the process, communication, or their ability to challenge the evaluation. Another factor in procedural justice refers to how consistently the performance appraisal standards are applied (Greenberg, 1990b).

A third type of justice has been identified in the form of interactional justice (Bies & Moag, 1986), which addresses the fairness of interpersonal treatment received during a procedure. Here, importance is placed on the elements surrounding truthfulness and respect, which is shown in interpersonal communication.

A degree of uncertainty surrounds interactional Justice in that it is often considered to be intertwined with the procedural and distributive elements of organizational justice (Phillips, 2002). Where it is separated it refers to how a message is transmitted and the quality of the interpersonal treatment associated with the passing on of information, for example in receiving feedback in a performance appraisal. Others, such as Greenberg (1997) and Moorman (1991) argue that four elements can be identified within interactional justice, which refer to the nature and quality of any communication: respect, propriety, truthfulness and justification. With the exception possibly of respect, the focus on being free from bias, avoiding deception and explaining procedures can be seen to have strong links with procedural justice. This observation is further supported by findings that suggest employees perceive

procedural justice to be of greatest importance (Dayan & Benedetto, 2008), with it also being found that procedural justice can strongly mitigate any negative consequences of interactional justice (Folger & Cropanzano, 1998).

The element of respect is important within a workplace setting although, this can be implied through the notion of loyalty and trust. Whilst trust and loyalty can provide an alternative window with which to view the interactional justice, the argument that it is considered to be a component of procedural justice remains (Korsgaard, Schweiger & Sapienza, 1995). Respect is likely to relate to cultural norms, for example in following the five virtues of Confucianism (Watt, 1999), which lead to harmony and respect, whilst interactional justice is unlikely to be strongly represented in a Chinese cultural setting (Hui, Au & Zhao, 2007).

In viewing performance appraisal as an important aspect of Human Resource Management, Erdogan (2002) argues that, given the implications for individual reward, perceptions concerning justice are especially salient. The subject has often proved an issue for management and over thirty years ago research showed that employees believed their appraisal system was unfair (Levine, 1975). A few years later, fairness of performance appraisals was identified as an important criterion in judging its effectiveness, in organizational terms (Landy & Farr, 1980). Around the same time, Jacobs, Katry and Zedeck (1980) showed that negative reactions to performance appraisal, including perceived fairness, formed one criterion in the effectiveness of performance appraisal. More recently and from a practitioner's perspective, a survey of Fortune 100 companies outlined the importance that perceived fairness held in the confidence that was placed in a performance appraisal system (Thomas & Bretz, 1994).

Procedural justice

Procedural justice addresses the fairness of the processes used to reach an outcome (Greenberg, 1990b). The phenomenon is not new and perceptions of procedural justice have been shown to affect numerous organizational outcomes (Flint, 1999), with the concept being shown to have a positive association with employee performance (Gilliland, 1994).

Traditionally, two major models are presented in the procedural justice literature, with these being the control model (Thibaut & Walker, 1975), and the group-values model (Lind & Tyler, 1988). According to control theory, individuals experience a desire to control what happens to them, with a general preference being to be in control of the decision-making processes, rather than operating as a passive recipient. For example, in a study of computer-based performance monitoring, Douthitt and Aiello (2001) found that employee participation had a positive impact on how procedural justice was perceived, which suggests that the degree of management control exerted in a performance appraisal system may affect its perceived fairness.

Within the group-value model (Lind & Tyler, 1988) procedural justice, particularly in a performance appraisal situation, is, in referring to the group, taken to another level. Individuals often express the desire to be a valued group member, with it being argued that a form of higher procedural justice is attained through a perception that procedures and processes are fair. That is, members feel valued and accepted by the rest of the group. The process has links with Adam's (1965) equity theory and essentially, in group terms, the performance appraisal process, along with the assessments and rewards, need to be perceived as equitable (Bladers & Tayler, 2000).

Researchers have built on Lind and Tyler's (1988) earlier work, with one study demonstrating that concerns surrounding group-value could explain the variance in organizational commitment and turnover intentions of both employees and their group performance (Robbins, Summers, Miller & Hendrix, 2000). In addition, concerns over group-value explained a unique variance in organizational commitment and performance, which suggests that the concept can correlate with and explain a number of key organizational outcomes. The perceptions of group membership were seen as equally important in determining the extent to which a performance appraisal system is perceived as being fair and just.

Employees who oppose performance appraisal sometimes cite the belief that the system reflects manager biases (Ilgen & Barnes-Farrell, 1984). Early works

highlighted that this form of procedural justice may reflect the procedures associated with appraisal rather than the appraisal itself, or the associated outcomes (Greeberg, 1986c). The area of perceived fairness is important for organizations, with there being evidence to indicate that procedural justice is related to employee satisfaction (Taylor, Tracy, Rehard, Harrison & Carroll, 1995). Further, any negative perceptions associated with unfair treatment, are likely to result in a change in job attitudes, which might lead to longer-term reaction, or in leaving the organization altogether (Vigoda, 2000).

With respect to performance appraisal, procedural justice may also be thought of as a two-dimensional construct, in which one approach separates Rater-Procedural Justice from System-Procedural Justice (Erdogan, 2002). Rater-Procedural Justice refers to the perceived fairness of the procedures used by the rater, invariably the manager, during performance appraisals, whereas System-Procedural Justice concerns the perceived fairness of the organization's performance appraisal procedures. With respect to performance appraisal, Erdogan notes that the procedures the manager follows are also important. Thus, the organization may have developed fair appraisal criteria, but if managers fail to apply these criteria equitably, then the procedure is likely to be perceived as unfair. Even when managers apply the criteria correctly, fairness is inherent in the procedural element and therefore falls under procedural justice. Thus, if managers fail to apply the organization's procedures in a rational way, procedural justice is likely to be damaged.

Distributive justice

In adapting a different perspective, it is argued that procedural justice is strongly interlinked with distributive justice, although the attainment of the latter may strongly depend on the existence of the former (Neil & Ken, 2004). Indeed, it is thought that the presence or absence of justice as a feature of Human Resource Management may influence employees' behaviour towards many organizational outcomes (Folger & Greenberg, 1985).

Distributive justice has its origins in equity theory (Adams, 1965), which emphasizes an employee's perception of fairness. Here, employees compare their input-output

ratios with those of others, in order to determine the perceived level of fairness. When individuals perceive inequity, they may feel that the outcomes, or rewards, received are incongruent with the inputs they give at work. In essence, employees may feel that they are not receiving appropriate rewards, either in the form of finance or personal recognition. Further, negative perceptions are likely to affect the effort an individual makes and, although they can change their perceptions of various inputs or outcome equations, this is considered to be an unlikely scenario.

Concerning outcomes specifically, employees may need to perceive that monetary or social rewards are a direct function of evaluation ratings, rather than being randomly determined. In addition, if an assurance of a post evaluation monetary outcome is provided, then the amount invariably needs to meet employee expectations. Erdogan (2002) points out that in performance appraisals, employees compare their efforts with the rating they received and the fairness of the rating helps form their perception of distributive justice. In applying the distributive justice to performance appraisal, it is important that ratings clearly match the expectations of employees (Brown & Benson, 2003; Erdogen *et al.*, 2001).

In short, findings indicate that an employee's perception of distributive justice is enhanced when ratings are strongly aligned to individual performance and when rewards are in line with the rating given (Campbell & Chia, 1998; Greenberg, 1990a). The process of equity is closely aligned with the expectancy theories of motivation, which support that employees are likely to increase their motivation when performance management systems focus specifically on employee contributions to the organization (Bradt, 1996). Finally, it is noted that the perception of justice is closely aligned to and influenced by culture, whereby similar situations may elicit different justice perceptions, which can be explained through their differing cultural backgrounds (Leung & Morris, 2001).

3.4.4 Cultural Impact on Stakeholders' Perception of Justice

Leung and Kwong (2003) argue that the cultural differences associated with perceptions of justice operate at two levels. First, there is the adoption of different

justice rules, whilst the second aspect concerns the use of different criteria in applying the same justice rule. For example, two cultures may hold different views on how to distribute a group reward; one culture may consider equality as a fair means of distribution, whereas in another culture a merit-based distribution may be more acceptable. Further, even though a merit-based rule may be accepted as the legitimate method of rewarding groups, the perception of what constitutes an acceptable level of 'merit' may be disputed. In one culture seniority may be regarded as a legitimate contribution, whereas in another culture performance may take priority.

In countries where a collectivist ideal predominates, employees are reported not to have been greatly concerned about the distributive aspect (Chang & Hahn, 2004). Conversely, a greater degree of concern is shown with regard to the consequences of their behaviour on their in-group members, with individuals being more likely to sacrifice personal interests for the attainment of collective interests, or harmony (Confucius, 2006). The reason can be explained by the collectivism ideal, which fosters a tightly knit social framework in which individuals are emotionally integrated into an extended identify, such as a family, or other group. In this way, individuals in collectivistic environments tend to be less concerned with individual standing or reward (Hofstede, 1991) and in this way the approach also supports the equality rule (Deutsch, 1975). However, more recent studies in collectivistic societies have emphasized that distributive justice is beginning to emerge as an important issue, particularly with respect to management systems that relate to performance pay and retention (Chang, 2002).

The data presented from within collectivistic cultures indicates a change in the management systems. Compared to the traditional Chinese pay system that is based on seniority, elements of team performance and individual performance have emerged as having increased significantly, particularly with regard to levels of compensation. A recent report showed that of the 5,751 workplaces in China with more than 100 employees that were studied, over 74 percent used both individual and team performance as pay determinants, whilst an additional 18.9 percent claim to rely solely on individual performance (Chang & Hahn, 2004). The apparent move

towards rewarding individual performance in monetary terms might suggest that the Chinese state-owned banks may need to reappraise their concept of distributive justice and adopt a paradigm that is orientated more towards individual performance.

3.5 Performance Appraisal Satisfaction

It has been argued previously that stakeholders are only likely to be satisfied with a performance appraisal process that conforms to their perception of organizational justice (Folger & Greenberg, 1985). The perception of justice arises from an evaluation of the outcomes received, along with an assessment of the procedures used to determine the outcomes. In addition, the manner in which the decision-making procedures are implemented and explained, the interpersonal fairness, is equally likely to impact on the employee perception.

With respect to performance appraisals, perceptions of justice emerge from an evaluation of the ratings received and their associated rewards. Appropriateness and consistency of the appraisal process also feature, along with the quality of the feedback and the explanations that are communicated in support of the ratings. Where the process is perceived to be providing fair treatment for employees it can foster an increase in trust in managers and, through job satisfaction, enhance commitment to the organizations (Greenberg, 1986b). More specifically, stakeholder satisfaction with performance appraisal is likely to be affected by two elements. Firstly, procedures which include the performance appraisal criteria, management training and feedback from the performance appraisal, and outcomes such as pay, promotion and reward.

Oliver and Anderson (1995) divide performance appraisal criteria into two categories, input and output criteria, with the input element including personal qualities or activities. Output criteria are more clearly related to the results obtained from the individual's job performance, for example the sales volume or profits. Feedback from the criteria is equally important, although London and Smither (2002) argue that the key to an effective performance management cycle is the relationship between the

employee receiving feedback and using it effectively. Feedback assists an individual in assessing the extent to which they have accomplished their goals. At the same time, individuals often assess themselves by observing and evaluating their own behaviour, or by actively seeking feedback from trusted sources. Both forms of feedback can, through the acquisition of skills and knowledge, along with appropriate performance enhancing behavioural changes, feed in to the process of goal setting.

Informal feedback, often provided on a day-to-day basis, is considered equally important, in that it supplements the annual or bi-annual performance appraisal session (Folger, Konovsky & Cropanzano, 1992) and provides clear milestones for progress. Indeed, informal feedback can have a large impact on work performance and attitudes, with the benefits of regular feedback having been recognised for quite some time (Taylor, *et al.*, 1984).

In the workplace, training can take various forms, although in its broadest sense it refers to a 'planned intervention' that aims to bring about a change in behaviour with a view to improving job performance (Chiaburu & Teklead, 2005). It is important for training to focus on the skills that management deem necessary to improve organizational effectiveness (Chen *et al.*, 2004), which could well flow out of the appraisal process. Although there is little evidence to support a direct causal link between training and job satisfaction (Rowden, 2002), Rowden and Conine (2005) argue that training can be an effective tool to increasing job satisfaction. This approach is supported by Kristof-Brown, Zimmerman and Johnson (2005) who suggest that employee job satisfaction is often directly related to the extent to which the skill set of an individual matches the skills needed to operate effectively in their role.

One aspect of the performance appraisal system that appears to find favour in employees is the training element (Gosselin *et al.*, 1997). The training dimension encourages employees to take responsibility for their actions in a way that raises standards and encourages employees to think for themselves, in how they can work toward realising individual and organizational goals. Since the training decisions are invariably made during appraisal, although not always, the process presents an

opportunity to try to shape how employees can bring about changes in their behaviour (Rollinson, 1993). Nonetheless, managers need to maintain their focus on achieving overall organizational goals, albeit through individual development and improvement.

In the traditional sense, it has been argued that performance-related pay is a key element in performance appraisal management in many organizations (Rao, 2007). The phenomenon of performance-related pay provides an explicit link between financial rewards to an individual, or group, which are in direct relation to the performance achieved (Armstrong & Murliss, 1991). Miceli and his colleagues (Miceli, Jung, Near & Greenberg, 1991) believe that the mechanics of the performance related pay system should be designed in such a way that strengthens the employee's commitment through specified objectives.

Kessler and Purcell (1992) argue that the objectives of a performance-related pay scheme can be placed into two categories. The first area involves recruitment, retention and motivation, whilst the second area embraces the purposes behind performance-related pay. The authors identify the first purpose as effecting a change in organizational culture. The second is to restructure the relationship between a company and its employees, which is usually achieved by passing decision-making responsibility to individual line managers. The third purpose is to ensure that managers consider individual performance as a 'fairer' means of reward.

In the initial phase of recruitment, many organizations use rewards to attract what they perceive to be the 'best' candidate. Following selection, the argument is that to motivate employees and retain their services, some form of inducement is needed. Nonetheless, early work on reward indicated that satisfaction with a reward system is often a function of what employees expect as well as what they receive (Armstrong, 1992), with the additional factor of comparing any reward they receive with people in similar jobs, both within the organization and outside. Armstrong further outlines five rules for a successful performance-related pay scheme. The first is that the targets and performance standards should be clear. The second concerns the ability to measure performance against the standards accurately and fairly. Third, individuals

need to be in a position to influence their performance, whilst the fourth advocates that there is a clear link between performance and rewards. Finally, the fifth point states that rewards must be meaningful enough to make the effort worthwhile. In short, the targets and standards of performance should be realistic and achievable.

As one purpose of an organization is to serve the interests of its various stakeholders (Wu, 2005), Garavan (1995) argues that management should consider the interests and concerns of these various groups and individuals. This approach, whilst not satisfying all stakeholders, will tend to satisfy the most important people and at the same time provide a form of justification for others. Indeed, it is argued that employees are more likely to become committed to an organization if they see a justification for organizational decisions (Eisenberger, Huntington, Hutchingson & Sowa, 1986). Further Zhang, Song, Hackett & Bycio (2006) argue that a key element of performance appraisal management is to gain employee satisfaction in their contribution to the overall organizational effectiveness and knowledge of the process. Training is likely to further increase commitment.

Pay is often considered to be a major source of employee dissatisfaction, with one determinant being when salary adjustments are used to signal who is more valuable to the organization. The message may be delivered subconsciously, in that by clarifying the standards which are expected and rewarded, the organization is conveying a value statement.

3.6 International Comparison of Performance Appraisal Practices

Since UK workers have been found to react differently to performance appraisal feedback than their counterparts in the USA (Early & Stubblebine, 1989), it may be unsafe to generalize from research based in different cultures. Caution might also be needed in transposing results drawn from developing countries to the situation in emerging economies. Similarly, Western and Eastern societies have been seen to differ in terms of cultural characteristics (Hofstede, 1997). It has been argued that Western management techniques, for example performance appraisal, may not be

easily transplanted into other cultures, such as organizations in China (Redding & Wong, 1986).

Chinese societies have been characterized by 'Confucian' cultural values, which place a greater emphasis on family and group socialization, along with a clear sense of hierarchy (Redding & Wong, 1986). Such values place the groups' interests above that of the individual, foster an acceptance of authority and engender a strong work ethic. Western societies generally lack this Confucian tradition and, whilst some of the values may be present, the overall value-set is considered different, particularly with respect to placing an emphasis on the individual rather than the group.

When compared to China, the United States is lower in power distance, higher on individualism and uncertainty avoidance, and has a similar rating for masculinity (Hofstede, 1980). Some key themes that express the Chinese value-set and its psychological processes are harmony, conformity and 'face' (Shaw, Tang, Fisher & Kirkbride, 1993). Conversely, in a highly individualist culture such as UK and the USA, people tend to place a higher value on individual achievement and self-actualization (Redding & Wong, 1986). In this context, performance appraisal may be expected to focus more on the individual employee, which would tend to dominate the performance appraisal process (Kirkbride & Westwood, 1993).

In a more collectivist society, such as China, social orientation is considered an important value, whereby considerable emphasis is placed on maintaining good relationships within the work group, saving 'face' and avoiding conflict. In this environment, managers tend to avoid openly criticizing their employees, whilst employees, in being loyal to the organization, reciprocate this. Thus, the concept of performance appraisal, with its focus on individual accountability, may sit less comfortably within a collectivist society (Snape, Thomson, Yan & Redman, 1998).

Britain's lower power distance may also have implications for the practice of performance appraisal. In Britain, there is low tolerance of status differences and people expect to speak out on issues concerning them. Employees tend to be more satisfied with a participative management style, and a more open exchange of views

between boss and subordinate is considered more the norm (Hofstede, 1980). Thus, a participative appraisal interview may be acceptable and studies of appraisal in Western cultures have found that employee involvement in objective setting and the resolution of difficulties are positively correlated with employee satisfaction with the appraisal process (Snape *et al.*, 1998).

Conversely, in Chinese culture, with its higher power distance, there is greater tolerance for inequality, with the managerial subordinate relationship being characterized by a greater respect for authority. Centralization, authoritarianism and paternalism are common in Chinese culture and those of lower rank are not expected to challenge openly, or to participate in the decision-making process (Kirkbride & Westwood, 1993). Indeed, subordinates may not appear surprised when their superiors behave autocratically and, indeed, they may experience a degree of discomfort if their superiors were to consult them openly (Hofstede & Bond, 1984). Thus, within this society of high power distance, subordinates are expected to accept authority, which is based on respect for the superior's position and their technical ability (Latham & Napier, 1989). Drawing parallels with other collectivist nations, it has been suggested that, as a former collectivist nation, Russia is less comfortable than the USA with both the receiving and giving of direct feedback (Elenkov, 1998).

In a comparative study that explored East-West differences, McEvoy and Cascio's (1990) investigated the attitudes of 160 students from the United States and Taiwan, who were studying in an American University. Compared to their US counterparts, the Taiwanese students showed a significantly lower acceptance of, and support for, performance appraisal, whilst at the same time they showed a reduced tendency for open communication and direct relations with their supervisor. In addition, the Taiwanese students placed a greater value on group outcomes, as opposed to individual performance criteria. These results appear to be in line with the expected cultural differences, which is the conclusion the authors reached, referring to the higher power distance, greater collectivism, higher uncertainty avoidance and lower masculinity of Taiwan's culture, when compared to the USA.

Traditionally, Japanese organizations base the performance appraisal process on the employee's age and seniority, with employee performance playing a more limited role (Schibata, 2000). Ishida (1986) argues that Japanese performance appraisal processes align with the workers' preference for fairness. However, it is of note that Japanese unions typically do not concern themselves with performance appraisals, which affords management greater latitude in the process. Benson and Debroux (2004) confirm that Japanese performance appraisal systems are, unlike Western models, rarely based on specific job descriptions.

The conclusions drawn from US social psychological research generally do not find support in other cultures (Smith *et al.*, 1988), which raises the question as to whether established performance appraisal and performance management methods are appropriate, or indeed effective, outside their other cultural settings. Kikoski (1999:301), writing in an American context, observes that:

'the problem of face-to-face communication in an essentially mono cultural work force may be insignificant compared to the interpersonal communication difficulties which may accompany the more culturally diverse work force that is forecast'.

Summary

The objective of performance appraisal is to achieve and sustain organizational objectives, which can be obtained by focusing on those individual outcomes and behaviours that are related to the attainment of those objectives (Hempel, 2001). In addition, there is broad acceptance that appraisals should concentrate on those performance items that relate to behaviours and individual outcomes, rather than focusing on personal characteristics (*ibid*).

Cultural differences have implications for the wider performance management systems, as well as performance appraisal design and how individual appraisals are conducted. However, whilst there are observations in the literature with regard to the possible impact of culture on performance appraisal, much of the published research in this area emanates from developed countries. Research is predominately

American based and whilst additional input from Western Europe is noted, there is a need to test out the models and assertions in different cultural environments.

China has been identified as a nation that has experienced issues with managing performance (Huo & von Glinow, 1995), particularly concerning the motivational aspect of the workforce. In addition, Chinese organizations tend to use different criteria than Western organizations for their appraisal process (Easterby-Smith, Malina & Lu, 1995), so it is not clear how easily Western models of performance appraisal will transpose to the Chinese environment. Having identified a gap in the literature the current research aimed to address how performance appraisal models were both operating and were perceived in organizations in China. Given the importance of the banking system in an emerging economy this sector was identified as the vehicle to investigate performance appraisal. In accepting the open-door policy advocated by the Chinese Government, the state-owned banks of China are likely to experience increased competitive pressure, as foreign banks become more established. It is also likely that foreign banks will introduce Western management thinking, including the individualistic focus of performance appraisal, which may potentially create further tensions for the more traditionally managed state-owned banks.

In order to create a more effective system of performance appraisal, researchers have traditionally focused on validity and reliability (Bretz, Milkovich & Read, 1992) by designing newer 'forms' for performance appraisals. These have included behaviour-based systems that focus on specific job functions and 360-degree feedback mechanisms that allow for a degree of cross-validation through multiple raters. Despite these advances in evaluation design, critics continue to argue that performance appraisal systems are not consistently effective (Atkins & Wood, 2002). It is important to be able to ensure procedural justice is being achieved through the suitability of the appraisal procedures and that the processes match the diverse and changing nature of organizational culture (Boyd & Ken, 2004; Grote, 2000; Hofstede, 2001; Weiss, 2001). Adopting an individualistic cultural stance, Lawson (2000) argues that individual performance and pay need to be related in an equitable and

transparent way, as it is only this sort of environment that will create the conditions to motivate individuals.

It is apparent from the literature that whilst various aspects of performance appraisal have been researched in various forms and within various cultures, the issue has not been fully addressed in China, particularly with respect to the state-owned banks. To address this gap in the literature the current research explored the state of performance appraisal in Chinese state-owned banks, by linking stakeholder perceptions and in seeking to determine what was perceived as an ideal model for performance appraisal. In exploring an 'ideal' model for the Chinese banking sector the concepts of procedural and distributive justice were incorporated. Thus, in seeking to address the research question and drawing from the literature, the research was operationalized under three key objectives:

1. To appraise critically the perceptions of significant stakeholders on the nature of performance appraisal systems in Chinese state-owned banks.
2. To evaluate critically the levels of satisfaction and loyalty with the process and outcomes associated with performance appraisal in the Chinese state-owned banks.
3. To appraise critically the stakeholder perception of what constitutes an 'ideal' performance appraisal process for Chinese State banks, taking into account the cultural dimension.

Having reviewed the literature and identified a gap, which this research addresses, the next section concerns the methodology and methods used to gather the raw data and analyze that in a systematic way.

CHAPTER 4

RESEARCH DESIGN AND METHODS

Scientific inquiry refers to making observations and interpreting what has been observed (Babbie, 2001). This chapter presents and justifies the research methodology, along with the various methods and techniques that were adopted to achieve the aims and objectives of the current research.

Firstly, the discussion relates to the methodological approach, along with the justification of the research paradigm. The issues associated with the approach, including the deductive and inductive approaches and the value of adopting either quantitative or qualitative methods, are addressed next. The philosophical and theoretical elements of this Section are concluded with a focus on the research design.

In turning to the matter of methods, the research procedures, including the pilot study, are discussed, along with the rationale for the preliminary interviews. Support for the questionnaire design is presented, along with the rationale for various aspects of the questionnaire items contained in the instrumentation. The sampling process, in exploring why the participants were selected and what was sought from them, is presented and justified, after which ethical considerations are provided. The area of data collection and analysis are presented, in which the statistical test used are justified. Next, issues surrounding the validity and reliability of measurements are supported. In the next to last section, ethical considerations are provided, following which the research objectives are revisited, along with the hypotheses that flow from these.

4.1 Research Philosophy: the methodology of paradigms

The social sciences aim to investigate through a specific purpose and from a particular position, with the aim being to persuade others of the significance of their outcomes (Clough & Nutbrown, 2002). The authors build on their view, by stating that social research is involved in investigating or exploring issues, rather than attempting to prove things in a scientific way. The persuasive element of the research refers to the justification of the approach and processes used in obtaining the results, which provides the focus of this chapter.

Methodology refers to the broad philosophical concepts that underpin research, which in turn refers to the task of researchers to discover or understand in a purposeful way (Goodwin & Goodwin, 1996) and through a specific philosophical lens.

In examining science, philosophers have argued that the methodology used is a primary factor in gaining knowledge that is valid, reliable and thus scientific (Williams & May, 1996). The argument continues, in asserting that only by employing the correct methodological approach and methods can the scientist be confident that his or her findings are 'true', 'repeatable' and 'generalizable'. In this sense, it is argued that science can itself be considered a method.

There is a long history surrounding the benefits and limitations of philosophical stances (Reichardt & Cook, 1979), which essentially relate to how knowledge is developed. Traditionally two main approaches exist, with these broadly being described as naturalism, or normative, and interpretative (Carr, 1995). Invariably these philosophical approaches are more readily known by the paradigms of positivism and interpretivism, although 'critical' research is emerging as a new area (Carlsson, 2002). The important point here is for researchers to select the paradigm that is most appropriate to the problem, or situation, they are investigating (Easterby-Smith, Thorpe, & Jackson, 2008). The paradigm refers to the progress of scientific practice, which is based on people's assumptions about the world and the nature of knowledge (Collins & Hussey, 2003). Indeed, the base research philosophies

embrace the concepts of ontology and epistemology. Essentially, ontology is the study of being, that is what exists and how it exists, whilst epistemology refers to a study of knowing, that is how we can come to know things (Clough & Nutbrown, 2002).

4.1.1 Positivism

The term positivism was devised by Comte in the early nineteenth century, with it being referred to as the positive philosophy (Fisher, 2007). Positivism was defined as an ideal, which seeks to apply the natural science model of research to investigations of the social world (Denscombe, 1998). It belonged to rationale thought, accuracy and believed that by manipulating the world value-free knowledge can be produced. The philosophical approach has come to be associated with a distinct epistemological view.

Positivism adopts an epistemological position that advocates the application of natural sciences methods to the study of social reality (Bryman & Bell, 2007), arguing that although differences do occur between the physical and social world, they are only a matter of degree and do not represent a fundamental difference. Thus, it follows that natural research methods can be applied to a social setting (Chia & Tsoukas, 2002). As such, research methods that are informed by a positivist approach allow the researcher to measure the properties of the social world, which exists externally, as opposed to 'being inferred subjectively through sensation, reflection or intuition' (Easterby-Smith & Lyles, 2003:22). This leads Johnson and Duberley (2000:45) to argue that 'the methods of the natural sciences offer the way forward in understanding the workings of organizations'.

With researchers adopting a 'spectator' role in observing the enquiry (Chia & Tsoukas, 2002), positivism encourages them to remain objective and neutral. However, it is argued that this belief of objectivity is flawed, in that it does not seem possible to separate the researcher from the phenomenon being investigated. Nonetheless, the traditional approach claims that research can only progress

through using scientific method, especially in using the idea of falsification (Popper, 1959, 1974).

Another representation of scientific method is the hypothetic-deductive approach, whereby theories are constructed and tested by deduction (Eysenck, 1986). In the social sciences, positivist approaches can produce verification of theories and predict human behaviour. However, one criticism of positivism is its failure to produce a universal theory that relates to performance appraisal or other phenomena. An alternative view is that, within the tradition of pure science, positivist researchers are developing their knowledge of performance appraisal, with a vision of one day solving the complex situational and people issues that surround the discipline.

Ontology and epistemology provide a framework for looking into paradigms, with ontology referring to a belief concerning the nature of reality (Hatch, 1998). Researchers in the positivist paradigm view reality as existing independently of an individual's ideas and argue that laws and mechanisms can assess reality. Alternatively, the interpretivists view reality as being understandable only in terms of the social ideas of an individual mind (Guba & Lincoln, 1994).

With respect to epistemology, the two main paradigms come from differing bases. Interpretivism views knowledge as an individual construct that achieves meaning in the individual and their interpretation of the world. Alternatively, positivism believes that knowledge exists outside the individual and can be quantified as factual real-world ideas. On the one hand, the advantages of conducting interpretivist research into the social nature of performance appraisal are apparent, with the linguistic constructs being used to explore individual meaning (Johnson & Cassell, 2001). Conversely, in the interpretivist approach, the ability to contrast different aspects of performance in a cross-organizational way are not fully available to the researcher.

The dilemma for the performance appraisal researcher is whether to generate wider predictive findings, or to pursue a richer in-depth understanding of performance appraisal through language. Positivist research would view performance appraisal as

a reality and in accepting the relation of language towards it, would seek to control the data through scientific procedures. Conversely, language forms a central position within the interpretivist paradigm, which would allow for the interpretations of individual meaning of performance appraisal, gathered from the salient stakeholders' perspective (Simmons & Lovegrove, 2002).

Whilst the inability to provide a universal definition of what performance appraisal is could be viewed as a failure of the positivist approach, the contingent factors of positivist research allow, in an exploratory way, for a wider stakeholder base to be surveyed, which is appropriate for an investigation into a series of Chinese banks. However, the key positivist assumption needs to be accepted, that researchers make implicit assumptions that they and the participants share similar meanings, particularly with respect to key variables (Bartunek & Seo, 2001).

Essentially, the positivist paradigm argues that an objective truth exists, which can be revealed by applying scientific methods and the use of statistics (Cassell & Symon, 2006). For the approach to succeed it is important for the researcher to define and, where possible, control the variables associated with the investigation (Remenyi, Williams, Money & Swartz., 1998)

4.1.2 Interpretivism

From an interpretivist perspective, a major criticism of the positivist paradigm relates to a statement of meaning on social reality through pre-designed research themes. Principles of positivism adopt the philosophical stance of the natural scientist, aiming to produce 'law-like generalisations' (Remenyi, *et al.*, 1998) from observations of social reality. The interpretivists deny the generalisation of knowledge, arguing that it is the individual perspective of reality that constitutes knowledge (Saunders, Lewis & Thornhill, 2009).

Interpretivism is characterized by a focus on the meanings that research subjects attach to social phenomena and, as such, leads to an attempt by the researcher to understand what is happening and why it is happening (Saunders *et al.*, 2009). This

is in line with Collins and Hussey (2003), who define the term phenomenology as the science of the phenomenon. Essentially, phenomenology argues that, rather than being objectively determined, reality is socially constructed (Easterby-Smith *et al.*, 2008).

From the interpretivist view, researchers are mainly focusing on the meaning rather than facts (Remenyi *et al.*, 2002). The paradigm stresses the subjective aspects of human activity, with the approach substituting meaning for measurement. The approaches used in the interpretivist paradigm enable the researcher to gain a deep insight into an individual's specific situations and their view of the social world. This, according to the interpretivist view, is essential because:

... the task of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place on their experience. (Easterby-Smith *et al.*, 2008).

4.1.3 Critical Perspective

Whilst the two main paradigms remain intact, the 'critical' perspective finds fault with both paradigms. A major criticism put forward against positivism concerns the uncritical nature the approach attaches to certain 'facts'. That is, outcomes invariably fail to take note of participants' feelings, or to recognise that salient stakeholders are often excluded from the study (Adorno, 1973). With respect to the interpretivist paradigm, criticism is made against researchers for accepting participants' reports uncritically and for tending to ignore the situational context (Probert, 2002).

In looking at major failings in paradigms, 'critical' research appears to claim a moral higher ground, although some of the criticism appears less than objective. For example, the criticism of positivist research refers more to traditional positivism, rather than many of the articles that are currently published in journals. Equally, the criticism that social constructionist researchers tend not to recognise the situational impact of language, does not appear to be widespread in the literature. However, it may be that researchers in both paradigms fail to consciously recognise the impact their choice of subject and their personal bias may have on a study.

In summary, philosophical debate revolves around the recognition, or otherwise, of 'the relevancy of human subjectivity' (Gill & Johnson, 2002:173). Limitations are present in the opposing philosophical stances. However, a primary concern for researchers is that the paradigm is appropriate for the specific nature of the subject being investigated, rather than a researcher being committed to one or other paradigm.

Essentially, it is important for the methodology to fit the research question (Alreck & Settle, 1995). As the research investigated the Chinese banking industry, with a view to generalising performance appraisal across four state-owned banks, the positivist paradigm (Neuman, 2000) was most appropriate. This is based on the assumption that the methods and practices of the natural scientists can be applied to behavioural studies and the theories relating to performance appraisal, stakeholders and culture. A positivist approach also allows the researcher to adopt a more objective stance towards the research (Easterby-Smith *et al.*, 2008).

In adopting the 'scientific' approach, an understanding of the criticisms of positivist philosophy is held (Alvesson & Skoldberg, 2000). The current research sought to gather perceptions of employees on performance appraisal and as the main aim was to explore differences in variables, it was logical to adopt a positivist approach. In addition, in that the research is exploratory rather than seeking a deeper understanding of the views employees held, the purpose was to measure their views in a collective way. Nonetheless, it is acknowledged that the richer individual meaning could have been gained in using the interpretivist paradigm (Johnson & Cassell, 2001), which will essentially be absent.

Thus, to meet the aims and objectives of the research, specifically the comparison of responses from different groups of participants and their relationship to the cultural setting (Kent, 1984), positivism took precedence.

4.2 Research approach

Essentially, the choice of the particular methods used is fundamental to the purpose of the research (Collins & Hussey, 2003) and here, inductive and deductive approaches are seen to flow from the research philosophy. The deductive approach refers to testing theories through hypotheses (Hussey & Hussey, 1998), which is broadly in line with positivism. In testing out theory, the aim is to determine if it is supported or if there is a need to modify or reject the theory (Robson, 1993). In the case of the current study, theoretical concepts relating to performance appraisal, stakeholder theory and culture formed the basis of the investigation. The alternative inductive approach places a greater emphasis on the development of theory, with importance being applied to how individuals understand their social world, which broadly fits the interpretivist paradigm.

The relative positives and negatives of quantitative versus qualitative research methods have often been debated (Cassell & Symon, 1994). Bryman (1984) argues that, traditionally, quantitative method is associated with the positivist paradigm and the deductive approach. The main aim of quantitative method is to produce measures for hypothesis testing, which means that the research instruments need to be reliable, and valid (Clough & Nutbrown, 2002).

4.2.1 Quantitative and qualitative approaches

According to Johnson and Harris (2002), two key research strategies can be identified within the social sciences, with these being termed quantitative and qualitative approaches. Qualitative approaches provide a richer description and greater meaning (Denzin & Lincoln, 1994). However, dividing qualitative and quantitative approaches may have taken away from more important issues (Guba & Lincoln, 1994). Morrow (1994) supports the point, by stating that approaches need to relate to achieving research goals, rather than the underlying philosophy of the approaches.

The specific qualitative approach employed for data gathering was associated with the preliminary interviews. The interview utilizes techniques from both focused and structural approaches, with the interviewer being free to probe beyond the answers (Alreck & Settle, 1995). Stakeholders are considered important in exploratory researches (Simmons & Lovegrove, 2002) and to determine the different perspectives and capture issues that were important to the banking industry, a series of interviews were undertaken in China with key stakeholders.

Quantifying qualitative data, it is argued, has a number of advantages (Thompson & Martin, 1984). First, it allows for scales and ranges to be identified. Second, it allows for change over time to be measured quickly and accurately. Third, it enables scores to be compared with defined groups of participants and allows the nature of a phenomenon to be identified. It can also allow the asking of research questions that provide more answers in relation to the causes of particular phenomena.

Whilst Gliner and Morgan (2000) argue that the data for a theoretically positivistic study is usually objective in nature, some of the supporting data in the social constructivist paradigm may equally be quantitative or objective. Thus, the type of data and even the data analysis is not necessarily the same as the research paradigm. However, the qualitative data, methods and analysis often accompany the interpretivist paradigm, whilst quantitative data, methods and analysis are more usually associated with the positivist paradigm.

The qualitative information drawn from the interviews was used to design a quantitative questionnaire, which used the words and organizational terms in the instrument, so as to avoid misunderstandings with participants.

Quantitative research has been described as objective, whereby the researcher quantifies and classifies the behaviour of participants (Gliner & Morgan, 2000), or as a 'formalised hunch about the relationship between two or more variables' (Slavin, 1991:3). That is, quantitative research gathers numerical data and, in applying statistical analysis, determines the extent to which there are differences and relationships amongst the data.

Quantitative method focuses on generality and succinctness, that is, it uses the smallest number of variables to explain as much as possible (Ragin, 1994). This is achieved through statistics, which explain the influence an independent variable has on the dependant variable. Conversely, qualitative method aims to represent phenomena in a true way that requires the in-depth investigation of individual thought. That is, how each individual sees their world in their own words.

The ability of the quantitative approach to survey a large sample of the population within a relatively short time was a particular advantage, especially given the geographical spread of participants in China. In addition, the approach lends itself to generalizability and the ability to generate causal laws (Johnson & Duberley, 2000), which supports the comparisons across different banks. Although it is possible to develop propositions from qualitative data, a quantitative methodology can yield a much larger sample in the same period. A further consideration was that of the research previously conducted in the banking sector, a large proportion have been case-study based, involving only a relatively small number of organizations (Redman, Grimm, Grove & Pickett, 2000). These approaches have hindered the ability to generalize more widely, particularly in the case of the banking sector in China.

It has been suggested that quantitative and qualitative approaches can be combined (Saunders *et al.*, 2009), for example, in interview method. Quantitative method provides a more structured interview, similar to a verbal questionnaire (Potter & Wetherell, 1987). Alternatively, unstructured interviews allow participants to express their views and feeling in their own language (Fontana & Frey, 1994). In both situations, the researcher can impact on the data gathered, for example their personality or dress might influence respondents, which may lead to interviewees providing socially correct answers (Adams & Schvaneveldt, 1991).

Another example of using both approaches is in questionnaires. Questionnaire formats can provide open-ended, closed and scaled-responses (Alreck & Settle, 1995). Within the structured approach, scaled and closed responses provide a more

quantitative questionnaire, whilst the qualitative approach is seen more in open-ended questions.

It has been suggested that the quantitative-qualitative distinction is exaggerated, with there being no fundamental clash between the purposes and capacities (Glaser & Strauss, 1967). Similarly, it has been argued that words and numbers are both representations of language (Burgoyne, 1997). Indeed, quantitative and qualitative research are appropriate to different types of research problem and so again, it is the research question that needs to determine which approach is adopted (Cassell & Symon, 1997)

Researchers attempt to collect data using different approaches, which is identified as triangulation. Triangulation can also be achieved by combining quantitative and qualitative methods, where the results of each method enrich the other (Bryman & Bell, 2007). Thus, a multi-method approach, which emphasizes qualitative and quantitative approaches, should be viewed as complementing each other (Layder, 1993).

The benefits of combining quantitative and qualitative methods are further recognised by researchers, with Krueger (1988) suggesting that combining qualitative and quantitative procedures results in greater methodological strengthening of the research design. Straus and Corbin (1990) also argued that the two types of methods can be used effectively in the same research project.

According to Barker (2002:73), quantitative and qualitative research each has limitations. They argue that:

‘the quantitative approach yields data which are relatively simple to process, but are limited in depth and hide ambiguities; the qualitative approach yields a potentially large quantity of rich, complex data which may be difficult and time consuming to analyze.’

Qualitative researchers tend to use language as the raw material for their research, whilst quantitative researchers predominately use numbers. Miller (1998) argues that qualitative researchers, by listening to people in their natural environment, seek to

understand the world from the participant's point of view. They use a range of tools to gather data, including the participant's own descriptions gained at interview, or from documents, including the researcher's field notes (Barker, 2002). In essence though, Barker argues that qualitative research is subjective and is concerned with phenomenon that is difficult to classify.

The concept of triangulation is derived from trigonometry and the geometrical process of determining the location of a point by measuring angles to it from known points at either end of a fixed baseline, as opposed to measuring the distance directly (Bagrow, 1964). The term triangulation also refers to a surveying technique which uses a series of interlocking triangulation networks to map an area, with each new point being determined by the geometrical process (Keay, 2000). In the same way, methodological triangulation in the social sciences relates to using more than one approach to investigate a research question (Bryman & Bell, 2007). Early reference to the approach of using independent measures to verify an outcome was suggested by Webb, Campbell, Schwartz and Sechrest (1966:3) who argued that "[t]he most persuasive evidence comes through a triangulation of measurement processes."

Denzin (1970) extended the concept of triangulation to identify four forms that relate specifically to social science research. The first approach refers to 'data triangulation', which incorporates different sampling strategies to obtain slices of data from different social situations and a variety of people. This approach is evinced in the data being gathered in four different cities, which drew on four distinct banking environments and as such, gathered data from differing social situations.

The second approach identified by Denzin (1970) concerns 'investigator triangulation', which refers to more than one researcher being involved in the gathering and interpretation of the data. This element was not strong in the current study, although independent assistants were used to distribute and collect the questionnaires, thus distancing the researcher from any potential bias that may have been associated with her presence. Denzin's third area of 'theoretical triangulation' was addressed through the use of stakeholder theory, conceptual frameworks

associated with performance management and the concept of national culture, all of which impinged on the interpretation of data. Finally, 'methodological triangulation' refers to the use of more than one method for gathering data. In this respect, semi structured interviews were first conducted to evaluate the nature of the problem and to glean the terminology used in the banks being investigated. Outcomes from the semi-structured interviews informed the direction of the study and made a significant impact on the questionnaire construction.

The fourth of Denzin's (1970) forms has led to some confusion in the term 'triangulation', with others believing that an approach that uses a mix of quantitative and qualitative methods is more aptly referred to a 'multi-method research' (Partington, 2002). Others believe that the term should only be used when a researcher seeks to check the validity of her or his findings by cross-checking them with another method (Bryman, 1984). The criticism has also been raised that triangulation subscribes to naive realism, which implies that there can only be one definitive account of reality; a view that would be contested by those holding a subjectivist ontology (Hatch, 1998). A further criticism of triangulation is that there is an assumption that both research methods can address equally the aspect being investigated (Bryman & Bell, 2007).

In introducing triangulation into the current study the aim was to increase the credibility and validity of the outcomes and although the approach has its failings, it was felt that it "... gives a more detailed and balanced picture of the situation" (Altrichter, Posch & Somekh, 2006:117).

In line with the research question and the philosophical stance adopted for this study, a deductive approach was chosen, along with a predominately quantitative focus. Qualitative data was gathered in the preliminary interviews, with a view to gaining an organizational perspective on performance appraisal, rather than it being considered an opposing methodology.

4.2.2 The nature of investigation

Research is often classified in terms of purpose, using the three-fold terms of explanatory, descriptive and exploratory (Robson, 1993). A fourth purpose incorporates problem solving (Phillips & Pugh, 1994) has also been put forward. Problem-solving research refers to the pursuit of rational and objective answers to what are perceived as important real-world issues. The wide ranging nature of this approach usually puts it outside a single discipline, in that a range of theories and methods need to be applied to solve the problem.

Explanatory surveys, sometimes termed analytic (Gill & Johnson, 2002), or testing-out (Phillips & Pugh, 1994) more often use positivist methodology, with its narrower approach and the testing-out of theory (Webb, 1992). The testing-out approach often uses an experimental research design although the hypothetic-deductive design is also included. A researcher takes what might be thought of as an academic puzzle and conducts a logical, objective enquiry to discover the relationships and differences that may exist. One clear aim is to utilize previous theories, or models, to develop new data for generalization.

Exploratory research tackles new problems, about which little are known. The approach gets researchers to reveal patterns, trends and features of the phenomenon being investigated (Young & Dana, 2003). That is, a researcher who follows this direction seeks to '...uncover the salient variables that are at play in the situation of interest' (Webb, 1992:76). Limitations within exploratory research are that the true nature of the problem is often not fully identified, neither is it likely that sufficient information will be generated to support predictive validity. Whilst exploratory analysis can rarely portray the complete story, it provides a solid foundation for the contribution to knowledge (Tukey, 1977).

So far there has been no research into the process of performance appraisal in the Chinese state-owned banking industry. Hence, this research is heavily based on an exploratory investigation. It attempts to fill some of the existing gaps in the literature on performance appraisal effectiveness by placing these in a Chinese context. The approach embraces a combination of two types of survey methods, with telephone

interviews being used to determine the words and concepts used by the organizations and secondly, questionnaires were used in a survey approach. Limitations are inherent in the quantitative approach taken, for example, the approach meant that it was not possible to probe the answers provided by the questionnaire respondents, although this limitation was accepted.

4.2.3 Research Design

Research strategy needs to be consistent with the research methodology appropriate to the research question. Traditionally, three research strategies are supported: experimental, case study and survey (Saunders *et al.*, 2009).

Survey method is predominately associated with a deductive approach with a central aim of survey design being to extract quantitative data from participants. Data are invariably gathered through questionnaire and interview, typically in conjunction with social surveys and longitudinal studies (Babbie, 1990). The approach has been criticised along similar lines to positivist thinking, with four main concerns being raised with respect to questionnaires: they ask the wrong questions; they ask the wrong people; they are given at the wrong time and they are unable to produce focused action (Miller, 1998). There is some difficulty in seeing how the criticisms can be levelled at all survey research; for example, those reported in refereed journals would often be more rigorous.

Having determined the direction for this research, that is assessing the perceptions of stakeholder views of performance appraisal, the research strategy became linked to the survey design. The aim was to determine the extent to which stakeholders represented a homogenous group and to identify any associated differences.

With respect to the research design it is apparent that the problems researchers face in performance appraisal concerning approach and method, are similar to those encountered in social science research (Jankowicz, 2000). A particular area of discussion surrounds the experimental orientation that relates to laboratory studies (Clark, 1998). Whilst the principles of exploratory research are broadly adopted here,

the research design needs to incorporate methods, processes and analytical procedures that are in line with the central thesis being explored.

A central part of experimental research design is the independent and dependent variables. Scientific research strives, as its fundamental goal, to relate the independent variable to the dependent variable through experimental manipulation. The challenge for researchers using experimental design is to control the independent variable so that extraneous variables are eliminated, or at least held constant (Partington, 2002). In non-experimental work, the researcher needs to control intervening or extraneous variables are greater, which means that the degree of certainty associated with the outcome is often less certain.

The factors associated with research designs are extremely broad. At one extreme, the participants have not been randomly selected; yet all other aspects remain constant with quasi-experimental design. Conversely, where the independent variable is not being manipulated, for example in the case of participants being selected by role, the term still applies. Here, the term 'non-experimental' (Coolican, 1999) better represents a research design positioned towards the opposite end of the experimental approach.

In the positivist paradigm an effective research design is one that can detect genuine differences between groups. In keeping with the research aims, a between-group, non-experimental design was adopted. Here, members of separate groups were defined by independent variables. Within studies that look at group differences, groups that are nominally termed as independent variables can be labelled as an 'experimenter selected independent variable', rather than one that is 'experimenter manipulated' (Johnson, 1994).

In non-experimental design the researcher does not strictly control the independent variable, rather they measure variables already in existence, for example social class, or, with respect to this study, the perceptions of bank employees (Greenfield, 1996). Within these parameters, the independent variables may contain a variety of sub-

variables, for example age, length of service and role. The dependent, or outcome, variables remain the ones to be measured (Clough & Nutbrown, 2004).

Dependent variables are typically identified as outcomes, such as measures of job satisfaction or stakeholder attitudes towards performance appraisal. In the current study the biographic data associated with the bank employees were treated as independent variables, with each sub-section being measured as a single variable.

In using survey method, questionnaires are extremely versatile and capable of gathering a large amount of information quickly and in a format that is readily processed (Zoltan, 2003), with it being that case interviews are particularly time consuming. In keeping with the study's aims, survey studies were concerned with assessing attitudes, opinions, preferences, demographics, practices and procedures (Gay & Airasian, 2003), all of which relate to the target population.

Having established the research design, which is founded on the overall philosophical approach, attention now turns to the rationale and design, for the instrumentation that was used to gather the data.

4.3 Methods – sample and selection

Organizations exist in a number of ways and the contribution that stakeholders can make is likely to affect this. Stakeholders are thought of as '[a]ny group or individual who can affect or is affected by the achievement of the organization's objectives' (Freeman, 1984:46). That is, stakeholder theory holds that stakeholders are groups or individuals with legitimate claims and interests in corporate activity, regardless of whether the interest goes both ways (Donaldson & Preston, 1995). Stakeholders are often grouped as being either primary or secondary (Clarkson, 1995), with the second group being those who are influenced, rather than being influential, and this would refer to the non-managers in the banks.

Statistically, it is not required to survey the complete population and, with regards to the state-owned banks, it would also be impracticable. Thus, a representative sample of the population was sought (Fisher, 2007). To fulfil the requirement for parametric statistical analysis the sample needs to be selected randomly (Foster, 2001), although the technique can still contain bias, especially when small, diverse, populations are being investigated (Smailes & McGrane, 2000). Given the geographical spread, it is unlikely that random sampling could have been used to select the sample effectively, with critical case sampling being a more effective option to target various institutes and levels of employees (Coolican, 1999).

Given the research parameters, including the distribution of employees across the four banks, a non-probabilistic sampling approach was used, to ensure that a sufficient size was gathered to provide a representative sample of the target population (Johnson & Harris, 2002).

The first sampling choice referred to engaging with the bank employees who were to take part in the semi-structured telephone interview. These were identified through 'volunteer' sampling (Coolican, 1999), in that the ten individuals involved were past colleagues of the researcher, who had previously been connected with Chinese banks. The interview sample was diverse in level, in that it included both managers and non-managers, although it was drawn from one city only, Zhengzhou. Awareness is held of the limitations associated with non-probabilistic sampling (Clark-Carter, 1998) in that their responses may not be completely representative of the population being studied, although this is countered by the difficulty in gaining official access to state-owned bank employees. Thus, whilst the data was treated with caution, it provided a perspective of the issues surrounding performance appraisal in China's state-owned banks. The outcomes of the interviews were used to determine the content and language of the data gathering instrument, which is discussed more fully in Section 4.4.2.

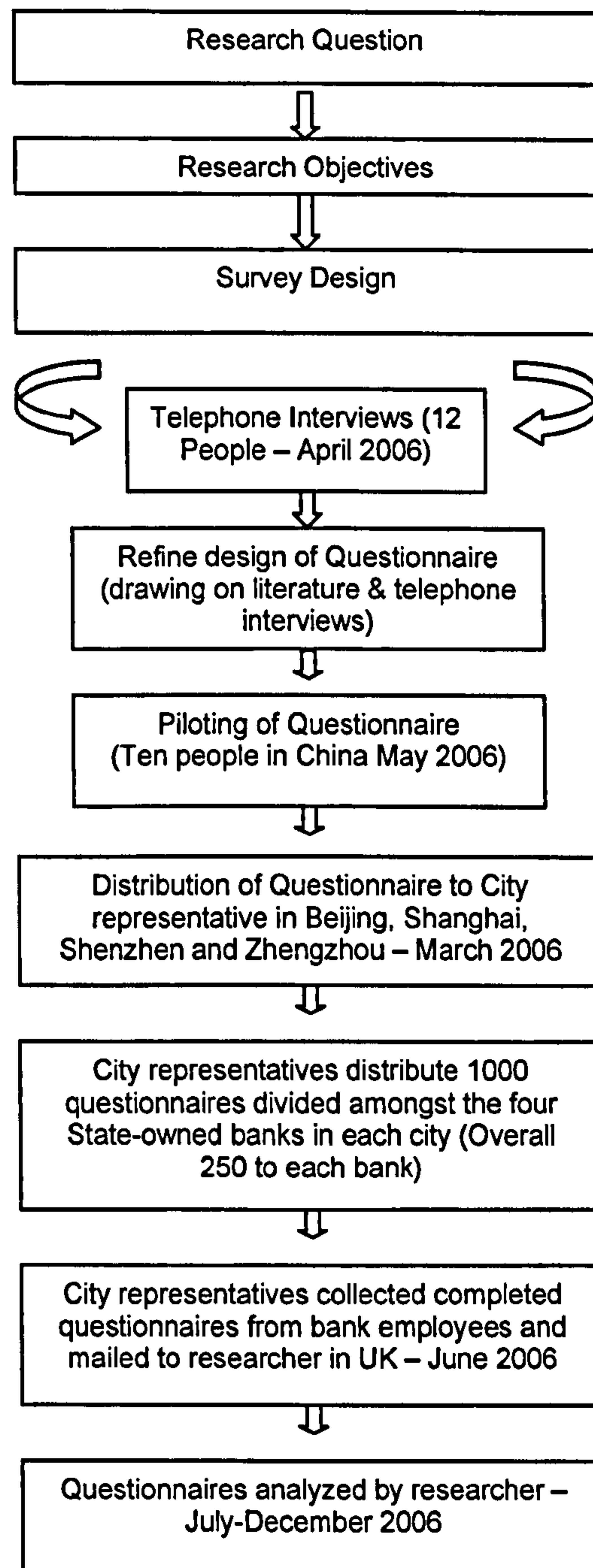


Figure 4.1– Design and Sampling Strategy for Distributing the Questionnaire

Following the construction of the data gathering instrument it was piloted with twelve former colleagues, who currently worked in Chinese state-owned banks. The piloting took place in China, when the researcher carried out a visit to her home town. Once

more, this 'convenience' or 'volunteer' sample (Wright & Fowler, 1986) may not be representative of the wider bank population, although they were able to provide feedback on the suitability of both the content and the length of the questionnaire. An additional advantage was that it was possible for the researcher to discuss issues directly with those undertaking the pilot (again, greater detail on the analysis is contained in Section 4.4.2).

The third research objective of the investigation concerned national culture, which influenced the choice in identifying the state-owned banks as the study population. That is, as the Government remained the biggest stakeholder, the four main state-owned domestic banks were identified as being most likely to reflect Chinese culture, particularly as they deal directly with the population (Liu, 2002). The four banks are: the Agricultural Bank of China, the Bank of China, the Construction Bank of China and the Industrial and Commercial Bank of China. Thus, respondents were from the four main state-owned banks, with Beijing, Shanghai, Shenzhen, and Zhengzhou being selected to provide a spread of the population. These cities were selected as there are no more than five thousand target bank employees in each city (Ghuri & Gronhaug, 2005) and the researcher was able to identify individuals who could distribute the questionnaires in the banks.

Having revised the questionnaire in light of the pilot study and subsequent email correspondence, a batch of 250 was dispatched to representatives in each of the four cities, with instructions to distribute them equally amongst the banks. The 'distributors' were past colleagues of the researcher. Whilst this process infringes the random element associated with parametric statistics (Siegel, 1988), it eliminated the bias that can be associated with the researcher distributing questionnaires personally (Bryman & Bell, 2007) and provided a completely anonymous set of responses. Employees were requested to complete the questionnaire and return these to the distributor, who dispatched them to UK via secure mail.

The process of performance appraisal involves appraisers (managers) and appraisees (employees) and it is important that both of these groups are involved in the process. Further, Masterson, Lewis, Goldman and Taylor (2000) argued that as

line managers are central to the appraisal process and provide a key link between individual motivation and organizational performance, it is important to hear their voice. In addition, Merali (2003) argued that, given the importance of managers' views, a limited amount of research has examined their point of view in any depth. Whilst it was not possible to control this element of the survey the responses, discussed in Chapter 5, indicate that a spread of manager and non-managers completed the questionnaire.

Previous research into the views of managers has addressed a number of different contexts. For example, Kearney and Hays (2001) researched the views of personnel managers, describing them as experts in their field, who maintained that the views of managers are useful in conducting research. Thus, the views of managers and other salient stakeholders provided a robust method that can contribute to the formation of future policy and practice.

Various labels have been given to the sampling procedures adopted, although they can be seen to closely parallel 'critical', or 'purposive sampling' (Clark, 1998), whereby researchers have a clear vision of the type of sample needed to fulfil the research purpose, which in the current case, concerned employees of state-owned banks. As participants, including those who distributed the questionnaire, were invited to be involved in the study, this also represents a 'convenience' sample (Wright & Fowler, 1986), which equally has its limitations.

With the survey being extra-organizational in nature and sampled through non-probabilistic methods, the extent to which outcomes are free from bias is raised. In respect to traditional sampling processes, it is clear that a random sample would have produced data that was more statistically sound. Conversely, in that the investigation was not of an 'official' nature, it is possible that responses were more honest, in that they understood that bank officials would not have access to their completed questionnaires. It is also the case that an official study would not have been bureaucratically possible. Thus, whilst the potential for bias is acknowledged, the sampling approach was considered the only realistic viable option.

4.4 Methods – research instrumentation

Instrumentation provides the means by which objective data is gathered, with the selection of appropriate instruments being fundamental to the research design (Cassell & Symon, 1997; Neuman, 2000). Naturally, instruments need to provide broad support for the philosophical stance adopted by this study, whereby two methods were used, questionnaire and semi-structured interviews with key stakeholders that provided an element of triangulation (Guy & Morgan, 1999). The first part of this section addresses issues associated with the gathering of data via interview, whilst the second part discusses the questionnaire that was specifically designed for the study.

4.4.1 Preliminary interviews

The interview process can be followed as formal or informal interviews and can consist of fixed-choice questions or semi-structured that allow for greater flexibility during the interview (Hobson, 1998). To develop the questionnaire content, semi-structured telephone interviews were undertaken with ten employees from the Chinese state-owned banks. An in-depth interview can generate large amounts of data, drawing from a wide range of respondents. However, the approach, whilst being less restrictive in scope than the questionnaire format, was used to gather data to design a survey instrument

Observations can refer to participant observation, where the researcher is directly involved with those being studied or may include non-participant observation, where the researcher stands apart (Drew, 1980). Researchers need to develop their skill to use these methods effectively (Burns & Bush, 1998). According to Ackroyd and Hughes (1981), the interview method of data collection provides the opportunity for the researcher to establish rapport, explain the purpose of the study and clarify the meaning of unclear statements. There is greater flexibility during this data gathering process, as the interviewer can explore significant areas that are not in the original

plan. Interviews are thought to be particularly useful when studying human motivations and feelings, or exploring new areas (Andreason & Best, 1977).

From a positivist perspective, the researcher needs to gather information relevant to the study, whilst remaining as objective as possible. In the current study, one-to-one telephone interviews were conducted with a selection of state bank employees to explore the key issues of performance appraisal and how they were approached. The interviews gave participants an opportunity to express their understanding in their own words, which added richness to the data. Interviews are especially suited to participants who are knowledgeable of the subject area (Kane, Philman & Lee, 1990). The interviews, which were semi-structured and fell within the framework of the fourteen broad questions, provided a free flowing conversation (Malhotra & Birks, 2000), whereby participants introduced areas they considered important.

Following familiarisation with the literature and company documents, especially those relating to performance appraisal, twelve semi-structured telephone interviews were conducted during the early stages of the research, between September and November 2005. Of the twelve interviewees, five held management positions, ranging from branch director to first line manager. Approximately three quarters of the interviews were tape-recorded, for which the interviewees granted permission. The interviewers were fully involved in and knowledgeable of the performance appraisal procedures operating in their organizations. When interviewing participants an informal style was adopted, to help participants feel at ease to express their opinions (Arksey & Knight, 1999). At times the order of questions varied, as interviewees raised questions themselves. The average time for each telephone interview was approximately one hour, although additional issues were clarified through follow-up telephone calls and e-mail contact.

Ethical considerations need to be borne in mind when interviewing (Saunders *et al.*, 2009). At the start of each telephone interview, the purpose was explained fully and it was made clear that interviewees were allowed to withdraw at any time they wished. During the interview, privacy and confidentiality were maintained which encouraged interviewees to speak freely (Bryman & Bell, 2007). Face-to-face or

video conference interviews are considered valuable, in that body language can be observed (Fisher, 2007), although these advantages had to be forgone, as the interviewees were in China and only telephone interviews were possible. Interviews were conducted in Chinese, which is the native language of both the interviewer and interviewees. It is acknowledged that the cross-cultural interpretation of language may impact when conversations are translated into English, but conversely, interviewees were able to express their attitudes and perceptions of performance appraisal more fully.

4.4.2 Outcomes from interviews

The fourteen questions used in the telephone interview related to the criteria that were used for performance assessment and measurements, to distinguish the most and least successful employees. Aspects of procedural justice were introduced which enquired about their satisfaction with respect to the process and outcomes, along with the overall perceived transparency and equitability of these. Finally, the area of salary was explored, along with the importance of this to the performance appraisal process.

Content analysis (Neuendorf, 2002) of the telephone interviews indicated variations in how the Chinese banking industry conducted performance appraisal. It is apparent that cultural factors play an important role in the implementation and process of performance appraisal. For example, *guanxi*, *mianzi*, nepotism, humility, and *renqing* are involved in the performance appraisal process. In addition, those factors found in previous research, such as seniority and unquestionable loyalty to the manager (Zhu & Dowling, 1998), were also identified.

The performance appraisal process in the state-owned banks can include self-assessment, peer and group discussion and a form of voting, which is followed by ranking and the superior's final decision. Communication was considered to be of a low level, with little or no feedback from appraisers. One apparent reason for the lack of feedback related to managers feeling reluctant to pass on negative information and thus avoiding direct confrontation (Buttery & Leung, 1998). Performance

appraisal results usually remain confidential for several weeks, even three months in one institution.

Whilst performance-related pay may have been widely applied in China's financial institutions, the rewards are mainly fringe benefits, rather than additions to basic pay. However, it is of note, that all those who were interviewed supported the importance of performance appraisal as a mechanism for motivating employees, although areas such as bias and lack of clarity were cited as hampering the process.

4.4.3 Questionnaire design and construction

In the social sciences, quantitative research aims to minimise ambiguity, which is especially important when measurements are gathered by indirect means, such as a questionnaire, rather than measuring the phenomenon directly. This entails an effective survey instrument (Cohen, 1988). In designing the questionnaire, the areas of phraseology, sequencing, presentation and scales were considered (Gill & Johnson, 1997). In keeping with the aim to explore the perceptions of bank employees on performance appraisal, the questionnaire sought to gather attitudes and biographical data to act as researcher-selected independent variables. Three guiding principles were adopted (Malhotra & Birks, 2000). Firstly, the need to translate the information required into specific questions that can, and will, be answered. Secondly, the design and format should encourage respondents to become involved and want to complete the questionnaire, and finally, clarity and precision should aim to minimise response error.

Essentially, the questionnaire aimed to minimise bias (Sekaran, 2003) and address the conceptual areas that link with the research question. Drawing on an extensive review of literature and the content analysis outcomes from the telephone interviews, a draft questionnaire was developed. The final questionnaire consists of 114 closed questions which were predominately opinion-based in nature (Easterby-Smith *et al.*, 2008) and related to stakeholder perceptions of performance appraisal. The questionnaire was accompanied by a cover letter which explained the purpose of the study and assured confidentiality. Information about the researcher's past

involvement in banks in UK was included in the letter, with a view to adding credibility to the survey.

Content, sequencing and presentation

Careful consideration was given to the number, type and use of questions included in the questionnaire. Throughout, questions referred to a mixture of the performance appraisal functions most frequently cited by respondents during the telephone interviews, along with those drawn from the literature. Questions can be presented in a random order (Kumar, 1999), or placed in a logical sequence, which, according to Sekaran (2003), assists respondents in ordering their thoughts. The sequencing approach was adopted for this research, as with one hundred and fourteen questions, the grouping of topics provided greater coherence.

Question order can equally impact on the respondent's motivation to complete the questionnaire (Sudman & Bradburn, 1982). As a general rule, sensitive, or personal questions should appear later in the sequence, although if demographic data is of particular importance then they can be positioned nearer to the beginning (Frazer & Lawley, 2000). Given the sensitivity to personal data in Chinese culture, the biographic data section was placed at the end of the questionnaire.

The questionnaire was divided into seven sections, with each being identified by alphabetical letters (see Appendix III). The questionnaire aimed to test out performance appraisal and stakeholder theory in a specific cultural setting and to explore levels of individual's perceptions on processes and policy. The first section (A) comprised fifteen questions relating to the respondent's perceptions of the performance appraisal processes in general, with a particular focus on the purpose of appraisals.

Section B of the questionnaire comprised twelve questions, which required respondents to indicate their perception of performance appraisal in their organization, which started to 'ground' the questionnaire. Section C comprised nineteen questions, which extended the enquiry on performance appraisal processes in their organization. The fourth Section (D) provided five questions that related

specifically to their feeling of loyalty, with respect to their current organization. The section was designed to determine the level of commitment and loyalty to the organization, which it was argued provided an indirect measure of employee satisfaction.

As this research aimed to evaluate what an effective performance appraisal process within the Chinese context might be, Section E, through twenty-one questions, sought the respondent's views on what they considered to be an ideal performance appraisal process. The final section on perceptual issues (F) addressed an additional set of twenty-six questions that related to general aspects of the performance appraisal process, which included satisfaction and procedural justice. Finally, Section G of the questionnaire comprised fourteen questions that related to the respondent's biographical data, specifically age, gender, role in their organization, educational background, tenure and for which bank they currently worked. The objective of this section was to assess the balance of the factors present in the sample and to provide independent variables that could be used in the analysis.

Presentation is thought to be an important contributing factor in achieving high return rates for postal questionnaires (Sudman & Bradburn, 1982). The ideal length for a postal questionnaire, indeed all questionnaires, should be related to that data which is required to effectively answer the research objectives. However, it is argued that lengthy questionnaires invariably reduce responses (Fisher, 2007). Nonetheless, sufficient data needs to be collected to achieve a robust set of findings and here, it was felt that the subject area could not be covered in less than around one hundred questions, which spread over eight pages. The assumptions, with regards to length, are supported by the high completion rate and return of the questionnaires.

Scales

Essentially, questionnaire scales were used to convey the perceptions of participants. Nominal and ordinal scales are most commonly used (Kidder & Jude, 1986), with nominal scales providing a word label that classifies the object. This type of scaling was applied to the biographic data, for example the coding of educational level and managerial status.

Ordinal scales have been thought to hide the true distance on a measure (Dancey & Reidy, 1999). In contrast, numerical scales provide a representation of interval scaling and here an equal distance between numbers is generally accepted to represent equal values. That is, the difference between any two points on the scale is accepted as constant, regardless of where those two points are on the scale.

Where information is required on a number of bi-polar categories the semantic differential scale provides a realistic option (Osgood, Suci & Tannenbaum, 1957), to the Likert scale (1932), which can be considered as normative in nature. Thus, where questions required perceptual measurements on performance appraisal a semantic differential scale was selected as a means of rating responses. Five-point scales are considered to be standard by Elmore and Beggs (1975), although there is a suggestion that reliability improves when longer scales are used (Clark, 1998; Sekaran, 2003). In addition, a longer scale provides greater precision with respect to the extent to which a respondent views the item (Hair *et al.*, 2003).

The purpose of a questionnaire was to provide data that would allow comparisons to be made between bank employees and having reviewed the various arguments, a compromise position was decided on by using a seven-point bi-polar numerical rating scale, with extreme anchors. Anchors for actual scores comprised of 'strongly disagree' (1) and 'strongly agree' (7), whilst 'not very important' (1) and 'very important' (7) were used for the importance scale.

Criticisms have been raised against closed questions in that they can limit the range of options by which a person can respond, which can create false data (De Vaus, 2001). Closed questions can also carry the criticism that they can lack depth and, to a certain extent, variety (Kumar, 1999), or that they attract a 'response set', where respondents just select a middle number and 'tick' this for all questions. Alternatively, the closed question, or scale, is considerably easier for respondents to complete and it also provides categorized responses that can be analysed statistically (Saunders *et al.*, 2009).

In Section A, as with all other sections except Section E, respondents were required to respond on two scales for each question. The left column of scale indicated what the respondent felt was the actual situation, whilst the right column sought their views on the importance of the item. The scales were used to test for any differences between what actually existed and how important each item was, which provided a measure of the respondents' satisfaction levels were and how they perceived performance appraisal.

Phrasing and language

The term phrasing relates to how understandable a question appears to respondents (Oppenheim, 1992), which is particularly important, as there are no opportunities for clarification in postal questionnaires. Pitfalls in question design have been known for a while, particularly in the areas of leading questions, double content and ambiguity (Payne, Ballantyne, & Christopher, 2005). Difficulties surrounding double negatives have also been highlighted (Young & Dana, 2003). In constructing the questionnaire, the language used for the perceptual measures was taken from the semi-structured interviews, which fitted in with the recommendation that the language should be appropriate to the organization (Fisher, 2007).

The original version of the questionnaire was constructed in English, after which the researcher translated it into Chinese. To ensure that the meaning of questions was not changed or lost by the Chinese translation, a native Chinese speaker reversed the translation process, with satisfactory results. After preparing the first draft of the questionnaire, it was piloted to identify any deficiencies and to ensure both the reliability and validity of the research instrument. Given the complexity surrounding the Chinese language, piloting the questionnaire was particularly important, especially as the survey was to be undertaken in China.

Reliability of instrumentation

The questionnaire design aimed to produce an instrument, with a formalised set of questions, which would provide relevant, reliable and valid data. In the positivist paradigm, reliability relates to the ability of an instrument to accurately measure the same thing in a consistent way, with Cronbach's Coefficient Alpha being traditionally

used to determine the internal consistency of an instrument (Cronbach, 1951). The Alpha statistic estimates the reliability of a scale in relation to the internal consistency of the measure, by providing a measure of squared correlations between observed scores and true scores.

With respect to Cronbach's Coefficient Alpha (Cronbach, 1951), the larger the Alpha statistic the more likely it is that the items conform to a reliable scale. A standard cut-off of 0.70 is generally thought to show the lower estimate of reliability (Cortina, 1993). In short, Cronbach's Alpha tests the degree to which participants answered related items in similar ways. If participants show a wide variation on individual items, relative to how much they vary overall on the test, then a low value for Alpha is achieved. Designers of questionnaires strive for the highest possible internal consistency (Cronbach, 1951). The Cronbach Alpha for the current research instrument was 0.90, which is considered acceptable.

4.5 Methods – research procedures

The procedural aspects of questionnaire administration and how instruments are administered can affect the data through face validity (Coolican, 1999). Thus, the procedures relating to how the questionnaires were administered are presented and justified, which is followed by ethical issues associated with the study.

The purpose of the pilot study was twofold, firstly to test the questionnaire distribution process and secondly, to pilot test the instrument itself. The pilot study involved a range of respondents from the banks, with the sample numbering eighteen in total. Following the pilot study, the draft questionnaire was reviewed in terms of layout, content, and structure, which resulted in adjustments being made, although these were not major in nature, with the alterations referring more to wording, rather than content. For example, eleven respondents were unsure of the wording of question four, which was subsequently rewritten.

Whilst the cities of Beijing, Shanghai, Shenzhen and Zhengzhou were targeted, the researcher returned to her hometown of Zhengzhou, in early 2006 to discuss with former colleagues from the state-owned banks any issues or concerns they had. Each questionnaire was accompanied by an explanatory letter and instructions of how to return the completed questionnaire, which was labelled as 'Confidential'. The data was analysed using SPSS and the process tested.

The pilot phase of the questionnaire survey confirmed the importance of performance appraisal issues that needed to be explored. The process also reinforced the need to re-examine existing appraisal processes in greater depth.

4.5.1 Distribution

A 'mail' survey approach was adopted as the preferred method for data distribution. This approach allowed for systematic data collection and the statistical assessment of 'real world' situations, in this case employees in Chinese state-owned banks. The prospective participants were identified through individuals in each of China's state-owned banks. Questionnaires were despatched either via emails or with self-addressed return envelopes enclosed, which is claimed to enhance returns (Oppenheim, 1992). As Chinese was the native language of the target respondents, the questionnaire was presented in the Chinese language.

The questionnaire survey commenced in April 2006 and continued until October 2006. Assistance was sought from past colleagues and relatives who had connections with the state-owned banks. These contacts assisted in the distribution and collection of the questionnaires, following which they despatched the completed forms to UK by post. At one stage a batch of completed questionnaires went missing in the post and efforts were made to gather more questionnaires to ensure that a large sample was achieved.

A batch of 250 questionnaires was delivered to contacts in each of the state-owned banks, with instructions that these should be circulated and then returned to a named individual. Of the 1,000 distributed 706 were returned, making a return rate of

70.6 per cent. The distribution across the banks was reasonably even, although the Commercial Bank of China achieved the highest returns (85 per cent), with the lowest being the Agricultural Bank of China (58 per cent). Due to the nature of the banks a number of employees were seconded to the state-banks, which led to a proportion of completed questionnaires being received from 'others'.

4.6 Methods - data processes and statistical tests

SPSS (Norusis, 1991) formed the key software package for the data analysis, with Version 14 being utilized. Limitations exist within the package, for example the requirement to calculate the size effect for paired *t* tests by hand, although the comprehensive nature of the programme (Keller, 2001) made it an appropriate package for the current research.

Outcomes from the survey approach can be descriptive or analytical (Ghauri *et al.*, 2005). Descriptive statistics provide accurate data profiles, which highlight the broad differences and similarities within nominal data. The biographical data were reviewed through non-parametric statistics, with frequency distributions being used to illustrate the nature and profile of the sample. In exploring data from the independent variables, a parameter of between +1 and -1 was set for skewness and kurtosis. The data broadly fell within these parameters, which signifies a normal distribution curve and allows for the use of parametric statistics (Blalock, 1979).

Inferential statistical significance, however, provides a link with hypothesis testing, with the analytic data analysis of inferential statistics being closely linked with the positivist paradigm (Breakwell, 1995). Regarding the use of descriptive techniques, frequency distributions, means and standard deviations were employed, using the SPSS version 14.0 computer software. Reese (1996) recommended that the SPSS computer package is well able to summarise and analyse data from questionnaires and experiments. In using parametric inferential statistics, the hypotheses were tested through applying one-way analysis of variance (ANOVA), *t*-tests and, in some cases, effect size. The null hypothesis is usually stated so that the independent

variable does not have an effect on the dependent variable. A value of $p \leq 0.05$ was adopted as the level of statistical significance.

Within the social sciences the distinction between ordinal and interval scales is not clear, with there being particular uncertainty surrounding Likert type scales. According to the classification devised by Stevens (1946) ordinal levels are numerical representations of levels identified by an individual in their answer. There seem to be two views concerned with treating ordinal measures as interval measures (Davidson, 2005). One view argues that good ordinal data will invariably arrive at the same conclusions as a more appropriate test. The view has received broad support, with it being argued that most measures in social sciences are technically ordinal. A more traditional view (Henkel, 1987) argues that outcomes derived from the use of more inappropriate techniques produce unintelligible nonsense, whilst others argue that little difference is found (Blalock, 1988). The more common approach of accepting scaled questionnaire responses as interval data was adopted in the current research.

4.6.1 Student's *t* Test – measure of difference

The independent *t* test assesses the extent to which the means of two groups are statistically different from each other. Devised in the early 1900s, the *t* test can be applied to between-subjects, paired subjects, independent-samples, or unrelated *t* test (Rowntree, 1981). In seeking possible statistical differences between groups the independent *t* test formed the main technique with which to test those hypotheses associated with the independent variables that had two categories. Throughout this research and in line with the exploratory nature of the approach, the null hypotheses were tested, with two-tailed significance being reported.

The paired *t* test is used to identify significant differences in means from two scores that are taken from the same source and is sometimes referred to as the dependent *t* test (Sekaran, 2003). The test was used to determine the differences between what respondents considered their 'actual' score and what they perceived to be the importance, or 'ideal' view of the question. In a way, this indicates the importance of

the question, which is then compared against what happens in reality. Where the t score is minus, this indicates that the first condition had a smaller mean than the second score. Whilst SPSS can produce paired results that indicate statistical significance, there is a need to determine if the size of the effect is 'real', or practically significant. The use of 'effect size' is invariably associated with biomedical studies (Singh, 2006) and a correlation coefficient (r) for the size effect.

The 'effect size', or r -value, needs to be calculated by hand, using the degrees of freedom and the t values provided from the SPSS results (Rosnow & Rosenthal, 2005).

$$r = \sqrt{\frac{t^2}{t^2 + df}}$$

Cohen (1988) considered that when using the r -value from paired t tests, the effect size can be considered small, medium or large, 0.10, 0.30 and 0.50 respectively.

Essentially, 'size effect' refers to the standardized difference between means, which adds additional information to the statistical significance outcome and as such provides greater meaningfulness to the result (Kotrlík & Williams, 2003). According to Kirk (1996), whilst statistical significance relies heavily on sample size, effect size assists in the interpretation of results, which assists the research in deciding whether the results are practically significant. This test was used specifically for finding the real differences between the actual results and the importance of them.

4.7 Reliability and validity

Sekaran (1992) proposed two criteria for researchers to use in testing the suitability of the instruments used. Validity tests the extent to which an instrument measures

the particular concept it is aiming to measure, whilst reliability refers to how consistently an instrument measures what it is measuring. That is, validity lets researchers know if they are measuring the right concept, while reliability suggests that the test can provide consistent and stable measures.

Reliability and validity relate to the dominant methodology. With the current survey design flowing from the positivist paradigm, a prime concern is the research population and the characteristics the sample possess (Brewerton & Millward, 2001), especially the extent to which it is representative of the population.

4.7.1 Reliability

In line with McMillan and Schumachers' (1993:287) statement that the Cronbach Alpha test 'is generally the most appropriate type of reliability for survey research', this test was carried out on the interval data from the questionnaire. The result returned a Cronbach Alpha score of 0.90, which is considered to indicate that the data was internally consistent and hence reliable (Sekaran, 1992). In short, reliability refers to the degree to which the results are consistent (McMillan & Schumacher, 1993).

Validity refers to the confidence in an instrument to measure that which it is supposed to measure, with the ultimate goal being to control for threats to validity (Cook & Campbell, 1979). Some confusion can exist, as validity can be specific, in that a test may be valid for one group, but not another. With respect to performance appraisal, the task and setting have been identified as possible threats to external validity.

4.7.2 Validity

McMillan and Schumacher (1993) argued that validity tests the appropriateness of a measure for making decisions on the basis of the scores and is related to the purpose, population and the situation in which measurement occurs. Validity tests can take one of three broad forms: content, criterion-related and construct validity.

Content validity looks at whether the measure adequately measures the concept. Criterion-related validity tests the extent to which the measure can help predict a variable. Construct validity tests whether the research instrument captures the element that is being theorised (Sekaran, 1992).

4.7.3 Validity (internal)

In experimental design, internal validity refers to the extent to which changes in the dependent variable are caused by changes in the independent variable (Cooper & Schindler, 2006). Thus, it concerns the extent to which the effect can be attributed to the independent variable. Threats to internal validity often refer to sampling biases, incorrect application of statistics or intervening variables that are not connected with the independent variable. However, the retrospective nature of management studies creates difficulty in estimating the 'true' causal direction (Kerlinger, 1973).

4.7.4 Validity (external)

The researcher-selected independent variable is responsible for external validity. External validity refers to the extent to which findings can be generalised. That is, the degree of confidence that exists surrounding how well the findings can legitimately be generalised to similar groups of people in different situations. Influences relating to people are normally associated with face validity (Bracht & Glass, 1968).

4.7.5 Content and Face Validity

Content validity relates to the extent to which a measure covers the range of factors being measured, with the content being verified by experts (Howell, 1995). Thus, it investigates how the instrument measures what it claims to measure. The design of the current research instrument was based on the theoretical concepts associated with performance management, stakeholder theory and culture, which provided a

degree of support for the content validity of the instrument. Face validity is usually thought of as not being as rigorous as content validity and refers to how an instrument subjectively appears to measure what it claims to be measuring. A high measure of face validity can be achieved from a wide range of responses that take into account different perspectives. In questionnaire method, the pilot study assisted in identifying the phrases and language used within the organization, which can equally contribute to high face validity (Eden & Ackermann, 1998).

Explanations surrounding the study and the associated measures, along with the use of standard administrative procedures, tended to minimise resistance, although it was not possible for the extent to be fully measured.

4.7.6 Criterion validity – concurrent, predictive and construct

Criterion validity refers to criteria that are external to the test. The process embraces concurrent validity, predictive validity and construct validity. These are particularly important when predicting effectiveness at work.

Concurrent validity refers to the instrument being measured to a similar test around the same time (Clark, 1998), with correlations of 0.65 normally being considered as an acceptable minimum. Predictive validity refers to whether a test predicts some future event, particularly with respect to future job performance. In the social sciences the predictive measure of validity is often limited by the absence of a definitive criterion for 'success'. That is, variation in roles and other variables tend to limit the extent to which criterion-validity can be determined.

Construct validity is considered the strongest test of validity for an instrument. This refers to how well the instrument adequately measures the theoretical construct it claims to be measuring. In essence, high construct validity confirms that the instrument is measuring the theoretical construct well, with links between related constructs providing support for this validity (Aiken, 2003).

The exploratory direction adopted for this research is related to the special situation that exists within the Chinese bank and the lack of literature that assesses them directly. However, elements of stakeholder and performance appraisal theory have been incorporated into the research and evaluated.

4.8 Ethical considerations

Data for social sciences studies needs to be gathered through questionnaire and interview and during these processes, ethical and moral issues can impact negatively on validity and reliability. Thus, the study was conducted in accordance with the general principle that relates to protecting the physical and mental welfare of participants (Korac-Kakabadse, 2002).

The focus of the research concerned the nature of performance appraisal, which was uncomplicated and did not require any deception or misinterpretation. Psychological risk was considered minimal, yet throughout, and in accordance with the Data Protection Act 1998, no information was used through which any individual could be identified. Essentially, participants either accepted to complete the questionnaires or they did not.

Participants were assured that personal information would not be revealed to any other party, which linked them as the source. Similar assurances of data confidentiality were given prior to the telephone interviews, which were particularly important, as one of the three key points that researchers should be conscious of (Denscombe, 1998), is to ensure confidentiality, especially when participants are still working in the study organizations, as is the case in the current study.

Researchers hold an ethical responsibility to let participants know the purpose, context and broad direction of the study in which they are involved. This was done through a covering letter, which provided the basis for informed consent. Confidentiality of data and the right to withdraw at any time was equally stated during the telephone interviews.

In gathering data, particularly from a deductive stance at interview, the researcher sought the truth about their feelings and opinions (Van Gigch, 1978). Here, having knowledge of the participants' situation can facilitate a degree of empathy with their work, which may be less accessible to other researchers and it is conveyed to participants that the researcher had worked in the financial sector in UK.

This section is concerned with the choice of research participants. In assessing the perceptions of salient stakeholders on performance appraisal a total of 1,000 participants were identified, which were drawn predominately from the four main banks and ranged across the managers and non-managers. This approach was thought to provide a representative sample, both with respect to make-up and size, with a response rate, after ineligible questionnaires were excluded (De Vaus, 2001), of 71 per cent.

4.9 Research hypotheses for the current study

An outline of the characteristics associated with key dependable variables are firstly outlined, after which the five null hypotheses are presented.

4.9.1 Independent Variables

In social science research a number of independent variables are often used to assess the dependent variable (Frankfort-Nachimas & Nachimas, 1996). In this research nominal independent variables referred to personal characteristics of key stakeholders and the role they occupied. The key factors included age, educational level, length of service and the bank worked for, along with their perception of their last performance appraisal review.

4.9.2 Dependent variables of the bank ratings

In a bid to determine the relative effectiveness of the four state-owned banks a series of measures were used. The measures related to outputs and costs, with five

specific determinates being used. These determinants of banking performance mirrored those used elsewhere, with these being the Net Interest Margin (Revel, 1980), Return on Assets and Return on Equity (Heffernan & Fu, 2008), Cost-to-income and the Non-performing Assets to Total Loans (Podpiera, 2006). Drawing on the 2007 data it was possible to arrange the banks in a rank order, thereby providing a means of comparison for overall effectiveness, which is discussed further in the findings chapter.

4.9.3 Hypotheses

The aim of this research was to explore *which factors contribute to salient stakeholder perception of the performance appraisal management process for the Chinese State-owned banks and what importance is attached to these*. In seeking the perceptions of salient stakeholders the research was centred on three key objectives:

1. To appraise critically the perceptions of significant stakeholders on the nature of performance appraisal systems in Chinese state-owned banks.
2. To evaluate critically the levels of satisfaction and loyalty with the process and outcomes associated with performance appraisal in the Chinese state-owned banks.
3. To appraise critically the stakeholder perception of what constitutes an 'ideal' performance appraisal process for Chinese State banks, this takes account of the cultural dimension.

To provide a stronger focus and to operationalize the research, five main hypotheses were formed to explore specific independent variables associated with the objectives. Each of the main hypotheses contains a number of sub-hypotheses, which essentially relate to the biographical data. Given that the study was exploratory null hypotheses are presented.

H1: There is no difference between respondents' perception of performance appraisal processes and purpose, with regard to gender, age, education, location, role, length of service, and the results of their performance appraisal.

H2: There is no difference between respondents' satisfaction with performance appraisal with regard to gender, age, education, location, role, length of service, or the results of their performance appraisal.

H3: Respondents' loyalty to their organization is not related to gender, age, education, location, role, length of service, or the results of their performance appraisal.

H4: There is no difference between respondents' perception of satisfaction with regard to the four state-owned banks in which they worked.

H5: There is no difference between respondents' perception of an 'ideal' performance appraisal process regarding their gender, age, education, location, role, length of service, or the results of their performance appraisal.

Summary

In reviewing the methodological perspective, instrumentation and procedures, this chapter provides a rationale for how the study was approached. Justification for the population and sample selection was provided, along with the procedures and analytical tools used. Finally, in keeping with the exploratory nature of the study the aim which was to illuminate the broad trends associated with the stakeholder perception of performance appraisal, five statistical hypotheses were presented.

It has been argued that one role of the methodological discussion is to assist in making just and objective decisions, rather than being an end in itself (Creswell, 1994). Indeed, it is acknowledged that the methodology provides a direction for the whole study and has a direct bearing on research findings, to which the discussion now turns.

CHAPTER 5

SURVEY FINDINGS

This chapter contains findings from the questionnaire survey, which was designed to explore the perceptions of performance appraisal from both the appraisers' and appraisees' standpoint.

This chapter is divided into two main sections. Firstly, descriptive statistics are presented, which outline the biographical data relating to the respondents and which are treated as independent variables. In the second section, inferential statistics are presented, with these progressing through the sections of the questionnaire, ranging from Section A to Section F. Section A concerns the purpose of performance appraisal in general, whilst Section B addresses the respondent's perception of the processes operating in their own organization. Section C relates to the respondent's attitudes towards the effectiveness of, and satisfaction with, the organization's performance appraisal process, which is followed by the employee's view on their loyalty to the organization in Section D. In the final two sections, views on an 'ideal' performance appraisal system are presented in Section E, with Section F providing data that comes from more in-depth views surrounding the performance appraisal process. The individual hypotheses reported in this chapter are linked to the five broad hypotheses identified in methodology, which are: H1 the perception of performance appraisal processes and purpose; H2 satisfaction with performance appraisal; H3 respondents' loyalty to their organization; H4 respondents' perception of satisfaction in relation to the different banks and H5: respondents' perception of an 'ideal' performance appraisal process.

Within each section, independent variables are used to illustrate the statistically significant differences that were present. For clarity, only significant findings are

presented in this section, with all post-hoc results from the ANOVA test being placed in Appendix IV.

5.1 Descriptive Statistics

Descriptive statistics provide a broad overview of the respondent's characteristics, which are drawn from the independent variables in Section G of the questionnaire. This data outlines the characteristics of the sample respondents, which includes both personal and organizational elements. The aim in gathering such information is to enable inferential analysis to be undertaken, that will determine the degree of similarity and variance amongst the respondents.

5.1.1 Personal Characteristics

Question 100 refers to respondent's gender and is presented here in combination with their status in the organization (Figure 5.1). Findings show that the sample comprised 405 males (57.4%) and 301 female (42.6%), with the number of male managers being almost double that of the females in the same role (130:69). This reflects the broad gender mix of personnel in the Chinese state-owned banks, which is predominantly male orientated.

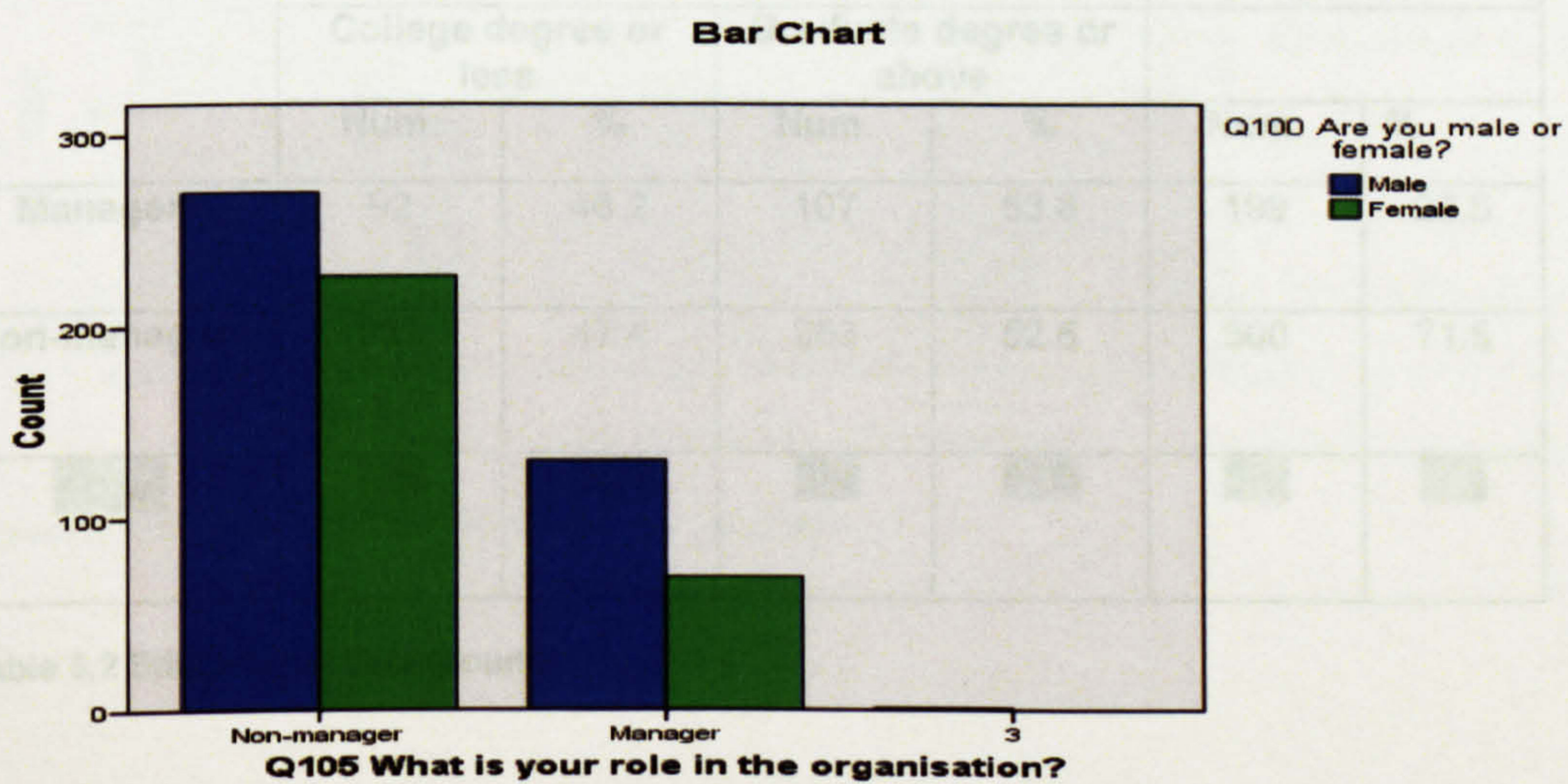


Figure 5.1 Gender of the Sample (n=706)

Respondents also indicated their age, choosing from six categories in question 104. It is apparent from Table 5.1 that the bulk of respondents were between 26 and 40 years of age, with the most represented category being 31-40 year old respondents.

Valid	Number	Percentage
Under 21 years old	27	3.8%
21-25 years old	91	12.9%
26-30 years old	227	32.2%
31-40 years old	261	37.0%
41-50 years old	95	13.5%
Over 50 years old	2	.3%
Missing	3	.4%
Total	706	100%

Table 5.1 Respondents age groups (n=706)

The highest level of education obtained was sought in Question 101. Table 5.2 reveals the breakdown of educational background in relation to the respondent's status. It is apparent that more respondents hold a degree than not, with it being noted that non-managers who held a degree were only slightly fewer than the managers, with both cases begin around the fifty per cent mark.

Groups	Educational background				Total	
	College degree or less		Graduate degree or above			
	Num.	%	Num.	%	Num.	%
Managers	92	46.2	107	53.8	199	28.5
Non-managers	237	47.4	263	52.6	500	71.5
Total	329	47.1	370	52.9	699	100

Table 5.2 Educational background

5.1.2 Occupational Characteristics

Table 5.3 shows that over 40 per cent of respondents have been with their bank for over 11 years, whilst conversely, only just under eight per cent of those who responded had been with their bank less than one year.

Valid	Number	Percentage
1 year or less	55	7.8%
2-3 yrs	61	8.6%
4-6 yrs	162	22.9%
7-10 yrs	95	13.5%
11-15 yrs	146	20.7%
More than 15 yrs	181	25.6%
Missing	6	.8%
Total	706	100%

Table 5.3 Respondents' length of service (n=706)

The breakdown between length of service and status is shown in Figure 5.2. As might be expected, the findings show that the managers had predominately been with their bank for more than 15 years. With respect to non-managers, it is clear that, in comparison to longer serving bank employees, there were much fewer people with up to three years service.

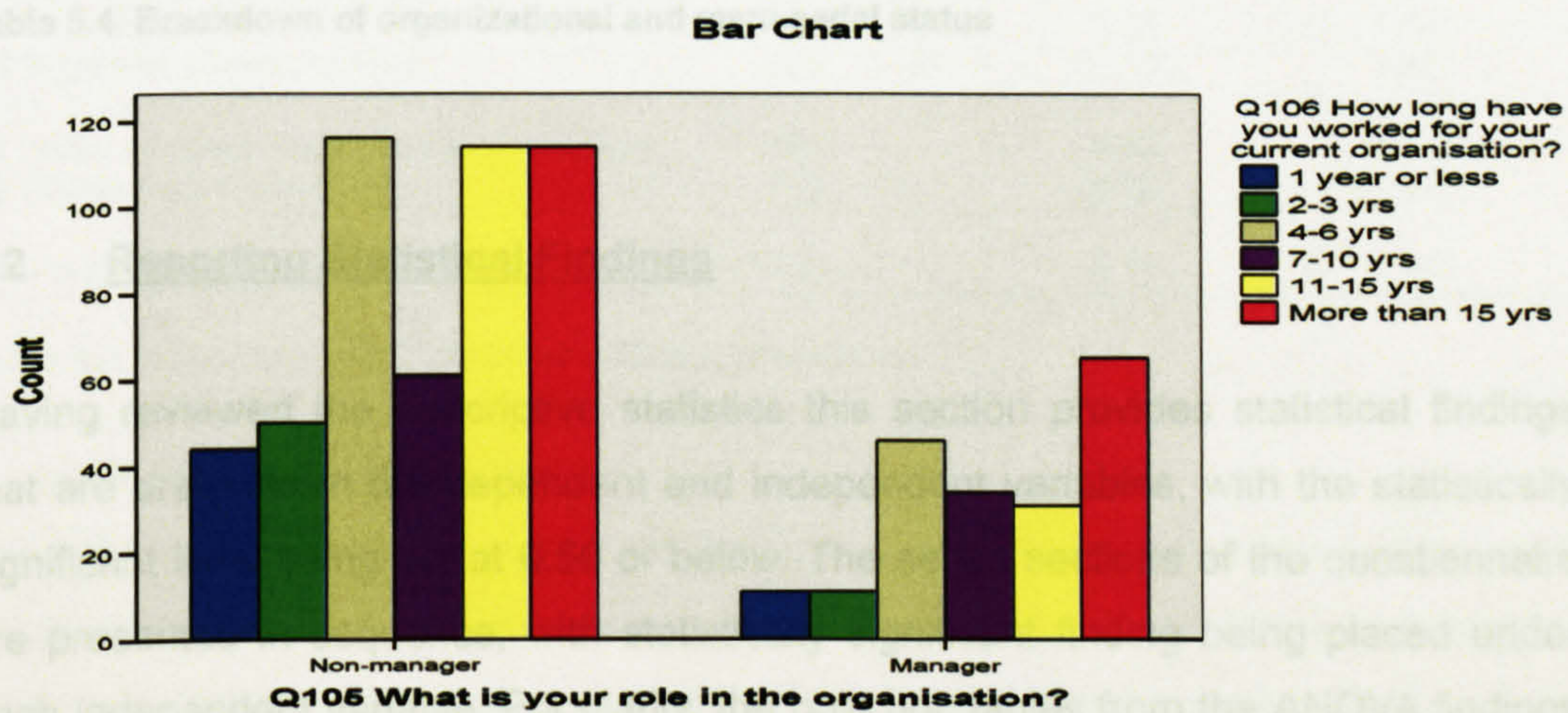


Figure 5.2 Respondents' length of service (n=706)

5.1.3 Organizational Characteristics

Table 5.4, which combines status with the respondents' place of work, outlines the distribution between the banks. Among the respondents, 153 worked with the Bank of China (BOC), whilst 113 were employed at the Agricultural Bank of China (ABC). The Construction Bank of China (CBC) was represented by 161 employees, with 114 respondents belonging to the Industrial & Commercial Bank of China (ICBC). The balance between managers and non-managers is fairly even, although the number of non-manager in the Construction Bank of China was higher.

Groups	Your organization									
	BOC		ABC		CBC		ICBC		Others	
	No.	%	No.	%	No.	%	No.	%	No.	%
Managers	55	35.9	44	38.9	41	25.5	36	31.6	23	14.7
Non-managers	98	64.1	69	61.1	120	74.5	78	68.4	133	85.3
Total	153	100	113	100	161	100	114	100	156	100

Table 5.4 Breakdown of organizational and managerial status

5.2 Reporting Statistical Findings

Having reviewed the descriptive statistics this section provides statistical findings that are drawn from the dependent and independent variables, with the statistically significant level being set at 0.50 or below. The seven sections of the questionnaire are presented in sequence, with statistically significant finding being placed under each independent variable. For clarity, the post hoc tables from the ANOVA findings have been placed in the appendices (Appendix IV).

5.2.1 Section A: Your Thoughts on Performance Appraisal in General

This Section is divided into two sub-sections, which address the performance appraisal functions and the attitudes towards performance appraisal. In measuring the respondents' perceptions on the function of performance appraisal, findings are grouped under the independent variables of the respondents' roles, educational background, length of service and the organization they work for. In addition, the findings for respondents' attitudes toward performance appraisal include the additional variables of the respondents' frequency of PA, undertaking PA training, last year's PA result and the self-evaluation of their last year's performance.

Performance Appraisal Functions

To provide a broad overview of the data, measures of dispersion are provided in Table 5.5.

Statement	Number	Mean	Standard Deviation
A1 Improves employees' performance	706	5.04	1.564
A2 Identifies employee's training needs	705	4.53	1.648
A3 Helps to communicate with boss	703	4.23	1.756
A4 Strengthens appraiser/appraisee Relationship	701	3.83	1.846
A5 Promotes personal growth	690	5.10	1.517
A7 Helps to select employees for promotion	687	4.83	1.633
A8 Clarifies work objectives	702	5.22	1.516
A9 Increases employees' motivation	700	5.17	1.498

Table 5.5 Perception of performance appraisal functions

a. Roles in the organization

Table 5.6 summarizes the significant findings for an independent *t* test, with it being apparent that six out of the eight questions show a significant difference between managers and non-managers' perception of performance appraisal functions.

Questions	t	df	Sig (2 tail)
A1 Improves employees' performance	-2.52	359.2	0.01
A3 Helps to communicate with boss	-2.63	695.0	0.01
A4 Strengthens appraiser/appraisee relationship	-2.28	692.0	0.02
A5 Promotes personal growth	-2.38	329.9	0.02
A7 Helps to select employees for promotion	-2.92	364.4	0.00
A8 Clarifies work objectives	-2.50	351.0	0.01

Table 5.6 Perception of performance appraisal functions based on roles

By comparing the mean scores in Table 5.7 it is apparent that, in all instances, the non-managers agree less than the managers, with regard to the function of performance appraisal

Q105 What is your role in the organization?	N	Mean	Std. Deviation
A1 PA aims to improve performance.	Non-manager	4.94	1.559
	Manager	5.28	1.582
A3 PA helps employees to communicate with their boss.	Non-manager	4.13	1.768
	Manager	4.51	1.717
A4 PA strengthens appraisers/appraisee relationship.	Non-manager	3.73	1.848
	Manager	4.08	1.843
A5 PA aims to promote personal growth.	Non-manager	5.01	1.489
	Manager	5.32	1.573
A7 PA aims to select employees for promotion.	Non-manager	4.71	1.652
	Manager	5.11	1.564
A8 PA clarifies work objectives.	Non-manager	5.13	1.498
	Manager	5.45	1.553

Table 5.7 Statistics on means

Therefore, the null hypothesis is rejected and the alternative one accepted:

H1a: There are significant statistical differences between how managers and non-managers view the function of PA.

b. Educational Background

Using the respondents' educational background, one significant result was found (Table 5.8), which reduces the potential impact of education. The mean scores (Table 5.9) reveal that respondents with a Graduate degree were less convinced that a performance appraisal should help employees to communicate with their boss.

Questions	T	df	Sig (2 tail)
A3 Helps to communicate with boss	2.57	695.94	0.01

Table 5.8 Perceptions of performance appraisal functions based on their educational background

Q101 What is the highest level of education you have obtained?	N	Mean	Std. Deviation
A3 PA helps employees to communicate with their boss. College degree or less	329	4.42	1.689
Graduate degree or above	371	4.08	1.804

Table 5.9 Statistics on means

Hence, the null hypothesis is rejected, with the alternative hypothesis being accepted. *H1b: There is a significant statistical difference between how respondents from different educational backgrounds view the function of PA.*

c. Length of service

With respect to respondents' length of services, an ANOVA test revealed that for the 15 items in Section A of the questionnaire, eight are statistically significant (Table 5.10). The detail contained in post-hoc tests is presented in Appendix IV.

Ques	Groups	df	F	Sig.
A1	Between	5.00	7.83	0.00
A2	Between	5.00	11.27	0.00
A3	Between	5.00	8.81	0.00
A4	Between	5.00	15.16	0.00
A5	Between	5.00	8.76	0.00
A7	Between	5.00	10.90	0.00
A8	Between	5.00	3.86	0.00
A9	Between	5.00	4.27	0.00

Table 5.10 Perceptions of performance appraisal functions based on respondents' length of service

Thus, the alternative hypothesis is accepted:

H1c: There are significant statistical differences between how respondents with different length of service view the function of PA.

d. The organization respondents work for

Table 5.11 reveals that with regard to the organization the respondents' work for, eight of the 15 questions returned significant statistical differences on the respondents' perceptions of performance appraisal functions.

Ques	Groups	df	F	Sig.
A1	Between	4.00	7.15	0.00
A2	Between	4.00	15.58	0.00
A3	Between	4.00	41.04	0.00
A4	Between	4.00	41.48	0.00
A5	Between	4.00	13.27	0.00
A7	Between	4.00	17.61	0.00
A8	Between	4.00	7.52	0.00
A9	Between	4.00	7.83	0.00

Table 5.11 Perception of performance appraisal functions based on respondents' organization

Thus, in rejecting the null hypothesis, the alternative hypothesis is accepted:

H4a: There are significant statistical differences between how respondents in different organizations view the function of PA.

Attitudes towards performance appraisal

Having reviewed the function of performance appraisal, the focus turns to the general attitudes respondents held towards performance appraisal, with the means being presented in Table 5.12. Statistical tests were used to determine significance, whilst the sub-sections follow those for the independent variables used above.

The findings suggest that the null hypothesis is accepted.

H1c: There are no significant statistical differences in the attitudes managers and non-managers have towards the function of PA.

Statements	Number	Mean	Standard Deviation
A6 Not penalise employees who have a poor relationship with their superiors	704	3.33	1.759
A10 Performance appraisal improves employees' performance	704	5.17	1.470
A11 Reduces conflict among colleagues	705	2.44	1.124
A12 An accurate way to evaluate my job performance	701	3.36	1.776
A13 My colleagues take their performance appraisal seriously	704	5.25	1.312
A14 Top management pay great attention to performance appraisal	704	3.11	1.661
A15 Provides opportunities for employees to pass their opinion to their superiors	706	4.49	1.791

Table 5.12 Respondents' attitudes towards the performance appraisal

a. Roles in the organization

In relation to the respondents' roles no significant statistical differences were found (Table 5.13), which suggests that managers and non-managers are broadly in agreement.

Questions	t	df	Sig (2 tail)
A6 PA not penalise employees who have a poor relationship with their superiors	0.56	385.34	0.57
A10 PA improves employees' performance	-0.27	114.00	0.79
A11 PA reduces conflict among colleagues	-0.46	380.64	0.65
A12 PA is an accurate way to evaluate my job Performance	-0.97	408.05	0.33
A13 My colleagues take their PA seriously	-0.79	368.39	0.43
A14 Top management pay great attention to PA	0.06	421.83	0.95
A15 PA provides opportunities for employees to pass their opinion to their superiors	-1.26	697.00	0.21

Table 5.13 Respondents' attitudes toward performance appraisal based on their roles in their Organizations

The findings suggest that the null hypothesis is accepted:

H1d: There are no significant statistical differences in the attitudes managers and non-managers have towards the function of PA.

b. Educational Background

Table 5.14 provides t-test results for the respondents' educational background. Whilst there is general agreement among respondents' attitudes toward performance appraisal, responses to two questions differed.

Questions	t	Df	Sig (2 tail)
A13 My colleagues take their PA seriously	-2.31	688.99	0.02
A15 PA provides opportunities for employees to pass their opinion to their superiors	2.60	698.45	0.01

Table 5.14 Respondents' attitudes toward performance appraisal based on their educational background

The means indicate that for Question 13, College degree respondents agree less with the statement that 'My colleagues take their PA seriously' (5.14) than those with a Graduate degree (5.37). For Question 15, the reverse is the case, with Graduate degree respondents returning a mean of 4.32, with it being 4.66 for College degree respondents.

Hence, the alternative hypothesis is accepted:

H1e: There are significant statistical differences between respondents with different educational background and the function of PA.

c. Frequency of performance appraisal

In relation to the frequency of the respondent's performance appraisal, seven questions showed a significant difference (Table 5.15).

Questions	t	df	Sig (2 tail)
A4 Strengthens appraiser/appraise relationship	2.56	357.0	0.00
A7 Select employees for promotion	3.98	356.0	0.01
A8 Clarifies work objectives	1.77	357.0	0.02
A9 Increases employees' motivation	3.63	357.0	0.00
A10 Improves employees' performance	2.73	357.0	0.00
A11 Reduces conflict among colleagues	2.45	357.0	0.00
A14 Top management pay great attention to PA	5.36	357.0	0.03

Table 5.15 Respondents' thoughts on PA based on the frequency of PA

In each case, respondents who had their performance appraisal within the last year agree more than those who had not undertaken an annual review (Table 5.16).

Q109a As an employee, when did you have your last performance appraisal?		N	Mean	Std. Deviation
A4 PA strengthens appraisers/appraisee relationship.	Under 1 year	281	3.86	2.048
	Over 1 year	78	3.22	1.551
A7 PA aims to select employees for promotion.	Under 1 year	281	5.05	1.547
	Over 1 year	77	4.23	1.791
A8 PA clarifies work objectives.	Under 1 year	281	5.28	1.367
	Over 1 year	78	4.96	1.631
A9 PA increases employees' motivation.	Under 1 year	281	5.48	1.239
	Over 1 year	78	4.85	1.751
A10 PA improves employees' performance.	Under 1 year	281	5.48	1.259
	Over 1 year	78	5.00	1.728
A11 PA reduces conflict among colleagues.	Under 1 year	281	4.23	1.966
	Over 1 year	78	3.64	1.562
A14 Top management pay great attention to PA.	Under 1 year	281	5.60	1.367
	Over 1 year	78	4.60	1.738

Table 5.16 Statistics on means

Hence, the null hypothesis is rejected and the alternative accepted:

H1f: There are significant statistical differences in respondents' attitudes toward PA depending on how frequently they received an appraisal.

d. Undertaking performance appraisal training

The findings in Table 5.17 showed differences for respondents who had undertaken training in performance appraisal, with six of the 15 questions showing significant statistical differences at the 0.05 level, or below.

Questions	t	df	Sig (2 tail)
A2 PA aims to identify training needs.	-4.33	462	0.03
A3 PA helps employees to communicate with their boss.	-7.20	461	0.01
A4 PA strengthens appraisers/appraisees relationships.	-6.36	458	0.01
A7 PA aims to select employees for promotion.	-4.06	445	0.00
A8 PA clarifies work objectives	-3.11	459	0.00
A15 PA provides opportunities to pass their opinion to their superiors.	-5.83	463	0.02

Table 5.17 Respondents' thoughts on PA based on 'undertaking performance appraisal training'

The mean scores support the intuitive finding that those who had undertaken performance appraisal training agree more than those who had not (Table 5.18).

Q114 Have you been trained in PA?	N	Mean	Std. Deviation
A2 PA aims to identify training needs.	No	4.41	1.661
	Yes	5.09	1.460
A3 PA helps employees to communicate with their boss.	No	4.13	1.690
	Yes	5.26	1.391
A4 PA strengthens appraisers/appraisee relationship.	No	3.73	1.597
	Yes	4.79	1.871
A7 PA aims to select employees for promotion.	No	4.68	1.655
	Yes	5.31	1.346
A8 PA clarifies work objectives.	No	5.19	1.594
	Yes	5.64	1.244
A15 PA provides opportunities for employees to pass their opinion to their superiors.	No	4.42	1.684
	Yes	5.34	1.479

Table 5.18 Statistics on means

Hence, the alternative hypothesis is accepted:

H1g: There are significant statistical differences in respondents' attitudes towards PA in relation to having received performance appraisal training.

g. Last performance appraisal result

Table 5.21 reveals that the last performance appraisal result accounted for four items showing significant differences.

e. Length of service

Using the ANOVA test, three items were found to have significant differences with regards to the respondents' length of service (Table 5.19).

Ques	Groups	df	F	Sig.
A13	Between	5.00	5.62	0.00
A14	Between	5.00	4.38	0.00
A15	Between	5.00	10.07	0.00

Table 5.19 Respondents' attitudes toward performance appraisal based on their length of service

Thus, in rejecting the null hypothesis, the alternative is accepted:

H1h: There are significant statistical differences between respondents' attitudes towards PA based on their length of service.

f. Organization respondents worked for

With respect to which organization the respondents work for, five items were significant (Table 5.20).

Ques	Groups	df	F	Sig.
A6	Between	4.00	21.82	0.00
A12	Between	4.00	25.04	0.00
A13	Between	4.00	3.10	0.02
A14	Between	4.00	5.46	0.00
A15	Between	4.00	29.93	0.00

Table 5.20 Respondents' attitudes toward performance appraisal based on the organization they work for

Thus, the null hypothesis is rejected:

H4b: There are significant statistical differences between respondents' attitudes toward PA and the organization they work for.

g. Last performance appraisal result

Table 5.21 reveals that the last performance appraisal result accounted for four items showing significant differences.

Ques	Groups	Df	F	Sig.
A7	Between	2.00	5.37	0.01
A9	Between	2.00	5.21	0.01
A10	Between	2.00	4.24	0.02
A12	Between	2.00	16.26	0.00

Table 5.21 Respondents' thoughts on PA based on last performance appraisal result

Thus, the null hypothesis is rejected, while the alternative one is accepted:

H1i: There are significant statistical differences between respondents' attitudes toward PA and their last appraisal result.

h. Self-evaluation of last year's performance

Five out of the 15 questions were statistically significant at the 0.05 level, when taking onto account the respondents' self-evaluation of their last year's performance (Table 5.22).

Ques	Groups	df	F	Sig.
A1	Between	4.00	6.34	0.00
A2	Between	4.00	5.65	0.00
A3	Between	4.00	3.47	0.01
A4	Between	4.00	4.59	0.00
A11	Between	4.00	5.90	0.00

Table 5.22 Respondents' thoughts on PA based on self-evaluation of last year's performance

Thus, in rejecting the null hypothesis, the alternative is accepted:

H1j: There are significant statistical differences between respondents' attitudes toward PA and their self-evaluation of last year's performance.

i. Relationships between last PA result and the self-evaluation of last year's performance

The Pearson's Correlation test was used to determine if a relationship existed between the independent variables of the previous year's performance appraisal result and the respondents' perception of their performance in that year. As Table 5.23 reveals, a statistically significant relationship does exist at the 0.05 level,

although the Pearson correlation of -0.129 indicates that the relationship is weak. It is also noted that the finding is negative, in that as one figure rises the other falls.

		Q110 My result at this year's performance appraisal was?	Q111 I believe that my performance appraisal during this last year was?
Q110 My result at this year's performance appraisal was?	Pearson Correlation	1	-.129*
	Sig. (2-tailed)		.012
	N	384	380
Q111 I believe that my performance appraisal during this last year was?	Pearson Correlation	-.129*	1
	Sig. (2-tailed)	.012	
	N	380	397

*. Correlation is significant at the 0.05 level (2-tailed).

Table 5.23 Relationships between 'last performance appraisal result' and 'self-evaluation of last year's performance'

Thus, despite the weak relationship, the null hypothesis is rejected and the alternative hypothesis accepted:

H1k: There is a significant statistical relationship between respondents' last year's PA and their self-evaluation of their performance.

j. The Actual and the Ideal

Finally, in this section, a paired *t* test was used to explore the differences between what respondents understood to be the current situation and what they perceived as an 'Ideal' performance appraisal system. The paired *t* test indicated that 12 out of the 15 pairs were statistically significant at the 0.05 level. To determine if the difference was 'real' an 'effect size test' was used to test the real difference. To achieve 'real' difference an 'r' of ≤ 0.30 is required, which was not achieved in these results (Table 5.24).

Section A Your thoughts on PA in general

	t	t ²	t ² + df	t ² /t ² +df	r
A1	-3.95	15.63	715.63	0.02	0.15
A2	-3.60	12.96	714.96	0.02	0.13
A3	-4.37	19.06	716.06	0.03	0.16
A4	-4.88	23.81	721.81	0.03	0.18
A5	-1.13	1.27	684.27	0.00	0.04
A6	-5.16	26.66	725.66	0.04	0.19
A7	-6.78	45.97	728.97	0.06	0.25
A8	-3.00	9.01	705.01	0.01	0.11
A11	-4.93	24.32	724.32	0.03	0.18
A12	-5.19	26.88	722.88	0.04	0.19
A13	-3.05	9.27	709.27	0.01	0.11
A15	-2.02	4.07	707.07	0.01	0.08

Table 5.24 Effect size test on respondents' thoughts on PA based on the actual and the ideal

Thus, in accepting the 'real' standard, the null hypothesis is accepted:

H5a: There are no real statistically significant differences between respondents' actual and the ideal attitudes toward PA.

5.2.2 Section B: Performance Appraisal in Your Organization

This section presents the statistical results for Section B of the questionnaire, which addressed performance appraisal in the respondent's organization. The presentation follows that used in Section A, with sub-sections being used to report significant findings in respect to areas such as role, educational background, frequency of performance appraisal and the undertaking of performance appraisal training.

a. Roles in the organization

With regard to the 12 questions in this section, three were found to be statistically significant for the person's role in the organization. The indication is that there is a broad consensus between managers and non-managers for how they view performance appraisal in their organization (Table 5.25). In comparing the means (Table 5.26) it is noted that non-managers agree less than managers, although the means for Questions 20 and 23 are lower than midpoint on the scale.

Questions	t	df	Sig (2 tail)
B20 When I think of the effort I put in, I am satisfied with the rewards I get	-2.19	241.06	0.03
B22 Promotions are given on the basis of 'who you know'	-2.33	686.00	0.02
B23 Pay increases are not directly related to my relationship with my superiors	-2.11	319.62	0.04

Table 5.25 Respondents' satisfaction with performance appraisal based on their roles in the organization

Q105 What is your role in the organization?		N	Mean	Std. Deviation
B20 When I think of the effort I put in, I am satisfied with the rewards I get.	Non-manager	497	2.73	1.394
	Manager	199	3.18	2.711
B22 Promotions are given on the basis of 'who you know'.	Non-manager	492	5.07	1.322
	Manager	196	5.33	1.275
B23 Pay increases are not directly related to my relationship with my superiors.	Non-manager	498	2.83	1.382
	Manager	198	3.10	1.603

Table 5.26 Statistics on means

Thus, the significant results argue for the alternative hypothesis to be accepted.

H2a: There are significant differences of respondents' satisfaction with PA between manager and non-manager groups.

b. Educational background

The *t* test results for educational background reveal that there is broad agreement among respondents, with just one question being statistically significant (Table 5.27). Respondents with Graduate degrees agreed more than College degree holders that 'Appraisers are poorly prepared for conducting my performance appraisal' (Table 5.28).

Questions	t	df	Sig (2 tail)
B27 Appraisers are poorly prepared for conducting my PA	-2.85	690.42	0.00

Table 5.27 Respondents' satisfaction with performance appraisal based on their educational background

Q101 What is the highest level of education you have obtained?		N	Mean	Std. Deviation
B27 Appraisers are poorly prepared for conducting my PA.	College degree or less	327	4.86	1.279
	Graduate degree or above	368	5.14	1.355

Table 5.28 Statistics on means

Hence, the null hypothesis is rejected while the alternative hypothesis is accepted.
H2b: There is a significant statistical difference between respondents' satisfaction with PA and their educational background.

c. Frequency of performance appraisal

In line with education, there is broad agreement with respect to the frequency with which respondents undertook performance appraisal, with only one significant item being returned (Table 5.29). The mean scores show that for Question 16, respondents who had an annual appraisal were more positive than those who had not been appraised (Table 5.30).

Question	t	df	Sig (2 tail)
B16 PA is considered as valuable.	4.95	357.0	0.00

Table 5.29 Respondents' satisfaction with PA based on frequency of performance appraisal

Q109a As an employee, when did you have your last performance appraisal?		N	Mean	Std. Deviation
B16 PA is considered as valuable.	Under 1 year	281	5.17	1.363
	Over 1 year	78	4.24	1.803

Table 5.30 Statistics on means

Hence, the alternative hypothesis is accepted:

H2c: There is a significant statistical difference between respondents' satisfaction with PA and the frequency of their appraisal.

d. Undertaking performance appraisal training

Table 5.31 concerns the findings with respect to respondents having undertaken training in performance appraisal and shows that five of the 12 items are statistically significant.

Questions	t	df	Sig (2 tail)
B20 When I think of the effort I put in, I am satisfied with the rewards I get.	-9.49	459	0.00
B21 Pay increases are directly related to how well I do the job.	-6.40	461	0.00
B22 Promotions are given on the basis of 'who you know'.	-3.62	452	0.02
B25 Pay increases are not directly related to how well I maintain good relationships with my colleagues.	-4.24	461	0.05
B26 Those people conducting appraisals have been trained effectively.	-7.05	457	0.00

Table 5.31 Respondents' satisfaction with PA based on undertaking performance appraisal training

As it would predominately be managers who had undertaken training it is not surprising that they viewed the process in a more positive way than those who had not been trained (Table 5.32).

Q114 Have you been trained in PA?		N	Mean	Std. Deviation
B20 When I think of the effort I put in, I am satisfied with the rewards I get.	No	305	3.80	1.881
	Yes	156	5.43	1.451
B21 Pay increases are directly related to how well I do the job.	No	306	4.35	1.848
	Yes	157	5.43	1.438
B22 Promotions are given on the basis of 'who you know'.	No	298	4.00	1.854
	Yes	156	4.68	2.016
B25 Pay increases are not directly related to how well I maintain good relationships with my colleagues.	No	306	4.34	1.768
	Yes	157	5.06	1.610
B26 Those people conducting	No	302	3.92	1.818

appraisals have been trained effectively.				
---	--	--	--	--

appraisals have been trained effectively.
Table 5.32 Statistics on means

Hence, the null hypothesis is rejected:

H2d: There are significant statistical differences between respondents' satisfaction with PA and undertaking performance appraisal training.

e. Length of service

Table 5.33 shows the findings from an ANOVA test, which reveals that eight items are statistically significant for respondents' length of service.

Ques	Groups	Df	F	Sig.
B17	Between	5.00	2.31	0.04
B18	Between	5.00	19.96	0.00
B19	Between	5.00	17.09	0.00
B20	Between	5.00	19.05	0.00
B21	Between	5.00	12.89	0.00
B22	Between	5.00	11.01	0.00
B23	Between	5.00	8.30	0.00
B27	Between	5.00	13.46	0.00

Table 5.33 Respondents' satisfaction with performance appraisal based on their length of services

Thus, with the significant findings the null hypothesis is rejected:

H2e: There are significant statistical differences between respondents' satisfaction with PA and their length of service.

f. Organization respondents worked for

Organizational differences are apparent in Table 5.34, with all but two of the items in this section being statistically significant.

Ques	Groups	df	F	Sig.
------	--------	----	---	------

B17	Between	4.00	14.14	0.00
B18	Between	4.00	10.34	0.00
B19	Between	4.00	23.21	0.00
B21	Between	4.00	12.56	0.00
B22	Between	4.00	13.25	0.00
B23	Between	4.00	5.61	0.00
B24	Between	4.00	17.68	0.00
B25	Between	4.00	4.03	0.00
B26	Between	4.00	5.64	0.00
B27	Between	4.00	11.65	0.00

Table 5.34 Respondents' satisfaction with performance appraisal based on their organization they work for

Thus, the null hypothesis is rejected, while the alternative one is accepted:

H4c: There are significant statistical differences between respondents' satisfaction with PA and the organization they work for.

g. Last performance appraisal result

With respect to Section B, the respondents' last performance appraisal result does not appear to be a major factor, in that an ANOVA test failed to find any significant differences for this variable. Thus, the null hypothesis is accepted, while the alternative one is rejected:

H2f: There are no significant statistical differences between respondents' satisfaction with PA and their last performance appraisal result.

h. Self-evaluation of last year's performance

Table 5.35 reveals six significant differences for the self-evaluation respondents made of last year's performance, which is half of the items in this section.

Ques	Groups	df	F	Sig.
B17	Between	4.00	6.00	0.00
B18	Between	4.00	6.55	0.00
B21	Between	4.00	5.38	0.00
B22	Between	4.00	5.28	0.00
B25	Between	4.00	4.42	0.00
B26	Between	4.00	3.42	0.01

Table 5.35 Respondents' satisfaction with PA based on the self-evaluation of last year's performance

Thus, the alternative hypothesis is accepted:

H2g: There are significant statistical differences between respondents' satisfaction with PA and their self-evaluation of last year's performance.

i. The Actual and the Ideal

To determine the difference between respondents' Actual and Ideal scores a paired *t* test was used. All twelve items were statistically significant at the 0.05 level. However, an effect size test reveals that only three items (Q17, Q20 & Q26) are considered to have 'real' significance ($r=0.44$; $r=0.44$) (Table 5.36).

Section B Satisfaction with PA

	t	t²	t² + df	t²/t²+df	r
B16	-3.05	9.31	697.31	0.01	0.12
B17	-9.83	96.65	793.65	0.12	0.35
B18	-6.74	45.36	739.36	0.06	0.25
B19	-7.74	59.91	759.91	0.08	0.28
B20	-13.12	172.16	872.16	0.20	0.44
B21	-7.55	57.03	756.03	0.08	0.27
B22	-4.13	17.08	706.08	0.02	0.16
B23	-4.74	22.50	718.50	0.03	0.18
B24	-7.08	50.08	744.08	0.07	0.26
B25	-2.55	6.52	708.52	0.01	0.10
B26	-12.95	167.81	863.81	0.19	0.44
B27	-8.02	64.32	761.32	0.08	0.29

Table 5.36 Effect size test on respondents' satisfaction with PA based on the actual and the ideal

Rather intuitively, respondents revealed that they agreed more with the 'Ideal' result, rather than what the Actual situation as it is (Table 5.37).

		Mean	N	Std. Deviation
Pair 1	B20 When I think of the effort I put in, I am satisfied with the rewards I get.	2.86	702	1.875
	B20A When I think of the effort I put in, I am satisfied with the rewards I get.	5.07	702	1.659

Pair 2	B26 Those people conducting appraisals have been trained effectively.	3.02	697	1.554
	B26A Those people conducting appraisals have been trained effectively.	5.04	697	1.566

Table 5.37 Statistics on means

Thus, in accepting the 'real' findings, the null hypothesis is rejected:

H5b: There are 'real' significant statistical differences between respondents' satisfaction with PA and what they perceive as actual and ideal scores.

5.2.3 Section C: Performance Appraisal Process at Chinese State-owned Banking Industry

Section C of the questionnaire related to how satisfied respondents were with the performance appraisal system in their organization, which was tested through various parametric tests.

a. Roles in the organization

Of the nineteen items in Section C, three were found to be statistically significant for respondents' role in the organization (Table 5.38).

Questions	T	df	Sig (2 tail)
C33 I have sufficient time to prepare for my appraisal interview	-3.52	388.69	0.00
C36 PA criteria in my organization is based on 'Neng'	-2.21	696.00	0.03
C39 PA measures how well employees achieve their targets	-5.35	413.69	0.00

Table 5.38 Responses to performance appraisal process based on their roles in the organization

The mean scores show that managers agree more than non-managers with regards to having sufficient time to prepare for appraisal interviews and that performance appraisal measures how well employees achieve their targets. The managers also agreed more that appraisal criteria is based on "Neng" (Table 5.39).

Q105 What is your role in the organization?		N	Mean	Std. Deviation
C33 I have sufficient time to prepare for my appraisal interview.	Non-manager	494	4.32	1.774
	Manager	199	4.82	1.662
C36 PA criteria in my organization is based on 'Neng'.	Non-manager	499	4.89	1.529
	Manager	199	5.18	1.629
C39 PA measure how well employees achieve their targets.	Non-manager	498	4.80	1.594
	Manager	196	5.44	1.367

Table 5.39 Statistics on means

Thus, the alternative hypothesis is accepted:

H2g: There are significant statistical differences between manager and non-manager satisfaction with PA.

b. Educational Background

With respect to the respondent's satisfaction and their educational background, four results were shown to be statistically significant. However, this result means that respondents were broadly in agreement on fifteen items (Table 5.40)

Questions	t	df	Sig (2 tail)
C35 PA criteria in my organization is based on 'De'	2.74	699.63	0.01
C39 PA measures how well employees achieve their targets	2.50	694.85	0.01
C40 PA is rated on my personality	2.75	693.73	0.01
C43 PA rating is related to the qualifications employees achieve	2.43	695.45	0.02

Table 5.40 Respondents' views on performance appraisal process based on their educational background

In all four items, respondents with a graduate degree or above agreed less than those with a College degree. Three of the items relate to the criteria used for assessment, with the fourth being related to the achievement of targets (Table 5.41).

Q101 What is the highest level of education you have obtained?	N	Mean	Std. Deviation	
C35 PA criteria in my	College degree or less	331	4.72	1.542

	Graduate degree or above	371	4.38	1.769
C39 PA measure how well employees achieve their targets.	College degree or less	329	5.14	1.445
	Graduate degree or above	368	4.85	1.641
C40 PA is rated on my personality.	College degree or less	328	4.12	1.739
	Graduate degree or above	369	3.74	1.874
C43 PA rating is related to the qualifications employees achieve	College degree or less	328	4.55	1.707
	Graduate degree or above	370	4.22	1.873

Table 5.41 Statistics on means

Hence, the null hypothesis is rejected:

H2h: There are significant statistical differences between respondents' satisfaction with PA and their educational background.

c. Frequency of performance appraisal

The frequency with which respondents had their performance appraisal appears to be a salient factor in their satisfaction, in that nine of the 19 items in this section were reported as being statically significant (Table 5.42).

Questions	t	df	Sig (2 tail)
C30 I always do what my supervisor asks of me.	0.06	357.0	0.01
C32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	1.18	357.0	0.00
C33 I have sufficient time to prepare for my appraisal interview.	0.28	357.0	0.03
C35 PA criteria in my organization are based on 'De'.	1.01	357.0	0.01
C37 PA criteria in my organization are based on 'Qing'.	3.79	357.0	0.01
C38 PA criteria in y organization are based on 'Ji'.	6.51	353.0	0.01
C40 PA is rated on my personality.	2.27	357.0	0.00
C42 Good performers always have a close relationship with their boss.	2.92	357.0	0.02
C43 PA rating is related to the qualifications employees achieve.	-0.23	355.0	0.05

Table 5.42 Respondents' views on performance appraisal process based on frequency of performance appraisal

The mean scores reveal that respondents who had undertaken their annual performance appraisal were more satisfied than those who had not, except for Question 43. However, although significant, a proportion of the mean scores do not vary drastically (Table 5.43).

Q109a As an employee, when did you have your last performance appraisal?		N	Mean	Std. Deviation
C30 I always do what my supervisor asks of me.	Under 1 year	281	4.95	1.512
	Over 1 year	78	4.94	1.166
C32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	Under 1 year	281	4.49	1.797
	Over 1 year	78	4.23	1.537
C33 I have sufficient time to prepare for my appraisal interview.	Under 1 year	281	4.69	1.755
	Over 1 year	78	4.63	1.629
C35 PA criteria in my organization is based on 'De'.	Under 1 year	281	4.35	1.746
	Over 1 year	78	4.13	1.557
C37 PA criteria in my organization is based on 'Qing'.	Under 1 year	281	5.22	1.374
	Over 1 year	78	4.53	1.665
C38 PA criteria in my organization is based on 'Ji'.	Under 1 year	277	5.39	1.487
	Over 1 year	78	4.09	1.810
C40 PA is rated on my personality.	Under 1 year	281	4.14	1.928
	Over 1 year	78	3.60	1.590
C42 Good performers always have a close relationship with their boss.	Under 1 year	281	5.03	1.642
	Over 1 year	78	4.40	1.882
C43 PA rating is related to the qualifications employees achieve	Under 1 year	279	4.46	1.928
	Over 1 year	78	4.51	1.778

Table 5.43 Statistics on means

Hence, the null hypothesis is rejected:

H2i: There are significant statistical differences between a satisfaction with PA and the frequency of the appraisal event.

d. Undertaking performance appraisal training

Table 5.44 shows that for respondents undertaking performance appraisal training, nine of the 19 questions were significant at or below the 0.05 level.

Questions	t	Df	Sig (2 tail)
C31 I clearly understand the purpose of the appraisal interview.	-6.63	452	0.01
C32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	-6.51	457	0.03
C33 I have sufficient time to prepare for my appraisal interview.	-9.58	457	0.05
C35 PA criteria in my organization are based on 'De'.	-6.48	463	0.02
C37 PA criteria in my organization are based on 'Qing'.	-5.97	462	0.00
C38 PA criteria in y organization are based on 'Ji'.	-2.69	461	0.01
C39 PA measure how well employees achieve their targets.	-4.08	458	0.01
C43 PA rating is related to the qualifications employees achieve.	-6.26	459	0.00
C46 PA criterion relates to how well the job is done, rather than the amount of work I do.	-6.62	463	0.01

Table 5.44 Respondents' views on performance appraisal process based on undertaking performance appraisal training

As with previous findings, it is predominately managers who will have undertaken training and thus, it is not surprising to find that they returned more positive scores for all nine items (Table 5.45).

Hence, in rejecting the null hypothesis, the alternative hypothesis is accepted H2: There are significant statistical differences between how PA processes are viewed in relation to having undertaken performance appraisal training.

e. Length of service

Respondents' length of service seemed to have an impact in the area of satisfaction, as an ANOVA test found that all but three of the items in this section were statistically significant (Table 5.46).

Q114 Have you been trained in PA?	N	Mean	Std. Deviation
C31 I clearly understand the purpose of the appraisal interview.	No	298	4.64
	Yes	156	5.61
C32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	No	302	4.24
	Yes	157	5.29
C33 I have sufficient time to prepare for my appraisal	No	302	4.22

	Yes	157	5.68	1.442
C35 PA criteria in my organization is based on 'De'.	No	308	4.49	1.549
	Yes	157	5.43	1.346
C37 PA criteria in my organization is based on 'Qing'.	No	306	4.26	1.682
	Yes	157	4.72	1.874
C38 PA criteria in my organization is based on 'Ji'.	No	306	4.85	1.653
	Yes	154	5.49	1.425
C39 PA measure how well employees achieve their targets.	No	303	5.03	1.485
	Yes	157	5.59	1.198
C43 PA rating is related to the qualifications employees achieve	No	308	4.18	1.762
	Yes	153	5.23	1.554
C46 PA criterion relates to how well the job is done, rather than the amount of work I do.	No	308	4.54	1.629
	Yes	157	5.54	1.342

Table 5.45 Statistics on means

Hence, in rejecting the null hypothesis, the alternative hypothesis is accepted:

H2j: There are significant statistical differences between how PA processes are viewed in relation to having undertaken performance appraisal training.

e. Length of service

Respondents' length of service seemed to have an impact in the area of satisfaction, as an ANOVA test found that all bar three of the items in this section were statistically significant (Table 5.46).

Ques	Groups	Df	F	Sig.
C29	Between	5.00	5.07	0.00
C30	Between	5.00	5.56	0.00
C33	Between	5.00	13.50	0.00
C34	Between	5.00	17.43	0.00
C35	Between	5.00	7.53	0.00
C36	Between	5.00	11.03	0.00
C37	Between	5.00	7.59	0.00

C38	Between	5.00	12.39	0.00
C39	Between	5.00	7.15	0.00
C40	Between	5.00	14.15	0.00
C41	Between	5.00	14.52	0.00
C42	Between	5.00	5.72	0.00
C43	Between	5.00	11.10	0.00
C44	Between	5.00	13.96	0.00
C45	Between	5.00	5.73	0.00
C46	Between	5.00	7.88	0.00

Table 5.46 Respondents' response to performance appraisal process based on their length of service

Thus, the alternative hypothesis is accepted:

H2k: There are significant statistical differences between respondents' views of the PA process and their different length of service.

f. Organization respondents work for

The variable surrounding the respondents' organization represent a particularly strong factor, with an ANOVA test identifying eighteen of the nineteen questions as being statistically significant (Table 5.47).

Ques	Groups	Df	F	Sig.
C29	Between	4.00	5.21	0.00
C30	Between	4.00	3.77	0.00
C31	Between	4.00	8.77	0.00
C32	Between	4.00	21.64	0.00
C33	Between	4.00	21.54	0.00
C34	Between	4.00	14.40	0.00
C35	Between	4.00	25.44	0.00
C36	Between	4.00	14.24	0.00
C37	Between	4.00	20.94	0.00
C38	Between	4.00	5.41	0.00
C39	Between	4.00	13.07	0.00
C40	Between	4.00	24.93	0.00
C41	Between	4.00	17.80	0.00
C42	Between	4.00	6.21	0.00
C43	Between	4.00	21.73	0.00
C44	Between	4.00	25.60	0.00
C45	Between	4.00	12.83	0.00
C46	Between	4.00	5.58	0.00

Table 5.47 Respondents' responses to performance appraisal process based on their organization they work for

Thus, the null hypothesis is rejected, with the alternative one being accepted:

H4d: There are significant statistical differences between respondents' attitudes to PA and the organization they work for.

g. Last performance appraisal result

Table 5.48, which relates to the respondents' last performance appraisal result, found four items to be statistically significant, with regard to the satisfaction of the performance appraisal process in their organization.

Ques	Groups	df	F	Sig.
C28	Between	2.00	3.27	0.04
C30	Between	2.00	11.29	0.00
C31	Between	2.00	4.04	0.02
C37	Between	2.00	10.20	0.00

Table 5.48 Respondents' views on performance appraisal process based on last performance appraisal result

Thus, the null hypothesis is rejected, with the alternative one being accepted:

H2l: There are significant statistical differences between respondents' satisfaction with PA and their last performance appraisal result.

h. Self-evaluation of last year's performance

Taking into account the respondents self-evaluation of their last year's performance, out of the 19 questions in Section C, four were found to have statistically significant differences (Table 5.49).

Ques	Groups	df	F	Sig.
C40	Between	4.00	7.37	0.00
C43	Between	4.00	3.47	0.01
C44	Between	4.00	3.46	0.01
C46	Between	4.00	3.90	0.00

Table 5.49 Respondents' views on performance appraisal process based on self-evaluation of last year's performance

Thus, the null hypothesis is rejected, while the alternative one is accepted:

H2m: There are significant statistical differences between respondents' satisfaction to the PA process and their self-evaluation of last year's work.

i. The Actual and the Ideal

To determine the differences between respondents' satisfaction with respect to Actual and Ideal scores a paired *t* test was undertaken. Fifteen pairs showed a significant difference, although the subsequent effect size test reveals only three could be viewed as 'real' differences (Table 5.50).

Section C PA process

	t	t ²	t ² + df	t ² /t ² +df	r
C29	-3.30	10.88	701.88	0.02	0.12
C31	-27.75	769.84	1461.84	0.53	0.73
C32	-27.97	782.10	1479.10	0.53	0.73
C33	-8.95	80.17	777.17	0.10	0.32
C34	-6.70	44.90	747.90	0.06	0.25
C35	-5.34	28.47	729.47	0.04	0.20
C36	-4.91	24.07	720.07	0.03	0.18
C37	-5.90	34.77	731.77	0.05	0.22
C38	-4.98	24.79	718.79	0.03	0.19
C39	-3.95	15.59	707.59	0.02	0.15
C40	-5.65	31.95	728.95	0.04	0.21
C41	-4.02	16.13	717.13	0.02	0.15
C43	-2.66	7.08	705.08	0.01	0.10
C44	-3.88	15.04	712.04	0.02	0.15
C46	-5.61	31.43	733.43	0.04	0.21

Table 5.50 Effect size test on respondents' performance appraisal process based on actual and the ideal

As has been the case throughout the study, respondents' mean scores indicated that the 'ideal' aspect was more valued than the organizational reality (Table 5.51).

Questions		Mean	N	Std. Deviation
Pair 1	Q31 I clearly understand the purpose of the appraisal interview.	2.97	693	1.516
	Q31A I clearly understand the purpose of the appraisal interview.	5.14	693	1.406

Pair 2	Q32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	2.72	698	1.522
	Q32A I have received training for undertaking appraisal interviews as an appraiser/appraisee.	4.98	698	1.537
Pair 3	Q33 I have sufficient time to prepare for my appraisal interview.	4.48	698	1.756
	Q33A I have sufficient time to prepare for my appraisal interview.	5.02	698	1.465

Table 5.51 Statistics on means

Thus, the null hypothesis is rejected:

H5c: There are 'real' significant statistical differences between the actual and the ideal views of respondents on PA.

5.2.4 Section D: Employees' Loyalty to the organization

Section D, which is relatively short, addresses the respondents' perceptions of loyalty to their organization, which in turn relates to commitment and satisfaction. It is considered that an employee who is dissatisfied is likely to show less commitment to the bank in which they work. The layout of data follows that used in the previous sections.

a. Roles in the organization

With respect to loyalty to their organization, for the five items in this section there are no significant differences between managers and non-managers. This indicates that there was broad agreement between them, hence the null hypothesis is accepted:

H3a: There are no significant statistical differences between managers and non-managers with respect to their loyalty to their organization.

b. Educational Background

Educational background appears to be an important variable in that a *t* test found that three of the five questions on loyalty were statistically significant (Table 5.52).

Questions	t	df	Sig (2 tail)
D49 One of the major reason I continue to work for this organization is that I respect loyalty	2.49	695.63	0.01
D50 I believe in the value of remaining loyal to one Organization	2.24	698.00	0.03
D51 There is a strong sense of trust in the organization	-2.39	682.75	0.02

Table 5.52 Respondents' loyalty to their organization based on their educational background

The means reveal that those with a Graduate degree considered that they held a stronger sense of trust in the organization than did College degree holders. However, the reverse was so with regard to respondents wishing to continue with their bank, because they respected loyalty and saw value in remaining loyal to one organization (Table 5.53).

Q101 What is the highest level of education you have obtained?		N	Mean	Std. Deviation
Q49 One of the major reasons I continue to work for this organization is that I respect loyalty.	College degree or less	330	4.77	1.674
	Graduate degree or above	368	4.44	1.825
Q50 I believe in the value of remaining loyal to one organization	College degree or less	330	5.23	1.552
	Graduate degree or above	370	4.95	1.742
Q51 There is a strong sense of trust in the organization.	College degree or less	329	2.57	1.305
	Graduate degree or above	370	2.81	1.270

Table 5.53 Statistics on means

Hence, in rejecting the null hypothesis, the alternative hypothesis is accepted:

H3b: There are significant statistical differences between respondents' loyalty to their organization and their educational background.

c. Frequency of performance appraisal

With respect to the frequency with which respondents had their performance appraisal, no item was found to be statistically significant, thus the null hypothesis is accepted:

H3c: There are no significant statistical differences between respondents' loyalty to their organization and the frequency of performance appraisal.

d. Undertaking performance appraisal training

Regarding those respondents who had undertaken performance appraisal training, two of the five questions were statistically significant at the 0.05 level (Table 5.54).

Questions	t	df	Sig (2 tail)
D48 I feel a strong sense of belonging to my organization.	-4.71	461	0.01
D49 One of the major reasons I continue to work for this organization is that I respect loyalty.	-4.18	460	0.02

Table 5.54 Respondents' loyalty to their organization based on undertaking performance appraisal training

In keeping with earlier results the findings showed that those who had undertaken training, which were invariably managers, were more positive in respect to feeling a strong sense of belonging to the organization and their respect for it (see Table 5.55).

Q114 Have you been trained in PA?		N	Mean	Std. Deviation
D48 I feel a strong sense of belonging to my organization	No	307	4.58	1.718
	Yes	156	5.35	1.548
D49 One of the major reasons I continue to work for this organization is that I respect loyalty.	No	308	4.47	1.789
	Yes	154	5.18	1.578

Table 5.55 Statistics on means

Hence, the alternative hypothesis is accepted.

H3d: There are significant statistical differences between respondents' loyalty to their organization and performance appraisal training.

e. Length of service

Table 5.56 shows the ANOVA findings for the respondents' length of service, which reveals that four of the five items in this section were statistically significant.

Ques	Groups	df	F	Sig.
Q47	Between	5.00	3.80	0.00
Q48	Between	5.00	6.92	0.00
Q49	Between	5.00	5.05	0.00
Q50	Between	5.00	2.43	0.03

Table 5.56 Respondents' loyalty to their organization based on their length of services

Thus, the null hypothesis is rejected:

H3e: There are significant statistical differences between respondents' loyalty to their organization and their different length of services.

f. Organization respondents work for

In considering the bank in which respondents work it is apparent that all five questions concerning loyalty were statistically significant (Table 5.57). The post-hoc test is presented in Appendix IV.

Ques	Groups	df	F	Sig.
D47	Between	4.00	5.95	0.00
D48	Between	4.00	15.99	0.00
D49	Between	4.00	11.74	0.00
D50	Between	4.00	8.65	0.00
D51	Between	4.00	7.68	0.00

Table 5.57 Respondents' loyalty to their organization based on the organization they work for

Thus, the alternative hypothesis is accepted:

H4e: There are significant statistical differences between respondents' loyalty to their organization and the organization they work for.

g. Last performance appraisal result

Based on the respondents' last performance appraisal result, none of the five questions for loyalty were found to be statistically significant. Thus, the null hypothesis is accepted:

H3f: There are no significant statistical differences between respondents' loyalty to their organization and their last performance appraisal result.

h. Self-evaluation of last year's performance

With regards to the respondents' self-evaluation of their last year's performance, Table 5.58 reveals that one question in Section D was statistically significant.

Ques	Groups	Df	F	Sig.
Q49	Between	4.00	6.57	0.00

Table 5.58 Respondents' loyalty to their organization based on self-evaluation of last year's performance

Thus, in rejecting the null hypothesis is rejected, the alternative is accepted:

H3g: There is a significant statistical difference between respondents' loyalty to their organization and the self-evaluation of their performance.

i. The Actual and the Ideal

To determine the differences between the Actual and Ideal perceptions of respondents a paired *t* test was used. Table 5.59 shows that for the five questions four were statistically significant. However, a test for effect size reveals that only one of the items is considered to be of 'real' significance (Table 5.59).

Section D Employees' loyalty to their org

	T	t ²	t ² + df	t ² /t ² +df	r
D47	-7.46	55.67	753.67	0.07	0.27
D48	-7.81	61.04	761.04	0.08	0.28
D49	-6.13	37.56	737.56	0.05	0.23
D51	-32.93	1084.58	1784.58	0.61	0.78

Table 5.59 Effect size test on employees' loyalty to their organization based on actual and the ideal

Regarding employee loyalty to their organization and in line with previous results, it is apparent that respondents agree with the Ideal more than with the Actual scores (Table 5.63).

Questions	Mean	N	Std. Deviation
-----------	------	---	----------------

Pair 1	Q51 There is a strong sense of trust in the organization.	4.59	701	1.714
	Q51A There is a strong sense of trust in the organization.	5.18	701	1.525

Table 5.60 Statistics on means

Thus, given the 'real' finding, the alternative hypothesis is accepted:

H5d: There is 'real' significant statistical difference between employees' loyalty to their organization and their views of actual and the ideal PA.

5.2.5 Section E: Respondents' Views of an Ideal Performance Appraisal Management Process

Section E provides data on what respondents view as an 'Ideal' performance appraisal system. The section contains twenty-one questions, referring to different aspects of performance appraisal. The layout follows the pattern of previous sections in this chapter.

a. Roles in the organization

Concerning manager and non-managers, no statistically significant differences were found with respect to what is perceived as an ideal performance appraisal system. This indicates that there is broad agreement between appraisers and appraisees as to what an ideal system should be; therefore, the null hypothesis is accepted:

H5e: There are no significant statistical differences between managers and non-managers and their view of an ideal performance appraisal system.

b. Educational Background

A *t* test found that, based on respondents' educational background, fourteen of the twenty-one items in Section E of the questionnaire, were statistically significant at the 0.05 level (Table 5.61).

Questions	t	df	Sig (2 tail)
E52 I would receive my PA result a few days after the event	-2.60	698.65	0.01
E53 The results would be sent to me formally in a	-2.09	696.31	0.04

Letter			
E54 My superior would discuss my results with me directly	-2.53	692.48	0.01
E55 I would be clear of my training needs after the PA	-2.60	692.47	0.01
E56 PA would enable stronger communication between superior and subordinates	-2.96	691.69	0.00
E57 The PA process would be fair	-2.92	689.12	0.00
E59 I would like to discuss my rating result with my supervisor face to face	-3.04	690.66	0.00
E60 I would be happy to discuss my rating results with my supervisor via email	-2.29	679.00	0.02
E64 Appraisers would be objective when conducting the PA	-2.24	696.55	0.03
E67 The PA should follow the procedure stipulated in employees' handbook	-2.79	696.00	0.01
E68 The feedback from the appraiser should be Specific	-2.69	667.21	0.01
E69 Top management should take PA truly Serious	-5.68	663.43	0.00
E70 PA process should abide by the regulations set by CBRC	-3.33	689.00	0.00
E71 Pay increases should be based on the results of PA	-3.85	673.32	0.00

Table 5.61 Respondents' views of an ideal performance appraisal system based on their educational background

The mean scores indicate that for each of the fourteen items, respondents who held a Graduate degree or above returned a significantly higher ideal score. The highest mean score for those with a Graduate degree referred to the desire for 'top management' to take performance appraisal seriously, Conversely, the lowest mean score was associated with receiving feedback from their manager via email (Table 5.62).

Q101 What is the highest level of education you have obtained?			
	N	Mean	Std. Deviation
Q52 I would receive my performance appraisal result a few days after the event.	College degree or less	330	4.89
	Graduate degree or above	371	5.19
Q53 The results would be sent to me formally in a letter.	College degree or less	328	4.96
	Graduate degree or above	371	5.20
Q54 My superior would discuss my results with me directly.	College degree or less	328	4.86
	Graduate degree or above	370	5.14

Q55 I would be clear of my training needs after the performance appraisal.	College degree or less	329	5.21	1.333
	Graduate degree or above	366	5.48	1.442
Q56 PA would enable stronger communication between superiors and subordinates.	College degree or less	324	4.94	1.334
	Graduate degree or above	370	5.26	1.492
Q57 The performance appraisal process would be fair.	College degree or less	326	4.98	1.631
	Graduate degree or above	369	5.36	1.714
Q59 I would like to discuss my rating result with my supervisor face to face.	College degree or less	330	4.96	1.479
	Graduate degree or above	370	5.30	1.496
Q60 I would be happy to discuss my rating results with my supervisor via email.	College degree or less	328	4.60	1.543
	Graduate degree or above	365	4.86	1.504
Q64 Appraisers would be objective when conducting the performance appraisal.	College degree or less	329	5.21	1.426
	Graduate degree or above	370	5.47	1.645
Q67 The performance appraisal should follow the procedure stipulated in employees' handbook.	College degree or less	328	5.45	1.216
	Graduate degree or above	370	5.71	1.186
Q68 The feedback from the appraiser should be specific.	College degree or less	325	5.49	1.224
	Graduate degree or above	369	5.73	1.146
Q69 Top management should take PA truly serious.	College degree or less	328	5.56	1.145
	Graduate degree or above	370	6.03	1.034
Q70 PA process should abide by the regulations set by China Banking Regulatory Commission.	College degree or less	324	5.48	1.106
	Graduate degree or above	367	5.75	1.054
Q71 Pay increases should be based on the results of PA.	College degree or less	324	5.29	1.269
	Graduate degree or above	366	5.66	1.237

Table 5.62 Statistics on means

Hence, the alternative hypothesis is accepted:

H5f: There are significant statistical differences between respondents' views of an ideal PA system and their educational background.

c. Frequency of performance appraisal

With respect to the frequency with which respondents had their performance appraisal, six items of the twenty-one in Section E were found to be statistically significant at or below the 0.05 level (Table 5.63).

Questions	t	df	Sig (2 tail)
E52 I would receive my performance appraisal result a few days after the event	1.04	357.0	0.04
E54 My superior would discuss my results with me directly.	0.60	357.0	0.04
E58 I would like to be informed of the rating result immediately after the interview	0.12	354.0	0.03
E61 Rating results would only be seen by my supervisor and me.	-0.52	354.0	0.00
E68 The feedback from the appraiser should be specific.	1.22	354.0	0.01
E69 Top management should take PA truly serious.	1.57	357.0	0.02

Table 5.63 Respondents' ideal performance appraisal process based on frequency of performance appraisal

Mean scores reveal that respondents with less than one year's service were more positive about the ideal system they sought, except for Question 61, feeling that appraisal outcomes should be more widely distributed. However, a number of means did not show a large difference (Table 5.64).

Q109a As an employee, when did you have your last performance appraisal?		N	Mean	Std. Deviation
Q52 I would receive my performance appraisal result a few days after the event.	Under 1 year	281	5.19	1.492
	Over 1 year	78	5.00	1.248
Q54 My superior would discuss my results with me directly.	Under 1 year	281	5.06	1.380
	Over 1 year	78	4.96	1.200
Q58 I would like to be informed of the rating result immediately after the interview.	Under 1 year	278	5.04	1.524
	Over 1 year	78	5.01	1.201
Q61 Rating results would only be seen by me	Under 1 year	278	4.88	1.666

	Over 1 year	78	4.99	1.211
Q68 The feedback from the appraiser should be specific.	Under 1 year	278	5.70	1.150
	Over 1 year	78	5.51	1.412
Q69 Top management should take PA truly serious.	Under 1 year	281	5.85	1.100
	Over 1 year	78	5.63	1.218

Table 5.64 Statistics on means

Hence, the null hypothesis is rejected:

H5g: There are significant statistical differences between respondents' views of an ideal PA system and the frequency of their performance appraisal.

d. Undertaking performance appraisal training

For respondents that had undertaken performance appraisal training, the findings revealed that ten of the twenty-one questions in Section E were statistically significant at or below the 0.05 level (Table 5.65).

Questions	T	df	Sig (2 tail)
E53 The results would be sent to me formally in a letter.	-5.37	460	0.02
E55 I would be clear of my training needs after the PA	-3.16	457	0.00
E57 The performance appraisal process would be fair.	-3.31	456	0.01
E59 I would like to discuss my rating result with my supervisor face to face.	-3.31	461	0.04
E65 Promotion of employees would not rely on a relationship with the boss.	-3.80	457	0.02
E67 The performance appraisal should follow the procedure stipulated in employees' handbook.	-2.59	169	0.01
E68 The feedback from the appraiser should be specific.	-0.39	169	0.05
E69 Top management should take PA seriously.	-1.72	169	0.00
E71 Pay increases should be based on the results of PA.	-2.47	167	0.00
E72 Appraisers should be trained before conducting the PA.	-2.45	167	0.00

Table 5.65 Respondents' ideal performance appraisal based on undertaking performance appraisal training

The means reveal that respondents who had undertaken their performance appraisal training, invariably managers, agreed more with what constitutes an ideal

performance appraisal system, more than those who had not undertaken training (Table 5.66).

Q114 Have you been trained in PA?		N	Mean	Std. Deviation
E53 The results would be sent to me formally in a letter.	No	306	4.77	1.634
	Yes	156	5.60	1.427
E55 I would be clear of my training needs after the performance appraisal.	No	304	5.16	1.531
	Yes	155	5.61	1.229
E57 The performance appraisal process would be fair.	No	304	5.01	1.748
	Yes	154	5.33	1.538
E59 I would like to discuss my rating result with my supervisor face to face.	No	307	4.95	1.576
	Yes	156	5.44	1.296
E65 Promotion of employees would not rely on a relationship with the boss.	No	303	4.67	1.860
	Yes	156	5.33	1.608
E67 The performance appraisal should follow the procedure stipulated in employees' handbook.	No	110	5.48	1.123
	Yes	61	5.92	.918
E68 The feedback from the appraiser should be specific.	No	110	5.72	1.158
	Yes	61	5.79	1.035
E69 Top management should take PA truly serious.	No	110	5.54	1.254
	Yes	61	5.85	.928
E71 Pay increases should be based on the results of PA.	No	109	5.23	1.457
	Yes	60	5.73	.821
E72 Appraisers should be trained before conducting the PA.	No	109	5.43	1.174
	Yes	60	5.85	.820

Table 5.66 Statistics on means

Hence, the null hypothesis is rejected:

H5h: There are significant statistical differences between respondents' views of an ideal PA and performance appraisal training.

e. Length of service

The variable surrounding the respondents' length of service was explored through an ANOVA test, which revealed that all of the twenty-one items, except one, were found to be statistically significant. This shows that differences exist between what is perceived as an ideal performance appraisal system and the length an individual has been with their bank (Table 5.67).

Ques	Groups	df	F	Sig.
E52	Between	5.00	11.80	0.00
E53	Between	5.00	11.59	0.00
E54	Between	5.00	16.86	0.00
E55	Between	5.00	9.84	0.00
E56	Between	5.00	5.94	0.00
E57	Between	5.00	6.85	0.00
E58	Between	5.00	8.16	0.00
E59	Between	5.00	8.23	0.00
E60	Between	5.00	11.23	0.00
E61	Between	5.00	6.30	0.00
E62	Between	5.00	7.70	0.00
E63	Between	5.00	4.41	0.00
E64	Between	5.00	6.27	0.00
E65	Between	5.00	5.32	0.00
E66	Between	5.00	6.81	0.00
E67	Between	5.00	5.31	0.00
E68	Between	5.00	4.17	0.00
E69	Between	5.00	6.93	0.00
E71	Between	5.00	6.19	0.00
E72	Between	5.00	2.27	0.05

Table 5.67 Respondents' views of an ideal performance appraisal system based on their length of service

Thus, the null hypothesis is rejected:

H5i: There are significant statistical differences between respondents' views of an ideal PA system and their length of service.

f. Organization respondents work for

Table 5.68 reveals that fifteen of the twenty-one items of section E of the questionnaire, were found to be statistically significant. Thus, it is apparent that, with respect to the respondents' bank, their views on an ideal performance appraisal system differed.

Ques	Groups	df	F	Sig.
------	--------	----	---	------

E52	Between	4.00	3.10	0.02
E53	Between	4.00	7.63	0.00
E54	Between	4.00	4.37	0.00
E55	Between	4.00	3.00	0.02
E56	Between	4.00	5.10	0.00
E57	Between	4.00	3.77	0.00
E58	Between	4.00	5.36	0.00
E59	Between	4.00	5.02	0.00
E60	Between	4.00	7.98	0.00
E61	Between	4.00	5.83	0.00
E62	Between	4.00	13.36	0.00
E63	Between	4.00	4.46	0.00
E65	Between	4.00	8.89	0.00
E67	Between	4.00	2.97	0.02
E69	Between	4.00	2.90	0.02

Table 5.68 Respondents' views of an ideal performance appraisal system based on the organization they work for

Thus, the alternative hypothesis is accepted:

H4f: There are significant statistical differences between respondents' views of an ideal PA system and the bank they work for.

g. Last performance appraisal result

In taking the respondents' last performance appraisal result as an independent variable, there is broad consistency in respondents, with only one of the twenty-one questions in Section E of the questionnaire being statistically significant at the 0.05 level (Table 5.69). The detail contained in post-hoc tests is presented in Appendix III.

Ques	Groups	Df	F	Sig.
E53	Between	2.00	3.35	0.04

Table 5.69 Respondents' views of an ideal performance appraisal process based on last performance appraisal result

Thus, the null hypothesis is rejected:

H5j: There is a significant statistical difference between respondents' views of an ideal PA system and their last performance appraisal result.

h. Self-evaluation of last year's performance

Broad consistency is apparent with regards to the respondents' self-evaluation of last year's performance, with only two of the Section E questions being statistically significant. Thus, regardless of how respondents felt their performance was, there are few differences in how they perceive an ideal system (Table 5.70).

Ques	Groups	df	F	Sig.
E54	Between	4.00	3.99	0.00
E60	Between	4.00	2.39	0.05

Table 5.70 Respondents' views of an ideal performance appraisal process based on self-evaluation of last year's performance

Thus, the alternative hypothesis is accepted:

H5k: There are significant statistical differences between respondents' views of an ideal PA system and their self-evaluation of performance.

5.2.6 Section F: Your Views on the Process of Performance Appraisal

This final section presents the statistical results in relation to Section F of the questionnaire, which sought responses on performance appraisal processes, that in itself relates to the wider concept of procedural justice. A similar format to the previous sections is used to present the data.

a. Roles in the organization

Taking the respondents' role in the organization as the independent variable, five items out of the twenty-six in Section F were found to be statistically significant at or below the 0.05 level (Table 5.71). This indicates that for the majority of questions the managers and non-managers were in broad agreement with regards to the process of performance appraisal.

Questions	t	df	Sig (2 tail)
F79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment	-2.62	338.80	0.01
F81 The reason I will stay with this company is that I think I am appraised fairly	2.79	372.93	0.01
F87 My view on my performance is taken into account at the PA	3.05	389.43	0.00

F91 I feel that PA improves my performance	-2.56	692.00	0.01
F95 Pay awards based on PA are the best way to motivate people	-3.11	692.00	0.00

Table 5.71 Respondents' views on the process of performance appraisal based on their roles in their organization

The mean scores show that managers agreed more on the process for three of the five questions. However, non-managers agreed more than managers with regard regards to being 'fairly appraised', it is of note that both means are in the region of 2.50 (Table 5.72).

b. Educational Background

Using the respondents' educational background a t test failed to find any significant differences between those with College or Graduate degree, thereby indicating general agreement. Given this result, the null hypothesis is accepted.

H2o: There are no significant statistical differences between respondents' views on the process of PA and their educational background.

c. Frequency of performance appraisal

In investigating the independent variable of how frequently respondents' had their performance appraisal, the findings reveal that seven questions for process were statistically significant (Table 5.73).

Q105 What is your role in the organization?		N	Mean	Std. Deviation
Q79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.	Non-manager	497	4.45	1.631
	Manager	197	4.83	1.747
Q81 The reason I will stay with this company is that I think I am appraised fairly.	Non-manager	497	2.60	1.160
	Manager	197	2.34	1.115
Q87 My view on my performance is taken into account at the PA.	Non-manager	497	3.73	1.733
	Manager	197	3.31	1.592
Q91 I feel that PA improves my performance.	Non-manager	497	4.85	1.437

		197	5.16	1.450
F95 Pay awards based on PA are the best way to motivate people.	Non-manager	497	4.84	1.521
	Manager	197	5.24	1.488

Table 5.72 Statistics on means

Thus, the null hypothesis is rejected:

H2n: There are significant statistical differences of respondents' views on the process of PA between manager and non-manager groups.

b. Educational Background

Using the respondents' educational background a *t* test failed to find any significant differences between those with College or Graduate degrees, thereby indicating general agreement. Given this result, the null hypothesis is accepted:

H2o: There are no significant statistical differences between respondents' views on the process of PA and their educational background.

c. Frequency of performance appraisal

In investigating the independent variable of how frequently respondents' had their performance appraisal, the findings reveal that seven questions for process were statistically significant (Table 5.73).

Questions	T	df	Sig (2 tail)
F83 My PA review is the only time I get feedback about my performance.	1.75	357.0	0.00
F84 I am asked to provide comments on other people for their PA.	0.90	357.0	0.00
F86 The goals that come from my PA are decided between my manager and me.	2.39	355.0	0.00
F88 My manager doesn't have sufficient knowledge to judge my work.	3.02	357.0	0.00
F89 I believe that my PA with my manager is too rushed.	4.00	357.0	0.00
F90 Some of the things I hear in my PA come as a surprise to me.	3.21	355.0	0.00
F91 I feel that PA improves my performance.	3.34	357.0	0.01

Table 5.73 Respondents' views on performance appraisal process based on frequency of performance appraisal

In line with earlier sections, the mean scores reveal that respondents who received an appraisal in the last year viewed the process more positively than those who did not have an annual appraisal (Table 5.74).

Q109a As an employee, when did you have your last performance appraisal?		N	Mean	Std. Deviation
Q83 My PA review is the only time I get feedback about my performance.	Under 1 year	281	4.66	1.721
	Over 1 year	78	4.29	1.300
Q84 I am asked to provide comments on other people for their PA.	Under 1 year	281	4.44	1.812
	Over 1 year	78	4.24	1.261
Q86 The goals that come from my PA are decided between me and my manager.	Under 1 year	281	4.50	1.726
	Over 1 year	76	3.99	1.342
Q88 My manager doesn't have sufficient knowledge to judge my work.	Under 1 year	281	4.54	1.787
	Over 1 year	78	3.87	1.454
Q89 I believe that my PA with my manager is too rushed.	Under 1 year	281	4.69	1.661
	Over 1 year	78	3.88	1.206
Q90 Some of the things I hear in my PA come as a surprise to me.	Under 1 year	281	4.77	1.610
	Over 1 year	76	4.13	1.258
Q91 I feel that PA improves my performance.	Under 1 year	281	5.06	1.537
	Over 1 year	78	4.42	1.274

Table 5.74 Statistics on means

Hence, the null hypothesis is rejected:

H2p: There are significant statistical differences between respondents' views on the PA process and the frequency of the performance appraisal.

d. Undertaking performance appraisal training

The data in Table 5.75 shows that those respondents who had undertaken performance appraisal training differed statistically, for sixteen of the twenty-six items that represent process in this section.

Questions	t	df	Sig (2 tail)
F74 The PA I received provided me with feedback that will help me to improve my performance.	-5.43	169	0.00
F77 Clarification of individual goals in my PA is an important factor in reaching organizational goals.	-2.70	169	0.00

F78 The reason I will stay with my organization is that I think my value is recognized.	-1.68	169	0.04
F79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.	-4.17	169	0.00
F81 The reason I will stay with this company is that I think I am appraised fairly.	-3.90	169	0.01
F82 The reason I will not stay with this organization is that the organization does not care about its employees.	-3.98	169	0.00
F83 My PA review is the only time I get feedback about my performance.	-4.29	169	0.02
F85 If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	-3.39	169	0.02
F86 The goals that come from my PA are decided between my manager and me.	-4.33	169	0.00
F87 My view on my performance is taken into account at the PA.	-4.57	169	0.00
F88 My manager doesn't have sufficient knowledge to judge my work.	-3.72	169	0.02
F90 Some of the things I hear in my PA come as a surprise to me.	-6.56	167	0.00
F92 My PA includes a discussion about my personal career development.	-5.01	169	0.00
F93 My PA gives me clear ways in which I can improve.	-2.89	169	0.01
F94 The PA includes a discussion in how my manager can help me to improve.	-3.67	169	0.00
F96 I believe that in my PA I was treated the same way as everyone else.	-3.88	169	0.01

Table 5.75 Respondents' views on performance appraisal process based on their undertaking performance appraisal training

As it is the managers who invariably receive training it is not unsurprising to see that the means scores for those having been trained are greater than those who have not (Table 5.76).

Q114 Have you been trained in PA?		N	Mean	Std. Deviation
Q74 The PA I received provided me with feedback that will help me to improve my performance.	No	110	4.79	1.509
	Yes	61	5.95	.956
Q77 Clarification of individual goals in my PA is an important factor in reaching organizational goals.	No	110	5.33	1.321
	Yes	61	5.85	1.014
Q78 The reason I will stay with my organization is that I think my value is recognized.	No	110	5.18	1.213
	Yes	61	5.48	.868
Q79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.	No	110	4.55	1.662
	Yes	61	5.56	1.177

Q81 The reason I will stay with this company is that I think I am appraised fairly.	No	110	4.75	1.415
	Yes	61	5.57	1.117
Q82 The reason I will not stay with this organization is that the organization does not care about its employees.	No	110	4.58	1.804
	Yes	61	5.57	.974
Q83 My PA review is the only time I get feedback about my performance.	No	110	4.45	1.589
	Yes	61	5.46	1.259
Q85 If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	No	110	4.53	1.646
	Yes	61	5.34	1.223
Q86 The goals that come from my PA are decided between me and my manager.	No	108	4.20	1.593
	Yes	61	5.21	1.171
Q87 My view on my performance is taken into account at the PA.	No	110	4.58	1.455
	Yes	61	5.52	.942
Q88 My manager doesn't have sufficient knowledge to judge my work.	No	110	4.25	1.551
	Yes	61	5.11	1.292
Q90 Some of the things I hear in my PA come as a surprise to me.	No	108	4.50	1.350
	Yes	61	5.75	.850
Q92 My PA includes a discussion about my personal career development.	No	110	4.23	1.612
	Yes	61	5.39	1.130
Q93 My PA gives me clear ways in which I can improve.	No	110	5.04	1.585
	Yes	61	5.70	1.160
Q94 The PA includes a discussion in how my manager can help me to improve.	No	110	4.49	1.685
	Yes	61	5.36	1.033
Q96 I believe that in my PA I was treated the same way as everyone else.	No	110	4.65	1.378
	Yes	61	5.44	1.057

Table 5.76 Statistics on means

Hence, the alternative hypothesis is accepted:

H2q: There are significant statistical differences of respondents' views on PA process and performance appraisal training.

e. Length of service

The results for the length of service ANOVA revealed that twenty-one of the twenty-six items on process were statistically significant, which indicates that length of service is an important factor in the perception of performance appraisal processes (Table 5.33).

Ques	Groups	df	F	Sig.
F73	Between	5.00	16.34	0.00
F75	Between	5.00	10.57	0.00
F76	Between	5.00	9.45	0.00
F77	Between	5.00	9.76	0.00
F79	Between	5.00	3.43	0.01
F81	Between	5.00	2.80	0.02
F82	Between	5.00	14.30	0.00
F83	Between	5.00	7.70	0.00
F84	Between	5.00	17.54	0.00
F86	Between	5.00	8.94	0.00
F87	Between	5.00	8.94	0.00
F88	Between	5.00	15.28	0.00
F89	Between	5.00	11.69	0.00
F90	Between	5.00	8.91	0.02
F91	Between	5.00	14.43	0.00
F92	Between	5.00	12.52	0.00
F93	Between	5.00	14.61	0.00
F94	Between	5.00	17.38	0.00
F95	Between	5.00	13.90	0.00
F96	Between	5.00	8.28	0.00
F97	Between	5.00	15.46	0.00

Table 5.77 Respondents' views on the process of performance appraisal based on their length of service

Thus, the null hypothesis is rejected:

H2r: There are significant statistical differences between respondents' responses to PA process and their length of service.

f. Organization respondents worked for

The organization for which respondents' worked appears important, with all items in this section, less one, being found to be statistically significant (Table 5.78). No differences were found for Question 83, which refers to the performance appraisal review being the only time that respondents felt they received feedback.

Ques	Groups	df	F	Sig.
F73	Between	4.00	11.02	0.00

F74	Between	4.00	17.63	0.00
F75	Between	4.00	14.65	0.00
F76	Between	4.00	17.68	0.00
F77	Between	4.00	12.13	0.00
F78	Between	4.00	5.84	0.00
F79	Between	4.00	16.85	0.00
F80	Between	4.00	4.70	0.00
F81	Between	4.00	3.78	0.00
F82	Between	4.00	20.23	0.00
F84	Between	4.00	20.82	0.00
F85	Between	4.00	7.79	0.00
F86	Between	4.00	24.18	0.00
F87	Between	4.00	14.81	0.00
F88	Between	4.00	25.55	0.00
F89	Between	4.00	23.42	0.00
F90	Between	4.00	21.94	0.00
F91	Between	4.00	15.54	0.00
F92	Between	4.00	9.56	0.00
F93	Between	4.00	10.23	0.00
F94	Between	4.00	14.50	0.00
F95	Between	4.00	8.30	0.00
F96	Between	4.00	12.95	0.00
F97	Between	4.00	22.42	0.00
F98	Between	4.00	8.50	0.00

Table 5.78 Respondents' views on the process of performance appraisal based on their organization they work for

Thus, the null hypothesis is rejected:

H4g: There are significant statistical differences between respondents' views on the PA process and the organization they work for.

g. Last performance appraisal result

Table 5.79 reveals that, based on the respondents' last performance appraisal result, six items out of the twenty-six questions in Section F of the questionnaire, were statistically significant.

Ques	Groups	Df	F	Sig.
F76	Between	2.00	10.89	0.00
F77	Between	2.00	3.68	0.03
F79	Between	2.00	5.78	0.00
F88	Between	2.00	14.57	0.00
F89	Between	2.00	22.54	0.00
F90	Between	2.00	4.93	0.01

Table 5.79 Respondents' views on the process of performance appraisal based on last performance appraisal result

Thus, the alternative hypothesis is accepted:

H2s: There are significant statistical differences between respondents' views on the PA process and their last performance appraisal result.

h. Self-evaluation of last year's performance

With respect to the respondents' self-evaluation of their last year's performance, Table 5.80 reveals that eighteen items, which relate to process, were statistically significant.

Ques	Groups	Df	F	Sig.
F73	Between	4.00	5.98	0.00
F74	Between	4.00	5.48	0.00
F75	Between	4.00	6.78	0.00
F77	Between	4.00	3.20	0.01
F81	Between	4.00	4.26	0.00
F83	Between	4.00	9.40	0.00
F84	Between	4.00	5.30	0.00
F85	Between	4.00	3.54	0.01
F86	Between	4.00	12.32	0.00
F87	Between	4.00	4.16	0.00
F88	Between	4.00	12.89	0.00
F89	Between	4.00	7.72	0.00
F90	Between	4.00	9.46	0.00
F91	Between	4.00	7.65	0.00
F92	Between	4.00	9.79	0.00
F94	Between	4.00	8.07	0.00
F97	Between	4.00	8.40	0.00
F98	Between	4.00	2.83	0.03

Table 5.80 Respondents' views on the process of performance appraisal based on self-evaluation of last year's performance

Thus, the null hypothesis is rejected:

H2t: There are significant statistical differences between respondents' views on the PA process and their self-evaluation of last years' performance.

i. The Actual and the Ideal

To establish the differences between respondents' Actual and Ideal scores a paired *t* test was used. As Table 5.81 shows, all of the 26 pairs, except two, were statistically significant at or below the 0.05 level. An effect size test was undertaken to reveal 'real' differences, which resulted in fourteen items being identified as 'real' (Table 5.81). The two paired questions for which there were no *t* test differences referred to

procedures being the same as the organization's handbook (Q76) and the frequency of feedback (Q83).

Section F Process of PA

	t	t ²	t ² + df	t ² /t ² +df	r
F73	-27.47	754.38	1455.38	0.52	0.72
F74	-29.32	859.43	1560.43	0.55	0.74
F75	-25.11	630.71	1331.71	0.47	0.69
F77	-17.88	319.55	1020.55	0.31	0.56
F78	-41.75	1742.81	2440.81	0.71	0.85
F80	-40.32	1625.62	2323.62	0.70	0.84
F81	-38.19	1458.09	2156.09	0.68	0.82
F84	-8.20	67.17	765.17	0.09	0.30
F85	-34.73	1205.90	1903.90	0.63	0.80
F86	-8.10	65.63	763.63	0.09	0.29
F87	-19.21	368.95	1066.95	0.35	0.59
F88	-6.35	40.26	738.26	0.05	0.23
F89	-6.75	45.50	743.50	0.06	0.25
F90	-2.42	5.84	703.84	0.01	0.09
F91	5.13	26.30	724.30	0.04	0.19
F92	-20.39	415.59	1113.59	0.37	0.61
F93	-5.98	35.72	733.72	0.05	0.22
F94	-8.16	66.50	764.50	0.09	0.29
F95	-6.02	36.18	734.18	0.05	0.22
F96	-25.95	673.45	1371.45	0.49	0.70
F97	-8.58	73.56	771.56	0.10	0.31
F98	-37.06	1373.15	2071.15	0.66	0.81

Table 5.81 Effect size test on respondents' views on the process of performance appraisal based on actual and the ideal

The Table of mean scores reveals that in all case the Ideal received a higher score than current practice in the respondents' organizations. For some items the gap is quite small, for example in Question 84. The largest gap is found in Question 98, which refers to the extent to which respondents perceive that their manager can be trusted to provide a fair appraisal (Table 5.82).

		Mean	N	Std. Deviation
Pair 1	Q73 I am satisfied with the rating I received at my last PA.	3.06	702	1.501

	Q73A I am satisfied with the rating I received at my last PA.	5.17	702	1.223
Pair 2	Q74 The PA I received provided me with feedback that will help me to improve my performance.	3.10	702	1.591
	Q74A The PA I received provided me with feedback that will help me to improve my performance.	5.29	702	1.193
Pair 3	Q75 The feedback I received is constructive.	3.42	702	1.667
	Q75A The feedback I received is constructive.	5.36	702	1.235
Pair 4	Q77 Clarification of individual goals in my PA is an important factor in reaching organizational goals.	3.97	702	1.941
	Q77A Clarification of individual goals in my PA is an important factor in reaching organizational goals.	5.35	702	1.246
Pair 5	Q78 The reason I will stay with my organization is that I think my value is recognized.	4.92	401	1.456
	Q78A The reason I will stay with my organization is that I think my value is recognized.	5.36	401	1.226
Pair 6	Q80 The reason I will stay with this organization is that I feel a strong sense of respect.	4.79	401	1.578
	Q80A The reason I will stay with this organization is that I feel a strong sense of respect.	5.21	401	1.319
Pair 7	Q81 The reason I will stay with this company is that I think I am appraised fairly.	4.66	401	1.579
	Q81A The reason I will stay with this company is that I think I am appraised fairly.	5.11	401	1.300
Pair 8	Q84 I am asked to provide comments on other people for their PA.	4.43	699	1.629
	Q84A I am asked to provide comments on other people for their PA.	4.86	699	1.312
Pair 9	Q85 If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	2.51	699	1.316
	Q85A If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	5.06	699	1.453
Pair 10	Q87 My view on my performance is taken into account at the PA.	3.61	699	1.706

	Q87A My view on my performance is taken into account at the PA.	5.06	699	1.320
Pair 11	Q92 My PA includes a discussion about my personal career development.	3.35	695	1.713
	Q92A My PA includes a discussion about my personal career development.	4.98	695	1.458
Pair 12	Q96 I believe that in my PA I was treated the same way as everyone else.	3.26	699	1.661
	Q96A I believe that in my PA I was treated the same way as everyone else.	5.19	699	1.359
Pair 13	Q97 I believe that PA takes account of everything I achieve.	4.74	699	1.580
	Q97A I believe that PA takes account of everything I achieve.	5.22	699	1.378
Pair 14	Q98 I trust my manager to give a fair appraisal to all staff.	2.53	699	1.404
	Q98A I trust my manager to give a fair appraisal to all staff.	5.33	699	1.336

Table 5.82 Statistics on means

Thus, the null hypothesis is accepted, while the alternative one is rejected:

H5f: There are significant statistical differences between respondents' views on the process of PA in terms of their actual and ideal perceptions.

5.3 Key Mean Scores

The key data that relates to mean scores is summarised in the three tables below.

			Mean	StDev
Q69	Top management should take PA truly serious.	702	5.81	1.11
Q72	Appraisers should be trained before conducting the PA.	698	5.71	1.09

Q70	PA process should abide by the regulations set by China Banking Regulatory Commission.	695	5.63	1.09
Q66	Individual goals should be related to the goals of the organisation.	699	5.62	1.15
Q68	The feedback from the appraiser should be specific.	698	5.61	1.19
Q67	The performance appraisal should follow the procedure stipulated in employees' handbook.	702	5.58	1.22
Q71	Pay increases should be based on the results of PA.	694	5.48	1.26
Q55	I would be clear of my training needs after the performance appraisal.	698	5.36	1.40
Q64	Appraisers would be objective when conducting the performance appraisal.	702	5.34	1.55
Q57	The performance appraisal process would be fair.	698	5.17	1.68
Q59	I would like to discuss my rating result with my supervisor face to face.	703	5.13	1.50
Q56	PA would enable stronger communication between superiors and subordinates.	697	5.11	1.43
Q53	The results would be sent to me formally in a letter.	702	5.09	1.58
Q52	I would receive my performance appraisal result a few days after the event.	704	5.05	1.55
Q54	My superior would discuss my results with me directly.	701	5.01	1.45
Q65	Promotion of employees would not rely on a relationship with the boss.	699	4.95	1.76
Q61	Rating results would only be seen by me and my supervisor.	699	4.92	1.61
Q58	I would like to be informed of the rating result immediately after the interview.	695	4.89	1.50
Q63	Appraisers would discuss my rating results with me face to face.	696	4.81	1.60
Q60	I would be happy to discuss my rating results with my supervisor via email.	696	4.73	1.53
Q62	PA results would be used in deciding promotions.	703	4.50	1.57

Table 5.83 Results from the Section E, which specifically referred to 'Ideal'

		Mean	Std.Dv
Q28A	I fully understand my job responsibilities.	5.72	1.37
Q29A	I am familiar with the skills required to perform my job effectively.	5.68	1.29
Q44A	PA relies heavily on an employee's personality	5.57	1.63
Q78A	The reason I will stay with my organisation is that I think my value is recognized.	5.39	1.23
Q38A	PA criteria in my organisation is based on 'Ji'.	5.36	1.47
Q75A	The feedback I received is constructive.	5.36	1.26
Q77A	Clarification of individual goals in my PA is an important factor in reaching organisational goals.	5.35	1.25
Q8A	PA clarifies work objectives.	5.35	1.40
Q93A	My PA gives me clear ways in which I can improve.	5.33	1.21
Q98A	I trust my manager to give a fair appraisal to all staff.	5.33	1.34
Q14A	Top management pay great attention to PA.	5.30	1.40
Q74A	The PA I received provided me with feedback that will help me to improve my performance.	5.29	1.21
Q48A	I feel a strong sense of belonging to my organisation	5.26	1.51
Q9A	PA increases employees' motivation.	5.25	1.46
Q1A	PA aims to improve performance.	5.24	1.49
Q80A	The reason I will stay with this org is that I feel a strong sense of respect.	5.24	1.32
Q10A	PA improves employees' performance.	5.23	1.40
Q95A	Pay awards based on PA are the best way to motivate people.	5.23	1.33
Q97A	I believe that PA takes account of everything I achieve.	5.22	1.39
Q36A	PA criteria in my organisation is based on 'Neng'.	5.21	1.42

Table 5.84 Top twenty results referring to an 'Ideal' mean scores for Performance Appraisal

		Mean	Std.Dv
Q69	Top management should take PA truly serious.	5.81	1.11
Q72	Appraisers should be trained before conducting the PA.	5.71	1.09
Q28	I fully understand my job responsibilities.	5.70	1.37
Q70	PA process should abide by the regulations set by China Banking Regulatory Commission.	5.63	1.09
Q66	Individual goals should be related to the goals of the organisation.	5.62	1.15
Q68	The feedback from the appraiser should be specific.	5.61	1.19
Q67	The performance appraisal should follow the procedure stipulated in employees' handbook.	5.58	1.22
Q29	I am familiar with the skills required to perform my job effectively.	5.54	1.32
Q71	Pay increases should be based on the results of PA.	5.48	1.26
Q55	I would be clear of my training needs after the performance appraisal.	5.36	1.40
Q64	Appraisers would be objective when conducting the performance appraisal.	5.34	1.55
Q13	My colleagues take their PA seriously.	5.25	1.31
Q08	PA clarifies work objectives.	5.22	1.52
Q57	The performance appraisal process would be fair.	5.17	1.68
Q10	PA improves employees' performance.	5.17	1.47
Q09	PA increases employees' motivation.	5.17	1.50
Q76	The procedure of PA conducted in my org is different than that stipulated in the employee handbook.	5.15	1.17
Q22	Promotions are given on the basis of 'who you know'.	5.14	1.31
Q59	I would like to discuss my rating result with my supervisor face to face.	5.13	1.50
Q56	PA would enable stronger communication between superiors and subordinates.	5.11	1.43

Table 5.85 Top twenty results referring to an 'Actual' mean scores for Performance Appraisal

Table 5.83 illustrates the ranked order of means for that which employees perceived as an 'ideal' performance appraisal system, with it being noted that commitment from 'top management' is the most important to them. Table 5.84 shows the top twenty ranked mean scores for the 'importance' scale, which is also interpreted as what they aspire to, or their 'ideal' system. Finally, Table 5.85 illustrates the top twenty ranked mean scores, as they refer to the employees' actual experience and, again, they strongly agree that senior management should be committed to the appraisal process.

Summary

This chapter presented a summary of the major findings, which were generated from a survey questionnaire. The focus was predominately on statistically significant findings, with some of the detail being available in the appendices. Having presented the data, attention now turns to the discussion of the results, which is done in line with the research objectives and the literature from which these flowed and the specific context of state-owned banks in China.

CHAPTER 6

DISCUSSION

Using the research objectives as the vehicle for the discussion, this chapter draws together the findings from the current study and places these within the context of the wider literature, including previous studies. In relation to each of the three research objectives, key findings are identified and related to the Chinese situation. Discussion of the first objective aims to appraise, in a critical way, the general perspective on performance appraisal held by key stakeholders in the Chinese state-owned banks. In evaluating how the process is viewed overall, various independent variables that may have influenced the results are explored, which include managers and non-manager, length of service, educational background and frequency of performance appraisal. The discussion focuses predominately on findings from the first section of the questionnaire. Thus, this initial reference to Section A addresses the purpose of performance appraisal in general terms, placing it within the boundaries of performance management. Drawing on the independent variables, the areas of communication, performance, development and motivation are explored, particularly as they relate to the overall purpose of performance appraisal. This aspect of performance appraisal fits closely within the broader performance management systems (Marchington & Wilkinson, 1996).

Still within the first objective, attention next turns towards the participants' views on the performance appraisal processes that currently exist in their own organisation. Here, the discussion addresses the four key areas relating to managers, feedback, procedural justice and general matters, all of which predominately draw from the questionnaire Sections of B, C and F.

In addressing the second research objective, the inter-relationship between salient stakeholders' satisfaction with performance appraisal processes and outcomes is

discussed. Within this discussion, which draws mainly on questionnaire Sections F and D, links with procedural and distributive justice are made, along with the notion of loyalty and commitment. Specific reference is made to the respondents' perception of their grades and their perceived performance, along with how these relate to their satisfaction with the outcomes and processes. The section is divided into two broad parts, with the first element focusing on the participants' satisfaction with outcomes, whilst the processes provide the focus for the second part.

Finally, the discussion revolves around the third objective and what key stakeholders perceive to be an 'ideal' performance appraisal model. The discussion is related to the distinctly Chinese context. In discussing this objective, which draws predominately on Section E of the questionnaire, a further emphasis is placed on what stakeholders identified as 'actual' and 'ideal' reports. This section also provides a discussion on the different perceptions held by respondents from the four state-owned banks and considers their views in relation to the overall financial standing of the banks.

6.1 Stakeholder perception of performance appraisal

Research objective 1

To appraise critically the perceptions of significant stakeholders on the nature of performance appraisal systems in Chinese state-owned banks.

It is apparent that a broad positive consensus exists with respect to the general attitude towards the purpose of performance, which is evidenced in the mean of 4.34 for Section A.

In exploring the salient stakeholders' perception of performance appraisal a number of themes emerge that point the way to later discussions

Objective 1 – Part I. The Purpose of Performance Appraisal

Effective Communication

With respect to how communication is viewed as a purpose within the performance appraisal approach, this subsection, at 3.80, returned a lower mean than performance, development and motivation. Three of the five questions returned a score of three, with the other two returning a score no greater than 4.5. Indeed, communication has been cited as a positive outcome from performance appraisal (De Waal, 2003) and can be viewed as an important by-product of the appraisal process.

In investigating independent variables, it is apparent that, in common with this section, managers returned scores that were significantly higher for three out of the five questions. In a self-evident way, the managers felt that performance appraisal helped employees communicate with their manager (Q3), strengthened the manager employee relationship (Q4) and provided opportunities to pass on information to their manager (Q15). It is not surprising that managers have taken a more positive view of their own value in the purpose of performance appraisal, than the views held by those who they appraise. Indeed, one of the functions of management is, through effective communication, to build strong relationships with their subordinates (Lohman *et al.*, 2002).

For the three questions identified by the managers as being more positive, it is apparent that respondents with a university degree held the opposite view and rate these areas as significantly less important than other respondents. A possible explanation is that their higher educational level has influenced that assessment, in that their expectations are higher than those who do not have a degree.

It is also apparent that those respondents who had an appraisal in the last year were significantly more positive than the rest of the sample, particularly with respect to their perception of top management support (Q14) and that a function of performance appraisal is to enhance the relationship between appraisee and appraiser (Q4). The appraisal, in this case, may be raising an awareness of the links between reward and performance, although it may not extend beyond this, to

recognise the indirect contribution, identified by Rao (2007) that individuals can make to the organization's objectives.

With respect to employees' length of service, it is apparent that a general trend is for those with shorter service to be less convinced of the function of communication than are longer serving employees. However, for those employees with service of between four and ten years, there is a reversal, where they are significantly more positive than others with regards to the opportunities gained from passing on information (Q15) and the strengthening of relationships between appraisee and appraiser (Q4). This is in line with Zhu and Dowling's (1998) findings that performance appraisal in China tends to employ a low level of communication, with there being little opportunity to pass information in either direction. One possible reason for this low level of communication in performance appraisal is to save 'face' (Earley, 1997) and avoid confrontation (Hoare & Butcher, 2008), particularly where one appraisee receives a lower rating for their performance. Thus, whilst there is broad support for communication as a key purpose of performance appraisal, it does not reach the levels advocated in previous studies (Ukko *et al.*, 2007), nor its perceived importance (De Waal, 2007).

Improving Performance

Questionnaire feedback on how performance was perceived as a means of improving performance indicated reasonable support, with a mean of 4.58. However, whilst there is agreement that performance appraisal clarifies work objectives (Q8) and improves employee performance (Q10), there is less support for it being an accurate way to evaluate job performance (Q12). This is an important area of cost efficiency for the organization and for aligning the various performance targets with the specific corporate goals (Radnor & Barnes, 2007).

When exploring differences, it is again apparent that managers were significantly more supportive in viewing this function of performance appraisal as being a means of improving performance. They reported that a clear function is to clarify work processes (Q8), whilst at the same time appraisal provides an accurate means of evaluating performance (Q12). Significant support was also found for clarifying the

work process (Q08) by those who had undertaken an appraisal in the last year, who equally supported the notion that a function of performance appraisal was to improve employee performance (Q10). The trend for performance appraisal to be used as a means of clarifying the work process is further supported by those with less than one year's service, which is contrasted by a significantly negative view held by employees with over 15 years service in the banks. Thus, there is the suggestion that employees may become more disillusioned with the function of performance appraisal as they progress through the organization. At the same time, there is a tendency for managers to show a more positive trend. The disillusionment experienced by general employees is a worrying trend, as there is clear support for appraisal targets to support the corporate objectives and assist them in achieving their goals (Bevan & Thompson, 1991; Den Hartog *et al.*, 2004).

Typically, performance appraisal characteristics focus on job relatedness, along with the associated standards and measures. Whilst standards can justifiably vary between levels, a large degree of consistency is required within each level (Marsden, 1999). In addition, whilst the desired characteristics may not be easily measurable, Caruth and Humpherys (2008) argue that an imperfect measure may be preferable to having no measure at all.

Employees' Development

In studying the perceptions of German retail banking employees, the process of change was investigated by Hetzner *et al.*, (2009), particularly with respect to attitudes towards employee development. The authors found that employees needed to adapt their skills and knowledge to cope with new requirements, which had not previously been found in sectors outside banking (Billett, 2008). An important point related to learning not always happening automatically, with the process often being due to the immediate demands of the job. It is also apparent that this situation may be aggravated further in an emerging economy, such as that currently being experienced in China.

Indeed, in looking at the views on the purpose of performance appraisal in relation to development, this brought the strongest response, with a mean of 4.87. In particular,

improved performance (Q1) and the promotion of personal growth (Q5) received mean scores over 5.0. Here, employees are suggesting that a key purpose of performance appraisal is to provide opportunities for personal development and growth. Personal growth and support has been identified as a purpose of performance appraisal, along with a degree of evaluation that is used to identify the development needs (Franceschini *et al.*, 2008).

With regards to viewing personal growth as a purpose of performance appraisal, it is again apparent that managers held a more positive view, in that they rated three out of the four questions in a significantly positive way. Whilst the focus on training needs (Q2) is not significantly different, the area of personal growth (Q5) and selecting employees for promotion (Q7) received positive support, although it is noted that the overall mean for these areas is relatively high at 5.10 and 4.83 respectively. Further, those who have undertaken performance appraisal training had a significantly more negative view on the benefit of training (Q2) as a function of performance appraisal. Thus, whilst personal development is viewed as a key purpose of performance appraisal (Den Hartog *et al.*, 2004), the anomaly exists that those who have undertaken training are less positive about the benefits. It is possible that they have become less enthusiastic about the purpose once they have seen how it operates, which would suggest that either the system or the training is flawed. With respect to employee length of service, a similar trend is observable with three out of the four questions being strongly supported by those with under one year of service, whilst the long serving employees, with over 15 years service, returned a significantly lower score. There is a suggestion here, that whilst training is an important aspect of performance appraisal (Williams, 2006), the long-serving employees appear not to be directly supporting its value.

Whilst the aims of performance appraisal are varied, there appears to be a synergy between these; indeed, there have been those who view the performance appraisal process as a panacea (Taylor, 1998), although research findings do not always support this. As well as the evaluative element of the process, performance appraisals play an important part in determining individual development needs, which can be grouped, to feed into a wider organizational developmental strategy.

Indeed, Armstrong and Baron (1998) argue that a title of 'performance and development appraisal' would be more appropriate. Further, this is supported by Ubeda and Santos (2007), who argue that the purpose of a performance appraisal system is to engage in the two-fold purpose of evaluating results and identifying human competencies, with a clear view to future employee development.

An indicator of the organizational focus of performance appraisal is drawn from the work by Wilson and Western (2000), in that for all employees who were interviewed their training plan related only to short and medium job needs, as opposed to long-term individual development. Whilst this can prove effective for the organization, depending on the rewards offered, it may not produce high levels of satisfaction. Nonetheless, the value of training has been shown to be beneficial in other situations (Viswesvaran & Ones, 2000) and thus, the potential to benefit from this approach remains.

Increased Motivation

In this last section concerning the purpose of performance appraisal, there is again strong support for the process in providing a source of motivation for employees. Indeed, the specific question that 'performance appraisal increases motivation' (Q9) returned a mean score of 5.17. There is also evidence to suggest that the process is taken seriously and that it reduces conflict amongst employees. The benefits of improved individual behaviour and in motivating employees have been identified as a key area in performance appraisal (Radnor & Barnes, 2007), although, as will be seen later, the levels of motivation can often relate to how the process and outcomes are perceived.

Fewer differences exist with respect to the three questions that addressed motivation, which suggest that the area is generally viewed as a function of performance appraisal. Further, managers, graduates and those with four to six years' service were significantly more supportive of the idea that colleagues should take performance appraisal seriously (Q13). It could be expected that managers would view the positive side of performance appraisal, although it is not as clear why the other two sets of employees responded in support of colleagues. Overall, in viewing

the statement that performance appraisal increases employee motivation (Q9) no significant differences occurred and with a mean of 5.17, this tends to lend support that motivation is perceived as an important purpose of performance appraisal. This attitude can be seen to conform to the overall concept of self esteem that can be experienced by motivated employees (Aguinis, 2007). However, it is of note that in the past, performance appraisal was more commonly used for the promotion and transfer of cadres (Easterby-Smith *et al.*, 1995), although this may no longer fit with the perception of organizations in China today.

Performance appraisal has both an administrative purpose (Analoui & Fell, 2002) and a motivational goal (Beer & Ruh, 1976), both of which can be used as dynamic control measures, although it is equally argued that the ultimate goal is to enhance organizational performance (Hammer, 2007). Indeed, in viewing the approach from the standpoint of it being a valuable strategic performance management measure, it is considered a key business imperative in motivating employees (Caruth & Humphery, 2008). Further, in developing the process of motivation, as well as linking with motivational theories, performance appraisal needs to connect with aspects of organizational justice.

Objective 1 – Part II. Perceptions of Employees' Own Organization

With respect to how respondents perceived the performance appraisal process in their current organization, which involves the four state-owned banks in China, it is possible to identify differences in stakeholder viewpoints. As a process, performance appraisal involves measuring employee performance in relation to pre-set standards or goals (Ahmad & Ali, 2004). Therefore, measurement of criteria, feedback and performance appraisal training, linked with goal setting, emerge as important issues to be investigated. In addition, performance appraisal outcomes are invariably linked with recognition, determining salary increments and with regards to promotion opportunities (Abdul Aziz, 1999).

General considerations

In identifying positives, it is apparent that, in their own organizations, most

employees understood their job responsibilities (Q28), which returned a score of 5.70, and that a mean score of 5.54 suggests that they are familiar with the skills needed to perform their job correctly (Q29). Conversely, there appears to be little understanding in the organizations of the purpose of performance appraisal (Q31) which returned a low mean of 2.97. Thus, whilst employees were able to report on the specific purpose of performance appraisal, which was discussed in the previous section, the actual purpose in their own organization is not clear. Linking back to the purpose, with particular respect to the process of performance appraisal, this result indicates that this is an area that needs to be addressed, as it is important for stakeholders to fully understand both the process and its purpose. Thus, it appears that whilst employees are aware of the job responsibilities and skills needed to achieve these, they are not relating these directly to the performance appraisal process. However, a reasonably high mean is returned with respect to stakeholders believing that their performance makes a significant contribution to organizational performance (Q24). Further, as there are no significant differences evident in this area, the mean of 4.59 indicates that stakeholders are fairly consistent in believing that the work they do adds value to the organization. However, there is still room for improvement and it is unclear if, as Bevan and Thomson (1991) suggest, the link is explicit, rather than it being a general notion.

With respect to stakeholder perceptions within their organizations, it is apparent that a clear consensus exists. Indeed, from the thirty-one questions in this subsection, managers differed significantly on only five of these. However, it is apparent that those who had undertaken training in performance appraisal returned scores that showed significantly different results for 14 out of the 31 questions, with most holding a more negative view. Again, it is apparent that those who have undertaken training appear less positive than those who have not completed the process. This point has been discussed previously, with the options being that the training is poor, or that following training, employees have a greater awareness, which is making them more critical of the processes involved.

Concerning the preparation for performance appraisal (Q33) managers felt that they were significantly more prepared than employees. This self-belief is not unsurprising,

although those who had undertaken performance appraisal training held the opposite view, again suggesting that either the process or the training needs addressing. Stakeholder support was forthcoming from those who had undertaken an appraisal in the last year and those with between four and ten years' service, although employees with over 15 years' service reacted negatively. This is consistent with other areas, wherein longer serving employees indicated a greater degree of negativity.

Similar polarized results were seen with respect to the view that performance appraisal measures how well employees achieve their targets (Q39). Managers were alone in believing that performance appraisal measures targets, although the reverse view was held by graduates, those who had undertaken training and employees with less than one year of service. It is noted that employees with 11 years of service and more, tended to agree with the managers, which may indicate that employees who are more senior are not treated as harshly during their performance appraisal, thereby creating a more favourable impression of the process. An associated factor here is the perception of justice, which will be addressed later, but there may also need to be some clarification with respect to the specific detail. For example, consideration needs to be given to the extent to which financial rewards, as opposed to those of a non-financial nature (De Toni & Tonchia, 2001) correspond to how employees view, or are satisfied with, their organization's processes.

Managers

Zhu (2006) has argued that there is a shortage of managerial talent in Chinese enterprises. Thus, it becomes important to both enhance the manager's commitment to their organization and retain those managers who are effective. The findings further explain the reasons these managers stay with their organization, with a major reason being their belief in the traditional values of remaining loyal to an organization.

The score for the seven questions relating to the manager's role received the lowest grouped mean (3.27). Apart from some areas relating to length of service, there were only a small number of significant differences in this subsection. Not unsurprisingly, managers agreed more with the statements that pay increases are not directly

related to an employee's relationship with their manager (Q23), although there could be an element of saving 'face' in how they responded to this question (Lin, 1939; Hofstede & Bond, 1984). However, the overall mean score of 2.91 for this question indicates that this is an area of low stakeholder satisfaction. There appears to be considerable dissatisfaction amongst stakeholders with respect to their manager's performance. There is a broad consensus that appraisers are not competent (Q17; 2.86), are biased (Q18; 3.35) and cannot be trusted to accurately report an employee's performance (Q19; 3.04). These findings are clear indicators that stakeholders perceive that the performance appraisal process is not working effectively in their organization. It would appear the managers are failing in their basic role to continuously monitor and improve their subordinates (Owen & Alkin, 2007), in that they do not appear competent to carry out their role. The finding is further compounded by the perception that appraisers are poorly trained in conducting performance appraisal interviews (Q27) and that little training has been received (Q32). The point on training has been reviewed previously, but there also seems to be a concern here that the criteria are not robust (Norcross, 2006). In addition, as the characteristics used to appraise employees are not of a precise nature, as advised by Huo, Huang and Napier (2002) and Mayo (2006), this might be influencing the employee's perception of their manager.

Managers are in a position to discriminate unfairly, for example through unconscious bias or overt favouritism (Allan, 1994). There is also the risk that managers will succumb to impression management and judge employees on attractive behaviours (Bolino & Turnley, 2003a), rather than job related achievements. The process may be unconscious; indeed, it has been argued that it commences as early as the selection interview, when 'likable' people are invariably selected (Wayne & Ferris, 1990). As has been identified previously, the effectiveness of any performance appraisal process is heavily dependant on the appraiser, who is invariably the line manager. It is important that those conducting performance appraisals are not only trained, but continually review their competence and effectiveness (Allan, 1994; Dobbins, Cardy & Platz-Vieno, 1990).

Employee satisfaction has been found to depend on a number of factors. In a study

of a Canadian university, Whiting, Kline and Sulsky (2008) found that appraisal usefulness, particularly with respect to feedback, and the fairness of the system were major contributing factors to the process being viewed positively. Certainly, the failure of management is not new (Bourne *et al.*, 2000), although the effect might be more damaging in a country that follows a one-party system, where constraints may be greater.

Finally, with respect to managers, there is interest in the attitudes held at different levels of management (De Waal, 2007). Whilst the current study focused predominately on line managers, any insight into those in more senior posts may have provided a contrasting view, particularly as there was little support from top management, which in itself, is considered crucial for any appraisal system (Lambert, 1979).

The training of managers

It is thought that training is part of the solution in fulfilling senior management requirement for organizational success, with this being processed through a comprehensive performance appraisal training programme (Ford, 2003). In designing an ideal performance appraisal process, Grote (1996) emphasized the importance of involving managers and employees at all levels in performance appraisal training and in sharing their experiences, although it is apparent that this approach may not be acceptable in a more autocratic environment. That is to say, senior managers need to be directly involved in the training for implementing a new performance appraisal system. They need to explain personally, why it is important for managers to give employees clear directions about how they are expected to act.

A fundamental criticism of performance appraisal systems relates to the competence and engagement of managers, which has been addressed in early sections, although essentially, they have been described as the Achilles Heel of the appraisal process (Kikoski, 1999). In addition, poor preparation and a reluctance to provide negative feedback, invariably lead to employees receiving incomplete or inaccurate information (Cook & Crossman, 2004).

On the one hand, such findings reveal the vital role of performance appraisal training in achieving salient stakeholders' performance appraisal satisfaction. On the other hand, it could also be inferred that the training at Chinese state-owned banks sometimes focuses on cultural-political components, which aim at indoctrinating employees with Communist ideology, moral values and patriotism (Chow, 2004b).

In respect to management competencies, which are linked to the performance appraisal process, it would appear that the top rated characteristics and abilities in American managers (Abraham, Karns, Shaw & Mena, 2001) may be reasonably robust across cultures. The most successful manager characteristic referred to is communication skills, with the second most successful being 'results orientated', which is in keeping with the organizational focus of performance appraisal.

Feedback

The term performance appraisal is traditionally used to refer to the annual interview between the manager and employee, which aims to address previous performance and is designed to produce an action plan for future development (Wilson & Western, 2000).

With regards to comments on feedback within the stakeholders' organization (Q83), there is a consensus view that for some, the performance appraisal review is the only time that feedback on performance is provided (4.64). Those who had undertaken training returned a significantly higher score, which suggests that they felt they were being provided with feedback on a more regular basis, although this was not quantified in the survey. However, it is noted that employees with over 15 years' service agreed with those that had been trained, suggesting that feedback was provided at other times of the year. Perhaps it is the degree of respect that is given to older employees that allows for greater feedback being given to them, although this area was not explored any further in the study.

The general findings reveal there is little feedback from appraisers to appraisees and that the results of performance appraisal usually remain confidential. It is apparent that managers feel reluctant to pass on any negative information to appraisees,

thereby avoiding any direct confrontation and thus saving 'face' (Buttery & Leung, 1998). This apparent lack of feedback is counter to the recommendation of Hudson *et al.* (2001), that information which is fed back should be accurate, otherwise it distorts the situation.

For employees to develop, it is important for them to understand how they are performing (Lee, 2005), which in turn highlights the importance of feedback, which should be provided on a continuous basis (Longenecker & Goff, 1992). However, employees from the state-owned banks indicate that this form of ongoing feedback is not a consistent feature of their processes. The concept of receiving feedback in a timely manner is further supported by Neeley *et al.* (1997), who consider the timing as an important factor in employee development. In a similar way, feedback needs to be given speedily (Hudson *et al.*, 2001), for it to be effective. Finally, it is equally important that managers select feedback which is valued (Kingstrom & Mainstone, 1995; Nathan, Mohrman & Milliman, 1991).

In a study of organizations that operated total quality management systems Soltani, Meer, Williams and Lai (2006) found that 'providing feedback' was rated the second most important characteristic of the performance appraisal system, whilst, with respect to a quality-driven performance evaluation scheme, the concept of 'helping to improve performance' achieved the highest rating. Given these findings and coupled with the notion that employees in Chinese state banks were not overly impressed with the timeliness or quality of the feedback they received, this emerges as a clear area that needs addressing.

Procedural justice

It is apparent that an inequity in pay awards might be a major source of employee dissatisfaction (Armstrong, 1992), which can indirectly relate to the fairness of the appraisal ratings. Examples of inequity refer to managers taking the easy option in rating employees at an average level or even allowing the ratings to drift upwards, as a means of attracting a higher reward for the most favoured employees (Kessler, 1994). The process can be especially common in Chinese society, when exchanging favours to maintain a harmonious relationship is often accepted as an important

factor in both life and work (Buttery & Wong, 1999). Hence, the equity of a performance appraisal scheme, along with its fairness rating, can, to some extent, be breached.

Kessler and Purcell (1992) argue that rewarding performance with pay can be used to restructure the relationship between the organization and its employees, whilst at the same time it extends the control and power of management. To ensure a fairer reward for individual performance, it is important that justice is taken into account when designing a performance appraisal process. In this way, a perception of fairness can be conveyed. The notion of perceived fairness has been identified as a significant factor in influencing salient stakeholders' attitude toward performance appraisal (Thomas & Bretz, 1994).

When considering stakeholder perceptions of procedural justice in their own organization, it is apparent that the rounded mean for virtually all the questions is above 4.50. One low score of 3.04 suggests that pay increases are not necessarily related to how well an employee does their job (Q21), which is worrying, as it indicates a lack of objectivity in the process. Further evidence is found which indicates that pay increases may be related to an employee's relationship with their supervisor (Q23). Here, there appears to be a tendency for managers to rely on personal and behavioural traits, which, as Aguinis (2007) points out, has long been discarded as a source of bias. The practice of using relationships in reaching appraisal decisions can infringe the procedural justice concept that relates to the approach being applied consistently across all employees (Greenberg, 1990a).

There are two significant areas where managers returned a higher score. Firstly, it is apparent that managers view promotions as being based on 'who you know' (Q22). The overall mean of 5.14 is a clear indication of the consensus feeling amongst stakeholders, although the significantly higher score for the managers indicates that they clearly acknowledge that this is the case. The second area where managers returned a significantly higher score is in acknowledging that performance appraisal criteria is based on 'neng' (Q36), a point which is supported by those with under one year of service and rejected by those with over 15 years service, which mirrors

earlier work reported by Easterby-Smith *et al.*, (1995). However, with respect to the other Confucian concepts of 'De', 'Qing' and 'Ji', it is apparent that these are rated as broadly similar criteria, with mean scores ranging from 4.63 for Qing to 5.10 for Ji. Employees with a graduate qualification returned a significantly lower score in viewing 'De' as criteria for performance appraisal, although overall, the area received a broad consensus.

With regard to employee length of service in general, the trend was for there to be significantly greater support for many of the factors relating to organizational justice from those with up to ten years' service, with the reverse broadly being the case for employees with eleven or more years' service. However, the agreement, in relation to the years of service, is greater than many other areas of the questionnaire.

Within the block of twenty questions that addressed procedural justice, those who had undertaken training showed a significantly lower score for eight of these, which again suggests a link between training for performance appraisal and how the process is perceived. The reference to training is supported by Grote (1996), who suggests that performance appraisal training should involve all levels of managers (appraisers) and non-managers (appraisees). Such a process might more involve both groups and bring them to a greater awareness of the appraisal measures (Kennerley & Neely, 2002), although the content may also need to be addressed.

Another area of procedural dissatisfaction related to feedback. Waldersee and Luthans (1994) found that feedback can have a strong positive effect on the performance of both individuals and groups, with a practical emphasis being one of clarifying roles, within the performance appraisal process. Those with fewer years' service were more negative about the feedback process, which implies that the performance appraisal feedback provided by appraisers is falling below stakeholder expectations. This is a concern, because effective feedback is considered a key building block for effectiveness in general (London & Smither, 2002).

McCarthy and Garavan (2001) also argue that feedback is an important element in professional and personal development. Within the performance appraisal process,

feedback to appraisees on their performance should stimulate a positive change in behaviour and performance, a process which, it is argued, leads to increased levels of trust and communication throughout the organization (Waldman, Atwater & Antonioni, 1998).

6.2 Satisfaction and commitment

Research objective 2

To evaluate critically the levels of satisfaction and loyalty with the process and outcomes associated with performance appraisal in the Chinese state-owned banks.

In addressing the concept of loyalty and satisfaction, this section covers five areas. First, with respect to appraisal outcomes, satisfaction is discussed, which is supported by the related processes. The second area relates to loyalty and commitment, after which reviews are made of the employees' satisfaction in relation to the grade they received. Finally, satisfaction is considered in relation to what employees perceived their performance standards to be.

Employee satisfaction or an acceptance of the performance appraisal process is frequently used to measure employee reaction (Keeping & Levy, 2000). A study of retail banking identified a number of barriers to change and, under the title of 'discretion', found that the ability of employees to have a 'voice' in their work was a determining factor that supported satisfaction (Hetzner *et al.*, 2009). Conversely, factors relating to the status of employees, or their salary increase, appeared not to show an increase after these goals were achieved.

Objective 2 – Part I. Salient stakeholder links to satisfaction of performance appraisal outcomes

Performance appraisal has implications for performance-related pay, reward and promotion. In this respect, Erdogan (2002), who notes that a perception of justice is especially salient, proposes that the concept is included in any evaluation of a

performance appraisal system. Thus, in discussing stakeholder satisfaction with their current system, this section addresses questions that relate specifically to stakeholder satisfaction with performance outcomes.

The eleven questions that relate to stakeholder satisfaction with performance appraisal outcomes returned an overall mean of 3.99, which was the second lowest in the survey. Further, the lowest score, of 2.86, related to the extent to which employees were rewarded for the effort they put in (Q20), which indicates a severe breach of distributive justice. Managers returned significantly higher scores, although this again might be due to either saving 'face' (Hofstede & Bond, 1984), or a genuine delusion of reality. Managers also felt that performance appraisal assisted employees in improving their performance (Q91) and with respect to outcomes, a mean of 4.93 indicates a reasonable level of satisfaction. Similarly, managers held a significant belief that pay was the best way to motivate people (Q95), with a consensus mean of 4.95 indicating general agreement. However, it is of note that those with over eleven years of service took the opposite view, which is consistent with trends from this study.

Those who had undertaken training for performance appraisal returned significantly lower scores for seven out of the eleven questions and were alone in this trend. The trend is not inconsistent with the negativity demonstrated by those who have been trained in performance appraisal, although it is not so easy to identify the root reason for their perceived dissatisfaction. Of particular interest is that those who had undertaken training held a lower opinion than others with regard to outcomes and particularly with respect to ways an individual could improve (Q93) and have a meaningful discussion (Q94) and with respect to their personal career development (Q92). The area of motivational goals relates to this area, but it is difficult to establish whether people are motivated by success, or whether success in a person brings motivation (DeNisi & Pritchard, 2006). Thus, with career planning, managers need to understand fully the people they are responsible for, as the focus may change with each individual.

Against the general trend, employees who had less than one year's service felt

significantly more surprised to hear 'new' feedback during their performance appraisal (Q90). This may be accounted for by there being a greater number of areas to feedback to new employees, or alternatively it could indicate that induction or any ongoing support in the first year is lacking. It may also suggest that there is a need for more of a continuous level of feedback in the first year of employment (Gosselin *et al.*, 1997) to provide greater support.

With respect to awards, the higher the respondents' qualifications, the more they appear to be concerned with the fairness of the performance appraisal process. For example, there was a desire for stronger communication between superiors and subordinates, objective standards of criteria, specific feedback and for procedures to follow the employees' handbook and CBRA guidelines. A lack of serious support by top management was another point of concern, which is an area that has long been recognised to contribute to a successful appraisal scheme (Lambert, 1979). On the other hand, it can be inferred from the findings that the lower the respondents' qualifications, the more they were concerned with their training needs.

Moreover, with regard to respondents' attitudes toward performance appraisal, the factors relating to both the frequency of appraisals and the undertaking of training appear to influence the respondents' attitudes, whereby the more frequent the performance appraisal, the more positive was the respondents' attitudes toward the process. Again, it is recognised that training can be a positive factor in helping employees in recognising the function and benefits of the system.

Whilst differences exist, it is apparent that stakeholder satisfaction with regards to performance appraisal outcomes is an area that the state-owned banks need to address. In addition, in considering employee satisfaction with outcomes, it is apparent that a key aspect relates to perceived fairness (Dulebohn *et al.*, 1999), which can focus on both the outcomes of the appraisal process and the process itself.

Objective 2 – Part II. Salient stakeholder links to satisfaction of performance appraisal processes

There is evidence to show that 'political' behaviours by both managers and employees have an important influence on outcomes from performance appraisal (Murphy & Cleveland, 1991). Thus, measures need to be robust, quantifiable and capable of being accurately measured. However, as Ferris and Judge (1991) point out, performance is typically subjective in nature, which means that many aspects of job performance are not open to objective measurement.

Overall, the section that reported on satisfaction with the process provided a mean score of 3.93, ranging from 2.53 to 5.16 and these, along with the significant differences, will be discussed here. At this stage, it is noted that out of the nine questions used, unusually, there were only two questions where managers differed significantly. Thus, it is apparent that there is broad consensus between appraisees and appraisers.

With respect to procedural justice, stakeholders are concerned that their manager either does not have sufficient knowledge of their performance to make an accurate assessment (Q88) and that the actual process of the performance appraisal is often rushed (Q89). On their own, these aspects could be addressed, however, the low score relating to trust is more concerning (Q98). A mean of 2.53 indicates that stakeholders are not satisfied that they trust their manager to provide a fair appraisal for all staff. The element of trust, which has been noted before, is considered crucial to the appraisal process in particular, as well as in the organization in general (Van, Oreg & Schyns, 2008). In addition, there is a strong link to employee satisfaction when they perceive to have the trust and support of their manager (Korsgaard & Roberson, 1995).

In addition to the breach of trust, there is an indication that the appraisee's view on their performance (Q87) does not play a strong part in the appraisal process, neither is there strong evidence that, during the goal setting stage, future targets are agreed between the manager and the appraisee. This aspect can be linked to a feeling of employees not trusting either the manager or the process, as they have little input

into the results and the managers are viewed as neither proficient nor objective. It is noted that this is one of the very few areas in this subsection where managers did not differ, which indicates that during their performance appraisal, they equally had little opportunity to input their view, which suggests that this is an organization-wide issue.

The subject of procedural justice is raised again, in that the score of 3.26 indicates that employees believe that they are treated differently during the performance appraisal (Q96). This is one of only two significant differences that managers returned in this whole section, with them returning a significantly higher score, which could be explained by either their self-denial, or possibly it is a reaction to promote harmony (Hoare & Butcher, 2008). Stakeholders also appear to be expressing concerns that their avenues of appeal against any results appear to be limited (Q85). This presents managers with a dilemma. In relation to satisfaction, it is understood that satisfaction is associated with achievement (Weightman, 2007), which in Chinese terms could be measured in social terms of not losing 'face' (Earley, 1997), rather than in relation to practical work achievements.

With respect to providing employee rewards, contrary evidence is found. This is the view that, especially with regards to employee pay, is clearly important (Millward, Bryson & Forth, 2000) and whilst the alternative view is equally held that monetary rewards do not constitute the ultimate goal (Furnham, 1994). Nonetheless, where rewards are provided, it is important for distributive justice that performance appraisal ratings are clearly in line with employee expectations (Brown & Benson, 2003; Erdogan *et al.*, 2001). To complicate the matter further, it is also apparent that attitudes may vary in line with differences in national and organizational cultural, or within capitalist and socialist systems.

Objective 2 – Part III. Salient stakeholder links to satisfaction of loyalty and commitment in performance appraisal

The eleven questions that concerned loyalty and commitment show one of the lowest section means of the survey (3.95). The mean would have been lower, had it

not been for the 5.08 that related to individuals remaining loyal to the organization (Q50). However, this result appears at odds with the rest of this section, although one explanation is that stakeholders only feel loyal as long as they are being treated justly and with respect. That is, their perception of loyalty is conditional, rather than being absolute, and is dependent on the organization's treatment of its employees. With respect to loyalty, studies have reported that one short-term effect of financial rewards is to produce negative behaviour (Silvestro, 2002), which in itself is likely to affect loyalty to the organization.

Further, profit margins and organizational factors are not necessarily positively related to employee satisfaction and loyalty (Weightman, 2007). However, it is argued that loyalty and commitment provide an indirect measure of stakeholder satisfaction, whereby an employee who is disloyal and shows a lack of commitment to the organization is more likely to be dissatisfied than an employee with a more positive attitude. Two worrying results relate to the low scores for employees not wishing to stay with the organization because they are appraised unfairly (Q81), their value goes unrecognised by the organization and there is a lack of respect for individuals (Q80). In addition, the situation is worsened by the surveyed organizations not having a strong sense of trust (Q51). All four questions scored below 3.0, with the lack of loyalty being coupled with a strong feeling of dissatisfaction with the organization's performance appraisal processes. With respect to significant differences, it is apparent that managers felt they would not stay with the company, as they felt they were not appraised fairly (Q81) and confirmed this by indicating that they would not be with the organization in three to five years time (Q79), because of what they perceived as poor recognition for employee commitment. This is a significant result, as it indicates that although managers have been relatively positive in this survey, there is an element of dissatisfaction that is affecting their commitment and loyalty to their organization.

If managers, as salient stakeholders, exhibit a degree of dissatisfaction this is likely to impact negatively on the organization. Such a situation is likely to damage an organization for, as Ozcelik *et al.* (2008) report, a negative emotional climate can negatively influence organizational performance. They also hold considerable

responsibility for wider employee satisfaction and the potential influence this can have on the organization overall (Latham, 2007).

Performance appraisal training once again emerges as a key issue in achieving satisfaction amongst salient stakeholders. However, it could also be deduced that training in China can sometime emphasize cultural-political components, which may cross the boundary into indoctrinating employees with political ideology and patriotism, as Chow (2004b) reports.

There are indications that an employee's level of education may be a compounding factor with respect to loyalty. Employees with degrees reported that they were significantly less likely to respect loyalty (Q49), nor did they see the value in remaining loyal to one organization. It is possible that their degree programmes encouraged a higher degree of critical thought, possibly gained in overseas universities, which in turn allowed them to turn away from the traditional Chinese concept of loyalty. Whilst this is a tentative suggestion, it is clear that the data suggests that graduates are less likely to be loyal to an organization. This is identified as a worrying factor, because it is important that those representing the intellectual capital of an organization are supportive of its goals.

A similar result to those previously seen is apparent for those stakeholders who have undertaken training in performance appraisal processes. This group returned six out of eleven significantly lower responses than other stakeholders did, which again indicates that the area of training needs further investigation. As with those possessing intellectual capital, employees that have received training and yet are less loyal, provide an area for concern in the state-owned banks.

The trends for employees' length of service are broadly in line with those of other sections, whereby those with shorter service tend to return significantly higher scores, whilst the longer serving members gave significantly lower scores. A departure from the trend is that employees with less than one years' service felt that they would be more inclined than others to leave the organization if they were not appraised fairly (Q81), or their organization failed to care about its employees (Q82). This result tends

to support the idealistic nature of employees in their early days with the organization, in that they are appearing to want higher standards. Thus, employee length of service seems to be linked with a commitment to their organizations, which is supported by Ruta, Buciuniene and Turauskas (2006), in that the greater the service, the less employees are committed.

There is agreement between appraisers and appraisees that they do what their supervisors ask of them (Q30). This parallels Hofstede's (1991) dimension of power distance, in that Chinese subordinates have a tendency to prefer superiors who exercise autocratic or paternalistic leadership and do not necessarily expect to participate in the decision-making process. There is a general belief that their superiors have the prerogative to make decisions without consulting subordinates (Begley *et al.*, 2002). This approach is consistent with the five Confucian cardinal relations ('wulun'), the rules of correct behaviour ('li') and with righteousness ('yi'), all of which emphasize respect for the hierarchical order (Lam *et al.*, 2002) as well as expectations of individuals within specific roles (Chiu, 1991).

Loyalty and fairness are regarded as significant factors in retaining the trust of salient stakeholders. It is also apparent that values and a sense of respect play an important role in employee satisfaction with both the performance appraisal processes and its outcomes. Here, it is argued that an employee's commitment is likely to lead to improved job performance and thus improve organizational performance (Latham 2007). Hence, it is suggested that the fairness of ratings needs to be taken into account when designing effective performance appraisal systems (Jackson & Mathis, 1994). Similarly, training of those involved is likely to increase the employees' trust in the system, whilst this also provides the recognition of individual values and a sense of respect.

Objective 2 – Part IV. Satisfaction in relation to actual performance

The study, in seeking to explore satisfaction, enquired the extent to which an employee's result from their last performance appraisal was 'lower', 'higher' or 'about' what they expected. This section, which adopts a broad approach, discusses

the findings in relation to the stakeholders' perception of their results.

In relation to the purpose of performance appraisal, covered in Objective 1, significant differences occurred for eight out of the fifteen questions. On each occasion, the employees who perceived their results to be 'about' right returned a higher mean than the rest of the sample. In this case, stakeholders are seeing the process as valuable and were positive about the purpose of performance appraisal with respect to it contributing to employee performance (Q10), being an accurate way to measure performance (Q12), helping select employees for promotion (Q7) and motivating individuals (Q9). It is apparent that the perception is positive and in line with their expectations. In addition to a strong work relationship, there is evidence to suggest that opportunities for personal development and growth are important (Neely & Al Najjar, 2006), along with how individuals perceive themselves within such a framework.

Those employees who perceived their results to be 'higher' than expected, returned a mean that was significantly lower than the sample, although they identified the same questions as those employees who rated their performance as 'about right'. The interpretation here is that, where employees perceive the process to unjustly favour them, they become equally dissatisfied with the outcomes, possibly seeing them as unjust or unfair. Here the employees run counter to the principle that competence is generally related with satisfaction (Latham, 2007), although, it may be the case that those who receive higher grades that they deserve, receive negative pressure from other employees.

Within the section that addresses process, out of thirty-one questions only three were significant with respect to perceived individual results. However, for two of these questions, the pattern was similar, in that the 'about right' employees scored significantly higher and the 'higher' employees scored significantly lower. The two areas related to understanding the job responsibilities (Q28) and the purpose of the appraisal interview (Q31). It is apparent that those who received a higher than expected score are confused, in that they do not understand the process, which may also lead to a misunderstanding of job responsibilities.

With regard to using 'Qing' as an appraisal criteria (Q37), employees who received a performance appraisal result that was lower than expected, reported a significantly lower score than others, whilst those who felt the result was 'about right' scored significantly higher. This variation is contrary to traditional Confucian thinking in Chinese society, where Qing represents the socialised of individuals to accept the close and distant relations in society, which can also refer to age. Thus, those who were not satisfied with their result felt the principle had been infringed, whilst conversely, satisfied employees more readily accepted the status quo of the principle.

The pattern of those employees who felt their results were higher than expected consistently returned significantly lower scores. However, employees who felt their results were lower than expected returned five significant results from the forty-one questions relating to satisfaction and loyalty. These findings indicate that employees felt a sense of injustice in that they felt their managers did not have sufficient knowledge to appraise them (Q88), whilst they similarly believed that the actual appraisal was too rushed (Q89). The situation was compounded by the lower perceiving employees feeling that the procedures were different than set out in the employee handbook (Q76). This is to be taken at face value, however, the impression might have been caused by a general impression of unfairness in the process. Finally, the lower scoring employees assert that they always do what their supervisor asks of them (Q30) and yet their commitment (Q79) is not being recognised. These findings provide a strong indication that a perceived lack of justice can markedly affect how an employee perceives the overall process and particularly the manager's part in that.

This is in line with Folger and Greenberg (1985), who note that salient stakeholders' perception of justice arises from their evaluations of the fairness of an outcome. Unfair treatment in performance appraisal can thus lead salient stakeholders to view the process with mistrust, lower commitment and can provide dissatisfaction with their roles. In addition, Landy and Farr (1980) identify fairness of performance appraisal as an important criterion in judging its effectiveness and usefulness for organizations. Hence, it is reasonable to view salient stakeholders' perception of

justice as a key factor in influencing their attitude toward appraisal and their commitment to their bank.

Confucianism stresses hierarchical principles and status differences and it is commonly accepted within Chinese society as the correct way of handling interpersonal relationships (Bond, 1991). On the one hand, the Confucian concept of Lun (relations) claims that within the social network of society, superiors hold greater privileges and authority over the subordinates, although they also have greater responsibilities (Chen & Chen, 2004). Conversely, in performance appraisal, as long as the subordinates can maintain a harmonious relationship (guanxi) with their superiors, by acting to maintain or enhance the superiors' 'face', appraisees may strive for improved ratings.

This may go some way to explaining why respondents who received higher ratings than expected do not always hold positive views of performance appraisal, as they are aware of the unspoken rule associated with rating. Conversely, the reason why employees who evaluated their last year's performance 'well below' standard felt more positive toward performance appraisal, could be explained by them having a good relationship with their manager. Here, the element of culture is emphasized, particularly with respect to the possibility of managers being likely to focus on behaviour rather than results (Gliddon, 2004). Nonetheless, the backward looking approach, which embraces 'tradition', would align with the criticisms of performance appraisal raised by Deming (1984).

Objective 2 – Part V. Satisfaction in relation to perceived performance

Finally, in looking at employee satisfaction, respondents were required to rate what they perceived to be their actual performance over the previous year. Five choices were offered ranging from 'well below standard' to 'excellent', with 'average' occupying the middle option. It is of note that those who rated their performance as average did not return a single significant difference for the entire questionnaire. However, almost without exception, of all the questions that returned significant differences, those who rated their performance as 'less than average' returned a

higher mean score, whilst the opposite was the case for those employees who rated their performance 'higher than average'. It is clear that this trend is similar to the actual results, discussed in the previous section.

On a number of occasions significant scores relating to the same questions, showed findings from the extreme responses of 'well below standard' and 'excellent'. This occurred on five occasions in the questions relating to purpose. It is apparent that employees who rated their performance as being 'well below standard' perceived value in the system, in that they agreed more that performance appraisal assists communication (Q3), strengthens relationships (Q4) and that it improves employees performance (Q1), reduces conflict (Q11) and at the same time identifies training needs (Q2). Employees who considered their performance 'excellent' returned significantly lower scores for each of these questions, having appeared to have lost faith in the system. Thus, employee perception of an appraisal system is likely to impact on how they perceive both distributional and procedural justice.

In looking at an employee's perception of the performance appraisal processes in their own organization, the negativity of the 'excellent' employees is again apparent. They felt that appraisers were not competent (Q17), were biased (Q18) and had not been trained effectively (Q26). The trend continued with regard to distributive justice whereby scores were significantly lower with respect to pay being related to performance (Q21), or rating equating to qualifications (Q43), or how well a job is done, as opposed to the effort made (Q46). The pattern continued in relation to employee satisfaction with outcomes, where eight out of eleven questions showed significant differences for those who perceive their performance as 'below standard', whilst six questions are identified for employees perceived as 'excellent'. Finally, in the area of loyalty, 'excellent' employees have a lower opinion of being loyal to the organization (Q49) and would be more willing to leave, as they feel they are not being appraised fairly. Again, the results support the argument that the perception of being appraised fairly is important. Studies have indicated that positive individual results do not always relate to employee satisfaction, because factors such as a poor system and antagonism can act to demoralize employees (Coens & Jenkins, 2002). Finally, in broad terms, the results support the argument that the perception

stakeholders have of themselves, and the effort they put into work, is a strong factor in how they perceive and rate the appraisal system.

Organizational commitment shows an employee's belief in, and acceptance of, the goals and values of the organization, their willingness to put in effort for the organization and the desire to remain with the organization (Greenberg & Baron, 1997). Thus, with key stakeholders in state-owned banks, it is important to take into consideration the needs and expectations of salient stakeholders when designing an ideal appraisal process (Williams, 2002). Therefore, it is important to discover what factors influence their attitudes towards performance appraisal and then explore ways to incorporate these in the model.

6.3 Stakeholders' ideal performance appraisal

Objective 3

To appraise critically the stakeholder perception of what constitutes an 'ideal' performance appraisal process for Chinese State banks; this takes into account the cultural dimension.

In discussing the third objective, the section is divided into three parts. The first addresses what employees view as an 'ideal' performance appraisal system, following which, the gap between what they perceive as what actually occurs and what they view as important is addressed. Finally, organizational differences, with regards to both the financial ranking of the banks and national culture are discussed.

Objective 3 – Part I. Stakeholder perception of what constitutes an 'ideal' performance appraisal system

Overall, the area relating to an 'ideal' performance appraisal procedure returned the highest grouped mean score, of 5.21. Indeed, of the 21 questions only six fell below a mean of 5.00, with the lowest being 4.50. At this stage it is noted that there were no statistically significant differences, that is, managers and employees answer questions in a similar way. Thus, it is apparent that there is a general consensus

between appraisees and appraisers of what constitutes an 'ideal' model. The discussion is grouped under three key areas that refer to feedback and managers, organizational justice and finally the purpose of performance appraisal.

Although findings have supported the idea that pay for performance, or performance-related pay, can be an effective way to motivate employees, it is important to note that performance-related pay in Chinese state-owned banks relates only to fringe rewards, rather than basic pay (Shen, 2004).

Feedback and managers

With respect to motivation, Bavetta (1993) argues that where a positive relationship exists between appraiser and appraisees, satisfaction and motivation are likely to follow. The more directive the feedback, the higher the employees' self-efficacy becomes, which in turn, leads to increased satisfaction and motivation. Moreover, there are indications that the fairness of ratings can be influenced by the appraisers' subjective likes or dislikes; and that promotion is sometimes seen as being based on nepotism, rather than an employee's effectiveness in the job. Indeed, there is the suggestion that performance appraisal is often determined by the ability of the rater, more than the employee's ability (Cleveland & Murphy, 1989b).

With a high mean (5.61) and five of the seven questions being scored above 5.00, it is apparent that there is a strong requirement for procedural justice, with respect to the feedback provided. In addition to the high means, there is significant support from stakeholders who hold a degree and those who had an appraisal within the last year. The results suggest that the nature of feedback required by employees relates to the results being received in a few days (Q52) and that the feedback should be specific (Q68). With regards to the format, the greater demand is for both the results and the ratings to be passed to the appraisee in a face-to-face meeting (Q59 & Q63), with degree holders showing a significance positive difference in both these areas.

It is possible that the difference in educational background is seen to provide employees with a greater level of confidence to discuss matters and perhaps offers an opportunity to question the feedback. In line with a number of other results,

employees who have received training, as well as those with over fifteen years service, were significantly less willing for a face-to-face meeting to be conducted, neither were they as enthusiastic as others were for the feedback to be specific. One explanation for the views of longer serving employees is that their experience leads them to believe that they have received sufficient feedback in the past and, therefore, guidance concerning the general direction would suffice. However, whilst employees were referring to feedback specifically, it may be that, unconsciously, other elements of the process such as the manager's ability to conduct the appraisal, along with different expectations (Williams, 2002), may have impacted on the outcome.

Previous studies which have explored the area of 'ideal' performance (Whiting *et al.*, 2008), have reported that the higher the congruence between the actual and ideal elements, the greater the level of employee satisfaction. The higher congruence finding also supports a greater satisfaction for perceived fairness and the utility of the current performance appraisal system. Of particular note is that 'fairness' and 'usefulness' were perceived as strong contributors to employee satisfaction.

With mean scores of around five, however, there is also strong support for stakeholders receiving results via email (Q60) and formally in a letter (Q53), although it is not clear if these were being sought in addition to the one-to-one feedback, or as an alternative means. Managers play a pivotal role in the performance appraisal process, although it is apparent that other stakeholders in the process require clear information on training needs (Q55) and that their managers be effectively trained for their role (Q72), which indicate the importance of the manager's expertise in this area (Cleveland & Murphy, 1989a).

In terms of performance appraisal feedback, it is apparent that the longer a respondent works for their organization, there is a greater tendency for them to become more negative towards performance appraisal feedback. Overall, the results imply that the performance appraisal feedback provided by appraisers in state-owned banks has not fully met the expectations of its stakeholders, which is governed by there being minimal feedback from appraisers to appraisees, as the results of performance appraisal meeting invariably remain confidential. This might

be because management feels reluctant to pass on negative information to appraisees, thereby avoiding harmony being disturbed (Hoare & Butcher, 2008) or a loss of 'face' (Earley, 1997).

Organizational Justice

The views of stakeholders on the aspect of justice had arisen in other areas, however, specifically, in addition to the need for the process to be fair (Q57), there is strong support that organizations should abide by the regulations of the China Banking Regulatory Commission (Q70), which returned a mean of 5.63. There is equally strong support that the performance appraisal process should conform to the procedures outlined in the 'employee's handbook' (Q67). It is not known if the employee handbooks address the issue of openness, but stakeholders provide strong support for this (Q61), although employees new to the organization were significantly more supportive of the results being shared beyond just the appraisee and their manager. The view held by new employees may be accounted for by them holding a greater degree of enthusiasm than longer serving employees, which inspires them and gives them the desire to progress within the organization. Hence, they wish to gather as much information as possible, so as to be in a position to take advantage of opportunities when they arise. It may also be the case that, in comparison with longer serving employees, there is a degree of innocence, possibly naivety, amongst the new arrivals. Alternatively, it may be the case that the new arrivals become disillusioned and leave the organization and thus, do not ever become 'longer' serving employees, although the former suggestion of employees' initial enthusiasm, appears more likely.

It can be inferred, therefore, that those in authority have greater access to valued resources and greater input into the decision-making process. Thus, in performance appraisal, the manager needs to link the rewarding of resources with a fair performance rating (De Waal, 2003). The ensuring of appraiser objectivity is an important factor in leading to a more just performance appraisal outcome for pay and promotion. Thus, a just performance appraisal procedure is seen as a prerequisite for distributive justice.

In that pay increases can be considered as being directly related to good relationships with colleagues (Q25), the maintaining of a good relationship with significant stakeholders within the organization is considered important to achieving better results. It may even be that gaining promotion or an increase in pay, are directly related to employees having a good relationship with their superiors, although the fairness of outcomes needs also to be borne in mind (Begley *et al.*, 2002).

Purpose

This final section provides strong support for how, in an 'ideal' sense, stakeholders perceive the role of performance appraisal. With a mean of 5.11, it is clear that employees view performance appraisal as a vehicle for strengthening communication between superiors and subordinates (Q56). The evidence from the study is this does not appear to be happening currently or at least the stakeholders wish for the communication they receive to be increased. In addition, the highest mean in the whole study (5.81) shows that employees wish, above all else, for top management to take performance appraisal seriously (Q69), which is a point that has been made previously (Lambert, 1979). The suggestion is that this is not currently happening and without buy-in from top management, the process is unlikely to contribute to organizational aims in the way it should. Previous work has supported the importance of having strong support from senior management (Hudson *et al.*, 2001) and the approach is likely to prove equally effective for the state-owned banks in China.

An employee's perception of fairness can be dependent on the perceived competence of the appraiser, usually their line manager, to conduct the appraisal and the relevance of the measures to the work they do (Dobbins *et al.*, 1990). The degree to which an employee is able to influence the outcomes in the interview, or is merely listened to, is equally important to an employee's perception of fairness (Gabris & Ihrke, 2001). Therefore, given the general dissatisfaction with the standard of appraisers, it is apparent that training can contribute to management competence (Chiaburu & Teklead, 2005). Finally, when management bias exists, a likely occurrence is that employee's can, in addition to becoming dissatisfied with the

system, lead to resistance (Ilgen & Barnes-Farrell, 1993).

Objective 3 – Part II. Stakeholder view of the differences between their perceptions of the current situation and what they consider to be important

The results from the paired tests between the stakeholders' actual score and the score they provided for how important each question was, can be viewed as both a measure of satisfaction and as an indicator of what respondents felt was an 'ideal' model of performance appraisal. Of the 78 questions that sought information on the 'importance' of each area, over 91 per cent showed a significant difference and in all of these, the 'actual' score was rated lower than the 'importance' score. This suggests that employees are broadly dissatisfied in how they perceive the actual performance appraisal mechanisms in their organization.

To refine the results and identify the major areas of importance an 'effect size' calculation produced those scores that had 'real', or practically significance (Singh, 2006). Here, an *r*-value of 0.30 (Rosnow & Rosenthal, 2005) identified that out of the 78 questions available, twenty were deemed to hold practical, or real importance.

It is noted that with respect to the purpose of performance appraisal in relation to the first objective, a size effect does not occur, although, in descriptive terms, the mean score for 'importance' of 4.89 is greater than that returned for the 'actual' score. However, in observing the differences, a particularly important area that relates to an 'ideal' performance appraisal process relates to the desire for a reduction in conflict amongst colleagues (Q11).

In relation to performance appraisal processes in the respondents' organization, the effect size indicated six areas that could be considered in an 'ideal' model. The central concerns relate to managers being trained effectively (Q32 & Q26) in conducting performance appraisal and that employees fully understand the process (Q31), with both of these areas showing a two point increase between the 'actual' to the 'importance' scores. It is also noted that sufficient time to prepare for the interview (Q33) is considered important, with the implication, overall, being that the

process is unclear and there is little time to prepare for the appraisal. A study into a UK hospital revealed that some employees received less than one hour's notice for their performance appraisal, although the norm was around two weeks' notice (Wilson & Western, 2000). If the event is to provide a genuine two-way discussion between manager and employee, it is important that ample notice is provided, especially for the employee to gather salient evidence, with this approach seeming to find favour with employees in China.

An area of significant importance concerned the employee's perception of their satisfaction with outcomes, where the 'actual' mean of 3.99 rose to 5.16 for 'importance'. Areas that indicate where improvement could be applied refer to feedback, particularly with respect to it being constructive (Q75) and assisting with future performance (Q74). This is supported by a further wish for a discussion of the individual's career development (Q92). Once again, this points to the important role of both the manager and the processes supporting the organization's goals. However, whilst managers need to support employees in their development, it is possible that the informal learning process used in Western banks (Reardon, Timmer & Berdegue, 2004) may not be that effective in a Chinese culture.

When looking at the area of satisfaction with respect to commitment and loyalty, 'importance' produced the second highest mean score of 5.10. A key area related to trust (Q51), which is fundamental to the whole performance appraisal process. Respondents felt that a low level of trust existed in their organizations (2.69), yet they considered this area to be of considerable importance (5.18). In assessing these stakeholder views it is apparent that, within the area of loyalty, matters such as respect (Q80), receiving recognition (Q78) and being treated fairly (Q81) are part of what they perceive as important and hence contribute to what they view as an 'ideal' model. In all of the four areas identified, there is a rise of around 2.5 in the mean scores from 'actual' to 'importance'. Trust has been identified as a key element of employee satisfaction (Korsgaard & Roberson, 1995), with the concept being likely to transfer across cultures.

In reviewing procedural justice, the evidence suggests that stakeholders desire a

greater input into the performance appraisal process. Specifically, they see it as important that their views are taken into account (Q87) and that there is a clear case of appeal for any results (Q85). This is an interesting concept as it would appear to run counter to what is perceived as traditional Chinese culture, wherein authority is generally accepted without question (Chen & Chen, 2004). There is also evidence that stakeholders wish to be treated the same as others (Q96), that is, they feel that a fair and just performance appraisal process is important. This outcome tends to run counter to the authoritarian principle associated with Confucianism, which stresses hierarchical principles and differences in status (Bond, 1991), although it seems more in line with a socialist ethos.

Moreover, procedural justice should be used to decide outcome distributions (Begley *et al.*, 2002), which may, in turn, lead to distributive justice. Hence, a primary prerequisite for an ideal performance appraisal process is the stakeholders' perception of procedural justice, with it being argued that the higher the perceived satisfaction of stakeholders the greater will be their satisfaction with the appraisal process.

A large number of the findings concerned a criticism of managers, with a particular element being the degree of feedback offered. Feedback is considered to be important to organizational communication and crucial within the appraisal process (Goldsmith & Underhill, 2001; Krattenmaker, 2009). In addition, it is clear that other areas, such as trust, are impacted on during the feedback process. More importantly, if feedback is not effective, the central purpose of performance appraisal, to enhance the organizational effectiveness, is damaged.

What is not entirely clear is the extent that the criticism against managers is a crisis of management, or a product of the performance appraisal processes. That is, to what extent are employees blaming managers for a poor system, or are they being critical of them as managers. The latter case may more directly relate to interactional justice (Moorman, 1991), whereby the message is delivered in an inappropriate manner. A finding that supports this idea is the strong support given for an increase

in management training, which implies that there is a degree of dissatisfaction with the managers' behaviour.

It is not unusual for managers to receive the blame when performance appraisals do not live up to expectations (Wolff, 2005) and yet difficulty exists in determining the amount of blame that is apportioned between the manager and the system. Certainly, very strong criticism was placed at senior management's door and it may be that all managers are being caught in this criticism, although the findings are not able to determine the extent to which this exists, which indicates an area for future research.

In conclusion, for the performance appraisal process to be effective, it is important that managers gain the trust of employees, with that trust needing to be in both the person and the system, which then embraces all aspects of organizational justice (Walker & Smither, 1999).

Objective 3 – Part III. Organizational differences in the same national culture – perceptions and preferences

The role governments' play in the banking sector has changed over time. For example, in the European Union, there were reasonably tight controls until the mid 1980s, with the formal restrictions on financial services finally being removed in 1993 (Malul *et al.*, 2009). Against conventional thought, some have argued that this process of liberalization did not increase competition (Bikker & Groenveld, 1998), although there were mixed views as to the degree of impact a nation's culture might have on this and how such initiatives would differ in emerging economies.

Hofstede's (1980,) earlier work has continued to provide a set of benchmark measures by which to gauge national differences (Crotts *et al.*, 2000; Dwyer *et al.*, 2005). When studying the tolerance for concentration in the banking sector, Malul *et al.*, (2009) argued that Hofstede's dimensions of Power-Distance and Individualism exerted the greatest influence. Thus, it could be expected that within the collectivist culture of China there would be a greater tolerance of a concentration in banks.

As the four main banks studied were set within the same national culture the current study sought to investigate the differences between them, on the assumption that the differences would mainly relate to the banks themselves, rather than the national culture. To provide a benchmark for the banks' success, the six areas of financial performance, discussed in Chapter Two, were used to provide a ranking of the institutes. The exercise clearly identified the Agricultural Bank of China (ABC) as being the least successful bank in terms of financial performance, with it being ranked lowest of the four banks, on five of the six financial indicators used. The ranking, however, hides the magnitude that exists for some of the differences, for example, the mean of the other four banks for Non-Performing assets of Total Loans (NPL) was 3.70, whereas the Agricultural Bank of China returned a figure of 23.4. With respect to the other three banks, the Construction Bank of China (CBC) was ranked as the most successful financially, followed by the Bank of China (BOC) and the Industrial and Commercial Bank of China (ICBC). However, in actual terms, the differences between the top three banks did not appear to differ markedly, for example, the measure of capital adequacy ratio (CAR) ranged from 6.06 to 7.70, with ABC's score being 1.67.

With respect to the statistical data, broad trends within the post hoc analysis are identified, often by selecting the highest and lowest figures from the sub-groups. General trends across sections have also been identified, so as to present an overall picture of how stakeholder perceptions relate to the various banks and their ranked financial success. As it was not possible to determine a rank for respondents from 'other' banks, these have not been included in this discussion.

In relation to the purpose of performance appraisal, BOC were significantly more positive than ICBC in believing that the process should be taken seriously (Q13), it should encourage motivation (Q9) and contribute to promotion (Q7), and that it should provide a strong avenue for communication (Q15). Within the same section, it is apparent that whilst ABC employees did not agree with those from BOC, there were eight other areas where they rated the same as, or significantly higher than BOC. Thus, despite the lower organizational success as a bank, ABC employees were able to perceive value in communication (Q3) and the improved performance

(Q1) that the appraisal process can bring.

Looking at performance appraisal within organizations, it is apparent that BOC employees were alone in their view that their last performance appraisal was free from bias (Q18), with it being apparent that the reverse can lead to employee resistance (Ilgen & Barnes-Farrell, 1984). The view was equally held that individual performance contributes to overall organizational performance (Q24), whilst those employed at ICBC and CBC rated this aspect significantly lower. A similar pattern is seen with respect to appraisers being poorly prepared for conducting appraisals (Q27). Either in conjunction with other organizations, or alone, ABC employees appear to be relative positive about the performance appraisal process, although in contrast to CBC employees, they do not feel that their managers were sufficiently well trained (Q32). The aspect of training is raised again, with it being acknowledged that effective training programmes provide a link to the organization's overall financial performance (Russell *et al.*, 1985), as well as management effectiveness in appraisal.

Strong differences are seen between the different banks in terms of procedural justice. Of the sixteen questions in this area ICBC returned significantly lower mean scores than the other banks for thirteen of these. Conversely, BOC employees were more positive, in producing the highest mean scores for eleven of the questions, whilst five of the highest were returned by ABC employees. In this section, CBC, the highest ranked bank financially, only returned one significant difference and this did not achieve the highest score. Whilst BOC employees appear to be most content with the concept of procedural justice, there are indications that the criteria used are not necessarily objective. The employees agreed more that promotions are based on who you know (Q22), although '*neng*' did not produce a significant result. Overall, however, BOC employees held a reasonable view of the level of procedural justice in their organization.

With respect to procedural justice surrounding the role of the manager, mixed results were produced. CBC employees, from the top ranked bank, rated the questions surrounding their manager as significantly lower than other banks, with three out of

the five scores being the lowest means. One explanation is that, with respect to managers, a high standard exists in the bank and therefore employees demand more of their managers. The BOC employees were consistent in rating their managers more positively, although whilst their views are taken into account (Q87) and, contrary to the other banks, there was a concern that managers did not have sufficient knowledge of the appraisee's work (Q88). Overall, with respect to manager performance, the ICBC generally rated the manager down. Within a stakeholder model, the manager has the authority to focus on characteristics they and the organization deem to be important and relate these to stakeholder legitimacy and urgency, which presents the manager with considerable power (Mitchell *et al.*, 1997). This power needs to be used with caution, particularly in view of the need for maintaining harmonious relationship with others (Watt, 1999).

The aspect of CBC not returning strongly significant differences indicates that the employees are broadly in agreement with respect to procedural justice. The results are not consistent with the financial rating of the bank, although in contrast BOC employees, whose bank was ranked second, were more positive about procedural justice, as were third ranked ICBC employees. It may be that the ranking is masking the actual scores, which are not large and may indicate that in financial terms there is not a large difference between the top three banks. It may also be the case that, in general terms, there is not a strong relationship between the financial success of a state-owned bank and the satisfaction of its employees.

With respect to distributional justice, which relates to the fairness of outcomes (Begley *et al.*, 2002) and areas such as the criteria used to assess performance, the indication was that the mean scores employees returned do not strongly relate to the banks' financial success. Thus, with regard to satisfaction with outcomes and the banks' ranking, the position is not so clear. Whilst ICBC employees returned significantly lower means on nine out of the eleven questions, only five of them returned the lowest scores of all banks. At the same time, CBC, the first ranked bank, similarly reported six significantly lower scores, with three being the lowest score of the banks, although employees felt that they had been provided with constructive feedback that would improve their performance (Q75). At the other end of the scale,

BOC, the second ranked bank, returned six of the highest significant means in the post hoc test, whilst ABC employees returned three of the highest means. However, the lower ranking of ABC is reflected in five means being significantly lower than the other banks. One area where all four banks agreed was that personal career development was not a strong focus in the performance appraisal discussion (Q92). Thus, regardless of financial success, a common requirement was for greater personal career development to be included in the appraisal.

With respect to positive thoughts, employees from CBC, along with those from ICBC, felt they had reasonable trust in their manager (Q98), whilst the lowest ranked bank (ABC) and BOC held the opposite view. However, to place the degree of trust in context it is noted that mean range for all banks ranged from 2.14 to 2.85, which indicates a wide degree of dissatisfaction. Without trust, the organization is likely to have trouble in getting employees to buy into the appraisal process or to take part in the associated decision-making (Searcy *et al.*, 2008). However, given the cultural norms prevalent in China, it may be the case that employee involvement in decision-making may not be a realistic option for many organizations in a socialist state. This would be supported by Confucian Dynamism, whereby employees may be encouraged to pursue long-term benefits, whilst suffering short-term losses (King & Bond, 1985).

Employees from CBC, BOC and ABC believe that they are treated unjustly in their performance appraisal (Q96), whilst the lowest ranked bank (ABC) returned the lowest mean score. However, stakeholders at ICBC, the third ranked bank, had a significantly more positive view on their equal treatment.

In looking at what employees from different banks perceived to be an 'ideal' profile, a number of consistent differences emerged. These differences, however, need to be considered against the high overall mean scores for the ideal profile, although they do provide an indication of trends. ICBC employees consistently returned the lowest scores with regard to the 'ideal' requirements, particularly with respect to identifying training needs (Q55) and managers discussing the performance appraisal outcomes face-to-face (Q54 & 63). These employees may be wary of their results and find that

being informed, other than by personal meetings is more acceptable. However, in portraying an 'ideal' profile, employees at BOC demonstrated strong support with the highest number of positive returns with the highest-level of scores. Particularly, there was a strong preference for the interview process to be fair (Q57), the results to be seen only by their supervisor (Q61), with which ABC employees concur, and to be informed of the results immediately after the interview (Q58). Overall, the top ranked bank, CBC, produced relatively few higher, or lower significant scores, although a clarity of training needs (Q55) was important to them.

It is apparent that ABC employees exhibit a strong sense of loyalty and commitment to their organization. They returned the highest significant scores for five out of the eleven questions, confirming that they wish to continue working for ABC (Q47), they feel a strong sense of belonging (Q48) and they believe that they receive a high degree of respect (Q80). This result from the lowest ranked bank was unexpected. It is apparent that a strong community exists in the bank, although one explanation is that the apparent good relationships between manager and employees may distract, in some way, from effective working. Conversely, in the third ranked bank, ICBC, employees were more consistently negative and expressed concerns over not being appraised effectively (Q81) and that the organizations did not care about employees (Q82). With respect to these two questions, it is of note the CBC, the first ranked bank, returned similar results, which indicates that there may be concerns about individual issues in performance appraisal, as opposed to whole differences between banks. One explanation can be the idea that loyalty and respect for seniority often assumes greater importance in China (Cheung, 2008), although if this were the case in general, the aspect would be apparent across all organizations, which it is not.

3.2.2

Whilst there was broad consistency within how employees in each bank responded there was not a strong relationship between how they corresponded to the bank's ranking in financial terms. Overall, it is apparent that the employees at the third ranked bank (ICBC) were most negative about performance appraisal, whilst the Bank of China employees were most positive. Employees from ABC, the lowest ranked bank, did not appear to be consistently negative, indeed in some areas they were quite positive, whilst in relation to significant differences, the top ranked

Commercial Bank of China, appeared to more around the mean. The differences that have been identified relate to individual banks, which may lend strength to the claim that coherence within organizations (Parker, 2000) may have a greater influence than national culture.

It is clear that employees from the four state-owned banks offered different perspectives on performance appraisal. Further, the positive elements of the study did not always correlate strongly with the banks standing as a financial institute. For example, employees at ABC, the lowest rated bank in financial terms, were extremely satisfied with the degree of loyalty the bank showed to them.

Consistencies between the banks did exist, for example a consensus was held that unjust treatment was not acceptable, with it also being noted that 'top' management were universally rated as poor. However, the concept of justice can be seen to reflect traditional values (Bond, 1991), both in China and more globally.

Explanations need to be sought outside the traditional national culture as, being state-owned banks, the employees are drawn from broadly similar backgrounds. As in many countries, it may be that the organizational culture (Deal & Kenney, 1982; Handy, 1985; Schein, 1985) and the individuals' association with it exert an influence that negates the wider cultural influence. In this current exploratory study the focus remained on the national culture, although future research could further explore the area of organizational culture.

6.3.4 Cultural Dimensions

National culture distinguishes people through a set of collective beliefs about their identity (Hofstede, 1981, 1991; Parboteeah, Helana & Cullan, 2005), whilst organizational culture provides an informal means of influencing employees, through beliefs, rituals, and symbols (Deal & Kennedy, 1982). There is a general view that organizational culture has a large effect on how employees perform (Deal & Kennedy, 1982; Ott, 1989), although there is the contrary view that it can be an informal means of control (Ott, 1989).

In the Chinese context, 'De', 'Neng', 'Qing' and 'Ji' are identified as the foci of performance appraisal criteria, with 'De' and 'Qing' being shown as input criteria (Oliver & Anderson, 1995) and being given greater emphasis. However, in terms of the performance appraisal procedures, it is indicated that these are not always in accordance with the China Banking Regulatory Commission (CRBC) and these differences might impact on the different banks in different ways.

Uncertainty avoidance refers to a preference for structured over unstructured situations (Hofstede, 1981), within which the structured approach of performance appraisal can help reduce uncertainty and anxiety (House *et al.*, 2004). Whilst the approach has been cited as an important antecedent to control mechanisms and behaviours (Husted, 2000), it may go some way towards explaining some of the findings, particularly with respect to the relationships that exist between managers and their charges. Similarly, power distance argues that employees from a high-power culture more readily accept interpersonal inequities, than those from a culture of low power. With China traditionally being a high-power culture, with its regard for authority and managerial demands (Husted, 2000), it is likely that this could contribute to the position of performance appraisal in Chinese state-owned banks.

A curious outcome is that the findings relating to an 'ideal' performance appraisal process sometimes appear to be in contrast to traditional Chinese values. It may be that employee aspirations are made in business terms, with a distinction being drawn between work and the traditional values of society. Another possible explanation is that a number of respondents to the survey are in contact with colleagues working in foreign banks, or are aware of practices that these banks use. There is also the possibility that Chinese culture is changing and, with enterprise becoming more acceptable, individual reward is viewed more positively.

There are a number of areas, however, that parallel traditional Chinese culture. The values of fairness and justice (Chory & Westerman, 2009) are equally sought outside organizations as within. There is also then concept of loyalty and good relations

(Zhang & Guo, 2003), which combine with a sense of justice that links organizational behaviour to the wider community.

The need to maintain harmony in the workplace may reflect the wider culture, as does the need for natural justice (Cohen-Carash & Spector, 2001). However, the concept of maintaining harmony can militate against individual reward in two ways. First, harmony can control an individual's desires to be seen as having been rewarded, even though the reward may be just, as it can be considered as a form of 'showing off'. Second, where low or unjust outcomes arise, these can damage the individual, because regardless of the accuracy of the outcome, it is often the case that the person will be perceived as unworthy by their colleagues.

With respect to maintaining order in society, this is reflected in the employees' desire for an appraisal process that conforms to CBRC guidelines. This element ties in with the important aspect of procedural justice, with it being perceived that ethically, organizations need to conform to clear procedural guidelines (Cropanzano & Stein, 2009). One element that may assist the state-owned banks in moving forward is to adopt the concept of organizational citizenship (Vey & Campbell, 2004), although careful matching with the wider culture would need to be considered.

Chapter Summary

The discussion in this chapter predominately focused on an exploration of the three key research objectives, taken from a stakeholder perspective, which identified salient factors that surround performance appraisal management in the state-owned banks of China.

Summary of Objective 1

The first research objective aimed to critically appraise the significance, development and effect of performance appraisal in a human resource management context. This objective first investigated how the purpose of performance appraisal was perceived in relation to communication, development, motivation and performance. The second element addressed the issue of how performance appraisal was perceived in the

individual's organization.

With respect to the overall purpose of performance appraisal, there is a general perception that the key elements relate to motivation and employee development, although communication and performance were not dismissed. The areas are in keeping with previous findings (De Waal, 2007). Studies undertaken in state-owned agencies in America identified communication as the second ranked purpose, with competency being third (Ahmed, 1999). It is likely that employee development and performance relate to competency and it is noted that communication in Chinese state-owned banks received moderate support. Whilst the American study was conducted ten years ago there is a degree of matching, even though the economic climate and the cultural setting may differ. The distinction of the importance of each element is not always identified, with it being argued that communications, development, improved performance and reward are all important (Thompson, 1990). The current study has now demonstrated these previously identified priorities in the Chinese setting.

Within the broad view on purpose, however, it is of note that managers provided greater support for the purposes of improved performance, which can be explained through the support they provide for the organizational structure and its aims. Similarly, they provide strong support for employee development as a purpose of performance appraisal. This learning toward viewing the enhancing of performance in an organization supports previous views that this is seen as a core management responsibility (Behery & Paton, 2008). What is different is that there was equal support for the areas of development and performance from employees who had been with the bank less than one year. The views of the new starters are contrasted by the greater negativity shown in employees who had in excess of fifteen years service. Whilst there may be an element of self-evident logic in this, the study has demonstrated this statistically. The differences did not exist for motivation and communications; it is just with regard to performance and development. It could be argued that the new starters were eager and, indeed, required further development, whereas the longer serving employees have reached acceptable levels of competence. However, it is important that organizations seek to developing

competences in their employees so as they have the knowledge and skills needed to complete a job effectively (Sandberg, 2000), which in turn links with achieving the organizational goals.

It is claimed that performance appraisal makes a strong impact on strategic objectives, although it is difficult to measure the impact statistically (Drejer, 2000; Mansfield, 2004; Moore *et al.*, 2002; Ritter *et al.*, 2002) and more difficult still to measure a causal direction with respect to employee motivation, as opposed to results (Fletcher, 2002).

Despite the employees' views on the purpose of performance appraisal, with respect to their organizational experience, it was apparent that they did not understand what this was, as a mean of 2.97 was returned. The perception therefore is that, in principle, the process is seen to add value, but there is confusion in the respondent's organization as to its specific purpose. The appraisal process has been shown to enhance performance (Gratton *et al.*, 2000), yet if the employees are uncertain of its goals, there is a concern that this will impact negatively on their commitment (Michie & Sheehan, 2000).

In relation to the employees' perceptions of organizational processes the areas surrounding the manager's role, feedback and procedural justice were identified as areas of concern, with the central focus being the manager. Generally, the employees felt that their relationship with their line manager was poor. Managers were generally perceived to be biased and poor on communication, including feedback, all of which amounted to a low degree of trust. This outcome may be attributed to poor training, which in the past had contained a strong 'political' element (Chow, 2004), which related more to ideology than specific appraisal techniques. The managers themselves, however, were more positive than other employees. Nonetheless, it is equally apparent that procedural justice may also account for the poor perception of managers in the banks.

Procedurally, the general view held by employees in the banks, is that managers do not base rewards on performance, rather they are progressed through relationships,

or on a 'who you know' basis. This view was held particularly strongly by employees who had up to ten years service in the banks, with the 'relationship' element being explained by the older employees having built up strong relationships over the years and were comfortable with the process. The negative attitude from some of the younger stakeholders is worrying, as an acceptance of the performance appraisal process is needed to bring about a full commitment from employees (Caligiuri & Day, 2000; Snape *et al.*, 1998). Whilst this may be the case for some individuals, the employee's orientation to work can depend on their individual makeup (Fletcher, 2002) and the cultural context, which will be addressed more fully in 'Objective 3'. However, the levels of satisfaction are equally as important as the purpose of performance appraisal.

Summary of Objective 2

The second research objective aimed to investigate the levels of satisfaction present in the banks. The enquiry followed the belief that if employees are satisfied with the performance appraisal process, then this is transformed into a stronger work performance (Pettijohn, *et al.*, 2001b). The summary takes three key areas as its central focus, with these being the satisfaction with organizational justice, the outcomes and process; the concept of loyalty, as it relates to satisfaction and finally, stakeholder satisfaction with respect to actual and perceived rewards.

The reaching of a reasonable level of satisfaction with outcomes is important if employees are to show commitment to their organizations (Caligiuri & Day, 2000). In producing one of the lowest grouped means, it would appear that this presents an area for concern. A positive outcome is that stakeholders were reasonably satisfied with the pay they received, although a major area of dissatisfaction was that the rewards were not in relation to the amount of effort they perceived they had put in. To be perceived as fair, performance appraisal characteristics need to focus on job related standards and measures. Whilst it is accepted that the type of standards can justifiably vary between levels, it is important to maintain consistency within each level (Marsden, 1999). There is evidence to show that consistency exists in output terms, but the procedural process appears to be flawed. It appears to be the case that the standards and measures are less tangible, in that they are often subjective

and people orientated, although the argument that an imperfect measure may be better than no measure at all is offered (Caruth & Humpherys, 2008).

Within the procedural aspect, the principle of metrics requires that measures need to produce consistent results (Marsden, 1999) that provide both valid and reliable means of assessing performance. A positive perception is also created if key stakeholders, including employees, are involved in the design of the appraisal processes and that there is a means of challenging results, in the form of a robust appeal, which can protect the individual from unfair assessments.

Regarding the satisfaction with performance appraisal in their own organizations, it can be generally concluded that the process does not strongly encourage salient stakeholders to communicate with their managers, nor does it appear to strengthen the employer-manager relationships. Indeed, there is strong evidence to show that the lack of trust in managers is having a damaging effect on satisfaction and hence motivation. Part of a manager's role is to improve performance and stimulate motivation (Waggoner *et al.*, 1999), yet without the trust of their employees, this may prove difficult. The lack of involvement in developing the system also contributed to the feeling of mistrust. The findings on trust are consistent with the earlier discussion, which indicated that the ratings within Chinese state-owned banks are broadly considered to be unfair, with a possible explanation being attributed to the Chinese cultural concept of humility and self-restraint (Bond, 1991; Fox, 1996).

A key area that needs addressing is that of feedback, coupled with effective management training. This is a key area, particularly as managers have received greater criticism for not using objective measures, which has a tendency to breach trust and confidence. Indeed, employees expressed their dissatisfaction with the banks, most strongly when they commented on loyalty. Two major factors involved in employees not wishing to stay with their organization were the lack of respect they received and the claim that they were not appraised fairly.

The criticism of being unfairly appraised can be seen to relate to the use of individual characteristics as a measure, rather than work performance. However, within

certain cultures, cooperation and other voluntary elements of behaviour can receive greater attention (Allen *et al.*, 1988; Bolino *et al.*, 2004; Paine & Organ, 2000; Vey & Campbell, 2004). The process is sometimes referred to as organizational citizenship behaviour, although whilst it can offer benefits to an organization, the measurement is considered challenging (Bolino & Turnley, 2003b). The concept, which involves the well-being of the organization's social system, includes courtesy, altruism and civic virtue (Podsakoff, MacKenzie, Paine & Bachrach, 2000) and it is thought to occur more frequently in a collectivist culture. Whilst not identified as traits directly, citizen behaviours are similar to them, which make them equally difficult to measure accurately (Becton *et al.*, 2008).

With respect to the employees' perception of how they viewed the value of their appraisal award, or their perception of themselves, a number of key areas arose. Those employees who felt that their result was fair tended to hold a positive view of the overall appraisal process experience. Conversely, those employees who felt that they had been unfairly rated were less pleased with the process, which is understandable. However, where employees were rated above what they expected there was a tendency for them to be consistently negative about the process. Previous studies have found links with employee self-perceptions on performance, with there being a negative relationship for employees who are high on 'autonomy orientation' (Kuvaas, 2007). This negative finding relates to employees who feel independent and, as they resent external interference they are negative about the appraisal process. Conversely, those weak on 'autonomy orientation' more readily accept the external interference. However, for this to hold true, it should apply to all employees, which is not the case in the state-owned banks.

Turning to how employees perceived the appropriateness of their award, a similar result occurred, in that those who received a reward that seemed to be higher than what they perceived, were consistently more negative about the appraisal process. This supports the high 'autonomy orientation' argument (Kuvaas, 2007), but an explanation can also be found within the traditional Chinese culture. Here, employees who believe they were unjustly rewarded may actually perceive the injustice through the eyes of others, or it may be a more practical reason, that in

receiving unjustly high grades they receive negative pressure from other employees. It is apparent that Confucian principles and matters such as saving 'face' and maintaining of good relations (Zhang & Guo, 2003), supports these observations. Put another way, boasting or self-promotion can lead to disrespect or even mistrust amongst colleagues (Wright, Berrell & Gloet, 2008).

Summary of Objective 3

The third research objective drew on two key areas. It first relates to what employees perceived to be an 'idea' model of performance appraisal, which is drawn from significant findings and the gap between organizational and importance scores. The second area concerns the differences between the four banks, and the related discussion on culture.

Four areas have been identified as key in what employees perceive to be an ideal model for performance appraisal, with these being its purpose, the effective training of managers, outcomes and procedural justice. With respect to the purpose, it was apparent that employees held that the strengthening of communication was a clear aim. They wished to be involved at all stages, which included consultation, the appraisal itself and in the subsequent areas of feedback and appeals. However, they saw that having top management support for the whole performance appraisal process was crucial; indeed this brought the highest single response in the survey. The importance of senior management support has been identified before, with it being apparent that within a collectivist state the concept retains significant importance. In addition to the communication, the area of reducing conflict amongst employees was considered as a key purpose, to which it was thought that an equitable system would contribute.

In addition to senior management support, the effective training of managers was viewed as being part of an ideal model. Time for preparation, for both parties, was also cited as an area of importance, but management effectiveness was considered a prime goal. The general indication is that the longer a person works in a state-owned bank, the less they wish to make changes in their current performance appraisal procedure. However, it is not always possible to treat employees in one

organization as a homogenous group, for example it is apparent that those employees who have in excess of fifteen years service tended to adopt a more negative stance than younger employees, with the very new arrivals generally being the most positive.

Key concerns surrounding procedural justice broadly related to the perceived fairness of the overall process. Linking in with the purpose, there was a need for employees' views to be taken into account, along with an appeal system to allow for any redress. One point that was strongly supported was that the appraisal process should conform to the CBRC guidelines and the organization's employee handbook. Of particular concern was that feedback should be provided soon after the appraisal event, it should be specific and there was broad agreement that it should be face-to-face, although this was not a unanimous view, with email and letters being viewed as equally acceptable.

With respect to outcomes, in addition to these being just and constructive, a particular concern was that the measures used in the appraisal should relate to actual performance, as opposed to an individual's personal qualities or relationships. There was a strong concern that the focus of the appraisal should relate to career and future development, which indicates a desire for employees to progress.

The areas identified in an 'ideal' model reflected many of the points previously raised, although a single overarching element that arose was the concept of trust and the feeling of being treated justly. It is the concept of organizational justice that is likely to foster greater loyalty in the state-owned banks.

Attention now turns to the difference between the state-owned banks and the cultural links. Firstly, in general terms, there appears to be little consistency between levels of employee satisfaction and the financial success of the bank. Employees at the Bank of China, the second ranked bank, praised their managers for being free from bias and were also extremely satisfied with the procedural justice element. Equally, BOC employees showed a strong relationship between their managers' freedom from bias and distributive justice, which again illustrates the importance of the

manager's contribution in the appraisal process. Nonetheless, despite these high ratings, they still had, with regard to designing an ideal process, the highest aspirations. This indicates that despite being generally satisfied, employees were motivated to seek further improvements and success.

An unexpected finding related to the Agricultural Bank of China. Although the ABC was lowest ranked bank, it was the strongest bank with respect to loyalty and commitment. This is difficult to explain, other than it is the case that organizations have their own culture and ethic, which exist independently from their financial position in the market.

As the four banks exist within the same national culture and are staffed by Chinese employees, the lack of consistency would appear to show that, to an extent, organizational culture overrides national trends. However, there does appear to be a degree of consistency, with respect to many aspects of traditional Chinese culture that exists. In a collectivist society, social orientation is considered an important value, with an emphasis being placed on maintaining good relationships within the work group and avoiding conflict. Managers tend to avoid openly criticizing their employees, whilst employees can reciprocate by giving a degree of loyalty to the organization. Thus, performance appraisal, with its focus on individual accountability, may not provide an ideal 'fit' in a collectivist society (Snape *et al.*, 1998). However, it is of note that ABC, along with the other three banks, agreed, at a high level, that performance appraisal should be strongly related to career development. Conversely, it is generally concluded that no employees from any of the banks were completely satisfied with the areas of training, trust, fairness of ratings, or the appeals process.

Respondents from BOC were aware of how their contributions feed in to organizational performance and were more satisfied with their performance appraisal procedure than those from other banks. Indeed, BOC employees were most satisfied with performance appraisal processes overall. It is noted that whilst the bank was ranked second, its performance was strongest for both the ROA and CAR measures. ROA provides a measure of how effectively a bank has generated profits with its available assets, whilst CAR indicates the bank's capital expressed as a percentage

of its risk weighted credit exposures. It is possible that these areas provide a more accurate measure of a bank's performance, which would account for the higher scores from the BOC employees.

Links between performance appraisal and the extent to which it aligns with culture, to meet stakeholder expectations, have been studied previously (Behery & Paton, 2008). In the banking sector in the United Arab Emirates commitment was greatest when national and organizational culture were synchronised. However, a neutralizing effect is noted in a Middle Eastern setting, where Western practices and influence are becoming more common (Davidson, 2005), which may account for the lack of variance between the national and organizational culture. Nonetheless, the argument still holds that appraisal systems need to be closely aligned to the cultural norms and expectations of employees (Armstrong & Baron, 2000).

6.5 Overview

In drawing together the salient point raised by stakeholders in the state-owned banks, it is apparent that performance appraisal outcomes and processes are invariably influenced by the Chinese cultural concept of 'relationship', which makes it difficult for what management consider to be 'objective' appraisal criteria to be perceived as fair by employees. In Chinese society, whose legal framework does not easily parallel that in many Western cultures, the tendency is to rely on a form of particularistic or subjective relationships, to obtain desired benefits (Begley *et al.*, 2002).

Whilst employee reactions to employee appraisal are important (Keeping & Levy, 2000), the cultural dimension also needs consideration, with, in comparison to capitalist economies, a particular element of Chinese society being a general lack of individual autonomy. An indication of the cultural influence is seen in the self-deprecating stance that Chinese employees adopt when they are perceived to be rewarded unjustly, in that boasting or the promotion of 'self', can result in a loss of colleagues' respect and lead to distrust amongst others (Wright *et al.*, 2005). This

element is equally likely to breach the feeling of trust (Lefkowitz, 2000). Having discussed the research objectives the attention now returns to the wider issues contained in the research question.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

Performance appraisal is considered to be one of the most important elements of Human Resource Management (Boswell & Boudreau, 2002), with its importance being enhanced when it is strategically linked to organizational objectives (Kuvaas, 2007) and hence overall success. It is viewed as a key component in any performance management system and is considered by some to be an essential requirement of the whole organizational system (Bulger, 1995; Mohrman & Mohrman, 1995). However, the importance of performance appraisal is not limited to Western organizations, with it being noted that the Malaysians view it as a 'central function' of Human Resource Management (Poon, 2004). Within this performance appraisal framework, the current research sought to establish what factors contributed to satisfaction amongst salient stakeholders and how important these were for employees in the Chinese state-owned banks.

In presenting this final chapter, a number of elements are visited. Firstly, following on from the previous discussion of the research objectives, the wider perspective of performance appraisal is addressed, to place it in a broader context. This embraces the concept of control, the importance of managers and the associated element of perceived organizational justice. The second area looks into the issues surrounding the cultural fit of performance appraisal in Chinese state-owned banks. This discussion on culture is linked to the contribution that banking is likely to make in an emerging economy, along with the potential future impact of the global economy. A section relating to the research's contribution to knowledge is next presented, which is followed by the implications for applied knowledge and includes recommendations. It is rare that a study is totally without limitations and those that relate to this research are contained in the next section, followed by the final topic, which addresses future areas for research.

7.1 Wider Perspectives of Performance Management

7.1.1 Control and Managers

Performance appraisal has been identified as making a major contribution to the organizational objectives (Den Hartog *et al.*, 2004). Whilst the ultimate purpose of performance appraisal is to enhance employee behaviour and effectiveness (Williams, 2006), certain subsidiary benefits have been identified, as contributing both to the stakeholders and the organization itself, such as enhanced communication and individual development plans. Regardless, the central function remains the enhancement of the organization's strategic goals (Humphreys, 2005).

There can, however, be limiting factors associated with performance appraisal, particularly from the stakeholder point of view of the employee. Of particular concern is those who view the purpose of performance appraisal as a means of employee control (Olsen *et al.*, 2007), either overtly or covertly. The aspect of control is raised by Deming (1986) and his supporters, who equally claim that a performance appraisal system is unjust, in that it makes judgements on individual employees who themselves do not have control over many of the variables involved in performance. Further, in that the control of individuals is focused on short-term goals, the system tends to stifle innovation and creativity (*ibid*). Nonetheless, as with many Western organizations (Soltani, 2005), the process of performance appraisal appears to be fully embedded in the Chinese workplace and specifically within the state-owned banks.

The aspect of control falls naturally into the manager's area, as enhancing performance is considered to be a core management responsibility (Behery & Paton, 2008). However, the manager functions within an organizational framework, which is influenced by both the local and national culture. In this situation, difficulty exists in determining the extent to which the personal influence of the manager is responsible for a degree of control, or what the organizational and national culture exerts. Thus,

whilst there is a degree of stakeholder dissatisfaction with performance appraisal it is not easy to identify the specific root cause. Lack of overall clarity, or the poor training of managers, or the procedural measures can more easily be attributed to the organization. Further, whilst the level of trust may be impacted on by the manager's personal qualities and behaviour, the perception might equally flow from dissatisfaction with the procedural elements.

A common principle is that managers and employees need to have a shared view of what the organization expects of them, which is typically progressed through employee participation (Williams, 2006). The process is more effective when genuine two-way communication is used, although the organization will need to balance the giving of directions, with providing employees with a degree of movement in how they complete their work. Moreover, improved communications can both improve performance and assist an organization in competing internationally (Maiorica, 1997).

Regardless of the control exerted or the source of employee dissatisfaction, it is clear that managers, in that they administer the performance appraisal process, are perceived as key stakeholders in the system

7.1.2 Stakeholder Perceived Justice

A positive stakeholder perception of performance appraisal is important to gaining employee commitment and loyalty to the organization (Caruth & Humpherys, 2008; Zhu & Downing, 2000). Thus, whilst the process has to build an effective system from the organization's perspective, the design should take account of the views of all relevant stakeholders. However, it is noted that, in Chinese state-owned banks, the input from employees to the design of performance appraisal processes can be considered minimal, although this is not considered unusual (Ukko *et al.*, 2007).

In accepting that employees have little input into the performance appraisal design, it is likely that a degree of openness, with regard to criteria and results, would lead to increased employee satisfaction (Lee *et al.*, 2004), both with respect to determining

individual work needs and identifying wider errors, as they occur.

Where the criteria for performance appraisal are robust and equitable, it is likely to enhance employee commitment (Gratton *et al.*, 2000; Michie & Sheehan, 2000). Currently, the processes operating in the banks do not appear to be transparent. There are strong indications that rewards or promotion are based, at least in part, on maintaining a good relationship (*guanxi*) with the manager, which has been identified previously (Child, 1994). That is to say, that despite the stakeholders considering that performance appraisal can help identify their training needs, improve performance and, to a certain extent, clarify work objectives, the process is not considered to be an accurate way of evaluating their performance. One means of enhancing both organizational effectiveness and individual support would be to introduce a compromise system such as a Total Quality Appraisal, which focused on development and competencies, rather than control (Scholtes, 1993; Petrick & Furr, 1995).

One particular area of concern is that the process leads stakeholders to distrust the performance appraisal process and view the rating in relation to a person's relationship with their manager, believing that rewards are based more on nepotism rather than job performance. In broad terms, the perception stakeholders have of themselves and of the effort they put into work, are important factors in evaluating the rewards they receive and how they rate the appraisal system overall (Coens & Jenkins, 2002).

In addition to the criteria for assessing performance there are elements of the process that concern stakeholders. One aspect is the arbitrary nature of the process, whereby there are few grounds for appealing against a result, which appears unwise both from an employee development perspective and from the organization's vulnerability to legal challenges (Caruth & Humphreys, 2008). Another area of perceived injustice relates to a desire for the banks to follow their own 'employee handbook' procedures, along with the guidelines laid down by the industry's governing body, the CBRA.

In considering the aspect of organizational justice and the concept of fairness in the workplace (Greenberg, 1986a), the two dimensions of distributive and procedural justice can strongly relate to an employee's manager. Whilst it is accepted that the manager is operating within the organizational culture and the processes it designs, there are areas where he or she can influence employees.

Barriers can form between personalities, which are likely to present blockages and lead to negative stakeholder attitudes towards performance appraisal, although this is not specific to any one culture. However, if employees feel that the process penalises those who have a poor relationship with their manager, or is essentially unfair and creates conflict amongst colleagues, then the relationship is likely to be frosty. Even within this type of framework, stakeholders believe that managers can enhance their position by providing realistic feedback, which in itself enables stronger communication.

The value of effective feedback has been recognized as a means of enhancing the organizational goals and sharing knowledge (Schuler *et al.*, 1991). One barrier that exists in the state-owned banks and possibly in Chinese organizations at large, is the traditional values and cultures that appear to exist. Specifically, managers are wary of damaging the established 'relationship' with their appraisees and are not overly inclined to provide honest or realistic feedback (Wong & Chan, 1999). Conversely, due to the cultural influence, it can be considered impolite to challenge a superior's authority by asking for feedback, which might also identify the individual as a 'trouble-maker'.

Regardless of the culture, the principle of reviewing progress towards performance targets should be undertaken on a regular basis (Wilson & Western, 2000). Carrying this out both formally and informally makes good business sense, as it prevents 'surprises' emerging at the annual appraisal meeting (Tapinos *et al.*, 2005).

In viewing the wider aspects of performance appraisal it is apparent that the stakeholders' perception of organizational justice is an important factor, which can lead to employee dissatisfaction. Indeed, the more positive the perception

employees have of justice, the more satisfied these stakeholders are likely to perceive the performance appraisal process, which in turn leads to improved organizational performance (Pongatichat & Johnston, 2008). It would, therefore, benefit state-owned banks to adopt a stakeholder model that more strongly incorporates the stakeholders' view:

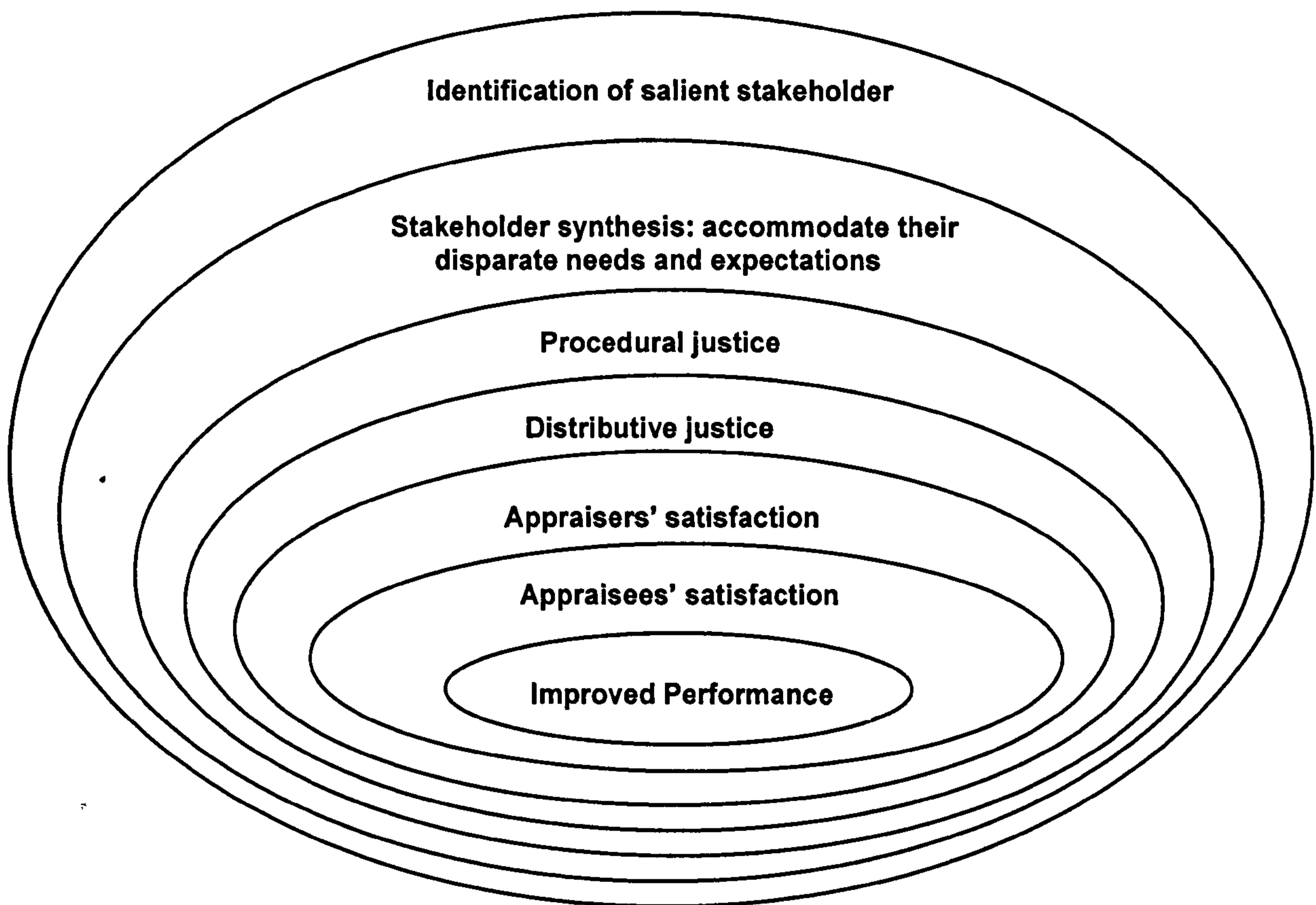


Fig 7.1 Stakeholder perspective on performance appraisal – a proposed model

The proposed Stakeholder model (Figure 7.1) combines stakeholder theory and organizational justice to outline what is perceived as a just performance appraisal system. Initially, salient stakeholders are identified, which may include both primary and secondary claims to be involved in the process. At this stage, the aim is to determine who and what really counts (Freeman, Harrison, Wicks, Parmar & de Colle, 2010). However, in referring to the Chinese state-owned banks, the model has

to take account of the cultural context, the degree to which employees are willing to participate in the process and the extent to which management desires their input. Outcomes from the current study indicated that senior management needs to be involved and it is possible they should be seen as distinct primary stakeholder. External stakeholders may also have a claim to be involved and, with China's entry to the WTO, it could be that foreign shareholders are eligible to engage in organizational affairs, such as performance appraisal.

The second area to be addressed is the accommodation of stakeholders' disparate needs and expectations, with an aim to producing mutually dependable harmony. At this stage, due to the power differential that exists, the views of primary stakeholders may hold greater salience, which may be accepted within the strong power-distance culture of Chinese society (Hofstede, 1980). The important element in this area is the focus on the 'accommodation' of stakeholder interests and needs.

Procedural justice is seen as the cornerstone of the model, because it is unlikely that distributive justice will exist without it; it has also been found that procedural justice can take precedence over interactional justice (Cohen-Carash & Spector, 2001). Procedural elements are likely to relate to devising an agreed criterion for appraising performance and for a mechanism to be in place for this to be applied equitably across all employees. First the principles behind the purpose of the system need to be established, following which consideration needs to be given to how targets are to be determined and the methods used for assessing performance consistently. Procedures on the level of feedback given and the important interactional side of the process (Bies & Moag, 1986), also need consideration. Training opportunities that are in line with organizational aims will equally need to be determined, along with the mechanisms for progressing the training consistently. In addition, the reason for the initial focus on procedural justice, which also relates to trust, loyalty and commitment, is that the achievement of distributive justice is dependent of it being in place. Finally, for a process to be perceived as just, a form of appeal system would need to be included in the procedures (Armstrong & Baron, 2005).

To continue moving towards achieving improved performance, distributive justice needs to be considered, this relates to the perceived equity of outcomes (Burney, Henle & Widener, 2008). It is in this area that interactional justice is likely to have the greatest impact, although as noted earlier, this phenomenon can be moderated by effective procedural justice. An important element of the manager's role in distributive justice is feedback. Effective feedback has been linked positively to increased employee effort and performance (Chory & Westerman, 2009), whilst the process equally strengthens communication, an aspect that was identified in the study as being largely absent.

If the other elements of the model are addressed, it is argued that this will lead to appraiser and appraisee satisfaction, which will be followed by improved performance and, in turn, organizational success.

In adopting a stronger stakeholder perspective, the additional benefit of increased loyalty and commitment is likely to be realised (Zhu & Downing, 2000). However, there are cultural implications for such a model, which sit with the idea that stakeholders do not currently believe that top management pay sufficient attention to performance appraisal.

The proposed Stakeholder model as shown by Figure 7.1 is a model refers to a fair and just performance appraisal system. First of all, the model identifies salient stakeholders, and then explores the views and needs of them. However, this model has to be adjusted to fit certain cultural context, as this model is designed on the basis of exploring the salient stakeholders' perception of Chinese state-owned banks, in which Confucian culture still plays a strong role. However, with China's entry to WTO and increasing competition from foreign banks, the performance appraisal of Chinese state-owned banks has to change. Thus the change should be based on procedural justice which relates to feedback giving, goal setting, training, appealing, and stronger communication etc.

In addition, the reason for being focused on procedural justice, which must come first before distributive justice which relates to pay increase, trust, loyalty and

commitment, is that the distributive justice has to be applied in terms of procedural justice being achieved fairly. Provided that both procedural justice and distributive justice could be achieved to meet appraisers', then appraisees' satisfaction, then improved organizational performance could be finally led to.

7.2 Cultural Fit of Performance Appraisal in Chinese State-owned Banks

Appraising individuals is not a new idea for China, which has used the tradition of national exams for thousands of years (Satow & Ware, 1994).

Traditionally, Chinese societies have followed Confucian cultural values, which place a strong emphasis on family socialization and a sense of hierarchy (Redding & Wong, 1986). Such values tend to put the group's interests before those of the individual and encourage an acceptance of authority and a strong work ethic. Western societies generally lack this Confucian tradition and whilst some of the values may be present, the overall value-set is said to be different, particularly with respect to placing an emphasis on the individual, rather than the group (Murphy & Cleveland, 1995).

With specific reference to the manager, the Confucian principle of maintaining harmony involves exchanging a favour with a favour. If these exchanges are not undertaken, then the *guanxi* principle regarding reciprocity and equity is likely to be violated (Wong & Chan, 1999), which may result in a loss of face (Earley, 1997). Loss of face can result in the termination of a *quanxi* relationship and may also weaken the network in which the individual operates (Pun *et al.*, 2000). Within the performance appraisal process these Confucian principles may compromise the manager's position and lead to unjust rewards, or the withholding of information, so as to save face.

The championing of cooperation and other voluntary elements of behaviour has been identified in other cultures (Allen *et al.*, 2004; Bolino *et al.*, 2004; Paine & Organ, 2000; Vey & Campbell, 2004), with the process sometimes being viewed as

organizational citizenship behaviour. However, whilst such behaviours can provide benefits to an organization, they are difficult to measure (Bolino & Turnley, 2003). Nonetheless, Podsakoff *et al.* (2000) argue that managers, either informally or formally, use citizenship behaviours to make judgements on their employees. These behaviours, which relate to courtesy, altruism and civic virtue, can contribute towards the well-being of the organization's social system. The concept is thought to occur more frequently in collectivist cultures (*ibid*). However, in performance appraisal terms, the issue remains that the characteristics are difficult to measure accurately (Becton *et al.*, 2008).

The Confucian principles have similar implications for employees, whereby boasting or undeserved rewards, can generate a lack of trust or respect amongst colleagues (Wright *et al.*, 2005). Importantly, it is the employees' personal social networks that help them achieve organizational performance goals, which again emphasize the maintenance of good relations, or *guanxi* (Zhang & Guo, 2003).

The Confucian principles, however, are set in the context of the Peoples' Republic of China, which aspires to support a collectivist ideology. Given that performance appraisal in state-owned organizations is traditionally conventional (Warner, 2004) it may mean that the state-owned banks maintain a legacy of the old system.

What is apparent from the research is that performance appraisal practices at Chinese state-owned banks reveal that the performance appraisal procedure (criteria) and outcomes (pay, reward and promotion) are influenced by Chinese cultural factors, with the areas of political consciousness, morality, 'face', relationships and the avoidance of confrontation, being identified.

These cultural factors contribute to the perceived subjectivity of appraisers' fairness of outcomes and, as a result, contribute to stakeholder dissatisfaction with the current performance appraisal process. Thus, it is recognized that performance appraisal criteria based on personality, political loyalty, morality and relationships with colleagues are difficult to quantify.

In focusing on the cultural aspect of the nation and its relevance to Chinese state-owned banks, it is accepted that other areas which might have provided possible explanations for the results, have not been fully addressed. Organisations do not exist in a vacuum (Handy, 1986), although it is thought that organizational culture, as outlined by Deal and Kennedy (1982), could have impacted on the culture. Nonetheless, the area of communication, which is highlighted in the current study as an area for improvement, is considered crucial at all levels of the organization, with a particular point being the quality of feedback that is given (Walker & Smither, 1999). Indeed, Walker and Smither go further to suggest that the focus should be on who the feedback benefits, rather than just inquiring if the process works.

In focusing on the process of performance appraisal the psychological element associated directly with motivational theory was not fully explored. The concept was implicit in the study of employee satisfaction, which provides an indication of an individual's drive (Maslow, 1943). At the same time it is acknowledged that motivational aspirations vary across cultures, with Hofstede and Bond (1984) identifying the uniquely Chinese phenomenon of Confucian Dynamism. China's unique culture may have equally impacted on the concept of stakeholder theory (Freeman, Harrison, Wicks, Parmar & de Colle, 2010). The quasi-religious associations of Confucianism and Taoism militate against employers strongly exercising their 'rights', which would equally be curtailed by concepts such as 'face' (Earley, 1997) and 'harmony' (Hoare & Butcher, 2008). For example, 'harmony' is likely to promote loyalty and in so doing, discourages individual competition and the seeking of individual rewards for their own sake (Cyr & Frost, 1991).

As the study organizations were all state-owned, the impact of any economic fluctuations was likely to have been similar, although variances may have existed in relation to the different sectors. It is understood that the Government would spread any financial impact evenly across the organizations, as it essentially requires them not to be in competition (Zhou, 2007). Similarly, as the Boards of Directors are appointed by and answerable to the Government, the state-owned banks are to a certain degree protected from wider market fluctuations; in addition, they are equally

protected from the fluctuations and restructuring that often accompanies CEO appointments in Western organizations.

In line with any organization, the Chinese state-owned banks are complex and diverse institutions, and in focusing on a stakeholder perspective of performance appraisal from a national cultural perspective it is acknowledged that other factors can also impinge on the phenomenon.

7.2.1 Contribution of Banking to an Emerging Economy

The People's Republic of China is emerging onto the world 'stage', with the protectionist policies of an isolationist nation beginning to recede. How much of the change is due to internal political pressures or to modern internationalism is difficult to determine. Modern internationalism is most commonly expressed as an appreciation for the diverse cultures in the world, and a desire for world peace (French, 2000), with people expressing the view that they are not only citizens of their respective countries, but are also a citizen of the world. Internationalists feel obliged to assist the world through leadership and charity, whilst at the same time advocating the presence of international organizations, such as the United Nations. In short the doctrine holds that nations should cooperate, because their common interests are more important than their differences.

The political will in the People's Republic of China is evident in the country's accession to the WTO (Zhou, 2007), along with opening the door to foreign banking interests and inviting their participation in China's financial world. This demonstrates a degree of internationalism which, as a political movement, advocates greater economic and political cooperation among nations for the benefit of all (Munck & Waterman, 1999). The process of liberalization may be slow and, in the short term, China might accrue greater benefits than the other nations involved. At the same time, as China emerges as a fully fledged industrial nation and reaches financial maturity, other nations of the world will need to be aware of the global impact, which may explain the current interest of organizations in investing in Chinese state-owned banks.

In the 1990's the People's Republic of China sought to make its economy more competitive in the emerging global market (Chen, 2006) and establish a 'socialist market economy' (Harvie, 1999). Importantly, for performance appraisal in the state-owned banks, China entered the WTO in 2001, which opened up the financial markets, allowing foreign banks to be established in mainland China. At the same time, the state-owned banks generally lacked independence, with the Party links remaining strong (Wang, 2003). There was also the view that banks needed to conform (Chow, 2004), but at the same time, customer satisfaction was considered important (Parker, 2000).

China's entry to the WTO has increased the focus on human resource development and Chinese banks may need to improve their competitiveness. To survive the pressure that an influx of foreign banks will bring, the state-owned banks will need to address any performance issues they have. Indeed, according to Chow (2004), the concept of performance-related pay, along with individual reward and incentives, is likely to emerge more clearly in the Chinese banking system.

With respect to performance appraisal, the process needs to be appropriate for the culture and principles that guide the organization (Murphy & Cleveland, 1991). Whilst the core management responsibility of enhancing performance remains, the dilemma for the state-owned banks in China's emerging economy and a freer market, is how to marry the traditional Confucian ideals with what are perceived as more objective assessment criteria and processes. With respect to the current research there is a wish, from recipient stakeholders, for a more just system that recognizes individual performance, although it will require a commitment from senior management to make this happen.

7.3 Contributions to Knowledge – Implications for Theory

Early studies of performance appraisal tended to adopt an academic perspective, as opposed to focusing on the wider employee and organizational issues (Blader &

Tyler, 2000). In building on earlier work, there are three areas where the current research makes a direct contribution to theoretical knowledge. That is, in addition to the research being original in its concept and setting, a specific contribution to knowledge is identified.

The first contribution relates to extending the knowledge base surrounding performance management, in that the research provides a unique perspective on the phenomenon and thus, by providing a perspective on the state-owned banks in China, contributes to the theoretical framework of performance appraisal. Performance management, along with the associated performance appraisal, have been linked to effective organizational development, especially during a period of change (Cummings & Worley, 2005), such as China is currently experiencing.

Of particular importance are the areas referred to as 'ideal' and the gap between what was perceived to actually happen and the importance of these items. Employees required strong commitment from top management, effective communication, particularly in the form of feedback on performance and a reduction of the 'political' element associated with performance appraisal that Chow (2004) also identified. Equity and just treatments were found to be in line with the wider motivational elements of performance appraisal (Adams, 1964; Maslow, 1943), with the link between drive and satisfaction being illustrated (Gomez-Mejia, Balkin & Cardy, 2007). The contribution is set against the background that performance appraisal has for many years been under critical review in Western organizations (Behn, 2003; Dulewicz, 1989).

Secondly, the research makes a contribution to the related area of international Human Resource Management. Performance appraisal is considered a central element of managing the human resource (Aguinis, 2007), with it being particularly important that the 'voice' of both HRM and the employee is heard (Folger & Cropanzano, 1998; Ubeda & Santon, 2007). The research, in being placed in an international setting, has highlighted how an element of the Human Resource function is undertaken within an economy that is emerging from one of strictly socialist principles, towards one that more readily embraces enterprise and individual

profit. The study has also been undertaken at a time when China is opening its doors to foreign investors, which is likely to impact on how people are managed in China and, indeed, may have relevance to other emerging economies. Thus, the recognition of the competing demands that exist in developing economies, with respect to local factors and global integration, provide a contrast to previous studies undertaken in international settings and as such, the knowledge makes a valuable contribution.

Thirdly, by undertaking an empirical investigation into performance appraisal processes in Chinese state-owned banks, the research makes a valuable contribution to stakeholder theory in a culturally specific environment. In particular, differences were found amongst the study banks, indicating that organizational culture may, in certain circumstances, have a greater impact than the wider national character. It is also apparent that the traditional values in Chinese culture (Alon, 2003), particularly that of 'harmony', crossed into the work culture, although socialist ideals were not so apparent. Thus, the specific contribution relates to how traditional and current culture impacts on, and integrates with, the particular stakeholder perspective, along with the extent to which stakeholder involvement is related to the culture.

Within these three areas, the contribution to knowledge has extended the parameters of performance appraisal in a state-owned organization, within a developing economy.

7.4 Implications for Applied Knowledge

Three areas make a direct contribution to applied knowledge. Firstly, the identification of factors that are perceived as important in a performance appraisal process contributes both to the theoretical underpinning of performance appraisal and to the practitioner focus. That is, the outcomes can provide an operational template from which the banks can develop effective performance appraisal processes. It is important for research findings to be linked to practice (Wolff, 2005b)

and are applied for improved organizational effectiveness. The outcomes identify areas for improvement, for example in the purpose of performance appraisal and the organizational justices associated with its procedures, which are particularly relevant during organizational change or mergers (Bligh, 2006). The perception of 'ideal' factors adds further weight to the applied aspect of the research.

Secondly, from an applied perspective, the study is potentially useful for enhancing an awareness of the influences of culture on performance appraisal in China. A deeper understanding of this question is important when trying to convince practitioners of the importance of the effects of culture on effective organizational management. With China's move towards a more open system, not just with respect to the banking sector, the findings of this research can provide an insight into how employees might be managed more effectively.

The third applied contribution relates to the study's focus on performance appraisal in Chinese banking institutions. The outcomes can contribute to an exploration of how Human Resource strategies can provide a competitive edge in retaining Chinese employees, especially with regard to the increased competition from the multi-national banking industry. People continue to play a vital role in organizations (Fletcher, 2004; Gillen, 2007) and this is likely to increase as the Chinese economy expands take on a more international focus.

7.5 Recommendations

Whilst early attempts at performance appraisal were considered somewhat mechanistic (Turbam & Jones, 1998) the process has developed to embrace a combination of methods that involve manager, peer and self-ratings (Huo *et al.*, 2002). Peer review can help reduce manager bias and with a mix of approaches, a more balanced view of an employee can be achieved (Schraeder & Simpson, 2006). In addition, a diverse coverage can be achieved through a balanced scorecard (Waal, 2003), which focuses on both the financial and non-financial elements. However, given the importance of people in a service industry (Jusoh *et al.*, 2008), an

integrated performance system based on an HR Scorecard (Becker, Huselid & Ulrich, 2001) would assist in making the appraisal process more objective.

The criteria for measurement could be further progressed through the use of competencies, which relate to the effective job performance (Boyatzis, 1982). A competency-based system, which is in line with the organizational goals, would provide a more equitable basis for assessment and at the same time enhance organizational goals. An additional means of enhancing the performance appraisal process would be to design a competency framework for managers who undertake performance appraisals, as this has been shown empirically to benefit the appraisal process (Abraham *et al.*, 2001).

Regardless of culture, the principle of monitoring progress towards performance targets should be reviewed regularly (Wilson & Western, 2000), both formally and informally. Thus, it is important for the banks to monitor employee progress, as this makes sound business sense and prevents 'surprises' at the annual or bi-annual appraisal meeting (Williams, 2006).

Whilst the recommendations provided so far stem from the satisfaction levels of state-bank employees, it is clear that the 'ideal' responses can provide a model, or template that can guide the study organizations' focus on performance appraisal. The state-banks need to be aware of the likely threat from overseas banks and the need to be able to compete in a more international market (Zhou, 2007). However, the implementation of modern performance appraisal processes will require a delicate balance, to ensure that these are carefully aligned with the prevailing culture. It may be that some areas, for example to increase employee involvement, may not be easily accepted culturally. Thus, in drawing from the 'ideal' responses it is important to highlight key areas for recommendation that are more likely to be readily accepted in the current environment.

In general terms the organizations need to enhance the perception of procedural and distributive justice, although the second is likely to follow the first. Specifically, the first recommendation flows from the most important area the respondents identified,

that is, top management needs to be seen to fully support the performance appraisal system. This aspect would lend support to two other areas of concern. First, it would improve the trust that employees are seeking in the appraisal process and which is currently lacking. The importance of this trust is emphasized by a large proportion of employees, across all banks, believing that the current lack of trust is a factor in their intention to leave the organization in the next five years. Second, to increase employee perceptions, top management support would need a greater degree of communication, across all levels. It may be that top management does indeed currently support the performance appraisal process, with it being the case that this is not being conveyed to employees, who perceive it differently. In addition, there was clear agreement that the process should enhance communication overall, particularly with respect to the line manager and employee relationships.

Procedural justice is a broad area of concern, although a specific focus is on the criteria used in any appraisal, the quality of the feedback and the role the manager plays in the process. A feeling of mistrust is present, because the criteria used to appraise employees is perceived as not being directly related to their actual job performance, neither is it objective in form, hence it is viewed as unjust. Thus, it is recommended that organizations design a clear list of job-related criteria, with a view to making the process more objective, which is likely to increase employees' perception of justice. Coupled with this, there is a strong feeling from employees that the process and the criteria should be outlined clearly in the Staff Handbook and along with the guidelines laid down by the CBRC. Another area that concerned employees relates to feedback, both with respect to its quality and content. With regards to the content, there was a desire to receive constructive feedback that was linked to future performance and, most importantly, career development. In terms of quality, there is a desire for the feedback to be given soon after the appraisal event, for it to be specific and for it to be conveyed in a face-to-face meeting with the appraiser.

Managers are seen as key to implementing the new recommended changes, although the survey found criticisms of those who currently appraise. For the appraisal process to operate effectively, managers need to be effective, which

incorporates administering the appraisal and providing realistic feedback. Such a process might run counter to traditional Chinese values; however, with respect to overall efficiency, it is important that those who appraise others need to undertake an intensive period of training, to give them the best possible chance of bringing about improvement.

Given the external threats to the state-banks, the recommendations outlined here could reasonably be introduced. It is acknowledged that some impinge on Confucian principles and Chinese values, although conversely, the recommendations broadly align with the socialist ethos. Essentially, in reducing management bias in the process (Jackson & Mathis, 1994), employees are seeking recognition, respect, trust and fair treatment, and if these are not met then their loyalty and effectiveness are likely to be reduced.

7.6 Limitations associated with this Research

As with any research design, limitations exist and these can be identified within this current research. Firstly, the interviews conducted to help establish the research instrument were limited to a small percentage of the banking sector in China, although the approach was supplemented by theoretical support, which was drawn from the literature.

Second, as the sample was drawn from those working in the state-owned sector this limits the generalizability of the findings to the larger banking population, particularly the non-state banking sector in China, although further studies in this sector could provide wider support the current findings.

Third, the data is based on self-report and there may have been an element of mistrust, or fear, in reporting events accurately. Individuals may have attempted to distort their responses to create a favourable impression of themselves or their organization. The confidential nature of the questionnaire and its administration through a third party may have reduced this effect. Nonetheless, whilst recognising

the limitations, as individual perceptions and attitudes were being sought, self-report formed the most appropriate means of data collection for this research.

Fourth, an organization is a highly dynamic phenomenon, with this being especially so in the emerging economy of China and particularly with foreign banks playing an increasing role in its national economy. Thus, it is accepted that this research can only report the findings as they currently stand, with it being acknowledged that changes may occur in the future.

It has to be acknowledged that a fifth limitation exists for this study. In the applied methodology, cross-cultural interpretation of language and the ability of all respondents to fully understand the concept of performance appraisal could all constitute intervening variables. There may be an element of confusion over the performance concept in China, as authors have used the term 'performance management' to denote a mechanical or analytic hierarchy process that is associated with engineering (Cheng & Meng, 2009). Nonetheless, the questionnaire explained clearly explained the purpose of the study.

7.7 Future Areas for Research

The study has highlighted some avenues for potential future research. The current research was restricted to state-owned banks in mainland China, yet an expansion of the research into the 'private' banks would provide a meaningful analysis and comparison between how performance appraisal is perceived in both sectors, and would determine the extent to which the findings are sector specific. Similarly, the study could be extended to embrace other cultures in Southeast Asia, thereby making a further contribution to performance appraisal in the context of international Human Resource Management.

Another useful direction for future research would be to undertake a qualitative investigation to further explore the nature of the findings and in this way add the author's perspective to the reasons behind some of the outcomes.

Summary

The goal of performance appraisal is to provide management with information that will help them in achieving organizational aims (DeNisi & Pritchard, 2006). In discussing what key stakeholders perceived to be a just and fair appraisal process, the endeavour was to identify what an ideal, or acceptable, performance appraisal process might look like. The focus remained on the stakeholders, their perception of performance appraisal and how the processes and outcomes could be improved, so as to foster a greater degree of procedural and distributive justice, which at the same time matched the specific cultural environment.

Bibliography

Abdul Aziz, Y. (1999). *Performance Appraisal: Concepts and Applications*. Kuala Lumpur: Sinaran Bross.

Abraham, S.E., Karns, L.A., Shaw, K. and Mena, M.A. (2001). Managerial competencies and the managerial performance appraisal process. *Journal of Management Development* 20 (10), pp. 842-852.

Ackroyd, S and Hughes, J. (1981). *Data Collection in Context*. London: Longman.

Adams, G., R., and Schvaneveldt, J., D. (1991). *Understanding Research Methods*, (2nd Ed). New York: Longman.

Adams, J.S. (1965). Inequity in social exchange, in L. Berkowitz (Ed). *Advances in Experimental Social Psychology* (2). New York: Academic Press, pp. 267-299.

Adorno, T. (1973). *Negative Dialectics*. (E.B. Ashton, Trans.). London: Continuum.

Aguinis, H. (2007). *Performance Management*. Upper Saddle River, NJ: Pearson Prentice Hall.

Ahmad, R.and Ali, N.A. (2004). Performance appraisal decision in Malaysian public service. *International Journal of Public Sector Management* 17 (1.), pp.48-64.

Ahmed, S. (1999). The emerging measure of effectiveness for human resource management. *The Journal of Management Development* 18 (6), pp. 543-556.

Aiken, L.S. (2003). *Multiple Regression Analysis*. London: Sage.

Ainsworth, M. and Smith, N. (1993). *Making it Happen: Managing Performance at Work*. Sydney: Prentice Hall.

Allan, P. (1994). Designing and implementing an effective performance appraisal system. *Review of Business* 19 (2), pp. 2-6.

Allen, R.D. and Rush, M.C. (1988). The effects of organisational citizenship behaviour on performance judgements: a field study and a laboratory experiment. *Journal of Applied Psychology* 83, pp. 247-260.

Alreck, P. and Settle, R. (1995). *The survey research handbook*. New York: Irwin Press.

Alvesson, M. and Skoldberg, K. (2000). *Reflexive Methodology*. London: Sage.

Arksey, H. and Knight, P. (1999). *Interviewing for Social Scientists: an introductory resource with examples*. London: Sage.

Amaratunga, D and Baldry, D (2002). Moving from performance measurement to performance management. *Facilities* 20 (5/6), pp. 217-223.

Analoui, F. and Fell, P. (2002). Have you been appraised? *The International Journal of Educational Management* 16 (6), pp. 279-287.

Anderson, W.N., and Hiltz, S.R. (2001). *Culturally heterogeneous vs. culturally homogeneous groups in distributed group support systems: effects on group process and consensus*. Paper presented at the 34th Hawaii International Conference on System Sciences, Hawaii.

Andreasen, A.R. and Best, A. (1977). Consumers complain – does business respond? *Harvard Business Review* 55, pp.93-101.

Armstrong, M. (1992). *Human Resource Management: strategy and action*. London: Kogan Page.

Armstrong, M (2006a). *A Handbook of Human Resource Management Practice*, (10th) Edition. London, Kogan Page.

Armstrong, M. (2006b). *Strategic Human Resource Management: A Guide to Action*. London: Kogan Page.

Armstrong, M. and Baron, A. (1998). *Performance management: the new realities*. London: Institute of Personnel and Development.

Armstrong, M and Baron, A. (2005). *Managing Performance: performance management in action*. London: Chartered Institute of Personnel and Development.

Armstrong, M and Murlis, H. (1991). *Reward Management*. London: Kogan Page.

Babbie, E, (2001). *The practice of social research*. Belmont, CA: Wadsworth.

Bai, X. and Bennington, L. (2005). Performance appraisal in the Chinese state-owned coal industry. *International Journal of Business Performance Management* 7 (3), pp. 275-295.

Barker, S. (2002). *Training Business Students to be End-Used Developers: Are Case Studies the Best Option?* Paper presented at the 2002 Information Resources Management Association International Conference, May 19-22, Seattle, Washington

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management* 17, pp. 99-120.

Bartunek, J., and Seo, M. (2001). Qualitative research can add new meaning to quantitative research. *Journal of Organizational Behavior* 23 (2) pp.237-42.

Becker, B.E., Huselid, M.A. and Ulrich, D. (2001). *The HR Scorecard: Linking People, Strategy and Performance*. Boston, MA: Harvard Business School Publishing.

Becton, J.B., Giles, W.F. and Schraeder, M. (2008). Evaluating and rewarding OCBs. *Employee Relations* 30 (5), pp. 494-514.

Beer, M. and Ruh, R.A. (1976). Employee growth through performance management, in Vroom, V.H. *Managing People, not Personnel: Motivation and Performance Appraisal*. Boston, MA: Harvard Business School Publishing.

Begley, T.M., Lee, C., Fang, Y.G. and Li, J.F. (2002), Power distance as a moderator of the relationship between justice and employee outcomes in a sample of Chinese employees. *Journal of Managerial Psychology* 17 (8), pp. 692-711.

Behery, M.H. and Paton, R.A. (2008). Performance appraisal-cultural fit: organisational outcomes within the UAE. *Educational, Business and Society: Contemporary Middle Eastern Issues* 1 (1), pp. 34-49.

Benson, J and Debroux, P. (2004). The Changing Nature of Japanese Human Resource Management : The Impact of the Recession and the Asian Financial Crisis. *International Studies of Management and Organizations* 34 (1), pp. 32-51.

Berger, A.N., Hasen, I., and Zhou, M. (2006). *Bank ownership and efficiency in China: what happens in the world's largest nation*. University of Pennsylvania, <http://fic.wharton.upenn.edu/fic/papers/07/0703pdg>.

Bevans, S. and Thompson, M. (1991). Performance management at the crossroads. *Personnel Management* 9, pp. 36.

Bies, R.J. and Moag, J.F. (1986). Interactional justice: Communication criteria of fairness. *Research on negotiations in Organisations* (1). Greenwich, CI: JAI Press, pp. 43-55.

Bikker, J.A. and Groenveld, J.M. (1998). *Competition and Concentration in the EU Banking Industry*. Research Series Supervision 9. De Nederlandsche Bank, Amsterdam.

Billett, S. (2008). Emerging perspectives on workplace learning, in Billett, S., Harteis, C. and Etelapelto, A, *Emerging Perspectives on Learning through Work*. Rotterdam: Sense, pp. 1-15.

Bjorkman, I. and Lu, Y. (2000). Local or global? Human resource management in international joint ventures, in Warner, M (Eds). *Changing Workplace Relations in the Chinese Economy*. Basingstoke: Macmillan, pp. 117-138.

Blader, S. and Tyler, T.R. (2000). *A four-component model of procedural justice: what makes a process fair in work settings?* Paper presented at the 59th Annual Meeting of the National Academy of Management Toronto, Ontario, Canada.

Blalock, H. M. (1979) *Social Statistics* (2nd Ed), London: McGraw-Hill Kogakusha.

Bolino, M.C. and Turnley, W.H. (2003a). Counternormative impression management, likeability, and performance ratings: the use of intimidation in an organisational setting. *Journal of Organisational Behaviour* 24, pp. 237-250.

Bolino, M.C. and Turnley, W.H. (2003b). Going the extra mile: cultivating and managing employee citizenship behaviour. *Academy of Management Executive* 17 (3), pp.60-71.

Bolino, M.C., Turnley, W.H. and Niehoff, B.P. (2004). The other side of the story: re-examining prevailing assumptions about organisational citizenship behaviour. *Human Resource Management Review* 14 (2), pp. 229-246.

Bond, M. and Hwang, K. (1987). *The social psychology of Chinese people, The Psychology of Chinese People*. New York: Oxford University Press.

Bond, M.H. (1991). *Beyond the Chinese Face: Insights from Psychology*. Hong Kong: Oxford University Press.

Boswell, W.R. and Boudreau, J.W. (2002). Separating the developmental and evaluative performance appraisal uses. *Journal of Business and Psychology* 16, pp. 391-412.

Bourne, M., Mills, J., Wilcox M., Neely, A. and Platts, K. (2000). Designing, implanting and updating performance measurement systems. *International Journal of Operations and Production Management*, 20 (7), pp. 754-771.

Boyatzis, R.E. (1982). *The Competent Manager: a model for effective performance*. New York: John Wiley & Sons.

Boyd, N. and Ken, K. (2004). Expanding the view of performance appraisal by introducing social justice concerns. *Administrative Theory and Praxis* 26 (3), pp. 249-277.

Bracht, G.H. and Glass, G.U. (1968) The External Validity of Experiments, *American Educational Research Journal*, 5, pp. 537-74.

Bradt, J.A. (1996). Pay employees for their contributions. *Personnel Journal Supplement* 0031-5745, pp. 7-9.

Bratton, J. and Gold, J. (1999). *Human resource management: theory and practice*. Basingstoke: Palgrave.

Breakwell, G. (1995). Interviewing. In *Research methods in psychology*. Breakwell, G., Hammond S.M. and Fife-Schaw, C. (Eds). London: Sage.

Bretz, R.D.Jr. Milkovich, G.T. and Read, W. (1992). The current state of performance appraisal research and practice: concerns, directions, and implication. *Journal of Management* 18 (2), pp.321-352.

Brewerton, P. and Millward, L. (2001). *Organizational Research Methods: A Guide for Students and Researchers*. London: Sage.

Brown, M., and Benson, J. (2003). Rated to exhaustion? Reactions to performance appraisal process. *Industrial Relations Journal* 34, pp. 67.

Bryman, A. (1984). The debate about quantitative and qualitative research: a question of method or epistemology? *The British Journal of Sociology*, 35 (1), 75-93.

Bryman A and Bell E (2007) *Business Research Methods*, (2nd Ed). Oxford: Oxford University Press

Bryson, J.M. (2004). What to do when stakeholders matter: stakeholder identification and analysis techniques. *Public Management Review* 6 (1), pp. 21-53.

Buchholz, R.A. and Rosenthan, S.B. (2005). Toward a contemporary conceptual framework for stakeholder theory. *Journal of Business Ethics* 58, pp.1-3.

Bulger, S.L (1995). Performance management: the foundation for a high performance organisation. *National Productivity Review* 15 (1), pp. 101-107.

Burgoyne J. G. (1997). *Learning: conceptual, practical and theoretical issues* British Psychological Society Annual Conference

Burns, A.C. and Bush, R.F. (1998). *Marketing Research* (2nd Ed). New Jersey: Prentice-Hall Inc.

Busi, M and Bititci, U.S. (2006). Collaborative performance management: present gaps and future research. *International Journal of Productivity and Performance Management* 55 (1), pp. 7-25.

Buttery, E.A. and Leung, T.K.P. (1998). The difference between Chinese and Western negotiations. *European Journal of Marketing* 32 (3/4), pp. 374-389.

Buttery, E.A. and Wong, Y.H, (1999). The development of *guanxi* framework, *Marketing Intelligence and Planning* 17 (3), pp. 147-154.

Caligiuri, P.M. and Day, D.V. (2000), Effects of self-monitoring on technical, contextual, and assignment-specific performance, *Group and Organisation Management* 25 (2), pp. 154-174.

Campbell, D., Campbell, K and Chia, H. (1998). Merit pay, performance appraisal, and individual motivation: an analysis and alternative. *Human Resource Management* 37, pp. 131-146.

Carr, W. (1995). *For Education: Towards Critical Educational Enquiry*. Buckingham, Open University Press.

Carlsoon, C and Turban, E. (2002). DSS: directions for the next decade. *Decisions Support Systems* 33 (2), pp. 105-110.

Caruth, D.C. and Humphreys, J.H. (2008). Performance appraisal: essential characteristics for strategic control. *Measuring Business Excellence* 12 (3), pp. 24-32.

Cassell, C and Symon, G (1994). *Qualitative Methods in Organizational Research: A Practical Guide*, London, Sage.

Cassell, C., and Symon, G. (2006). Taking qualitative methods in organization and management research seriously. *Qualitative Research in Organizations and Management: An International Journal* 1(1), pp.4-12.

Catalanello, R. F., and Hooper, J. A. (1981). Managerial appraisal. *Personnel Administrator* 26 (9), pp. 75-81.

Cederblom D and Pomeroy, D. (2002). From performance appraisal to performance management: one agency's experience. *Public Personnel Management*, Summer.

Chang, E (2002). Distributive justice and organisational commitment revisited: moderation by layoff in the case of Korean employees. *Human Resource Management* 41, pp. 261-270.

Chang, P.L., and Chen, W.L. (2002). The effect of human resource practices on firm performance: empirical evidence from high-tech firms in Taiwan. *International Journal of Management* 19 (4), pp. 622.

Chang, E and Hahn, J. (2004). Does pay-for-performance enhance perceived distributive justice for collectivistic employees? *Personnel Review* 35 (4), pp. 397-412.

Chen, J. (2006). Development of Chinese small and medium-sized enterprises. *Journal of Small Business and Enterprise Development* 13 (2), pp. 140-147.

Chen, M. (1995), *Asian Management Systems: Chinese, Japanese and Korean Styles of Business*, London: Routledge.

Chen, T.Y., Chang, P.L. and Yeh, C.W. (2004). A study of career needs, career development programs, job satisfaction and the turnover intensity of R & D personnel. *Career Development International* 9 (4), pp. 424-437.

Chen, X. and Chen, C.C. (2004). On the intricacies of the Chinese *guanxi*: a process model of *guanxi* development. *Asia Pacific Journal of Management* 21 (3), pp. 305-324.

Cheng, L. and Meng, X.F. (2009). Modelling of traction battery performance appraisal based on fuzzy comprehensive and AHP. *Kybernetes* 38 (3/4), pp. 339-345.

Cheung, L.L.W. (2008). Let the 'other' speak for itself: understanding Chinese employees from their own perspectives. *Critical Perspectives on International Business* 4 (2/3), pp. 277-306.

Chia, R. and Tsoukas, H. (2002). On organizational becoming: rethinking organizational change. *Organizational Science* 13 (5), pp. 567-582.

Chiaburu, D. and Tekleab, A. G. (2005). Individual and contextual influences on multiple dimensions of training effectiveness. *Journal of European Industrial Training* 29, pp. 604-623.

Child, J. (1994). *Management in China during the Age of Reform*. Cambridge: Cambridge University Press.

China Daily (2002), available at: http://www.chinadaily.com.cn/chinagate/2002-02/23/content_247548.htm, accessed October 2009.

China Labour Bulletin (2007), available at: <http://iso.china-labour.org.hk/public/main>, accessed October 2009.

China Trade Union Statistics Yearbook (2005), Beijing: China Statistics Press.

Chiu, C. (1991). Role expectation as the principal criterion used in justice judgment among Hong Kong college students. *Journal of Psychology* 125, pp. 557-565.

Chow, I.H.S. (2004a). Human resource management in China's township and village enterprise: change and development during the economic reform era. *Asia Pacific Journal of Human Resources* 42 (3), pp. 318-335.

Chow, I.H.S. (2004b). The impact of institutional context on human resource management in three Chinese societies. *Employee Relations* 26 (6), pp. 626-642.

Clark, C. D. (1998). Bayesian statistics and Psychology: an alternative to $p < 0.05$? Paper presented at the European Mathematical Psychology Group, *Journal of Mathematical Psychology* 42 (4), pp. 505-506.

Clarkson M.B.E., (1995). A Stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review* 20 (1), pp. 92-117.

Cleveland, J.N., Murphy, K.R. and Williams, R.E. (1989a). Multiple uses of performance appraisal: prevalence and correlates. *Journal of Applied Psychology* 74, pp. 130-135.

Cleveland, J.N. and Murphy, K.R. (1989b). Analyzing performance appraisal as goal-directed behaviour. *Research in Personnel and Human Resources Management* 10, pp. 121-185.

Clough, P. and Nutbrown, C. (2002). *A student's guide to methodology: justifying enquiry*. London: Sage.

Cody, E. (2005). China warns that the gap between rich and poor is feeding unrest. *The Washington Post*, September 22.

Coens, T. and Jenkins, M. (2002). *Abolishing Performance Appraisals*. San Francisco, CA: Berrett-Koehler, pp. 13-14.

Cohen, J. (1988) *Statistical power analysis for behavioural sciences*, (2nd Ed). Hillsdale, NJ: Erlbaum.

Cohen, J. (2001) *Statistical power analysis for behavioural sciences*, (2nd Ed). Erlbaum, Hillsdale, NJ.

Cole, G. B. (1993). Reliance on Temps Creates New Problems. *Computer World Journal* 32, pp.1-85.

Collins, J. and Hussey, R. (2003), *Business Research*, London: Palgrave MacMillan.

Colquitt, J.A., Conlon, D.E., Wesson, M.J., Porter, C., and Ng, K.Y. (2001). Justice at the millennium: A meta-analytic review of 35 years of organizational justice research. *Journal of Applied Psychology* 86, pp. 425-445.

Confucius. (2006). *The Analects*. New Delhi: Filiquarian Publishing, LLC.

Cook, J and Crossman, A. (2004). Satisfaction with performance appraisal systems. *Journal of Managerial Psychology* 19 (5), pp. 526-541.

Cook, T.D. and Campbell, D.T. (1979) *Quasi-Experimentation: Design and Analysis Issues for Field Settings*. Boston, MA: Houghton Mifflin Company.

Coolican, H. (1999). *Research Methods and Statistics in Psychology*. (3rd Ed). London, Hodder and Stoughton.

Cooper, R. Donald and Schindler, S. Pamela (2006). *Business Research Methods*, (9th Ed). New Delhi: Tata McGraw-Hill.

Cortina, J. (1993). What is coefficient alpha? An examination of theory and applications. *Journal of Applied Psychology and Aging* 78, pp. 98-104.

Creswell, J. W. (1994). *Research Design: Qualitative and Quantitative Approaches*. Thousand Oaks, CA: SAGE.

Cronbach, L.J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika* 16, pp. 297-334.

Crotts, J.C. and Erdmann, R. (2000). Does national culture influence consumers' evaluation of travel services? A test of Hofstede's model of cross-cultural differences. *Managing Service Quality* 10 (6), pp. 410-419.

Cua, A.S. (1998). *Moral Vision and Tradition: Essays in Chinese Ethics*. Washington, DC: Catholic University of America Press.

Cyr, D. and Frost, P. (1991). Human resources management practice in China: a future perspective. *Human Resource management* 30 (2), pp. 199-215.

DaCosta, M.M.N (2004). China's exchange rate: issues and policies, *Eastern Economic Association Annual Meeting*. Washington, Feb 20-22, pp. 1-20.

DaCosta, Maria M. N. and Foo, Jennifer P. N. (2002). China's Financial System: Two Decades of Gradual Reforms. *Managerial Finance* 28 (10), pp. 3-18.

Dancey, C.P., and Reidy, J.G. (1999). *Statistics without maths*: London: Prentice Hall.

Davenport, T. (1993), *Process Innovation: Reengineering work through information technology*, Boston, MA: Harvard Business School Press.

Davidson, C.M. (2005). *United Arab Emirates: A Study in Survival*. London: Lynne Rienner Publishers.

Davies, H. (1995). Interpreting guanxi: the role of personal connections in a high context transitional economy. *Chinese Business: Context and Issues*. Hong Kong: Longman.

Deal, T. and Kennedy, A. (1982). *Corporate Cultures*. Reading, MA: Addison-Wesley.

De Bussy, N., Ewing, M and Pitt, L. (2003). Stakeholder theory and internal marketing communications: a framework for analyzing the influence of new media. *Journal of Marketing Communications* 9, pp.147-161.

Deming, W.E. (1984). *The New Economics*. Cambridge, MA: MIT Press.

Deming, W.E. (1986). *Out of Crisis*. Cambridge, MA: MIT, Centre for Advanced Engineering Study.

Deming, W.E. (2000). *The New Economics for industry, government, education*. Boston: MIT Press.

Den Hartog, D.N., Boselie, P. and Paauwe, J. (2004). Performance Management: A Model and Research Agenda, *Applied Psychology: An International Review* 53, pp. 556-569.

DeNisi, A.S. and Pritchard, R.D. (2006). Performance appraisal, performance management and improving individual performance: a motivational framework. *Management and Organisation Review* 2 (2), pp. 252-277.

DeNisi, A.S., and Williams, K.J. (1988). Cognitive approaches to performance appraisal. *Research in Personnel and Human Resource Management*, pp, 109-155.

Denscombe, M. (1998). *The good research guide for small-scale research projects*. Buckingham: Open University Press.

Denzin, N. K. and Lincoln, Y.S. (1994). *Handbook of Qualitative Research*, Thousand Oaks, CA: Sage.

De Toni, A. and Tonchia, S. (2001). Performance measurement systems, models, characteristics and measures. *International Journal of Operations and Production Management* 21 (1/2), pp. 46-70.

Deutsch, M. (1975). Equity, equality, and need: what determines which value will be used as the basis of distributive justice? *Journal of Social Issues* 31, pp. 137-149.

De Vaus, .D. (2001). *Research Design in Social Research*. London: Sage .

Devries, D.L. (2007). Appraising performance appraisals: a critical look at an external control management technique. *International Journal of Reality Therapy* 27 (2), pp. 18-25.

Devries, D.L., Morrison, A.M., Shullman, S.L. and Gerlach, M.L. (1981). *Performance Appraisal on the Line*, Greensboro, NC: Center for Creative Leadership.

De Waal, A.A. (2003). Behavioural factors important for the successful implementation and use of performance management systems. *Management Decision* 41 (8), pp. 688-697.

De Waal, A.A. (2005). Forget value-based management and the balanced scorecard! An interview with Professor Ken Merchant. *Measuring Business Excellence* 9 (2), pp. 30-32.

De Waal, A.A. (2007). Successful performance management? Apply the strategic performance management development cycle! *Measuring Business Excellence* 11 (2), pp. 4-11.

Ding, D.Z., Goodall, K and Warner, M (2000). The End of the 'Iron Rice-Bowl': Whither Chinese Human Resource Management? *The International Journal of Human Resource Management* 11 (2), pp, 217-236.

Ding, D.Z. and Akhtar, S (2001) The Organisational Choice of Human Resource Management Practices: a Study of Chinese Enterprises in Three Cities in PRC. *The International Journal of Human Resource Management* 12 (6), pp, 946-964.

Ding, D., Akhtar, S. and Ge, G.L. (2006). Organisational differences in managerial compensation and benefits in Chinese firms. *International Journal of Human Resource Management* 17 (4), pp. 693-715.

Dipboye, R and Pontbriand, R. (1981). Correlates of employee reactions to performance appraisals and appraisal systems. *Journal of Applied Psychology* 66, pp. 248-251.

Dobbins, G.H., Cardy, R.L and Platz-Vieno, S.J. (1990). A contingency approach to appraisal satisfaction: an initial investigation of the joint effects of organisational variables and appraisal characteristics. *Journal of Management* 16 (3), pp. 619-632.

Donaldson, T., and Preston, L. E. (1995). The stakeholder theory of the corporation: concepts, evidence, and implications. *Academy of Management Review*, 20 (1), pp. 63-91.

Douthitt, E.A. and Aiello, J.R. (2001). The role of participation and control in the effects of computer monitoring on fairness perceptions, task satisfaction, and performance. *Journal of Applied Psychology* 86, pp. 867-874.

Drew, C.J. (1980). *Introduction to Designing and Conducting Research*, (2nd Ed). Missouri: C.V. Moby Company.

Drejer, A. (2000). Organisational learning and competence development. *The Learning Organisation* 7 (4), pp. 206-220.

Dulebohn, J.I.I. and Ferris, G.R. (1999). The role of influence tactics in perceptions of performance evaluations' fairness. *Academy of Management Journal* 42, pp. 288-303.

- Dwyer, S., Mesak, H. and Hsu, H.M. (2005). An exploratory examination of the influence of national culture on cross-national product diffusion. *Journal of International Marketing* 13 (2), pp. 1-27.
- Earley, P.C. (1997). *Face, Harmony, and Social Structure: An Analysis of Organisational Behaviour across Cultures*. New York: Oxford University Press.
- Earley, P.C. and Stubblebine, P. (1989). Intercultural assessment of performance feedback. *Group Organisation Studies* 14, pp. 161-181.
- Easterby-Smith, M., and Lyles, M. (2003). *Handbook of Organizational Learning and Knowledge Management*. Oxford: Blackwell Publishing.
- Easterby-Smith, M., Malina, D and Lu, Y. (1995). How Culture Sensitive is HRM? A Comparative Analysis of Practice in Chinese and UK companies. *The International Journal of Human Resource Management*, 6 (1), pp. 31-59.
- Easterby-Smith, M., Thorpe, R., and Jackson, P. (2008). *Management Research*. London: Sage.
- Eden, C., and Ackermann, F. (1998). *Making Strategy: The Journey of Strategic Management*. London: Sage.
- Eisenberger, R., Huntington, R., Hutchinson, S. and Sowa, D. (1986). Perceived organisational support. *Journal of Applied Psychology* 71, pp. 500-507.
- Elenkov, S.F. (1998). Can American management concepts work in Russia? A cross-cultural comparative study. *California Management Review* 40, pp. 133-156.
- Elmore, P.E., Beggs, D.L. (1975). Salience of concepts and commitment to extreme judgements in response pattern of teachers, *Education* 4, pp. 325-34.

Erdogan, B (2002). Antecedents and consequences of justice perceptions in performance appraisals. *Human Resource Management Review* 12, pp. 555-578

Erdogan, B; Kraimer, M.L. and Liden, R.C. (2001). Procedural justice as a two-dimensional construct. *Journal of Applied Behavioural Science* 37 (2), pp. 205-222.

Eysenck, H. J. (1986). Can personality study ever be scientific? *Journal of Social Behavior and Personality* 1, pp. 3-19.

Ferris, G.R. and Judge, T.A. (1991). Personnel/Human Resources Management: A Political Influence Perspective. *Journal of Management* 17 (2), pp. 447-488

Fisher, C. (2007). *Researching and Writing a Dissertation: for business students*. Harlow: FT Prentice Hall.

Flapper, S.D.P., Fortuin, L. and Stoop, P.P.M. (1996). Towards consistent performance management systems. *International Journal of Operations and Production Management* 16 (7), pp. 27-37.

Fletcher, C. (1997). *Appraisal: Routes to Improved Performance*, London: Chartered Institute of Personnel & Development.

Fletcher, C, (2001). Performance appraisal and management: the developing research agenda. *Journal of Occupational and Organisational Psychology* 74, pp. 473-487.

Fletcher, C. (2002). Appraisal: an individual psychological analysis, in Sonnentag, S. (Ed) *Psychological Management of Individual Performance*. Chichester: Wiley, pp. 115-135.

Fletcher, C., and Perry, E. (2001). Performance appraisal and feedback: a consideration of national culture and a review of contemporary and future trends. In N. Anderson, D. Ones, H.Sinagil, and C.Viswesvaran (Eds), *International Handbook of Industrial, Work and Organisational Psychology*, Beverley Hill, CA: Sage.

Flint, D.H. (1999), The role of organisational justice in multi-source performance appraisal: Theory-based application and direction for research, *Human Resource Management Review*, 9 (1), pp,1-18.

Foo, J.P.N. (2005). Having banking and financial reforms in transition countries been effective? *Managing Finance* 31 (1), pp. 1-22.

Folan, P. and Browne, J. (2005). A review of performance measurement: Toward performance management. *Computer in Industry* 56, pp. 663-680.

Folger, R, and Greenberg, J (1985). Procedural justice: an interpretational analysis of personnel systems. *Research in Personnel and Human Resources Management* 3, pp.141-83.

Folger, R., Konovsky, M.and Cropanzano, R. (1992). A due process metaphor for performance appraisal. *Research in Organisational Behaviour* 14, pp. 129-177, Greenwich, CT: JAI Press.

Fontana, A., and Frey, J. H. (1994). Interviewing: the art of science. In N. Denzin & Y. Lincoln (Eds.), *Handbook of Qualitative Research*. London: Sage.

Ford, D.K. (2003). Development of a performance appraisal training programme for the Rehabilitation Institute of Chicago. *Journal of European Industrial Training* 28 (7), pp, 550-563.

Foster, D.H. (2001). Natural groups of transformations underlying apparent motion and perceived object shape and color. *Behavioral and Brain Sciences* 24, pp. 665-668.

Fox, A (1996). Reflex and Reflexivity: Wuwei in the Zhuangzi. *Asian Philosophy* 6 (1), pp. 59-72.

Franceschini, F., Galetto, M. and Mastrogiacomo, L. (2008). Properties of performance indicators in operations management, A reference framework. *International Journal of Productivity and Performance Management* 57 (2), pp. 137-155.

Franco, M. and Bourne, M. (2003). Factors that play in a role in 'managing through measures'. *Management Decision* 41 (8), pp. 698-710.

Frankfort, N. and Nachimas, D. (1996). *Research Methods in the Social Science* (5th Ed.). New York: St Martin's Press.

Fraser, C., Zarkada-Fraser, A. (2000). Measuring the performance of retail managers in Australia and Singapore. *International Journal of Retail and Distribution Management* 28 (6), pp.228-243.

Frazer, L., and Lawley, M. (2000), *Questionnaire Design and Administration: A Practical Guide*, Brisbane: Wiley.

Freeman, R.E. (1984). *Strategic Management: A stakeholder approach*. Boston MA: Pitman Publishing.

Furnham, R. (1994). Does money motivate? in Billsberry, J. (Ed) *The Effective Manager: Perspective and Illustrations*. London: Sage Publications, pp. 101-125.

- Gabris, G.T. and Ihrke, D.M. (2001). Does performance appraisal contribute to heightened levels of employee burnout? The results of one study. *Public Personnel Management* 30, pp. 157-172.
- Garavan, T.N. (1995). HRD stakeholders: their philosophies, values, expectations and evaluation criteria. *Journal of European Industrial Training* 19 (10), pp. 17-30.
- Gay, L. R. and Airasian, P. (2003). *Educational research: Competencies for analysis and applications* (7th ed.). Upper Saddle River, NJ: Pearson Education.
- Gerhart, B., and Milkovich, G.T. (1992). Employee compensation: research and practice. *Handbook of Industrial and Organisational Psychology* 3, pp. 481-569.
- Ghalayini, A.M., Noble, J.S. and Crowe, T.J. (1997). An integrated dynamic performance measurement system for improving manufacturing competitiveness. *International Journal of Production Economics* 48, pp. 207-225.
- Ghuri, P. and Gronhaug, K. (2005). *Research Methods in Business Studies: A practical guide*, (3rd Ed). London: Prentice Hall.
- Gilbreth, F.G. and Gilbreth, L.M. (1917) *Applied Motivation Study*. New York: Sturgis & Walton.
- Gill, J. and Johnson, P. (2002). *Research Methods for Managers*. (3rd Ed). London: Sage Publications Ltd.
- Gilliland, S.W. (1994). Effects of procedural and distributive justice on reactions to a selection system. *Journal of Applied Psychology* 79, pp. 691-701.
- Glaser, B. G., and Strauss, A. L. (1967). *The Discovery of Grounded Theory: Strategies for Qualitative Research*. New York: Aldine Publishing Company.

Gliddon, D. (2004). Effective performance management systems. *Performance Improvement* 43 (9), pp. 27-34.

Gliner, J.A. and Morgan, G.A. (2000). *Research Methods in Applied Settings: An Integrated Approach to Design and Analysis*. London, NJ: Lawrence Erlbaum Associates.

Glover, L. and Siu, N. (2000). The Human Resource Barriers to the Management of Quality in China. *International Journal of Human Resource Management*, 11 (4) pp. 867-882.

Gomez-Mejia, L. R., Balkin, D. B. and Cardy, R. L. (2007). *Managing human resources* (5th Ed). Englewood Cliffs. NJ: Prentice-Hall.

Goodall, K. and Warner, M. (1997). Human resources in Sino-foreign joint ventures: selected case studies in Shanghai, compared with Beijing. *International Journal of Human Resource Management* 8 (5), pp. 569-594.

Goodwin, W.L. and Goodwin, L.D. (1996). *Understanding quantitative and qualitative research in early child education*. New York: Teachers College Press.

Gosselin, A., Werner, J.M. and Halle, N. (1997). Ratee preferences concerning performance management and appraisal. *Human Resource Development Quarterly* 8, pp. 315-333.

Gratton, L., Hope-Hailey, V., Stils, P. and Truss, C. (2000). *Strategic Human Resource Management*. Oxford: Oxford University Press.

Greenberg, J. (1986a). Determinants of perceived fairness of performance evaluations. *Journal of Applied Psychology* 71, pp. 340-342.

Greenberg, J. (1986b). Organisational performance appraisal procedures: what makes them fair? in Baerman, M.H., Lewicki, R.J. and Sheppard, B.H. *Research on Negotiation in Organisations*, JAI Press, Greenwich, CT.

Greenberg, J. (1986c). The distributive justice of organisaitonal performance evaluations, in Biefhoff H.W., Cohen, R.L. and Greeberg, J. *Justice in Social Relations*. New York: Plenum.

Greenberg, J. (1990a). Organisational Justice: yesterday, today, and tomorrow. *Journal of Management* 16, pp. 399-432.

Greenberg, J. (1990b). Looking fair vs. being fair: Managing impressions of organizational justice. *Research in Organisational Behaviour* 12, pp.111-157.

Greenberg, J. and Baron, R.A. (1997), *Behavior in Organizations: Understanding and Managing the Human Side of Work*, (6th Ed)., Upper Saddle River, NJ: Prentice-Hall,.

Greenfield, T. (1996). Laboratory and Industrial Experiments, in T. Greenfiled (Ed.), *Research Methods: London: Guidance for Postgraduates*, Arnold.

Grote, R. (1996). *The Complete Guide to Performance Appraisal*. New York: American Management Association.

Grote, D. (2000). Public sector organisations. *Public Personnel Management* 29 (1), pp. 1-20.

Guba, E. G., and Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin and Y. S. Lincoln (Eds.), *Handbook of qualitative research*. London: Sage.

Guinn, K. (1987). Performance Management: not just an annual appraisal. *Personnel*, August, pp. 39-42.

Guy, P. and Morgan, R.(1999). Wavelet shrinkage of itch response data. *Revue de Statistique Appliquée* 47, pp. 81-98.

Hagan, C.M. (1996). The core competence organisation: implications for human resource practices. *Human Resources Management Review* 6 (2), pp. 147-164.

Hair, J. Bush. R and Ortinau, D. (2003). *Marketing research within a changing information environment* (2nd Ed.), McGraw-Hill Irwin.

Hammer, M. (2007). The 7 deadly sins of performance measurement. *MIT Sloan Management Review* 48 (3), pp. 19-28.

Hartle, F. (1995). *How to Re-engineer your Performance Management Process*. London: Kogan Page.

Harvie, C. (1999). Economic transition: what can be learned from China's experience. *International Journal of Social Economics* 26 (7/8/9), pp.1091-1119.

Hass, S. Burnaby, P. and Bierstaker, J.L. (2005). The use of performance measures as an integral part of an entity's strategic plan. *Managerial Auditing Journal* 20 (2), pp. 179-186.

Hatch, M-J. (1998). Exploring the Empty Spaces of Organizing. *Organization Studies* 20 (1), pp. 75-100.

Hammer, M. and Champy, J. (1993), *Reengineering the Corporation: A Manifesto for Business Revolution*, New York: Harper Business.

Heffernan, S and Fu, M (2008). *The determinants of bank performance in China*. <http://ssrn.com/abstract=1247713>, accessed Novermver 2009.

Heisler, W.J., Bentham, P.O. and Jones, W.D. (1988). *Managing Human Resources Issues*: Sans Francisco: Jossey-Bass.

Hempel, P.S. (2001). Differences between Chinese and Western managerial views of performance. *Personnel Review* 30 (2), pp. 203-226.

Henkel, R (1987). *The Chapare project. A study of directed colonization in the Bolivian Tropics*. Unpublished manuscript. Arizona State University, Tempe, Arizona, USA.

Henry, G. T. (1990). *Practical Sampling*. Newbury Park, CA: Sage Press.

Hetzner, S., Gartmeier, M., Heid, H. and Gruber, H. (2009). The interplay between change and learning at the workplace. *Journal of Workplace Learning* 21 (5), pp. 398-415.

Hill, R. and Stewart, J. (2000). Human resource development in small organisations. *Journal of European Industrial Training* 24 (2/3/4), pp. 105-117.

Hoare, R.J. and Butcher, K. (2008). Do Chinese cultural values affect customer satisfaction/loyalty? *International Journal of Contemporary Hospitality Management* 20 (2), pp. 156-171.

Hobson, A.J. (1998). Which Research Interview?. *Sociology Review*, 7 (3).

Hofstede, G. (1980). *Culture's Consequences: International differences in work-related values*. Newbusy Park, CA: Sage.

Hofstede, G. (1991). *Cultures and Organisations: Software of the Mind*. New York: McGraw-Hill.

Hofstede, G. (1997). *Cultures and Organisations: Software of the Mind*. New York: McGraw-Hill.

Hofstede, G. (2001). *Culture's Consequences: Comparing Values, Behaviours, Institutions, and Organisations across Nations*. Beverly Hills, CA: Sage Publications.

Hofstede, G. and Bond, M. (1984), Hofstede's culture dimensions: an independent validation using Rokeach's Value Survey, *Journal of Cross-Cultural Psychology* 15 (4), pp. 417-433.

Hofstede, G., Newijen, B., Ohayv, D.D. and Sanders, S. (1990). Measuring organisational cultures: a qualitative and quantitative study across twenty cases. *Administrative Science Quarterly* 35, pp. 286-316.

House, R.J., Hanges, P.J., Javidan, M., Dorfman, P.W. and Gupta, V. (2004). *Culture, Leadership and Organisations: The GLOBE Study of 62 Societies*. Thousand Oaks, CA: Sage.

Howells, J. (1995). A Socio-Cognitive Approach Towards Innovation, *Research Policy* 24, pp. 883-894.

Hudson, M., Smart, A. and Bourne, M. (2001). Theory and practice in SME performance measurement systems. *International Journal of Operations and Production Management* 21 (8), pp. 1096-1115.

Hui, M.K., Au, K.Y. and Fock, H. (2004). Empowerment effects across culture. *Journal of International Business Studies* 35 (1), pp. 46-60.

Humphreys, J. (2005). Developing the big pictures. *MIT Sloan Management Review* 47 (1), pp. 96.

Huo, Y.P., Huang, H.J. and Napier, N.K. (2002). Divergence or convergence: a cross-national comparison of personnel selection practices. *Human Resource Management* 41 (1), pp. 31-44.

Huo, Y. P., and von Glinow, M.A. (1995). On Transplanting Human Resource Practices to China: a culture-driven approach. *International Journal of Manpower*, 16 (9), pp. 3-15.

Huselid, M.A., Jackson, S.E. and Schuler, R.S. (1997). Technical and strategic human resource management effectiveness as determinants of firm performance. *Academy of Management Journal* 40, pp. 171-188.

Hussey, J., and Hussey, R. (1998). *Business Research: a practical guide to undergraduate and postgraduate students*. Basingstoke: Macmillan Business.

Husted, B.W. (2000). The impact of national culture in software piracy. *Journal of Business Ethics* 26, pp. 197-211.

Hutchings, K. and Murray, G. (2002). Australian expatriates' experiences in working behind the Bamboo curtain: an examination of Guanxi in post-communist China. *Asian Business and Management* 1, pp.1-21.

Ilgen, D.R. and Barnes-Farrell, J.L. (1993). Performance appraisal research in the 1980s: what has it contributed to appraisals in use? *Organisational Behaviour and Human Decision Process* 54, pp. 321-368.

Ishida, H. (1986). Transferability of Japanese human resource management abroad, *Human Resource Management* 25 (1), pp. 103-120.

Jackson, T. and Bak, M. (1998). Foreign companies and Chinese workers: employees motivation in the People's Republic of China. *Journal of Organisational Change Management* 11 (4), pp. 282-300.

Jackson, J.H. and Mathis, R.L. (1994). *Human Resource Management*, (7th Ed). United States: West.

Jankowicz, A.D. (2000), *Business Research Projects*, (3rd Ed.) London: Thompson Learning.

Jacob. K, Katry and Zedeck S. (1980). Expectations of Behaviorally Anchored Ratings Scales. *Pers Psychol* 33, pp.595-640.

John, S and Elaine, E. (2004). Challenging aporia in the performance appraisal of consultants: a stakeholder systems response. *Clinician in Management* 12, pp. 153-163.

Johnson, D. (1994). *Research Methods in Educational Management*. Essex: Longman.

Johnson, P. and Cassell, C. (2001). Epistemology and work psychology: new agendas, *Journal of Occupational and Organizational Psychology* 74 (2). pp, 125-143.

Johnson, P. and Duberley, J. (2000). *Understanding Management Research: an introduction to epistemology*, London: Sage.

Johnson, P. and Harris, D. (2002). Qualitative and quantitative issues in research design, in Partington, D. (Ed). (2002). *Essential Skills for Management Research*. London, Sage Publications.

Jusoh, R., Ibrahim, D.N. and Zainuddin, Y. (2008). The performance consequence of multiple performance measure usage. Evidence from the Malaysian manufacturers. *International Journal of Productivity and Performance Management* 57 (2), pp. 119-136.

Kane, M.E., N.L. Philman and T.M. Lee. (1990). *Evaluation of the CultuSakTM in vitro culture system*. Proceedings Florida State Horticultural Society 103, pp. 182-186.

Kearney, R. and Hays, S.W. (2001). Anticipated Changes in Human Resource Management: Surveying the Field. *Public Administration Review* 61 (Sept/Oct).

Keeping, L.M. and Levy, P.E. (2000). Performance appraisal reactions: measurement, modelling and method bias. *Journal of Applied Psychology* 85, pp. 708-723.

Keller, K. (2001). Building Customer-Based Brand Equity. *Marketing Management*. 10 (2), pp.14-19.

Kennerley, M. and Neely, A. (2002). A Framework of the factors affecting the evolution of performance measurement systems. *International Journal of Operations and Production Management* 22 (11), pp. 1222-1245.

Kent, S. (1984). *Analyzing Activity Areas*. Albuquerque: University of New Mexico.

Kerlinger, F.N. (1973) *Foundations of behavioural research*. New York, Holt, Rinehart and Winston.

Kessler, I. (1994). Performance-related pay: objectives and application. *Human Resource Management Journal* 2 (3), pp. 122-135.

Kessler, I. and Purcell, J. (1992). Effective communication in the performance appraisal interview. *Public Personnel Management Journal* 12 (1), pp. 16-33.

Kidd, J.B. (2001). Discovering inter-cultural perceptual differences in MNEs. *Journal of Managerial Psychology* 16 (2), pp. 106-126.

Kidder, L. and Jude, C. (1986). *Research Methods in Social Relations*. New York: Holt-Rinehart.

Kidger, P.J.K. (1999). *Human Resource Management in Multinational Enterprises*. PhD Thesis, Salford University.

Kikoski, J.F. (1999). Effective communication in the performance appraisal interview: Face-to-face communication for public managers in the culturally diverse workforce. *Public Personnel Management* 28, pp. 301-323.

King, A. Y. C., and Bond, M. H. (1985). The Confucian paradigm of man, in W. S. Tseng, & D. Y. H. Wu (Eds.), *Chinese culture and mental health: An overview* (pp. 29-45). Orlando, FL: Academic Press.

Kingstrom, P.O. and Mainstone, L.E. (1995). An investigation of the rater-ratee acquaintance and rater bias. *Academy of Management Journal* 28, pp. 641-653.

Kirk, R. E. (1996). Practical significance: A concept whose time has come. *Educational and Psychological Measurement* 56 (5), pp. 746-759.

Kirkbride, P.S. and Westwood, R.I. (1993). 'Hong Kong', in R.B. Peterson (Ed) *Managers and National Culture: A Global Perspective*. London: Quorum Books.

Kopczynski, M. and Lombardo, M. (1999). Comparative performance measurement: insights and lessons learned from a consortium effort. *Public Administration Review* 59 (2), pp. 124-134.

Korac-Kakabadse, N. Kouzmin, A.,Kakabadse, A. (2002). Spirituality and leadership praxis. *Journal of Managerial Psychology* 17 (3), pp.165-182.

Korsgaard, M.A. and Roberson, L. (1995). Procedural justice in performance evaluation: the role of instrumental and non-instrumental voice in performance appraisal discussion. *Journal of Management* 21, pp. 657-669.

Kosmidou, K and Zopounidis, C. (2008). Measurement of bank performance in Greece. *South-Eastern Europe Journal of Economics* 1, pp. 79-95.

Kotrlík, J. W., and Williams, H. A. (2003). The incorporation of effect size in information technology, learning, and performance research. *Information Technology, Learning, and Performance Journal* 21 (1), pp. 1-7.

Krause, O. (2003). Beyond BSC: a process based approach to performance management. *Measuring Business Excellence* 7 (3), pp. 4-14.

Kristof-Brown, A.L., Zimmerman, R.D. and Johnson E.C. (2005). Consequences of individuals' fit at work: a meta-analysis of person-job, person-organisation, person-group, and person-supervisor fit. *Personnel Psychology* 58 (2), pp. 281-342.

Krueger, R.A. (1988). *Focus Groups: A Practical Guide for Research*. Newsbury Park, CA: Sage.

Kulno, T. (2008). Performance appraisal and the compensation of academic staff in the University of Tartu. *Baltic Journal of Management*, 3 (1), pp. 40-54.

Kumar R. (1999). *Research Methodology: A Step-by-Step Guide for Beginners*. London: Sage.

Kuvaas, B. (2007). Different relationships between perceptions of developmental performance appraisal and work performance. *Personnel Review* 36 (3), pp. 378-397.

Kynge, J. (2002). Expectation look set to outstrip the reality. *Financial Times*, 15 March.

Laaksonen, O. (1988). *Management in China During and after Mao in Enterprises, Government, and Party*, Berlin: Walter De Gruyter.

Lam, S.S.K., Schaubroeck, J. and Aryee, S. (2002). Relationship between organisational justice and employee work outcomes: a cross-national study. *Journal of Organisational Behaviour* 23, pp. 1-18.

Lamberg, J.A., Savage, G.T. and Pajunen, K. (2003). Strategic stakeholder perspective to ESOP negotiations: the case of United Airlines. *Management Decision* 41(4), pp. 383-393.

Lambert, C. (1979). *Field Sales of Performance Appraisal*. New York: Wiley.

Landy, F.J. and Farr, J.L. (1980). Performance Rating. *Psychology Bulletin* 87, pp. 72-107.

Landy, F.J. and Farr, J.L. (1983). *The Measurement of Work Performance: Methods, Theory, and Applications*. New York: Academic Press.

Lantham, G.A. and Napier, N.K. (1989). Chinese Human Resource Management in Hong Kong and Singapore: An Exploratory Study. *Research in Personnel and Human Resources Management*. Suppl. 1, pp. 173-199.

Latham, G. P. and Wexley, K.N. (1981). *Increasing Productivity through Performance Appraisal*. Reading, MA: Addison-Wesley Publishing Company.

Latham, G.P. (2007). *Work Motivation, history, theory, research and practice*. London: Sage.

Lawson, P. (1995). Performance Management: an overview, in M. Walters (Ed) *The Performance management Handbook*. London: CIPD.

Lawson, P. (2000). *Performance Related Pay, Strategic Reward System*, Harlow: Pearson.

Layder, D (1993). *New Strategies in Social Research*. Polity Press, Cambridge, UK.

Leandri, S.J. (2001). Measures that matter: how to fine-tune your performance measures. *The Journal for Quality and Participation*. Spring.

Lee, C.D. (2006). *Performance Conversations*. Tucson, AZ: Fenestra Books.

Lee, J.A., Havighurst, L.C. and Rassel, G. (2004). Factors related to court references to performance appraisal fairness and validity. *Public Personnel Management* 33 (1), pp. 151-177.

Lefkowitz, J. (2000). The role of interpersonal effective regard in supervisory performance ratings: a literature review and proposed causal model. *Journal of Occupational and Organisational Psychology* (73), pp. 67-85.

Leung, K. and Kwong, J.Y.Y. (2003). Human resource management practices in international joint ventures in mainland China: a justice analysis. *Human Resource Management Review* 13, pp. 85-105.

Leung, K and Morris M. (2001). When is criticism not constructive? The roles of fairness perceptions and dispositional attributions in employee acceptance of critical supervisory feedback. *Human Relations* 54 (9), pp.1155-1187.

Levine, M.J. (1975), *Comparative Labour Relations Law*, Morristown, NJ: General Learning Press.

Li, J. (2004). *Financing China's Rural Enterprise*. London: Routledge, Taylor and Francis Group.

Likert, R. (1932). A Technique for the Measurement of Attitudes, *Archives of Psychology* 140.

Lin, Y.T. (1939). *My Country and My People*. New York: The John Day Company.

Lin, X. and Zhang, Y. (2008). *The determinants of bank performance in China*, Conference Paper on International Finance, Emerging Markets Group.

Lind, E.A., and Tyler, T. (1988). *The social psychology of procedural justice*. New York: Plenum.

Liu, R. (2002). Competitiveness Analysis of Shareholding Commercial Banks. *Journal of Financial Research* 8, pp. 82-91

Liu, M. T., Liu, C. H., Jing, J and Huang, L. J. (2005). Internet Banking: Strategic Responses to the Accession of WTO by Chinese Banks. *Industrial Management and Data Systems*, 105 (4), pp. 429-442.

Locke, E.A. (1968). Towards a theory of task performance and incentives. *Organisational Behaviour and Human Performance* 3 (2), pp. 157-189.

Lohman, C., Fortuin, L. and Wouters, M. (2002). Designing a performance measurement system: a case study. *European Journal of Operational Research* 156, pp. 267-286.

London, M. and Smither, J. W. (2002). Feedback orientation, feedback culture, and the longitudinal performance management process. *Human Resource Management Review* 12, pp.81-100.

Longenecker, C.O. and Goff, S.J. (1992). Performance appraisal effectiveness: a matter of perspective. *S.A.M. Advanced Management Journal* 57 (2), pp. 17-24.

Lucas, R.W. (1994). Performance coaching: now and for the future. *HR Focus* 71 (1), pp.131.

Mabey, C. and Salaman, G. (1995). *Strategic Human Resource Management*. Oxford: Blackwell.

Macaulay, S. and Cook, S. (1994). Performance management as the key to customer service. *Industrial and Commercial Training* 26 (11), pp. 3-8.

Maiorca, J. (1997). How to construct behaviorally anchored rating scales (BARS) for employee evaluations. *Supervision*, National Research Bureau.

Malhotra, N. and Birks, D. (2000), *Marketing Research. An Applied Approach*, London: Prentice-Hall.

Malul, M., Shoham, A. and Rosenboim, M. (2009). The international imperfect banking systems: the Israeli case. *EuroMed Journal of Business* 4 (2), pp. 159-172.

Manoochehri, G. (1999). Overcoming obstacles to developing effective performance measures. *Work Study* 48 (6), pp. 223-229.

Mansfield, B. (2004). Competence in transition. *Journal of European Industrial Training* 28 (2/3/4), pp. 296-309.

Marangos, J. (2006). Were the Chinese reforms a feasible alternative for transition economies? *International Journal of Social Economics* 33 (3), pp. 221-240.

Marchington, M. and Wilkinson, A. (1996). *Core Personnel and Development*, London: Institute of Personnel and Development.

Markle, G.L. (2000). *Catalytic Coaching: The End of the Performance Review*. Portsmouth, NH: Quorum Books.

Marsden, D. (1999). *Theory of Employment Systems*. Oxford: Oxford University Press.

Masterson, S.S., Lewis, K., Goldman, B.M. and Taylor, M.S. (2000). Integrating Justice and Social Exchange: The Differing Effects of Fair Procedures and Treatment on Work Relationships. *The Academy of Management Journal* 43 (4), pp. 738-748.

Mayo, A. (2006). *The human value of the enterprise, valuing people as assets-monitoring, measuring, managing*. Boston, MA: Nicholas Brealey International.

McAdam R., S-A Hazlett and C. Casey (2005) Performance management in the UK Public Sector: addressing multiple stakeholder complexity, *International Journal of Public Sector Management* 18 (3), pp. 256-273.

McCarthy, A. and Garavan, T.N. (2001). 360° feedback process: performance, improvement and employee career development. *Journal of European Industrial Training* 25 (1), pp. 5-32.

McEvoy, G. M., and Cascio, W F. (1990). The United States and Taiwan: Two different cultures look at performance appraisal. In B. B. Shaw and J. E. Beck (Guest Eds.) and G. R. Ferris and K. M. Rowland (Eds.), *Research in Personnel and Human Resources Management* 2, pp. 201-220.

McGee W. D. (1995). A review, an integration and a critique of cross-disciplinary research on performance appraisals, evaluations and feedback: 1980-1990. *The Journal of Business Communication* 32 (3), pp.267-93.

McMillan, J. H and Scumacher, S. (1993). *Research in Education: A Conceptual Introduction*. New York: Harper Collins.

Medori, D. and Steeple, D. (2000). A framework for auditing and enhancing performance measurement systems. *International Journal of Operations and Production Management* 20 (5), pp. 520-533.

Meindl, J.R., Cheng, Y.K. and Jun, L. (1990). Distributive justice in the workplace: preliminary data on managerial preferences in the PRC. *Research in Personnel and Human Resources Management*, Suppl. 2, Greenwich, CT: JAI Press, pp. 221-236.

Meng, C. (2009). Multinational banking in China after WTO accession: a survey. *Journal of Financial Regulation and Compliance* 17 (1), pp. 29-40.

Merali, N. (2003). Incorporating Confucian Chinese spiritual beliefs into cognitive-behavioral therapy for post-traumatic stress. In F.D. Harper & J. McFadden (Eds.), *Culture and Counseling: New approaches*. Needham Heights, MA: Allyn & Bacon, pp. 252-255.

Miceli, M.P., Jung, I., Near, J.P., and Greenberg, D.B. (1991). Predicators and outcomes of reactions to pay-for-performance plans. *Journal of Applied Psychology* 76, pp.508-521.

Michie, J. and Sheehan, M. (2000). *Labour market flexibility, human resource management and corporate performance*, paper presented at the September 2000 British Academy of Management Conference.

Milkovich, G.T. and Newman, J. (2002). *Compensation*, (7th Ed). Boston, MA: McGraw-Hill/Irwin.

Miller, K. (1998). Are your surveys only suitable for wrapping fish? *Quality Process* (December), pp. 47-51.

Millward, N., Bryson, A. and Forth, J. (2000). *All Change at Work?* Routledge, London.

Mitchell, R.K; Agle, B.R. and Wood, D. (1997). Towards a theory of stakeholder identification and salience: defining the principle of who and what really counts. *Academy of Management Review* 22, pp. 853-886.

Mohrman, A.M. and Lawler, E.E. (1998). *The new human resources management: creating the strategic business partnership, in Tomorrow's Organisation: Crafting winning capabilities in a dynamic world*. San Francisco, CA: Jossey-Bass.

Mohrman, A.M. and Mohrman, S.A. (1995). Performance Management is 'Running the Business'. *Compensation and Benefits Review*, July-August, pp. 69-75.

Moore, D.R., Cheng, M. and Dainty, A.R.F. (2002). Competence, competency and competencies: performance assessment in organisations. *Work Study* 51 (6), pp. 314-319.

Morris, B. (1994). *Anthropology of the Self: The Individual in Cultural Perspective*, London: Pluto Press.

Morrow, R. (1994). *Critical theory and methodology*. London: Sage.

Murphy, K.R., and Cleveland, J.N. (1991). *Performance Appraisal: an organisational perspective*. Boston, MA: Allyn and Bacon.

Murphy, K.R. and Cleveland, J.N. (1995). *Understanding Performance Appraisal: Social, Organisational and Goal-Based Perspectives*. Thousand Oaks, CA: Sage.

Nathan, B.R., Mohrman, A.M. and Milliman, J. (1991). Interpersonal relations as a context for the effects of appraisal interviews on performance and satisfaction: a longitudinal study. *Academy of Management Journal* 34 (2), pp. 352-369.

Neely, A. and Al Najjar, M. (2006). Management learning not management control: the true role of performance measurement. *California Management Review* 48 (3), pp. 100-114.

Neely, A., Gregory, M. and Platts, K. (1995). Performance measurement system design, a literature review and agenda. *International Journal of Operations and Production Management* 15 (4), pp. 80-116.

Neeley, A., Richards, H., Mills, J., Platts, K. and Bourne, M. (1997). Designing performance measures: a structured approach. *International Journal of Operations and Production Management* 17 (11), pp. 1131-1152.

Neil, M.B. and Ken, K. (2004). Expanding the view of performance appraisal by introducing social justice concerns. *Administrative Theory and Praxis* 26 (3), pp. 249-278.

Neuendorf, K. A. (2002). *The Content Analysis Guidebook*. Thousand Oaks, CA: Sage.

Neuman, W. (2000). *Social Research Methods: Qualitative and quantitative approaches*. Needham Heights: Allyn & Bacon.

Nolan, P. (2002). China and the global business revolution. *Cambridge Journal of Economics* 26 (1), pp. 119-137

Norcross, L. (2006). Building on success. Hard-earned improvements will quickly slip away if appropriate measures are not put in place to monitor performance. *IET Manufacturing Engineer*, June/July, pp. 42-45.

Norusis, M. J. (1991). *The SPSS guide to data analysis for SPSS/PC* (2nd Ed). Chicago: SPSS.

Oliver, R., and Anderson, E. (1995). Behavior- and outcome-based sales control systems: evidence and consequences of pure-form and hybrid governance. *Journal of Personal Selling and Sales Management*, XV, pp.1-15.

Olsen, E.O., Zhou, H., Lee, D.M.S., Ng, Y.E., Chong, C.C. and Padunchwi, P. (2007). Performance measurement system and relationships with performance results: a case analysis of a continuous improvement approach to PMS design. *International Journal of Productivity and Performance Management* 56 (7), pp. 559-582.

Oppenheim. A.N (1992). *Questionnaire Design, Interviewing and Attitude Measurement* (2nd Ed.). London: Pinter Publishers.

Osgood, C. E., Suci, G. J., and Tannenbaum, P. H. (1957). *The measurement of meaning*. Urbana: University of Illinois Press.

Ott, J.S. (1989). *The Organisational Culture Perspective*. Pacific Grove, CA: Brooks/Cole.

Owen, J.M. and Alkin, M.C. (2007). *Programme Evaluation; Forms and Approaches*, (3rd Ed), New York: Guilford Press.

Ozcelik, H., Langton, N. and Aldrich, H. (2008). Doing well and doing good, the relationship between leadership practices that facilitate a positive emotional climate and organisational performance. *Journal of Managerial Psychology* 23 (2), pp. 186-203.

Paik, Y.S., Vance, C.M. and Stage, H.D. (2000). A test of assumed cluster homogeneity for performance appraisal management in four Southeast Asian countries. *The International Journal of Human Resource Management* 11 (4), pp. 736-750.

Paine, J.B. and Organ, D.W. (2000). The cultural matrix of organisational citizenship behaviour: some preliminary conceptual and empirical observations. *Human Resource Management Review* 10 (1), pp. 45-59.

Parboteeah, P.K., Helana, A. and Cullen, J. (2005). National culture and absenteeism: an empirical test. *International Journal of Organisational Analysis* 13 (4), pp. 343-359.

Parker, C. (2000). Performance measurement. *Work Study* 49 (2), pp. 63-66.

Partington D (Ed) (2002) *Essential Skills for Management Research*, London: Sage.

Payne, A., Ballantyne, D., and Christopher, M. (2005). A stakeholder approach to relationship marketing strategy: the development and use of the 'six markets' model. *European Journal of Marketing* 39 (7/8), pp. 855-871.

PBOC Quarterly Statistical Bulletin (2002-2008). *PBOC Quarterly Satisfaction Bulletin*. Beijing: PBOC Press.

Peng, M.W. and Luo, Y. (2000). Managerial ties and firm performance in a transitional economy: the nature of a micro-macro link. *Academy of Management Journal* 43 (3), pp. 486-501.

People's Daily (2006). 650 Wan Nongmingong Jinnian Ru Gonghui (6.5 million migrant workers joining the union this year). *People's Daily*, 16 October.

Perez, P. D and Falcon, J.M. (2004). The Influence of Human Resource Management in Savings Bank Performance, 24 (2). *The Service Industrial Journal*, pp, 51-66.

Petrick, J.A. and Furr, D.S. (1995). *Total Quality in Managing Human Resources*. Delray Beach, FL: St Lucie Press.

Pettijohn, C., Pettijohn, L.S., Taylor, A.J. and Keillor, B.D. (2001a). Are performance appraisal a bureaucratic exercise or can they be used to enhance sales-force satisfaction and commitment? *Psychology and Marketing* 18, pp. 337-364.

Pettijohn, L.S; Parker, S; Pettijohn, C.E. and Kent, J.L. (2001b). Performance appraisals: usage, criteria and observations. *Journal of Management Development* 20, pp. 754-771.

Phillips, E.M. and Pugh, D.S. (1994). *How to Get a PhD*. USA: Open University Press.

Pickett, L. (2003). Transforming the Annual Fiasco. *Industrial and Commercial Training*, 35 (6), 237-240.

Plachy, R. J., and Plachy, S. J. (1993). Focus on result, not behavior. *Personnel Journal*. Vol. 72 (3), pp. 28-33.

Podpiera, R. (2006). Progress in China's banking sector reform: has bank behavior changed? *International Monetary Fund*, Working paper, WP/O6/71.

Podsakoff, P.M., MacKenzie, S.B., Paine, J.B. and Bachrach, D.G. (2000). Organisational citizenship behaviours: a critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management* 26, pp. 513-563.

Pongtichat, P. and Johnson, R. (2008). Exploring strategy-misaligned performance measurement. *International Journal of Productivity and Performance Management* 57 (3), pp. 207-222.

Poon, J.M.L. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Personnel Review* 33 (3), pp. 322-334.

Popper, K. R. (1959). Logic of scientific discovery. London: Hutchinson.

Popper, K. R. (1974). Replies to my critics. In P. A. Schilpp (Eds.), The philosophy of Karl Popper, La Salle: Open Court, pp.963-1197

Potter, J., and Wetherell, M. (1987). *Discourse and Social Psychology: Beyond Attitudes and Behaviour*, London: Sage.

Prahalad, C.K. and Hamel, G. (1990). The core competencies of the corporation. *Harvard Business Review* 68, pp. 79-91.

Probert, Stephen K. (2002): Ethics, Authenticity and Emancipation in Information Systems Development. In: Salehnia, Ali (Ed.) (2002): *Ethical Issues of Information Systems*. Hershey, PA: IRM Press, pp, 249 – 254.

Pun, K.F., Chin, K.S. and Lau, H. (2000). A review of the Chinese cultural influences on Chinese enterprise management. *International Journal of Management Reviews* 2 (4), pp. 325-338.

Qu, W. and Leung, P. (2006). Cultural impact on Chinese corporate disclosure – a corporate governance perspective. *Managerial Auditing Journal* 21 (3), pp. 241-264.

Radnor, J.Z. and Barnes, D. (2007). Historical analysis of performance measurement and management in operations management. *International Journal of Productivity and Performance Management* 56 (5/6), pp. 384-396.

Ragin, C. (1994). *Constructing Social Research : the Unity and Diversity of Method*. Thousand Oaks, CA; London, Pine Forge Press Sage.

Randall G., Packard P. and Slater J. (1984). *Staff Appraisal: A First Step To Effective Leadership*. London: Institute of Personnel Management.

Rao, A.S. (2007). Effectiveness of performance management systems: an empirical study in Indian companies. *The International Journal of Human Resource Management* 18 (10), pp. 1812-1840.

Reardon, T., Timmer, P. and Berdegué, J. (2004). The Rapid Rise of Supermarkets in Developing Countries: Induced Organizational, Institutional and Technological Change in Agrifood Systems. *Electronic Journal of Agricultural and Development Economics* 1 (2), pp. 168-83.

Redding, G. (1990). *The Spirit of Chinese Capitalism*. Berlin: de Gruyter.

Redding, G. and Wong, G (1986). The Psychology of Chinese Organisational Behaviour, in M.H. Bond (Ed). *The Psychology of the Chinese People*. Hong Kong: Oxford University Press.

Redman, C.L., Grimm, N. B., Grove, J. M. and Pickett, S. T. (2000). Integrated approaches to long-term studies of urban ecological systems. *BioScience* 50, pp. 571-584.

Reese, W. A. (1996). The shaped bell curve and the social sciences. *Social Science Journal* 33, pp. 113-119.

Reichheld F.F. (1996). *The Loyalty Effect*, Boston, MA: Harvard Business School Press.

Reichardt, C. S., and Cook, T. D. (1979). Beyond qualitative versus quantitative methods. In T. D. Cook & C. S. Reichardt (Eds.), *Qualitative and quantitative methods in evaluation research* (pp.7-32). Beverly Hills, CA: Sage.

Remenyi, D, Williams, B, Money, A, and Swartz, E (1998). *Doing Research in Business and Management*, London: Sage Publications.

Revel, J. (1980). *Cost and Margins in Banking: An International Survey*. Paris, OECD.

Ritter, T., Wilkinson, I.F. and Johnson, W.J. (2002). Measuring network competence: some international evidence. *Journal of Business and Industrial Marketing* 17 (2/3), pp. 119-138.

Robbins, T.L., Summers, T.P., Miller, J.L., and Hendrix, W.H. (2000). Using the group value model to explain the role of non-instrumental justice in distinguishing the effects of distributive and procedural justice. *Journal of Occupational and Organisational Psychology* 73, pp. 511-518.

Robson, C. (1993), *Real World Research: A resource for Social Scientists and Practitioner-Researchers*. Oxford: Blackwell.

Rollinson, D. (1993). *Understanding employee relations: a behavioural approach*. Reading: Addison-Wesley.

Rosnow, R.L. and Rosenthal, R. (2005). *Beginning Behavioural Research: a Conceptual Primer*. Upper Saddle River, NJ: Pearson Prentice-Hall.

Rowden, R.W. (2002). The relationship between workplace learning and job satisfaction in small and mid-sized businesses. *Human Resource Development Quarterly* 13, pp. 407-426.

Rowden, R.W. and Conine, C.T. (2005). The impact of workplace learning and job satisfaction in small US commercial banks. *Journal of Workplace Learning* 17 (4), pp. 215-230.

Rowntree, D. (1981). *Statistics without Tears: A Primer For Non-Mathematicians*. Harmondsworth: Penguin.

Russell, J.S., Terborg, J.R., and Powers, M.L. (1985). Organisational performances and organisational level training and support. *Personnel Psychology* 38, pp. 849-863.

Ruta, K., Buciuniene, I and Turauskas, L. (2006). Building employee commitment in the hospitality industry. *Baltic Journal of Management* 1 (3), pp. 300-314.

Sandberg, J. (2000). Understanding human competence at work: an interpretative approach. *Academy of Management Journal* 43 (1), pp. 9-25.

Satow, T. and Wang, Z.M. (1994). Cultural and organisational factors in human resource management in China and Japan: a cross-cultural socio-economic perspective. *Journal of managerial Psychology* 9 (4), pp. 3-11.

Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research Methods for Business Students* (5th Edn). London: Pearson Education Ltd.

Sekaran, U. (2003), *Research Methods for Business: A Skill-Building Approach*, (4th Ed). New York: Wiley.

Shibata, H. (2000). The transformation of the wage and performance appraisal system in a Japanese firm. *International Journal of Human Resource Management* 11 (2), pp. 294-313(20).

Schneier, N., Smith, D.B. and Sipe, W.P. (2000). Personnel selection psychology: multilevel considerations, Multilevel Theory. *Research and Methods in Organisations: Foundations, Extensions and New Directions*, San Francisco, CA: Jossey-Bass.

Scholtes, P.R. (1993). Total quality or performance appraisal: choose one. *National Productivity Review* 12 (3), pp. 349-363.

Schraeder, M. and Simpson, J. (2006). How similarity and liking affect performance appraisals. *The Journal for Quality and Participation* 29 (1), pp. 34-38.

Schuler, R.S., Fulkerson, J.R. and Dowling, P.J. (1991). Strategic performance measurement in multinational corporations. *Human Resource Management* 30 (3), pp. 365-392.

Searcy, C., Karapetrovic, S and McCartney, D. (2008). Applications of a systems approach to sustainable development performance measurement. *International Journal of Productivity and performance Measurement* 57 (2), pp. 182-197.

Sekaran, U (1992). *Research Methods for Business: A Skill Building Approach* (2nd Ed). Canada: John Wiley and Sons In,.

Selmer, J (2002). Coping strategies applied by Western vs overseas Chinese business expatriates in China. *International Journal of Human Resource Management* (2), 19-34.

Shaw, J.B., Tang, S.F.Y., Fisher, C.D., and Kirkbride, P.S. (1993). Organizational and environmental factors related to HRM practices in Hong Kong: A cross-cultural expanded replication. *International Journal of Human Resource Management* 4 (4), pp.785-814.

Shen, J. (2004). Compensation in Chinese multinationals. *Compensation and Benefits Review* 36 (1), pp. 15-25.

Shi, X. and Wright, P.C. (2003). The potential impacts of national feelings on international business negotiations. *International Business Review* 12, pp. 311-328.

Shipman, M. (1981). *The Limitations of Social Research* (2nd Ed). New York: Longman.

Silvestro, R. (2002). Dispelling the modern myth. Employee satisfaction and loyalty drive service profitability. *International Journal of Operations and Production Management* 22 (1), pp. 30-49.

Simmons, J. (2002). An 'expert witness' perspective on performance appraisal in universities and colleges. *Employee Relations* 24 (1), pp. 86-100.

Simmons, J. A., and Lovegrove, I. W. (2002). Negotiating a research method's conceptual terrain: lessons from a stakeholder analysis perspective on performance appraisal in universities and colleges. Paper presented at the *European Conference on Research Methods in Business and Management*, Reading.

Simmons, J. A., and Lovegrove, I. W. (2005). Bridging the conceptual divide: lessons from stakeholder analysis. *Journal of Organizational Change Management* 18 (5), pp.495-513.

- Singh J. (2006). Sustainable development of the Indian Himalayan region: Linking ecological and economic concerns. *Current Science* 90 (6), pp.784–788.
- Slavin, R.E. (1991). *Educational psychology*. (3rd Ed). Englewood Cliffs, NJ: Prentice Hall.
- Smailes, J. and McGrane, A. (2000). *Essential Business Statistics*. Harlow: Pearson Education Ltd.
- Smither, J.W., Reilly, R.R and Buda, R. (1988). Effect of prior performance information on ratings of present performance: contrast versus assimilation revisited. *Journal of Applied Psychology* 73 (3), pp. 487-496.
- Snape, E; Thomson, D; Yan, F and Redman, T (1998). Performance appraisal and culture: practice and attitudes in Hong Kong and Great Britain. *The International Journal of Human Resource Management* 9 (5), 841-861.
- Soltani, E., Meer, R.V.D., Williams, T.M. and Lai, P.C. (2006). The compatibility of performance appraisal systems with TQM principle-evidence from current practice. *International Journal of Operations and Production Management* 26 (1), pp. 91-112.
- Spangenberg, H. (1994). *Understanding and Implementing Performance Management*. Cape Town, Juta and Company Publishers.
- Steve, W. (2005). Entering the market for financial services in transitional economies. *International Journal of Bank Marketing* 23 (5), pp. 381-396.
- Stevens, S. (1946). On the theory of scales of measurement. *Science* 103, pp. 677-680.
- Strauss, A. and Corbin, J. (1990). *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*. London: Sage Publications.

Sudman, S., and Bradburn, N.M. (1982), *Asking Questions: A Practical Guide to Questionnaire Design*, San Francisco, CA: Jossey-Bass.

Tan, J. and Tan, D. (2003). Maximizing short term-gain or long-term potential: entry, growth, and exit strategies of Chinese technology start-up. *Journal of Management Inquiry* 13 (1), pp. 1-7.

Tangen, S. (2005). Improving the performance of a performance measure. *Measuring Business Excellence* 2 (9), pp. 4-11.

Tapinos, E., Dyson, R.G. and Meadows, M. (2005). The impact of performance measurement in strategic planning. *International Journal of Productivity and Performance Management* 54 (5/6), pp. 370-384.

Taylor, F.W. (1911). *The Principles of Scientific Management*. New York: Harper & Brothers.

Taylor, M.S., Tracy, K.B., Renard, M.K., Harrison, J.K., and Carroll, S.J. (1995). Due process in performance appraisal: a quasi-experiment in procedural justice. *Administrative Science Quarterly* 40, pp. 459-523.

Taylor, S. (1998). *Employee Resourcing*. London; CIPD.

The Banker (2007). *Top 1000 World Banks 07*. London: The Financial Times Ltd.

J. Thibaut and L. Walker (1975). *Procedural justice: A psychological analysis*. Hillsdale, NJ: Lawrence Erlbaum Associates.

Thomas, S. L., and Bretz, R. D. (1994). Research and practice in performance appraisal: Evaluating employee performance in America's largest companies. *SAM Advanced Management Journal* 59 (2), pp. 28-34.

Thompson, J.K, and Martin, J.E. (1984). Exercise in health modification: Assessment and training guidelines. *The Behavior Therapist* 7, pp. 5-8.

Thompson, L. (1990). Negotiation behavior and outcomes: Empirical evidence and theoretical issues. *Psychological Bulletin* 108 (3), pp. 515-532.

Torrington, D and Hall, L (1995). *Personnel Management: HRM in Action*. Hemel Hempstead: Prentice Hall.

Trompenaars, F. (1993). *Riding the Waves of Culture*. London: The Economist Books.

Tsang, D. (2007). Leadership, national culture and performance management in the Chinese software industry. *International Journal of Productivity and Performance Management* 56 (4), pp. 270-284.

Tukey, J. W. (1977) *Exploratory Data Analysis*. Reading, MA.; Addison-Wesley.

Twomey, D.F. and Harris, D.L. (2000). From strategy to corporate outcomes: aligning human resource management systems with entrepreneurial intent. *International Journal of Conflict Management* 10 (3), pp. 43-55.

Tziner, A., Joanies, C., and Murphy, K. (2000). A Comparison of Three Methods of Performance Appraisal with Regard to Goal Properties, Goal Perceptions, and Rate Satisfaction. *Group and Organisation Management* 25, pp.175-190.

Ubeda, C.L. and Santo, F.C.A. (2007). Staff development and performance appraisal in a Brazilian research centre. *European Journal of Innovation Management* 10 (1), pp. 109-125.

Ukko, J., Tenhunen, J. and Rantanen, H. (2007). Performance measurement impacts on management and leadership: perspectives of management and employees. *International Journal of Production Economics* 110, pp. 39-51.

Van, Dam, K., Oreg, S. and Schyns, B. (2008). Daily work contexts and resistance to organisational change: the role of leader-member exchange, development climate, and change process characteristics. *Journal of Applied Psychology* 57 (2), pp. 313-334.

Van Gigch, J. P. (1978). *Applied General Systems Theory* (2nd Ed.). New York: Harper & Row.

Vey, M.A. and Campbell, J.P. (2004). In-role or extra-role organisational citizenship behaviour: which are we measuring? *Human Performance* 17 (1), pp. 119-135.

Vigoda, E (2000). Organizational Politics, Job Attitudes, and Work Outcomes: Exploration and Implications for the Public Sector. *Journal of Vocational Behavior* 57 (3), pp. 326-347.

Viswesvaran, C and Ones, D. (2000). Measurement Error in "Big Five Factors" Personality Assessment: Reliability Generalization. *Educational and Psychological Measurement* 60, pp. 224-235

Vroom, V. (1964). *Work and Motivation*. New York: Wiley.

Waggoner, D., Neely, A. and Kennerley, M. (1999). The forces that shape organisational performance measurement systems: an interdisciplinary review. *International Journal of Production Economics* 60-61, pp. 53-60.

Walden, A.G. (1986). *Communist Neo-Traditionalism: Work and Authority in Chinese Industry*. Berkeley, CA: University of California Press.

Waldersee, R. and Luthans, F. (1994). The impact of positive and corrective feedback on customer service performance. *Journal of Organizational Behavior* 15 (1), pp. 83-95

Waldman, A. D., Atwater, L. E., and Antonioni, D. (1998). Has 360-degree feedback gone amok? *The Academy of Management Executive* 12 (2), pp. 86-94.

Wang, Z. (2003). *Zai Zhongguo Gonghui Di Shisi Ci Daibiao Dahui Shang De Baogao*. (Report for the Fourteenth Congress of the Trade Unions in China General Office of the All China Federation of Trade Unions), Beijing: Document of the 14th Congress of the All China Federation of Trade Unions,

Wang, Z. (2006). *Zai Quanzong Shisi Jie Shiyi Ci Zhuxituan (kuoda) Huiyi Shang De Jianghua* (Speech for the 11th Presidium [enlarged] of the 14th Congress of the All China Federation of Trade Unions). Beijing: General Office of the All China Federation of Trade Unions.

Warner, M. (1995). *The Management of Human Resources in Chinese Industry*. London: Macmillan.

Warner, M. (1996). Human resources in the People's Republic of China: the 'three systems' reforms. *Human Resource Management Journal* 6 (2), pp. 32-43.

Warner, M. (1999). Human Resources and Management in China's Hi-tech. Revolution: A Study of Selected Computer Hardware, Software and Related Firms in the PRC. *The International Journal of Human Resource Management* 10 (1), pp. 1-20.

Warner, M (2002). Globalisation, Labour Markets and Human Resources in Asia-Pacific Economics: an Overview. *The International Journal of Human Resource Management* 13 (3), pp. 384-398.

Warner, M. (2004). Human resource management in China revisited: introduction. *International Journal of Human Resource Management* 15 (4-5), pp. 617-634.

Wang, K. (2008). A changing arena of relations in China. *Employees Relations* 30 (2), pp. 190-216.

Wayne, S.J. and Ferris, G.R. (1990). Influence tactics, affect, and exchange quality in supervisor-subordinate interactions: A laboratory experiment and field study. *Journal of Applied Psychology* 75 (5), pp. 487-499.

Watt, L. (1999), Managing in the PRC. *Better Management* 31, pp. 15-19.

Webb, N. M. (1992). Testing a theoretical model of student interaction and learning in small groups. In Hertz-Lazarowitz, R., & N. Miller (Eds.), *Interaction in Cooperative Groups: The Theoretical Anatomy of Group Interaction*. Cambridge: Cambridge University Press.

Weightman, J. (2007). *Managing People*, (2nd Ed). London: CIPD.

Weiss, W. (2001). Appraising employee performance. *Supervision* 62 (10), pp. 10-13.

Whiting, H., Kline, T. and Sulsky, L. (2008). The performance appraisal congruency scale: an assessment of person-environment fit. *International Journal of Productivity and Performance Management* 57 (3), pp. 223-236.

White, G.P. (1996). A survey and taxonomy of strategy-related performance measures for manufacturing. *International Journal of Operations and Production Management* 16 (3), pp. 42-61.

Williams, M and May, T (1996) *Introduction to Philosophy of Social Research*. London, Routledge.

Williams, R. (1998). *Performance Management*. London: International Thomson Business Press (Essential Business Psychology Series).

Williams, R. (2002). *Employee Performance: Design and Implementation*. London: Thomson Learning.

Williams, R.S. (2006). *Managing Employee Performance: Design and Implementation in Organisations*, London: Thomson Learning.

Wilson, J.P. and Western, S. (2000). Performance appraisal: an obstacle to training and development. *Career Development International* 6 (2), pp. 93-99.

Wong, Y.H. and Chan, R.Y. (1999). Relationship marketing in China: guanxi, favouritism and adaption. *Journal of Business Ethics* 22 (2), pp. 107-118.

Wong, A.L.Y. and Slater, J.R. (2002). Executive development in China: is there any in a Western sense? *Journal of Human Resource Management* 13 (2), pp. 338-360.

Wright, G. and Fowler, C.J.H. (1986). *Investigative Design and Statistics*. Harmondsworth: Penguin.

Wright, P.C., Berrell, M., and Gloet, M. (2008). Cultural values, workplace behaviour and productivity in China: a conceptual framework for practising managers. *Management Decision* 46 (5), pp. 797-812.

Wright, P.C., Szeto, W.F. and Cheng, E. (2005). An essay outlining a conceptual framework toward facilitation organisational change through managing corporate cultures. *ShuYan Academic Journal* 3, pp. 347-358.

Wu, H.L., Chen, C.H., and Shiu, F.Y. (2007). The impact of financial development and bank characteristics on the operational performance of commercial banks in the Chinese transitional economy. *Journal of Economic Studies* 34 (5), pp. 401-414.

Wu, X. (2005). Stakeholder identifying and position models: from Google's operation in China to a general case-analysis framework. *Public Relations Review* 33, pp. 415-425.

Yang, K.S. (1993). *Chinese social orientation: an integrative analysis, Psychotherapy for the Chinese*. Selected Papers from the First International Conference. Chinese University of Hong Kong, Hong Kong, pp. 19-56.

Yenihurt, S. (2003). A literature review and integrative performance measurement framework for multinational companies. *Marketing Intelligence and Planning* 21 (3), pp. 134-142.

Young, P. and Dana, L. (2003). International entrepreneurship research: What scope for international business theories? *Journal of International Entrepreneurship* 1 (1), pp. 31-42.

Zhang, J. and Guo, D. (2003). A study on work motivational constructs of Chinese employees. *Chinese Journal of Applied Psychology* 9 (1), pp. 3-8.

Zhang, J., Song, L.J., Hackett, R.D. and Bycio, P. (2006). Cultural boundary of expectancy theory based performance management: a commentary on DeNisi and Pritchard's performance improvement model. *Management and Organisation Review* 2 (2), pp. 279-294.

Zhang, Y. and Neelankavil, J.P. (1997). The influence of culture on advertising effectiveness in China and USA: a cross-cultural study. *European Journal of Marketing* 31 (2), pp. 134-145.

Zhou, M (2007). Bank ownership and efficiency in China: what lies ahead in the world's largest nation? *Banking of Finland Research* 16, pp. 3-37.

Zhu, J.H. (2006). Human resource management in China, in Nankervis, A., Samir, C. and Coffey, J. (Ed). *Perspectives of Human Resource Management in the Asia Pacific*. Sydney: Pearson Education, pp. 12-40.

Zhu, J.H. and Dowling, P.J. (1998). *Performance Appraisal in China, International Management in China: Cross-cultural Issues*. London: Routledge.

Zhu, J.H. and Dowling, P.J. (2000). Managing people during economic transition: the development of HR practices in China. *Asia Pacific Journal of Human Resources* 38 (2), pp. 84-106.

Zhu, Y. and Warner, M. (2002). Human resource management in China's 'frontier' Special Economic Zone: a study of selected enterprises on Hainan Island. *International Journal of Employment Studies* 10 (1), pp. 75-104.

Zoltan, D. (2003). *Questionnaires in Second Language Research: Construction, administration, and processing*. Mahwah, NJ: Lawrence Erlbaum.

APPENDICES

Appendix I Telephone Interview Questions

1. As a member of the Bank how clear are you about your working targets?
2. What are your key working targets?
3. What do you understand to be the exact-measure (or standard) for your performance?
4. How is it possible to understand who performs best or who performs worst in the bank?
5. How is the performance appraisal conducted in your bank?
6. How closely do you think your salary is related to your performance?
7. How closely do you think compensation is related to your performance?
8. To what extent are you satisfied with the performance appraisal system in your bank?
9. To what extent are you satisfied with the performance appraisal process in your bank?
10. Generally, what do you think are the attitudes of other employees towards performance appraisal? Are they happy?
11. To what extent do you think staff at the bank will complain if they are not happy.
12. As an appraisee, how do you know the results? How soon after the appraisal do you get the results?
13. What do you think would be an ideal performance appraisal system for your bank?
14. How important do you think of performance appraisal is for the bank?

- 1, 作为银行一员, 你清楚你的工作目标么?
- 2, 你觉得你主要的工作目标是什么?
- 3, 你觉得评估你的工作表现的依据是什么?
- 4, 在你们单位怎么才能清楚哪位员工做得好或者不好?
- 5, 你们银行的人事考核是如何进行的?
- 6, 你觉得你的工资和你的考核结果有关联么? 如果有, 怎么关联?
- 7, 你觉得你的奖金和你的考核结果有关联么? 如果有, 怎么关联?
- 8, 你觉得你们银行的人事考核机制如何? 你满意么?
- 9, 你如何看待你们银行的考核过程? 你认为公平么?
- 10, 你觉得银行的其他员工如何看待你们的考核? 他们有抱怨么? 如果有, 哪方面的?
- 11 为被考核的员工, 你可不可以马上知道自己的考核结果? 你想马上知道么? 通常什么时候你可以知道考核结果的? 怎么知道的?
- 12 你期望你们银行的考核机制有何改变么? 你理想的考核机制是怎么样
- 13 你觉得银行的考核机制重要么?
- 14 为什么你觉得人事考核重要?

Appendix II Survey Letters

20th May 2006

Dear Friend,

I am currently working in the School of Management, at Liverpool John Moores University and at the same time am completing a PhD. My area of interest relates to how the use of performance appraisal is viewed in banking organisations in China.

This enclosed questionnaire asks questions about your views of the appraisal process and I would be grateful if you would complete it and return it to me at the address below. The success of my research depends on your co-operation and so your reply would be greatly appreciated.

There are no right or wrong answers, so please answer exactly as you feel. Please be assured that your answers to the questions will be treated in strictest confidence, with every questionnaire remaining anonymous.

To complete the study I need to have the questionnaires back by **Friday 30th June 2006**. The questionnaire should take no longer than **10 minutes** to complete, so why not do it straight away!
Thank you in advance for your help.

Yours sincerely,

Yongmei Zhang
School of Management
Faculty of Business and Law
Liverpool John Moores University
John Foster Building
98 Mount Pleasant
Liverpool L3 5UZ
United Kingdom

Tel: +44 (0) 151-231 3858
E-mail: y.zhang@livjm.ac.uk

亲爱的朋友，

您好！

我是利物浦约翰莫瑞斯大学商学院的一名博士研究生，研究方向侧重于中国银行业的人力资源管理。此次案卷调查的目的是研究中国银行业是如何看待绩效评估及其作用，并且为中国银行业构建一个具有中国特色的科学合理的绩效评估系统。

真诚的希望您能够如实认真地填写此卷，因为此项研究成功与否，与您的合作密切联系。另外，此问卷所有的信息只为研究所用，简单明了，仅需要占用您十分钟的时间。

为了按时完成此项研究，请将填写完整的问卷在2006年6月30日星期五前寄还给我。在此，本人谨代表全体研究人员向您表示衷心的感谢和敬意！此致！

敬礼！

张永梅

2006年5月20日

Yongmei Zhang
School of Management
Faculty of Business and Law
Liverpool John Moores University
John Foster Building
98 Mount Pleasant
Liverpool L3 5UZ
United Kingdom

Tel: +44 (0) 151-231 3858
E-mail: y.zhang@livjm.ac.uk

Appendix II Survey Questionnaire

Confidential

Your Views on Performance Appraisal

Please complete this questionnaire based upon how you view performance appraisal. Please read each question carefully, and then give your immediate response by ticking the box which best matches your personal view.

For most questions there are two parts. The left hand column shows how appraisal actually operates in your organisation, on a scale of 1 (strongly disagree) to 7 (strongly agree). The right hand column shows how important this aspect of performance appraisal is in your view, on a scale of 1 (not at all important) through to 7 (very important).

Section A. Your thoughts on Performance Appraisal in General

		Actual							Importance						
		S.Disagree -----				S.Agree			Not-----				Very		
<u>My general perception is:</u>		1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	Performance appraisal improves an employee's performance.														
2	Performance appraisal identifies employee-training needs.														
3	Performance appraisal helps employees to communication with their boss.														
4	Performance appraisal strengthens appraiser/appraisee relationship.														
5	Performance appraisal promotes personal growth.														
6	Performance appraisal does not penalise employees who have a poor relationship with their superiors.														
7	Performance appraisal helps to select employees for promotion.														
8	Performance appraisal clarifies work objectives.														
9	Performance appraisal increases employees' motivation.														
10	Performance appraisal improves employee's performance.														
11	Performance appraisal reduces conflict among colleagues.														
12	Performance appraisal is an accurate way to evaluate my job performance.														
13	My colleagues take their performance appraisal seriously.														

49	One of the major reasons I continue to work for this organisation is that I respect loyalty.								
50	I believe in the value of remaining loyal to one organisation.								
51	There is a strong sense of trust in the organisation.								

Section E. Your Views of an *Ideal* Performance Appraisal System

		Importance						
		Not	-----					Very
<u>In an ideal system:</u>		1	2	3	4	5	6	7
52	I should receive my performance appraisal result a few days after the event.							
53	The results should be sent to me formally in a letter.							
54	My superior should discuss my results with me directly.							
55	I should be clear of my training needs after the performance appraisal.							
56	Performance appraisal should enable stronger communication between superiors and subordinates.							
57	The performance appraisal process should be fair.							
58	I should be informed of the rating result immediately after the interview.							
59	I should discuss my rating result with my supervisor face to face.							
60	I should discuss my rating results with my supervisor via email.							
61	Rating results should only be seen by me and my supervisor.							
62	Performance appraisal results should be used in deciding promotions.							
63	Appraisers should discuss my rating results with me face to face.							
64	Appraisers should be objective when conducting the performance appraisal. deleted							
65	Promotion of employees should not rely on a relationship with the boss.							
66	Individual goals should be related to the goals of the organisation.							
67	The performance appraisal should follow the procedure stipulated in employees' handbook.							
68	The feedback from the appraiser should be specific.							
69	Top management should take performance appraisal truly seriously.							
70	Performance appraisal process should abide by the regulations set by China Banking Regulatory Commission.							
71	Pay increases should be based on the results of performance appraisal.							
72	Appraisers should be trained before conducting the performance appraisal.							

Section F. Finally, some additional questions on the process of Performance Appraisal

		Actual							Importance						
		S.Disagree -----			S.Agree				Not-----			Very			
<u>Process of Performance Appraisal</u>		1	2	3	4	5	6	7	1	2	3	4	5	6	7
73	I am satisfied with the rating I received at my last performance appraisal.														
74	The performance appraisal I received provided me with feedback that will help me to improve my performance.														
75	The feedback I received is constructive.														
76	The procedure of performance appraisal conducted in my organisation is different than that stipulated in the employee handbook.														
77	Clarification of individual goals in my performance appraisal is an important factor in reaching organisational goals.														
78	The reason I will stay with my organisation is that I think my value is recognized.														
79	I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.														
80	The reason I will stay with this organization is that I feel a strong sense of respect.														
81	The reason I will stay with this company is that I think I am appraised fairly.														
82	The reason I will not stay with this organisation is that the organisation does not care about its employees.														
83	My performance appraisal review is the only time I get feedback about my performance														
84	I am asked to provide comments on other people for their performance appraisal														
85	If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.														
86	The goals that come from my performance appraisal are decided														

Question 101. What is the highest level of education you have obtained? (Please tick one box)

College degree or less Graduate degree or above

Question 102. What professional qualifications do you have? (Please specify)

- a.
- b.
- c.
- d.

Question 103. Where did you gain your highest level of education? (Please tick one box)

China Mainland Others

Question 104. To which age group do you belong? (Please tick one box)

Under 21 years old 26-30 years old 41-50 years old
21-25 years old 31-40 years old Over 50 years old

Question 105. What is your role in the organisation? (Please tick one box)

Manager Non- Manager

Question 106. How long have you worked for your current organisation? (Please tick one box)

1 year or less 4-6 years 11-15 years
2-3 years 7-10 years More than 15 years

Question 107. Where is your organisation located? (Please tick one box)

East of China North of China
Middle of China South of China
Other

Question 108. Which organisation do you work for? (Please tick one box)

Bank of China	<input type="checkbox"/>	Construction Bank of China	<input type="checkbox"/>
Agricultural Bank of China	<input type="checkbox"/>	Industrial & Commercial Bank of China	<input type="checkbox"/>
Other	<input type="checkbox"/>		

Question 109. As an employee, when did you have your last performance appraisal? (Please tick one box)

0 – 3 months ago	<input type="checkbox"/>	7 – 9 months ago	<input type="checkbox"/>
4 – 6 months ago	<input type="checkbox"/>	10 – 12 months ago	<input type="checkbox"/>
Over a year ago	<input type="checkbox"/>		

Question 110. My result at this year's performance appraisal was: (Please tick one box)

About what I expected	<input type="checkbox"/>
Lower than I expected	<input type="checkbox"/>
Higher than what I expected	<input type="checkbox"/>

Question 111. I believe that my performance during this last year was: (Please tick one box)

Well below standard	<input type="checkbox"/>
Below average	<input type="checkbox"/>
Average	<input type="checkbox"/>
Above average	<input type="checkbox"/>
Excellent	<input type="checkbox"/>

Question 112. Have you ever undertaken a performance appraisal as a manager?

No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
----	--------------------------	-----	--------------------------

Question 113. How long ago is it since you undertook a performance appraisal? (Please tick one box)

Up to 3 months	<input type="checkbox"/>	Up to 6 months	<input type="checkbox"/>
Up to 4 months	<input type="checkbox"/>	Over six months	<input type="checkbox"/>
Other	<input type="checkbox"/>		

Question 114. Have you ever been trained in performance appraisal? (*Please tick one box*)

No Yes

If you have any other comments, either positive or negative, please add them here.

Thank you for your time. Please send completed questionnaires to Zhang Yongmei, School of Management, Liverpool John Moores University, 98 Mount Pleasant, Liverpool, United Kingdom.

部分 D. 员工对公司的忠诚度

		实际状况							重要程度						
		非常不赞成-----非常赞成							非常不重要---非常重要						
<u>对公司的忠诚度</u>		1	2	3	4	5	6	7	1	2	3	4	5	6	7
47	我愿意在我们公司永远干下去。														
48	我在我们公司有很强的归属感。														
49	我继续在我们公司工作的理由是我崇尚忠诚。														
50	员工应该对他的公司永远保持忠诚。														
51	在我们公司可以感受到强烈的信任感。														

部分 E. 您理想的绩效评估系统是怎样的

		重要程度						
		非常不重要-----非常重要						
<u>在一个理想的绩效评估系统里:</u>		1	2	3	4	5	6	7
52	绩效评估一周内我就能够收到我的评估结果。							
53	评估结果会以正式信件的方式给我。							
54	我的上司会直接和我面谈我的评估结果。							
55	绩效评估后我会非常清楚自己哪方面需要培训。							
56	绩效评估将会是一个上级和下级积极沟通的机会。							
57	整个绩效评估过程会非常公平。							
58	我会在评估面谈结束后马上得知自己的评估结果。							
59	我很愿意和我的上司面对面谈论我的评估结果。							
60	我愿意以电子邮件的方式和我的上司谈论我的评估结果。							
61	我的评估结果只有我的上司和我知道。							
62	绩效评估结果只用来决定员工升迁。							
63	评估人和我面对面讨论我的评估结果。							
64	评估人员能够客观地对我进行评估。							
65	员工升迁与员工和上司的关系没有任何联系。							
66	员工个人工作目标的实现和公司总目标效益密切联系。							
67	绩效评估应该按照员工手册规定的程序进行。							

部分 G. 背景情况

下面是关于您个人情况的一些问题。请选择符合您个人实际情况的方格并打‘√’，您所提供的信息是要在数据分析中用来比较不同人的反应情况，一切安全可靠。

99. 对于您自己的语言背景您怎么看待？(请选择一个)

广东话 普通话

100. 性别？(请选择一个)

男性 女性

101. 您获得最高的是下列什么文凭？(请选择一个)

大专或大专以下 本科或本科以上

102. 您还有什么其他的专业技能？(请说明)

a. _____
b. _____
c. _____
d. _____

103. 您在哪里取得最高教育的？(请选择一个)

中国大陆 其他

104. 您觉得您属于下面哪个年龄段？(请选择一个)

21 岁以下 26-30 41-50
21-25 31-40 50 岁以上

105. 您在公司里的职位？(请选择一个)

经理管理人员 职员

106. 您在本公司工作多久了? (请选择一个)

1 年左右
2-3 年

4-6 年
7-10 年

11-15 年
15 年以上

107. 您公司在下面哪个区域? (请选择一个)

华东区
华中区
其他

华北区
华南区

108. 您在下面哪个公司工作? (请选择一个)

中国银行
中国农行
其他

中国建行
中国工商银行

109. 作为员工您上次绩效评估是什么时候? (请选择一个)

0-3 个月前
4-6 个月前
一年前

7-9 个月前
10-12 个月前

110. 我今年绩效评估的结果是: (请选择一个)

和我期望的一样
比我期望的差些
比我期望的高些

111. 我觉得我今年上半年的工作成绩是: (请选择一个)

很差
中等偏下
中等
中等偏上
优秀

112. 作为经理您参加过绩效评估么? (请选择一个)

没有 参加过

113. 您上次参加绩效评估是什么时候? (请选择一个)

3 个月前 6 个月前
4 个月前 6 个多月前
其他 |

114. 您参加过绩效评估培训么? (请选择一个)

没有 参加过

对于问卷的题目和设计, 如果您有其他的建议, 无论赞成还是批评, 恭请补充在此:

再次向您表示感谢和敬意。请将完成的问卷寄给 Zhang Yongmei, School of Management, Liverpool John Moores University, 98 Mount Pleasant, Liverpool, L3 5UZ, United Kingdom

Appendix IV Post Hoc Findings

A1 PA aims to improve performance.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.52		
11-15 yrs	4.92	4.92	
4-6 yrs		5.24	5.24
2-3 yrs		5.30	5.30
7-10 yrs		5.44	5.44
1 year or less			5.55

Table 5.10.1 Turkey B test

A2 PA aims to identify training needs.	Subset for alpha = .05		
	2	3	1
2-3 yrs	3.92		
11-15 yrs	4.09	4.09	
More than 15 yrs	4.26	4.26	
1 year or less		4.64	4.64
7-10 yrs			5.06
4-6 yrs			5.09

Table 5.10.2 Tukey B test

A3 PA helps employees to communicate with their boss.	Subset for alpha = .05	
	2	1
More than 15 yrs	3.80	
11-15 yrs	4.01	
2-3 yrs	4.08	
1 year or less	4.25	
7-10 yrs	4.33	
4-6 yrs		4.96

Table 5.10.3 Tukey B test

A4 PA strengthens appraisers/appraisee relationship.	Subset for alpha = .05	
	2	1
2-3 yrs	3.15	
11-15 yrs	3.41	
More than 15 yrs	3.48	
1 year or less	3.51	
7-10 yrs		4.26
4-6 yrs		4.75

Table 5.10.4 Tukey B test

A5 PA aims to promote personal growth.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.58		
11-15 yrs	5.01	5.01	
2-3 yrs		5.18	5.18
7-10 yrs		5.27	5.27
4-6 yrs		5.47	5.47
1 year or less			5.71

Table 5.10.5 Tukey B test

A7 PA aims to select employees for promotion.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.22		
11-15 yrs	4.75	4.75	
2-3 yrs	4.77	4.77	
7-10 yrs		5.01	
4-6 yrs		5.24	5.24
1 year or less			5.67

Table 5.10.6 Tukey B test

A8 PA clarifies work objectives.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.87	
2-3 yrs	4.97	
11-15 yrs	5.33	5.33
4-6 yrs	5.37	5.37
7-10 yrs	5.45	5.45
1 year or less		5.58

Table 5.10.7 Tukey B test

A9 PA increases employees' motivation	Subset for alpha = .05	
	2	1
More than 15 yrs	4.77	
11-15 yrs	5.18	5.18
2-3 yrs	5.20	5.20
1 year or less	5.31	5.31
4-6 yrs		5.40
7-10 yrs		5.47

Table 5.10.8 Tukey B test

A1 PA aims to improve performance.	Subset for alpha = .05		
	2	3	1
ICBC	4.48		
Others		4.97	
CBC		5.06	
BOC		5.13	5.13
ABC			5.55

Table 5.11.1 Tukey B test

A2 PA aims to identify training needs.	Subset for alpha = .05	
	2	1
Others	4.00	
ICBC	4.15	
CBC	4.31	
BOC		5.05
ABC		5.17

Table 5.11.2 Tukey B test

A3 PA helps employees to communicate with their boss.	Subset for alpha = .05	
	2	1
ICBC	3.39	
Others	3.61	
CBC	3.84	
BOC		5.17
ABC		5.23

Table 5.11.3 Tukey B test

A4 PA strengthens appraisers/appraisee relationship	Subset for alpha = .05		
	2	3	1
Others	3.08		
ICBC	3.15		
CBC	3.39		
ABC		4.57	
BOC			5.06

Table 5.11.4 Tukey B test

A5 PA aims to promote personal growth.	Subset for alpha = .05	
	2	1
ICBC	4.54	
CBC	4.81	
Others	4.97	
BOC		5.47
ABC		5.73

Table 5.11.5 Tukey B test

A7 PA aims to select employees for promotion.	Subset for alpha = .05			
	2	3	4	1
ICBC	3.91			
CBC		4.62		
Others		4.81	4.81	
ABC			5.26	5.26
BOC				5.42

Table 5.11.6 Tukey B test

A8 PA clarifies work objectives.	Subset for alpha = .05	
	2	1
CBC	4.95	
Others	4.98	
ICBC	5.03	
BOC		5.52
ABC		5.72

Table 5.11.7 Tukey B test

A9 PA increases employees' motivation	Subset for alpha = .05		
	2	3	1
ICBC	4.59		
CBC		5.01	
ABC		5.23	5.23
Others		5.31	5.31
BOC			5.56

Table 5.11.8 Tukey B test

Q13 My colleagues take their PA seriously.	Subset for alpha = .05		
	2	3	1
11-15 yrs	4.95		
More than 15 yrs	5.03	5.03	
1 year or less	5.36	5.36	5.36
2-3 yrs	5.40	5.40	5.40
7-10 yrs		5.51	5.51
4-6 yrs			5.57

Table 5.19.1 Tukey B test

Q14 Top management pay great attention to PA.	Subset for alpha = .05	
	2	1
2-3 yrs	2.78	
4-6 yrs	2.81	
11-15 yrs	3.03	
7-10 yrs	3.04	
More than 15 yrs	3.38	3.38
1 year or less		3.76

Table 5.19.2 Tukey B test

Q15 PA provides opportunities for employees to pass their opinion to their superiors.	Subset for alpha = .05	
	2	1
11-15 yrs	4.00	
More than 15 yrs	4.05	
2-3 yrs	4.46	4.46
1 year or less		4.78
7-10 yrs		4.81
4-6 yrs		5.13

Table 5.19.3 Tukey B test

Q6 PA not penalise employees who have a poor relationship with their superiors.	Subset for alpha = .05	
	2	1
ICBC	2.38	
BOC		3.28
CBC		3.31
ABC		3.74
Others		3.80

Table 5.20.1 Tukey B test

Q12 PA is an accurate way to evaluate my job performance	Subset for alpha = .05		
	2	3	1
ICBC	2.65		
CBC	2.89	2.89	
BOC		3.19	
ABC			3.78
Others			4.18

Table 5.20.2 Tukey B test

Q13 My colleagues take their PA seriously.	Subset for alpha = .05	
	2	1
ICBC	4.91	
CBC	5.22	5.22
ABC	5.30	5.30
Others	5.33	5.33
BOC		5.46

Table 5.20.3 Tukey B test

Q14 Top management pay great attention to PA.	Subset for alpha = .05		
	2	3	1
ICBC	2.43		
BOC	2.73	2.73	
CBC		3.03	
ABC		3.17	
Others			3.97

Table 5.20.4 Tukey B test

Q15 PA provides opportunities for employees to pass their opinion to their superiors	Subset for alpha = .05		
	2	3	1
ICBC	3.60		
Others	4.05	4.05	
CBC		4.12	
ABC			5.26
BOC			5.36

Table 5.20.5 Tukey B test

Q7 PA aims to select employees for promotion.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.26	
lower than I expected	182	4.77	4.77
about what I expected	178		5.18

Table 5.21.1 Tukey B test

Q9 PA increases employees' motivation.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.26	
lower than I expected	183		5.31
about what I expected	178		5.43

Table 5.21.2 Tukey B test

Q10 PA improves employees' performance.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.70	
lower than I expected	183		5.26
about what I expected	178		5.51

Table 5.21.3 Tukey B test

Q12 PA is an accurate way to evaluate my job performance	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	3.83	
lower than I expected	183	4.23	4.23
about what I expected	178		4.84

Table 5.21.4 Tukey B test

Q1 PA aims to improve performance	N	Subset for alpha = .05	
		1	2
excellent	38	4.47	
above average	147	4.76	4.76
below average	33	5.18	5.18
average	171	5.43	5.43
well below standard	8		5.75

Table 5.22.1 Tukey B test

Q2 PA aims to identify training needs.	N	Subset for alpha = .05	
		1	2
excellent	38	3.84	
above average	147	4.22	4.22
below average	33	4.67	4.67
average	171	4.83	4.83
well below standard	8		5.13

Table 5.22.2 Tukey B test

Q3 PA helps employees to communicate with their boss.	N	Subset for alpha = .05	
		1	2
excellent	38	3.50	
above average	147	3.88	3.88
average	171	4.27	4.27
below average	33	4.61	4.61
well below standard	8		5.13

Table 5.22.3 Tukey B test

Q4 PA strengthens appraisers/appraisee relationship.	N	Subset for alpha = .05	
		1	2
above average	147	3.35	
excellent	38	3.45	
average	171	3.90	3.90
below average	33	4.55	4.55
well below standard	8		5.00

Table 5.22.4 Tukey B test

Q11 PA reduces conflict among colleagues.	N	Subset for alpha = .05	
		1	2
above average	147	3.65	
excellent	38	3.79	
average	171	4.44	4.44
below average	33	4.73	4.73
well below standard	8		5.13

Table 5.22.5 Tukey B test

Q17 Appraisers are competent enough to evaluate my job.	Subset for alpha = .05	
	2	1
11-15 yrs	2.62	
4-6 yrs	2.81	2.81
7-10 yrs	2.83	2.83
More than 15 yrs	2.94	2.94
2-3 yrs	2.98	2.98
1 year or less		3.33

Table 5.33.1 Tukey B test

Q18 I feel my last performance rating was free from bias.	Subset for alpha = .05	
	2	1
More than 15 yrs	2.97	
1 year or less	3.07	3.07
2-3 yrs	3.20	3.20
11-15 yrs	3.40	3.40
4-6 yrs		3.63
7-10 yrs		3.71

Table 5.33.2 Tukey B test

Q19 I trust my appraisers to accurately report my performance to senior managers.	Subset for alpha = .05		
	2	3	1
11-15 yrs	2.58		
7-10 yrs	2.80	2.80	
4-6 yrs	2.93	2.93	
2-3 yrs		3.20	3.20
More than 15 yrs		3.40	3.40
1 year or less			3.74

Table 5.33.3 Tukey B test

Q20 When I think of the effort I put in, I am satisfied with the rewards I get.	Subset for alpha = .05	
	2	1
2-3 yrs	2.49	
More than 15 yrs	2.51	
4-6 yrs	2.65	
11-15 yrs	3.05	3.05
1 year or less	3.15	3.15
7-10 yrs		3.69

Table 5.33.4 Tukey B test

Q21 Pay increases are directly related to how well I do the job.	Subset for alpha = .05	
	2	1
7-10 yrs	2.77	
11-15 yrs	2.84	
More than 15 yrs	2.90	
4-6 yrs	3.31	3.31
1 year or less	3.33	3.33
2-3 yrs		3.49

Table 5.33.5 Tukey B test

Q22 Promotions are given on the basis of 'who you know'.	Subset for alpha = .05			
	2	3	4	1
1 year or less	4.47			
2-3 yrs	4.83	4.83		
More than 15 yrs		5.02	5.02	
11-15 yrs		5.17	5.17	5.17
4-6 yrs			5.35	5.35
7-10 yrs				5.56

Table 5.33.6 Tukey B test

Q23 Pay increases are not directly related to my relationship with my superiors.	Subset for alpha = .05	
	2	1
More than 15 yrs	2.56	
2-3 yrs	2.75	2.75
4-6 yrs	2.86	2.86
1 year or less	3.07	3.07
7-10 yrs		3.19
11-15 yrs		3.21

Table 5.33.7 Tukey B test

Q27 Appraisers are poorly prepared for conducting my PA.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.71	
1 year or less	4.73	
11-15 yrs	4.88	
7-10 yrs	5.01	
2-3 yrs	5.15	5.15
4-6 yrs		5.52

Table 5.33.8 Tukey B test

Q17 Appraisers are competent enough to evaluate my job.	Subset for alpha = .05		
	2	3	1
ICBC	2.32		
BOC	2.53	2.53	
CBC		2.78	
Others			3.31
ABC			3.31

Table 5.34.1 Tukey B test

Q18 I feel my last performance rating was free from bias.	Subset for alpha = .05	
	2	1
Others	2.69	
ABC		3.37
CBC		3.43
ICBC		3.46
BOC		3.82

Table 5.34.2 Tukey B test

Q19 I trust my appraisers to accurately report my performance to senior managers.	Subset for alpha = .05	
	2	1
ICBC	2.48	
BOC	2.58	
CBC	2.78	
ABC		3.47
Others		3.83

Table 5.34.3 Tukey B test

Q21 Pay increases are directly related to how well I do the job.	Subset for alpha = .05		
	2	3	1
ICBC	2.41		
CBC	2.75	2.75	
BOC		3.11	3.11
Others			3.38
ABC			3.53

Table 5.34.4 Tukey B test

Q22 Promotions are given on the basis of 'who you know'.	Subset for alpha = .05		
	2	3	1
Others	4.64		
CBC	4.99	4.99	
ABC		5.21	
ICBC		5.28	
BOC			5.65

Table 5.34.5 Tukey B test

Q23 Pay increases are not directly related to my relationship with my superiors.	Subset for alpha = .05	
	2	1
Others	2.46	
ICBC		2.90
ABC		2.93
BOC		3.11
CBC		3.15

Table 5.34.6 Tukey B test

Q24 My performance contributes significantly to my organisational performance.	Subset for alpha = .05	
	2	1
ICBC	3.72	
CBC	4.18	
ABC		4.83
Others		4.88
BOC		5.18

Table 5.34.7 Tukey B test

Q25 Pay increases are not directly related to how well I maintain good relationships with my colleagues.	Subset for alpha = .05	
	2	1
ICBC	2.46	
CBC		2.90
ABC		2.91
BOC		3.01
Others		3.14

Table 5.34.8 Tukey B test

Q26 Those people conducting appraisals have been trained effectively.	Subset for alpha = .05	
	2	1
Others	2.64	
ICBC	2.77	
CBC	3.09	3.09
BOC		3.28
ABC		3.35

Table 5.34.9 Tukey B test

27 Appraisers are poorly prepared for conducting my PA.	Subset for alpha = .05		
	2	3	1
ICBC	4.62		
CBC	4.66		
ABC		5.04	
Others		5.17	5.17
BOC			5.50

Table 5.34.10 Tukey B test

Q17 Appraisers are competent enough to evaluate my job.	N	Subset for alpha = .05		
		1	2	3
excellent	38	3.74		
above average	147	4.17	4.17	
average	171	4.47	4.47	4.47
well below standard	8		5.13	5.13
below average	33			5.36

Table 5.35.1 Tukey B test

Q18 I feel my last performance rating was free from bias.	N	Subset for alpha = .05	
		1	2
excellent	38	4.24	
above average	147	4.33	
average	171	4.89	4.89
well below standard	8	5.25	5.25
below average	33		5.52

Table 5.35.2 Tukey B test

Q21 Pay increases are directly related to how well I do the job.	N	Subset for alpha = .05	
		1	2
excellent	38	3.89	
above average	147	4.13	
average	171	4.59	4.59
well below standard	8	5.00	5.00
below average	33		5.45

Table 5.35.3 Tukey B test

Q22 Promotions are given on the basis of 'who you know'.	N	Subset for alpha = .05	
		1	2
excellent	38	3.61	
above average	147	3.69	
average	171	4.30	4.30
well below standard	8	5.00	5.00
below average	33		5.21

Table 5.35.4 Tukey B test

Q25 Pay increases are not directly related to how well I maintain good relationships with my colleagues.	N	Subset for alpha = .05	
		1	2
excellent	38	3.68	
above average	147	4.48	4.48
well below standard	8	4.63	4.63
average	171	4.77	4.77
below average	33		5.09

Table 5.35.5 Tukey B test

Q26 Those people conducting appraisals have been trained effectively.	N	Subset for alpha = .05	
		1	2
excellent	38	3.58	
above average	147	4.10	4.10
average	171	4.25	4.25
well below standard	8	4.63	4.63
below average	33		5.03

Table 5.35.6 Tukey B test

Q29 I am familiar with the skills required to perform my job effectively.	Subset for alpha = .05	
	2	1
1 year or less	4.83	
More than 15 yrs		5.43
7-10 yrs		5.60
11-15 yrs		5.62
4-6 yrs		5.72
2-3 yrs		5.90

Table 5.46.1 Tukey B test

Q30 I always do what my supervisor asks of me.	Subset for alpha = .05	
	2	1
11-15 yrs	4.27	
1 year or less	4.45	
More than 15 yrs	4.75	4.75
7-10 yrs	4.85	4.85
2-3 yrs	4.90	4.90
4-6 yrs		5.16

Table 5.46.2 Tukey B test

Q33 I have sufficient time to prepare for my appraisal interview.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.04	
11-15 yrs	4.09	
1 year or less	4.62	4.62
2-3 yrs		4.78
7-10 yrs		4.84
4-6 yrs		4.91

Table 5.46.3 Tukey B test

Q34 PA criteria relates to an employees working ability.	Subset for alpha = .05			
	2	3	4	1
More than 15 yrs	4.02			
11-15 yrs		4.59		
7-10 yrs		4.92	4.92	
2-3 yrs		5.13	5.13	5.13
4-6 yrs			5.38	5.38
1 year or less				5.62

Table 5.46.4 Tukey B test

Q35 PA criteria in my organisation are based on 'De'.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.06	
11-15 yrs	4.44	
2-3 yrs	4.49	4.49
1 year or less	4.58	4.58
7-10 yrs	4.69	4.69
4-6 yrs		5.12

Table 5.46.5 Tukey B test

Q36 PA criteria in my organisation are based on 'Neng'.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.35		
11-15 yrs		4.99	
2-3 yrs		5.02	
7-10 yrs		5.11	
4-6 yrs		5.30	5.30
1 year or less			5.78

Table 5.46.6 Tukey B test

Q37 PA criteria in my organisation are based on 'Qing'.	Subset for alpha = .05	
	2	1
11-15 yrs	4.23	
More than 15 yrs	4.26	
4-6 yrs		4.86
7-10 yrs		4.89
1 year or less		5.15
2-3 yrs		5.23

Table 5.46.7 Tukey B test

Q38 PA criteria in my organisation are based on 'Ji'.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.34		
2-3 yrs		5.10	
11-15 yrs		5.25	5.25
7-10 yrs		5.26	5.26
4-6 yrs		5.44	5.44
1 year or less			5.85

Table 5.46.8 Tukey B test

Q39 PA measures how well employees achieve their targets.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.57		
11-15 yrs	4.70	4.70	
2-3 yrs	5.02	5.02	5.02
7-10 yrs		5.28	5.28
4-6 yrs			5.35
1 year or less			5.44

Table 5.46.9 Tukey B test

Q40 PA is rated on my personality.	Subset for alpha = .05	
	2	1
More than 15 yrs	3.41	
11-15 yrs	3.45	
1 year or less	3.67	
2-3 yrs	3.85	
7-10 yrs		4.54
4-6 yrs		4.69

Table 5.46.10 Tukey B test

Q41 PA criteria relate to how well you get on with colleagues.	Subset for alpha = .05		
	2	3	1
11-15 yrs	3.40		
More than 15 yrs	3.99	3.99	
7-10 yrs		4.38	4.38
1 year or less		4.56	4.56
2-3 yrs			4.82
4-6 yrs			4.91

Table 5.46.11 Tukey B test

Q42 Good performers always have a close relationship with their boss.	Subset for alpha = .05	
	2	1
11-15 yrs	4.26	
1 year or less	4.27	
More than 15 yrs	4.28	
7-10 yrs	4.71	4.71
2-3 yrs	4.72	4.72
4-6 yrs		5.14

Table 5.46.12 Tukey B test

Q43 PA rating is related to the qualifications employees achieve	Subset for alpha = .05		
	2	3	1
11-15 yrs	3.88		
More than 15 yrs	3.94		
2-3 yrs	4.34	4.34	
1 year or less	4.50	4.50	4.50
7-10 yrs		4.72	4.72
4-6 yrs			5.11

Table 5.46.13 Tukey B test

Q44 PA criteria often relate to how long you've been working in your org.	Subset for alpha = .05	
	2	1
More than 15 yrs	3.81	
2-3 yrs	3.87	
11-15 yrs	4.08	
7-10 yrs		4.71
1 year or less		4.84
4-6 yrs		5.10

Table 5.46.14 Tukey B test

Q45 Promotion is always based on nepotism rather than on how well the job is done.	Subset for alpha = .05		
	2	3	1
1 year or less	3.42		
2-3 yrs	4.00	4.00	
More than 15 yrs		4.49	4.49
11-15 yrs		4.49	4.49
4-6 yrs			4.80
7-10 yrs			4.84

Table 5.46.15 Tukey B test

Q46 PA criterion relates to how well the job is done, rather than the amount of work I do.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.39		
11-15 yrs	4.57	4.57	
7-10 yrs		5.06	5.06
1 year or less		5.13	5.13
4-6 yrs			5.20
2-3 yrs			5.39

Table 5.46.16 Tukey B test

Q29 I am familiar with the skills required to perform my job effectively.	Subset for alpha = .05	
	2	1
Others	5.28	
BOC	5.50	
CBC	5.53	
ICBC	5.56	
ABC		6.01

Table 5.47.1 Tukey B test

Q30 I always do what my supervisor asks of me.	Subset for alpha = .05	
	2	1
ICBC	4.43	
CBC	4.64	4.64
ABC	4.72	4.72
Others	4.75	4.75
BOC		5.14

Table 5.47.2 Tukey B test

Q31 I clearly understand the purpose of the appraisal interview.	Subset for alpha = .05		
	2	3	1
BOC	2.47		
ICBC	2.73	2.73	
CBC		3.01	
ABC		3.08	3.08
Others			3.48

Table 5.47.3 Tukey B test

Q32 I have received training for undertaking appraisal interviews as an appraiser/appraisee.	Subset for alpha = .05		
	2	3	1
ABC	2.29		
ICBC	2.46	2.46	
BOC	2.63	2.63	
CBC		2.76	
Others			3.26

Table 5.47.4 Tukey B test

Q33 I have sufficient time to prepare for my appraisal interview.	Subset for alpha = .05	
	2	1
ICBC	3.88	
CBC	4.06	
Others	4.32	
BOC		4.99
ABC		5.14

Table 5.47.5 Tukey B test

Q34 PA criteria relates to an employees working ability.	Subset for alpha = .05	
	2	1
ICBC	4.11	
Others	4.57	
CBC	4.58	
BOC		5.30
ABC		5.39

Table 5.47.6 Tukey B test

Q35 PA criteria in my organisation are based on 'De'.	Subset for alpha = .05	
	2	1
ICBC	3.92	
Others	4.03	
CBC	4.24	
BOC		5.25
ABC		5.33

Table 5.47.7 Tukey B test

Q36 PA criteria in my organisation are based on 'Neng'.	Subset for alpha = .05			
	2	3	4	1
ICBC	4.19			
CBC		4.76		
Others		5.04	5.04	
BOC			5.32	5.32
ABC				5.50

Table 5.47.8 Tukey B test

Q37 PA criteria in my organisation are based on 'Qing'.	Subset for alpha = .05		
	2	3	1
ICBC	3.57		
CBC		4.32	
ABC			4.97
Others			5.03
BOC			5.06

Table 5.47.9 Tukey B test

Q38 PA criteria in my organisation are based on 'Ji'.	Subset for alpha = .05	
	2	1
ICBC	4.52	
CBC	4.97	4.97
Others		5.26
BOC		5.28
ABC		5.37

Table 5.47.10 Tukey B test

Q39 PA measures how well employees achieve their targets.	Subset for alpha = .05	
	2	1
Others	4.61	
ICBC	4.62	
CBC	4.74	
BOC		5.41
ABC		5.61

Table 5.47.11 Tukey B test

Q40 PA is rated on my personality.	Subset for alpha = .05		
	2	3	1
ICBC	3.35		
Others	3.44		
CBC	3.54		
ABC		4.18	
BOC			5.03

Table 5.47.12 Tukey B test

Q41 PA criteria relate to how well you get on with colleagues.	Subset for alpha = .05			
	2	3	4	1
ICBC	3.39			
CBC	3.84	3.84		
Others		4.29	4.29	
ABC			4.57	4.57
BOC				5.00

Table 5.47.13 Tukey B test

Q42 Good performers always have a close relationship with their boss.	Subset for alpha = .05		
	2	3	1
ABC	4.12		
ICBC	4.25	4.25	
CBC	4.44	4.44	
Others		4.77	4.77
BOC			5.05

Table 5.47.14 Tukey B test

Q43 PA rating is related to the qualifications employees achieve	Subset for alpha = .05		
	2	3	1
ICBC	3.52		
CBC		4.04	
Others		4.08	
ABC			5.07
BOC			5.11

Table 5.47.15 Tukey B test

Q44 PA criteria often relate to how long you've been working in yr org.	Subset for alpha = .05	
	2	1
ICBC	3.76	
Others	3.84	
CBC	4.03	
ABC		5.06
BOC		5.24

Table 5.47.16 Tukey B test

Q45 Promotion is always based on nepotism rather than on how well the job is done.	Subset for alpha = .05		
	2	3	1
ICBC	3.84		
Others	3.97		
CBC		4.52	
ABC		4.70	
BOC			5.25

Table 5.47.17 Tukey B test

Q46 PA criterion relates to how well the job is done, rather than the amount of work I do.	Subset for alpha = .05	
	2	1
ICBC	4.55	
Others	4.60	
CBC	4.76	
ABC	4.98	4.98
BOC		5.31

Table 5.47.18 Tukey B test

Q28 I fully understand my job responsibilities.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	5.17	
lower than I expected	183		5.70
about what I expected	178		5.84

Table 5.48.1 Tukey B test

Q30 I always do what my supervisor asks of me.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	3.70	
about what I expected	178		4.86
lower than I expected	183		5.14

Table 5.48.2 Tukey B test

Q31 I clearly understand the purpose of the appraisal interview.	N	Subset for alpha = .05	
		2	1
higher than I expected	23	4.39	
lower than I expected	183	4.67	4.67
about what I expected	176		5.04

Table 5.48.3 Tukey B test

Q37 PA criteria in my organisation is based on 'Qing'.	N	Subset for alpha = .05	
		2	1
lower than I expected	183	4.83	
higher than I expected	23	4.91	4.91
about what I expected	178		5.47

Table 5.48.4 Tukey B test

Q40 PA is rated on my personality.	N	Subset for alpha = .05		
		1	2	3
excellent	38	3.24		
above average	147	3.56	3.56	
average	171	4.24	4.24	4.24
well below standard	8		4.63	4.63
below average	33			4.94

Table 5.49.1 Tukey B test

Q43 PA rating is related to the qualifications employees achieve	N	Subset for alpha = .05	
		1	2
excellent	38	3.55	
average	171	4.43	4.43
above average	145	4.50	4.50
below average	33		5.03
well below standard	8		5.25

Table 5.49.2 Tukey B test

Q44 PA criteria often relates to how long you've been working in your org.	N	Subset for alpha = .05	
		1	2
excellent	38	3.50	
above average	145	4.35	4.35
average	171	4.39	4.39
below average	33		4.97
well below standard	8		5.00

Table 5.49.3 Tukey B test

Q46 PA criterion relates to how well the job is done, rather than the amount of work I do.	N	Subset for alpha = .05	
		1	2
well below standard	8	4.25	
excellent	38	4.42	
above average	147	4.78	4.78
average	171	5.05	5.05
below average	33		5.67

Table 5.49.4 Tukey B test

Q47 I am content to spend the rest of my career with my current organisation.	Subset for alpha = .05	
	2	1
11-15 yrs	4.44	
More than 15 yrs	4.63	4.63
7-10 yrs	4.80	4.80
4-6 yrs	5.04	5.04
2-3 yrs		5.21
1 year or less		5.22

Table 5.56.1 Tukey B test

Q48 I feel a strong sense of belonging to my organisation	Subset for alpha = .05	
	2	1
11-15 yrs	4.47	
More than 15 yrs	4.64	
7-10 yrs	4.65	
4-6 yrs	5.01	
2-3 yrs	5.03	
1 year or less		5.92

Table 5.56.2 Tukey B test

Q49 One of the major reasons I continue to work for this organisation is that I respect loyalty.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.25	
11-15 yrs	4.32	
7-10 yrs	4.66	4.66
2-3 yrs	4.70	4.70
4-6 yrs		5.02
1 year or less		5.09

Table 5.56.3 Tukey B test

Q50 I believe in the value of remaining loyal to one organisation	Subset for alpha = .05	
	2	1
More than 15 yrs	4.91	
7-10 yrs	4.92	
11-15 yrs	4.99	
4-6 yrs	5.20	5.20
2-3 yrs	5.30	5.30
1 year or less		5.67

Table 5.56.4 Tukey B test

Q47 I am content to spend the rest of my career with my current organisation.	Subset for alpha = .05		
	2	3	1
ICBC	4.29		
CBC	4.57	4.57	
Others		4.92	4.92
BOC		5.02	5.02
ABC			5.21

Table 5.57.1 Tukey B test

Q48 I feel a strong sense of belonging to my organisation	Subset for alpha = .05		
	2	3	1
ICBC	4.00		
CBC		4.58	
Others		4.83	
BOC		5.07	
ABC			5.66

Table 5.57.2 Tukey B test

Q49 One of the major reasons I continue to work for this organisation is that I respect loyalty.	Subset for alpha = .05	
	2	1
ICBC	4.03	
Others	4.29	
CBC	4.39	
ABC		5.05
BOC		5.20

Table 5.57.3 Tukey B test

Q50 I believe in the value of remaining loyal to one organisation	Subset for alpha = .05		
	2	3	1
ICBC	4.62		
CBC	4.80		
Others	5.03	5.03	
BOC		5.32	5.32
ABC			5.70

Table 5.57.4 Tukey B test

Q51 There is a strong sense of trust in the organisation	Subset for alpha = .05	
	2	1
BOC	2.25	
ICBC		2.66
CBC		2.73
Others		2.89
ABC		3.03

Table 5.57.5 Tukey B test

Q49 One of the major reasons I continue to work for this organisation is that I respect loyalty.	N	Subset for alpha = .05	
		1	2
excellent	38	4.03	
above average	147	4.29	
well below standard	8	4.50	
average	171	4.75	4.75
below average	33		5.67

Table 5.58.1 Tukey B test

Q52 I would receive my performance appraisal result a few days after the event.	Subset for alpha = .05		
	2	3	1
11-15 yrs	4.51		
More than 15 yrs	4.73	4.73	
7-10 yrs		5.16	5.16
2-3 yrs		5.16	5.16
4-6 yrs			5.60
1 year or less			5.65

Table 5.67.1 Tukey B test

Q53 The results would be sent to me formally in a letter.	Subset for alpha = .05		
	2	3	1
11-15 yrs	4.59		
More than 15 yrs	4.73	4.73	
7-10 yrs		5.21	5.21
1 year or less		5.24	5.24
2-3 yrs			5.49
4-6 yrs			5.70

Table 5.67.2 Tukey B test

Q54 My superior would discuss my results with me directly.	Subset for alpha = .05			
	2	3	4	1
11-15 yrs	4.47			
More than 15 yrs	4.66	4.66		
1 year or less	4.85	4.85	4.85	
2-3 yrs		5.08	5.08	
7-10 yrs			5.36	5.36
4-6 yrs				5.73

Table 5.67.3 Tukey B test

Q55 I would be clear of my training needs after the performance appraisal.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.99		
11-15 yrs	5.03		
7-10 yrs	5.40	5.40	
2-3 yrs	5.43	5.43	
4-6 yrs		5.78	5.78
1 year or less			6.00

Table 5.67.4 Tukey B test

Q56 PA would enable stronger communication between superiors and subordinates.	Subset for alpha = .05	
	2	1
11-15 yrs	4.81	
More than 15 yrs	4.83	
2-3 yrs	5.18	5.18
7-10 yrs	5.34	5.34
1 year or less		5.42
4-6 yrs		5.47

Table 5.67.5 Tukey B test

Q57 The performance appraisal process would be fair.	Subset for alpha = .05	
	2	1
11-15 yrs	4.76	
More than 15 yrs	4.83	
2-3 yrs	5.25	5.25
7-10 yrs		5.48
4-6 yrs		5.58
1 year or less		5.64

Table 5.67.6 Tukey B test

Q58 I would like to be informed of the rating result immediately after the interview.	Subset for alpha = .05	
	2	1
11-15 yrs	4.35	
2-3 yrs	4.60	
More than 15 yrs	4.78	4.78
7-10 yrs		5.19
1 year or less		5.22
4-6 yrs		5.29

Table 5.67.7 Tukey B test

Q59 I would like to discuss my rating result with my supervisor face to face.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.66		
11-15 yrs	5.02	5.02	
1 year or less	5.15	5.15	5.15
2-3 yrs		5.28	5.28
7-10 yrs		5.36	5.36
4-6 yrs			5.62

Table 5.67.8 Tukey B test

Q60 I would be happy to discuss my rating results with my supervisor via email.	Subset for alpha = .05		
	2	3	1
11-15 yrs	4.31		
1 year or less	4.42	4.42	
More than 15 yrs	4.43	4.43	
2-3 yrs		4.92	4.92
7-10 yrs			5.06
4-6 yrs			5.36

Table 5.67.9 Tukey B test

Q61 Rating results would only be seen by me and my supervisor.	Subset for alpha = .05	
	2	1
1 year or less	4.60	
More than 15 yrs	4.62	
11-15 yrs	4.64	
7-10 yrs	5.14	5.14
2-3 yrs		5.31
4-6 yrs		5.36

Table 5.67.10 Tukey B test

Q62 PA results would be used in deciding promotions.	Subset for alpha = .05	
	2	1
11-15 yrs	4.12	
1 year or less	4.20	
More than 15 yrs	4.24	
2-3 yrs	4.70	4.70
7-10 yrs		4.93
4-6 yrs		4.95

Table 5.67.11 Tukey B test

Q63 Appraisers would discuss my rating results with me face to face.	Subset for alpha = .05	
	2	1
11-15 yrs	4.32	
More than 15 yrs	4.77	4.77
7-10 yrs		4.95
1 year or less		5.04
4-6 yrs		5.08
2-3 yrs		5.08

Table 5.67.12 Tukey B test

Q64 Appraisers would be objective when conducting the performance appraisal.	Subset for alpha = .05	
	2	1
11-15 yrs	5.01	
More than 15 yrs	5.04	
2-3 yrs	5.44	5.44
7-10 yrs	5.47	5.47
1 year or less		5.73
4-6 yrs		5.78

Table 5.67.13 Tukey B test

Q65 Promotion of employees would not rely on a relationship with the boss.	Subset for alpha = .05	
	2	1
1 year or less	4.62	
11-15 yrs	4.66	
More than 15 yrs	4.72	
2-3 yrs	4.89	4.89
7-10 yrs	5.31	5.31
4-6 yrs		5.45

Table 5.67.14 Tukey B test

Q66 Individual goals should be related to the goals of the organisation.	Subset for alpha = .05	
	2	1
2-3 yrs	5.36	
More than 15 yrs	5.37	
4-6 yrs	5.68	5.68
1 year or less	5.75	5.75
11-15 yrs	5.75	5.75
7-10 yrs		5.88

Table 5.67.15 Tukey B test

Q67 The performance appraisal should follow the procedure stipulated in employees' handbook.	Subset for alpha = .05	
	2	1
More than 15 yrs	5.40	
1 year or less	5.42	
11-15 yrs	5.48	5.48
2-3 yrs	5.49	5.49
4-6 yrs	5.77	5.77
7-10 yrs		5.95

Table 5.67.16 Tukey B test

Q68 The feedback from the appraiser should be specific.	Subset for alpha = .05	
	2	1
More than 15 yrs	5.34	
1 year or less	5.60	5.60
11-15 yrs	5.66	5.66
2-3 yrs	5.69	5.69
4-6 yrs	5.70	5.70
7-10 yrs		5.88

Table 5.67.17 Tukey B test

Q69 Top management should take PA truly seriously.	Subset for alpha = .05	
	2	1
More than 15 yrs	5.54	
2-3 yrs	5.75	5.75
11-15 yrs	5.82	5.82
4-6 yrs	5.92	5.92
7-10 yrs	5.95	5.95
1 year or less		6.18

Table 5.67.18 Tukey B test

Q71 Pay increases should be based on the results of PA.	Subset for alpha = .05	
	2	1
More than 15 yrs	5.15	
11-15 yrs	5.46	5.46
4-6 yrs	5.54	5.54
2-3 yrs	5.56	5.56
1 year or less		5.73
7-10 yrs		5.85

Table 5.67.19 Tukey B test

Q72 Appraisers should be trained before conducting the PA.	Subset for alpha = .05	
	2	1
2-3 yrs	5.36	
1 year or less	5.65	5.65
More than 15 yrs	5.67	5.67
4-6 yrs	5.68	5.68
7-10 yrs		5.83
11-15 yrs		5.88

Table 5.67.20 Tukey B test

Q52 I would receive my performance appraisal result a few days after the event.	Subset for alpha = .05	
	2	1
ICBC	4.69	
Others	4.98	4.98
CBC	5.06	5.06
BOC	5.12	5.12
ABC		5.38

Table 5.68.1 Tukey B test

Q53 The results would be sent to me formally in a letter.	Subset for alpha = .05		
	2	3	1
ICBC	4.53		
CBC	4.85	4.85	
BOC		5.20	5.20
Others			5.35
ABC			5.46

Table 5.68.2 Tukey B test

Q54 My superior would discuss my results with me directly.	Subset for alpha = .05		
	2	3	1
ICBC	4.74		
CBC	4.83	4.83	
Others	4.91	4.91	4.91
ABC		5.27	5.27
BOC			5.31

Table 5.68.3 Tukey B test

Q55 I would be clear of my training needs after the performance appraisal.	Subset for alpha = .05	
	2	1
ICBC	5.12	
CBC	5.17	5.17
BOC	5.35	5.35
Others	5.54	5.54
ABC		5.59

Table 5.68.4 Tukey B test

Q56 PA would enable stronger communication between superiors and subordinates.	Subset for alpha = .05	
	2	1
ICBC	4.64	
CBC	5.00	5.00
Others		5.24
ABC		5.28
BOC		5.34

Table 5.68.5 Tukey B test

Q57 The performance appraisal process would be fair.	Subset for alpha = .05	
	2	1
CBC	4.94	
ICBC	4.94	
ABC	5.04	5.04
Others	5.35	5.35
BOC		5.54

Table 5.68.6 Tukey B test

Q58 I would like to be informed of the rating result immediately after the interview.	Subset for alpha = .05	
	2	1
CBC	4.63	
ICBC	4.67	
Others	4.81	
ABC	5.01	5.01
BOC		5.33

Table 5.68.7 Tukey B test

Q59 I would like to discuss my rating result with my supervisor face to face.	Subset for alpha = .05		
	2	3	1
ICBC	4.77		
Others	4.98	4.98	
CBC	5.11	5.11	5.11
ABC		5.34	5.34
BOC			5.49

Table 5.68.8 Tukey B test

Q60 I would be happy to discuss my rating results with my supervisor via email.	Subset for alpha = .05		
	2	3	1
ICBC	4.29		
CBC	4.53	4.53	
Others	4.65	4.65	
ABC		4.98	4.98
BOC			5.21

Table 5.68.9 Tukey B test

Q61 Rating results would only be seen by me and my supervisor	Subset for alpha = .05	
	2	1
CBC	4.54	
ICBC	4.69	
Others	4.92	4.92
ABC		5.19

Table 5.68.10 Tukey B test

Q62 PA results would be used in deciding promotions.	Subset for alpha = .05		
	2	3	1
ICBC	4.15		
Others	4.15		
CBC	4.28		
ABC		4.72	
BOC			5.21

Table 5.68.11 Tukey B test

Q63 Appraisers would discuss my rating results with me face to face.	Subset for alpha = .05	
	2	1
CBC	4.52	
ICBC	4.65	
ABC	4.82	4.82
Others	4.83	4.83
BOC		5.24

Table 5.68.12 Tukey B test

Q65 Promotion of employees would not rely on a relationship with the boss.	Subset for alpha = .05		
	2	3	1
ICBC	4.42		
CBC	4.60	4.60	
Others		5.03	5.03
ABC		5.12	5.12
BOC			5.52

Table 5.68.13 Tukey B test

Q69 Top management should take PA truly seriously.	Subset for alpha = .05	
	2	1
ABC	5.59	
ICBC	5.74	5.74
CBC	5.75	5.75
BOC	5.90	5.90
Others		6.01

Table 5.68.14 Tukey B test

Q53 The results would be sent to me formally in a letter.	N	Subset for alpha = .05	
		2	1
higher than I expected	23	4.70	
lower than I expected	183	5.13	5.13
about what I expected	177		5.40

5.69.1 Turkey B test

Q54 My superior would discuss my results with me directly.	N	Subset for alpha = .05	
		1	2
above average	147	4.87	
average	171	5.01	5.01
excellent	38	5.37	5.37
below average	33	5.64	5.64
well below standard	8		5.88

Table 5.70.1 Tukey B test

Q60 I would be happy to discuss my rating results with my supervisor via email.	N	Subset for alpha = .05	
		1	2
excellent	38	4.29	
above average	147	4.80	4.80
average	171	4.91	4.91
below average	33	5.15	5.15
well below standard	8		5.38

Table 5.70.2 Tukey B test

Q73 I am satisfied with the rating I received at my last PA.	Subset for alpha = .05	
	2	1
7-10 yrs	2.80	
11-15 yrs	2.80	
More than 15 yrs	3.03	
4-6 yrs	3.16	
1 year or less	3.27	3.27
2-3 yrs		3.75

Table 5.77.1 Tukey B test

Q75 The feedback I received is constructive.	Subset for alpha = .05		
	2	3	1
7-10 yrs	3.01		
11-15 yrs	3.10		
4-6 yrs	3.28		
More than 15 yrs	3.52	3.52	
2-3 yrs		4.00	4.00
1 year or less			4.40

Table 5.77.2 Tukey B test

Q76 The procedure of PA conducted in my organization is different than that stipulated in the employee handbook.	Subset for alpha = .05		
	2	3	1
1 year or less	4.40		
11-15 yrs		4.96	
More than 15 yrs		5.13	5.13
2-3 yrs		5.23	5.23
7-10 yrs		5.38	5.38
4-6 yrs			5.48

Table 5.77.3 Tukey B test

Q77 Clarification of Individual goals in my PA is an important factor in reaching organisational goals.	Subset for alpha = .05	
	2	1
11-15 yrs	3.18	
7-10 yrs	3.58	
More than 15 yrs	3.81	
4-6 yrs		4.47
1 year or less		4.80
2-3 yrs		4.95

Table 5.77.4 Tukey B test

Q79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment	Subset for alpha = .05	
	2	1
1 year or less	4.07	
11-15 yrs	4.32	4.32
More than 15 yrs	4.43	4.43
2-3 yrs	4.67	4.67
7-10 yrs		4.79
4-6 yrs		4.89

Table 5.77.5 Tukey B test

Q81 The reason I will stay with this company is that I think I am appraised fairly.	Subset for alpha = .05	
	2	1
1 year or less	2.16	
4-6 yrs	2.34	2.34
7-10 yrs	2.52	2.52
11-15 yrs		2.64
More than 15 yrs		2.64
2-3 yrs		2.69

Table 5.77.6 Tukey B test

Q82 The reason I will not stay with this org is that the org does not care about its employees.	Subset for alpha = .05		
	2	3	1
1 year or less	3.31		
2-3 yrs		4.10	
11-15 yrs		4.59	4.59
More than 15 yrs			4.78
7-10 yrs			5.06
4-6 yrs			5.18

Table 5.77.7 Tukey B test

Q83 My PA review is the only time I get feedback about my performance.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.30	
2-3 yrs	4.36	
11-15 yrs	4.46	
1 year or less	4.75	4.75
7-10 yrs	4.93	4.93
4-6 yrs		5.13

Table 5.77.8 Tukey B test

Q84 I am asked to provide comments on other people for their PA.	Subset for alpha = .05		
	2	3	1
1 year or less	3.73		
11-15 yrs	3.97	3.97	
More than 15 yrs		4.34	4.34
7-10 yrs			4.64
2-3 yrs			4.92
4-6 yrs			4.92

Table 5.77.9 Tukey B test

Q86 The goals that come from my PA are decided between me and my manager.	Subset for alpha = .05	
	2	1
More than 15 yrs	4.16	
11-15 yrs	4.23	
1 year or less	4.27	4.27
2-3 yrs	4.43	4.43
7-10 yrs	4.72	4.72
4-6 yrs		4.89

Table 5.77.10 Tukey B test

Q87 My view on my performance is taken into account at the PA.	Subset for alpha = .05		
	2	3	1
11-15 yrs	3.00		
7-10 yrs	3.16	3.16	
More than 15 yrs		3.66	3.66
2-3 yrs			3.98
4-6 yrs			4.03
1 year or less			4.25

Table 77.11 Tukey B test

Q88 My manager doesn't have sufficient knowledge to judge my work.	Subset for alpha = .05		
	2	3	1
11-15 yrs	3.99		
More than 15 yrs	4.22	4.22	
1 year or less	4.36	4.36	
7-10 yrs		4.71	4.71
2-3 yrs		4.79	4.79
4-6 yrs			5.03

Table 5.77.12 Tukey B test

Q89 I believe that my PA with my manager is too rushed.	Subset for alpha = .05		
	2	3	1
1 year or less	4.05		
More than 15 yrs	4.32	4.32	
11-15 yrs	4.36	4.36	
2-3 yrs	4.66	4.66	4.66
7-10 yrs		4.85	4.85
4-6 yrs			5.00

Table 5.77.13 Tukey B test

Q90 Some of the things I hear in my PA come as a surprise to me.	Subset for alpha = .05		
	2	3	1
1 year or less	4.18		
2-3 yrs	4.41	4.41	
More than 15 yrs	4.46	4.46	
11-15 yrs	4.62	4.62	4.62
7-10 yrs		4.99	4.99
4-6 yrs			5.06

Table 5.77.14 Tukey B test

Q91 I feel that PA improves my performance.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.57		
11-15 yrs	4.72	4.72	
2-3 yrs	4.74	4.74	
7-10 yrs		5.22	5.22
4-6 yrs		5.27	5.27
1 year or less			5.44

Table 5.77.15 Tukey B test

Q92 My PA includes a discussion about my personal career development.	Subset for alpha = .05	
	2	1
11-15 yrs	2.96	
7-10 yrs	3.02	
More than 15 yrs	3.42	3.42
2-3 yrs	3.54	3.54
4-6 yrs	3.55	3.55
1 year or less		3.98

Table 5.77.16 Tukey B test

Q93 My PA gives me clear ways in which I can improve.	Subset for alpha = .05	
	2	1
11-15 yrs	4.68	
More than 15 yrs	4.68	
2-3 yrs		5.25
1 year or less		5.27
4-6 yrs		5.35
7-10 yrs		5.49

Table 5.77.17 Tukey B test

Q94 The PA includes a discussion in how my manager can help me to improve.	Subset for alpha = .05	
	2	1
11-15 yrs	4.16	
More than 15 yrs	4.17	
1 year or less		4.82
7-10 yrs		4.92
2-3 yrs		4.95
4-6 yrs		5.02

Table 5.77.18 Tukey B test

Q95 Pay awards based on PA are the best way to motivate people.	Subset for alpha = .05		
	2	3	1
More than 15 yrs	4.51		
11-15 yrs	4.66		
2-3 yrs	4.89	4.89	
1 year or less	5.05	5.05	5.05
4-6 yrs		5.41	5.41
7-10 yrs			5.49

Table 5.77.19 Tukey B test

Q96 I believe that in my PA I was treated the same way as everyone else.	Subset for alpha = .05	
	2	1
4-6 yrs	2.96	
More than 15 yrs	3.08	
2-3 yrs	3.10	
1 year or less	3.11	
11-15 yrs	3.56	3.56
7-10 yrs		3.82

Table 5.77.20 Tukey B test

Q97 I believe that PA takes account of everything I achieve.	Subset for alpha = .05	
	2	1
2-3 yrs	4.36	
11-15 yrs	4.37	
More than 15 yrs	4.47	
1 year or less	4.87	4.87
7-10 yrs		5.11
4-6 yrs		5.31

Table 5.77.21 B test

Q73 I am satisfied with the rating I received at my last PA.	Subset for alpha = .05		
	2	3	1
ICBC	2.56		
CBC	2.86	2.86	
BOC	2.98	2.98	
ABC		3.16	
Others			3.66

Table 5.78.1 Tukey B test

Q74 The PA I received provided me with feedback that will help me to improve my performance.	Subset for alpha = .05	
	2	1
ICBC	2.46	
CBC	2.92	
BOC	2.94	
ABC		3.50
Others		3.60

Table 5.78.2 Tukey B test

Q75 The feedback I received is constructive.	Subset for alpha = .05		
	2	3	1
ICBC	2.64		
CBC		3.14	
BOC		3.16	
ABC		3.50	
Others			4.43

Table 5.78.3 Tukey B test

Q76 The procedure of PA conducted in my organization is different than that stipulated in the employee handbook.	Subset for alpha = .05			
	2	3	4	1
Others	4.68			
CBC	4.94	4.94		
ABC		5.23	5.23	
ICBC			5.38	5.38
BOC				5.66

Table 5.78.4 Tukey B test

Q77 Clarification of Individual goals in my PA is an important factor in reaching organisational goals.	Subset for alpha = .05		
	2	3	1
ICBC	3.06		
CBC	3.57	3.57	
ABC		4.00	
BOC		4.01	
Others			4.99

Table 5.78.5 Tukey B test

Q78 The reason I will stay with my organisation is that I think my value is recognized.	Subset for alpha = .05		
	2	3	1
ABC	2.01		
BOC	2.21	2.21	
Others		2.51	2.51
ICBC		2.60	2.60
CBC			2.71

Table 5.78.6 Tukey B test

Q79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.	Subset for alpha = .05		
	2	3	1
Others	3.78		
CBC		4.42	
ICBC		4.70	
ABC		4.78	4.78
BOC			5.22

Table 5.78.7 Tukey B test

Q80 The reason I will stay with this organization is that I feel a strong sense of respect.	Subset for alpha = .05	
	2	1
BOC	2.21	
CBC	2.38	2.38
ICBC	2.50	2.50
ABC		2.66
Others		2.74

Table 5.78.8 Tukey B test

Q81 The reason I will stay with this company is that I think I am appraised fairly.	Subset for alpha = .05	
	2	1
BOC	2.23	
ABC	2.52	2.52
CBC		2.62
ICBC		2.63
Others		2.67

Table 5.78.9 Tukey B test

Q82 The reason I will not stay with this organization is that the organization does not care about its employees.	Subset for alpha = .05		
	2	3	1
Others	3.82		
ICBC		4.45	
CBC		4.72	
ABC			5.24
BOC			5.36

Table 5.78.10 Tukey B test

Q85 If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	Subset for alpha = .05		
	2	3	1
BOC	2.12		
CBC	2.35	2.35	
ICBC		2.62	2.62
ABC		2.69	2.69
Others			2.86

Table 5.78.11 Tukey B test

Q84 I am asked to provide comments on other people for their PA.	Subset for alpha = .05		
	2	3	1
Others	3.91		
CBC	4.11	4.11	
ICBC		4.53	
ABC		4.56	
BOC			5.16

Table 5.78.12 Tukey B test

Q86 The goals that come from my PA are decided between me and my manager.	Subset for alpha = .05	
	2	1
Others	4.04	
CBC	4.06	
ICBC	4.36	
ABC		4.91
BOC		5.03

Table 5.78.13 Tukey B test

Q87 My view on my performance is taken into account at the PA.	Subset for alpha = .05		
	2	3	1
CBC	3.11		
ICBC	3.15		
ABC	3.51	3.51	
BOC		3.82	
Others			4.31

Table 5.78.14 Tukey B test

Q88 My manager doesn't have sufficient knowledge to judge my work.	Subset for alpha = .05		
	2	3	1
Others	3.63		
ABC		4.43	
CBC		4.45	
ICBC		4.57	
BOC			5.40

Table 5.78.15 Tukey B test

Q89 I believe that my PA with my manager is too rushed.	Subset for alpha = .05		
	2	3	1
Others	3.88		
CBC		4.40	
ICBC		4.60	
ABC		4.67	
BOC			5.33

Table 5.78.16 Tukey B test

Q90 Some of the things I hear in my PA come as a surprise to me.	Subset for alpha = .05			
	2	3	4	1
Others	4.22			
CBC	4.40	4.40		
ICBC		4.70	4.70	
ABC			4.87	
BOC				5.29

Table 5.78.17 Tukey B test

Q91 I feel that PA Improves my performance.	Subset for alpha = .05	
	2	1
Others	4.66	
CBC	4.72	
ICBC	4.79	
ABC	5.04	
BOC		5.49

Table 5.78.18 Tukey B test

Q92 My PA includes a discussion about my personal career development.	Subset for alpha = .05	
	2	1
ICBC	2.90	
BOC	3.06	
CBC	3.18	
ABC	3.31	
Others		4.17

Table 5.78.19 Tukey B test

Q93 My PA gives me clear ways in which I can improve.	Subset for alpha = .05	
	2	1
Others	4.82	
CBC	4.87	
ICBC	4.92	
ABC	5.01	
BOC		5.56

Table 5.78.20 Tukey B test

Q94 The PA includes a discussion in how my manager can help me to improve.	Subset for alpha = .05	
	2	1
CBC	4.24	
Others	4.29	
ABC	4.63	
ICBC	4.64	
BOC		5.14

Table 5.78.21 Tukey B test

Q95 Pay awards based on PA are the best way to motivate people.	Subset for alpha = .05	
	2	1
Others	4.66	
ABC	4.77	
CBC	4.84	
ICBC	4.90	
BOC		5.55

Table 5.78.22 Tukey B test

Q96 I believe that in my PA I was treated the same way as everyone else.	Subset for alpha = .05		
	2	3	1
Others	2.55		
ABC		3.27	
BOC		3.36	
CBC		3.41	
ICBC			3.92

Table 5.78.23 Tukey B test

Q97 I believe that PA takes account of everything I achieve.	Subset for alpha = .05		
	2	3	1
CBC	4.39		
Others	4.39		
ICBC	4.63	4.63	
ABC		5.03	5.03
BOC			5.34

Table 5.78.24 Tukey B test

Q98 I trust my manager to give a fair appraisal to all staff.	Subset for alpha = .05	
	2	1
BOC	2.14	
ABC	2.18	
ICBC		2.62
CBC		2.78
Others		2.85

Table 5.78.25 Tukey B test

Q76 The procedure of PA conducted in my organization is different than that stipulated in the employee handbook.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.04	
about what I expected	178	4.51	
lower than I expected	183		5.09

Table 5.79.1 B test

Q77 Clarification of individual goals in my PA is an important factor in reaching organisational goals.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.74	
lower than I expected	183	5.15	5.15
about what I expected	178		5.46

Table 5.79.2 Tukey B test

Q79 I will not be working in this organization in 3-5 years because there is no recognition for employees' commitment.	N	Subset for alpha = .05	
		2	1
higher than what I expected	23	4.00	
about what I expected	178	4.24	4.24
lower than I expected	183		4.79

Table 5.79.3 Turkey B test

Q88 My manager doesn't have sufficient knowledge to judge my work.	N	Subset for alpha = .05	
		2	1
About what I expected	178	3.92	
Higher than what I expected	23	4.39	4.39
lower than I expected	183		4.86

Table 5.79.4 Tukey B test

Q89 I believe that my PA with my manager is too rushed.	N	Subset for alpha = .05	
		2	1
About what I expected	178	4.02	
Higher than what I expected	23	4.04	
lower than I expected	183		5.04

Table 5.79.5 Tukey B test

Q90 Some of the things I hear in my PA come as a surprise to me.	N	Subset for alpha = .05	
		2	1
Higher than what I expected	23	4.04	
about what I expected	178	4.46	4.46
lower than I expected	181		4.94

Table 5.79.6 Tukey B test

Q73 I am satisfied with the rating I received at my last PA.	N	Subset for alpha = .05	
		1	2
Excellent	38	4.05	
well below standard	8	4.38	
above average	147	4.56	
Average	171	4.80	4.80
below average	33		5.52

Table 5.80.1 Tukey B test

Q74 The PA I received provided me with feedback that will help me to improve my performance.	N	Subset for alpha = .05	
		1	2
well below standard	8	4.25	
Excellent	38	4.45	
above average	147	4.71	4.71
Average	171	5.23	5.23
below average	33		5.52

Table 5.80.2 Tukey B test

Q75 The feedback I received is constructive.	N	Subset for alpha = .05	
		1	2
excellent	38	4.13	
well below standard	8	4.63	
above average	147	4.86	4.86
average	171	5.09	5.09
below average	33		5.76

Table 5.80.3 Tukey B test

Q77 Clarification of individual goals in my PA is an important factor in reaching organisational goals.	N	Subset for alpha = .05	
		1	2
well below standard	8	4.63	
excellent	38	4.74	
average	171	5.15	5.15
above average	147	5.31	5.31
below average	33		5.82

Table 5.80.4 Tukey B test

Q81 The reason I will stay with this company is that I think I am appraised fairly.	N	Subset for alpha = .05	
		1	2
excellent	38	3.87	
above average	147	4.63	4.63
average	171	4.80	4.80
well below standard	8	5.00	5.00
below average	33		5.27

Table 5.80.5 Tukey B test

Q83 My PA review is the only time I get feedback about my performance.	N	Subset for alpha = .05	
		1	2
excellent	38	3.87	
above average	147	4.14	4.14
average	171		4.98
below average	33		5.09
well below standard	8		5.25

Table 5.80.6 Tukey B test

Q84 I am asked to provide comments on other people for their PA.	N	Subset for alpha = .05	
		1	2
Excellent	38	3.71	
above average	147	4.08	4.08
Average	171	4.60	4.60
well below standard	8	4.88	4.88
below average	33		5.03

Table 5.80.7 Tukey B test

Q85 If I don't agree with the outcome of my appraisal there is a clear appeals process I can use.	N	Subset for alpha = .05	
		1	2
Excellent	38	3.74	
above average	147	4.54	4.54
Average	171	4.65	4.65
well below standard	8	4.75	4.75
below average	33		5.24

Table 5.80.8 Tukey B test

Q86 The goals that come from my PA are decided between me and my manager.	N	Subset for alpha = .05	
		1	2
excellent	38	2.95	
above average	145		4.34
average	171		4.59
well below standard	8		5.00
below average	33		5.21

Table 5.80.9 Tukey B test

Q87 My view on my performance is taken into account at the PA.	N	Subset for alpha = .05	
		1	2
Excellent	38	4.00	
well below standard	8	4.38	4.38
above average	147	4.58	4.58
Average	171	4.74	4.74
below average	33		5.39

Table 5.80.10 Tukey B test

Q88 My manager doesn't have sufficient knowledge to judge my work.	N	Subset for alpha = .05	
		1	2
above average	147	3.74	
excellent	38	4.32	
average	171	4.61	4.61
well below standard	8	4.88	4.88
below average	33		5.70

Table 5.80.11 Tukey B test

Q89 I believe that my PA with my manager is too rushed.	N	Subset for alpha = .05	
		1	2
above average	147	4.13	
Excellent	38	4.18	
well below standard	8	4.63	4.63
Average	171	4.65	4.65
below average	33		5.61

Table 5.80.12 Tukey B test

Q90 Some of the things I hear in my PA come as a surprise to me.	N	Subset for alpha = .05	
		1	2
Excellent	38	4.21	
above average	145	4.23	
well below standard	8	4.63	4.63
Average	171	4.96	4.96
below average	33		5.52

Table 5.80.13 Tukey B test

Q91 I feel that PA improves my performance.	N	Subset for alpha = .05	
		1	2
Excellent	38	3.89	
above average	147	4.69	4.69
well below standard	8	4.88	4.88
Average	171		5.11
below average	33		5.36

Table 5.80.14 Tukey B test

Q92 My PA Includes a discussion about my personal career development.	N	Subset for alpha = .05	
		1	2
excellent	38	3.82	
above average	144	4.17	4.17
well below standard	8	4.88	4.88
average	171		4.99
below average	33		5.15

Table 5.80.15 Tukey B test

Q94 The PA Includes a discussion in how my manager can help me to improve.	N	Subset for alpha = .05	
		1	2
above average	147	4.15	
Excellent	38	4.21	
well below standard	8	4.38	
average	171	4.73	4.73
below average	33		5.67

Table 5.80.16 Tukey B test

Q97 I believe that PA takes account of everything I achieve.	N	Subset for alpha = .05	
		1	2
Excellent	38	3.45	
above average	147		4.61
Average	171		4.84
below average	33		5.18
well below standard	8		5.63

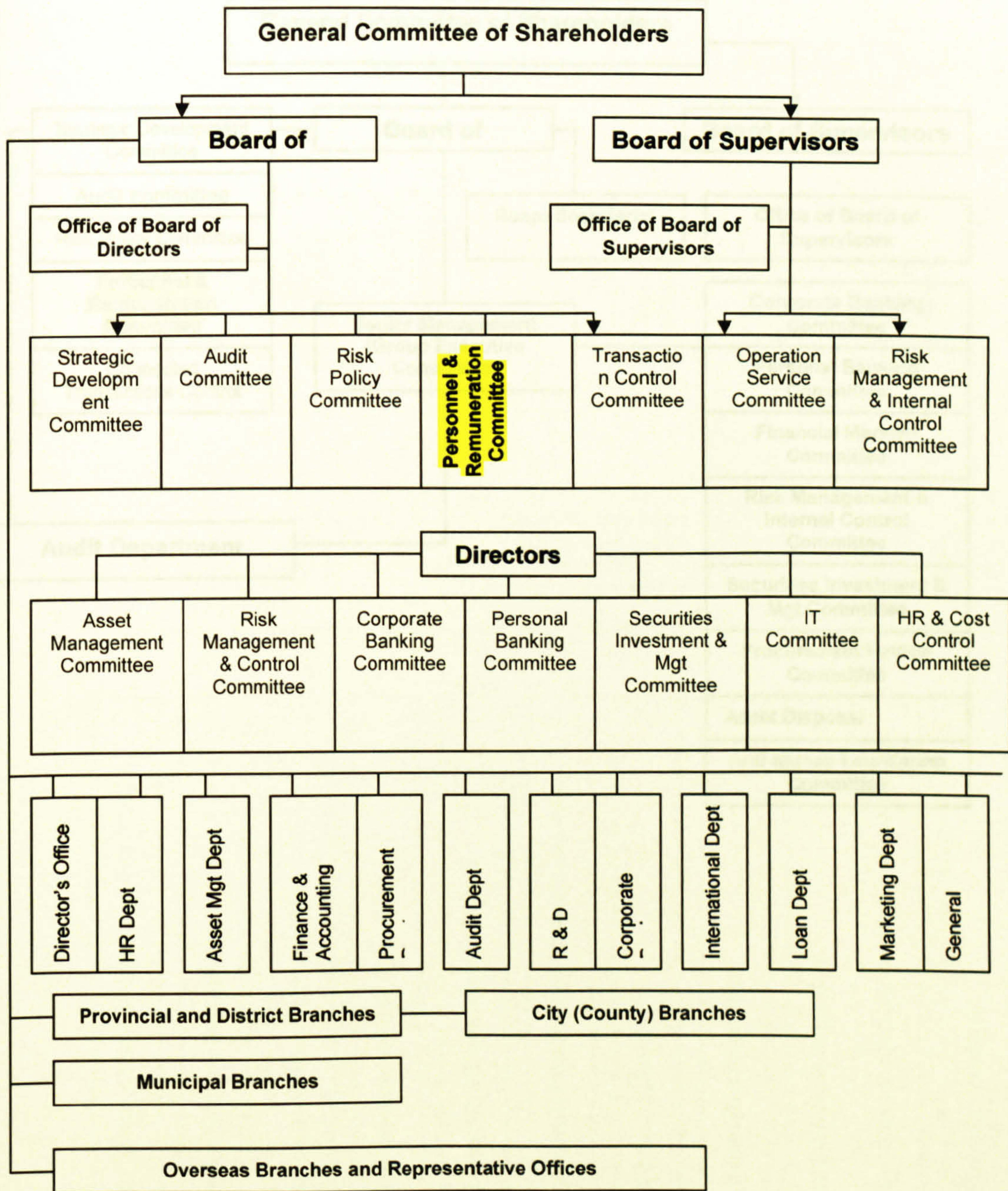
Table 5.80.17 Tukey B test

Q98 I trust my manager to give a fair appraisal to all staff.	N	Subset for alpha = .05	
		1	2
Excellent	38	4.21	
above average	147	4.90	4.90
Average	171	4.92	4.92
below average	33	5.15	5.15
well below standard	8		5.38

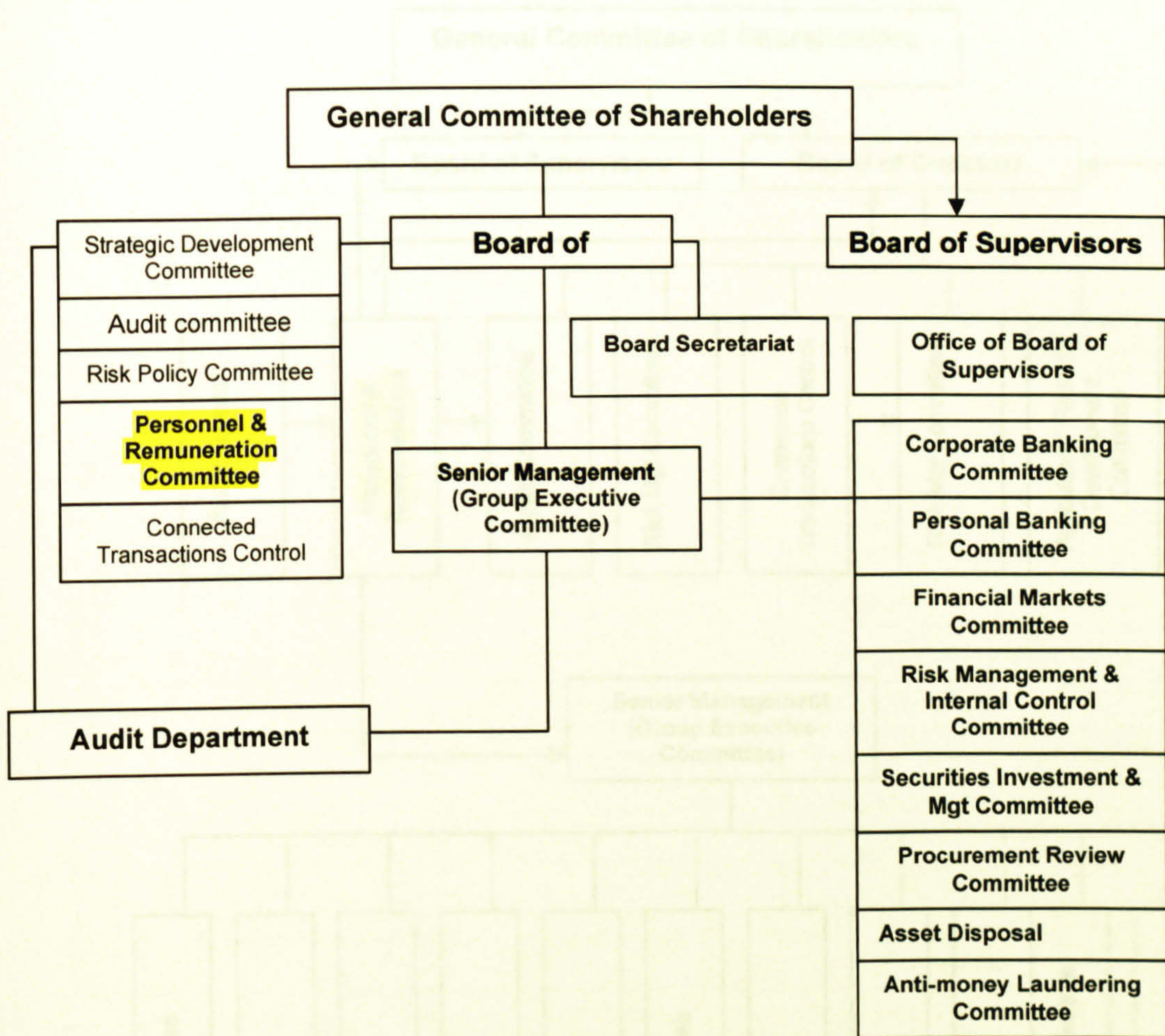
Table 5.80.18 Tukey B test

Appendix V Organizational Charts

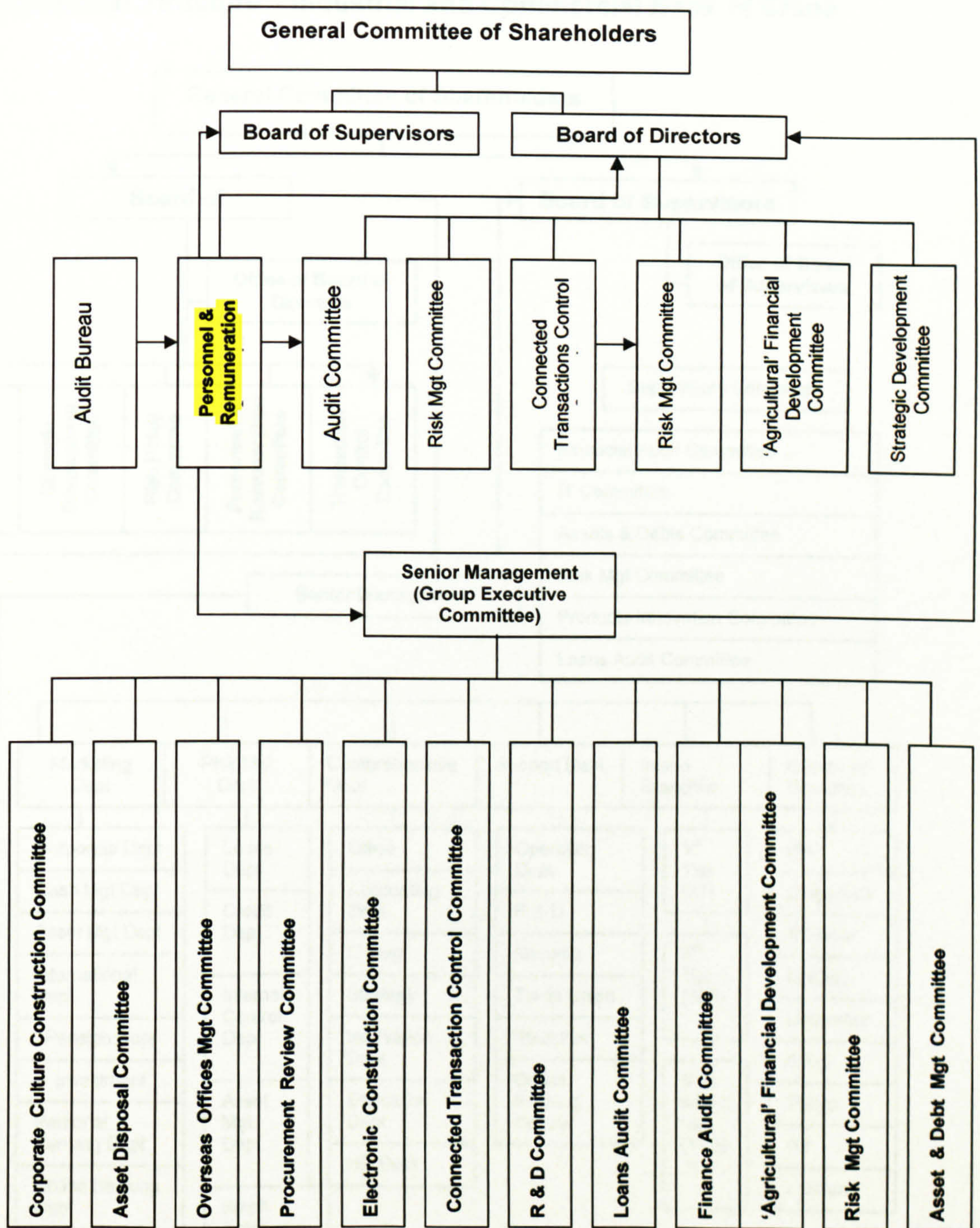
Organizational Structure – Construction Bank of China



Organizational Structure – Bank of China



Organizational Structure – Agricultural Bank of China



Organizational Structure – Industrial and Commercial Bank of China

