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The Effect of Employees' Perceived Fairness of Performance Appraisal Systems on Employees' Organizational Commitment

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Abstract

Previous researchers have paid significant attention to the effect of employees' perceived fairness on organizational commitment. However, only few have specifically examined the employees' perceived fairness on the performance appraisal system practiced in the organizations. Drawing upon the Equity Theory and Social Exchange Theory, this study specifically investigated the relationship between employees' perceived fairness of performance appraisal (procedural justice, distributive justice, and interactional justice) and their commitment towards organization. The instruments used to measure the variables have been adapted from the previous researchers. A pilot study has been carried out in determining the suitability of the instrument and the research. This research used the probability sampling technique that is simple random sampling. Out of 155 questionnaires that have been distributed to the non-executive employees in Malaysia's oil and gas industry, only 108 have been completed and valid for this study. The data were codified and analyzed by using SPSS. The results were basically in the form of reliability, frequency, correlations and multiple regressions. From the finding, interactional justice of performance appraisal was the significant predictor towards employees' organizational commitment behaviors. Thus, managerial implications and directions for further research are discussed.

Keywords: Procedural Justice, Distributive Justice, Interactional Justice, Organizational Commitment

Introduction

According to Murphy and Cleveland (1991), performance appraisal is one of the most widely researched areas in organizational perspective. Basically, there are lot of organizations have implemented performance appraisal systems that are based on accepted practices and procedures. Unfortunately, no efficient approach is available to evaluate the success of performance appraisal system except fairness (Walsh, 2003). According to Coens and Jenkins (2000), human resource professionals found that a well designed and implemented performance appraisal system will give advantage to the employees as well as the organizations (Ochoti et.al, 2012). As what has been highlighted by distinguish researchers; Mowday, Steers and Porter (1979); before, the employees' organizational commitment behavior measure the strength of their involvement and engagement within and towards the organization. As referred to Armstrong (2006), organizational commitment also includes the strong decision of staying and being a part of the organization.

Wulandari (2016), in her published article of 'Top 4 Recruiting Challenges in 2016' in HR in Asia magazine, reported the result of a survey held in 2015, in which as many as one-third of the employees is planning to transit to other career options within six months period thus woke up many HR professionals across the globe. Although the topic of employees' perceived fairness has been extensively researched in the western context, there has been very little research on organizational commitment in the Malaysian context. Plus, according to Ochoti et.al (2012) there are not so much literatures on the topic discussed, thus the topic is still being the main concern for researchers. Regarding Colquitt et.al (2001), more research on the impacts and effects of performance appraisal system towards organizational commitment should be conducted in order to strengthen the literatures regarding that particular topic of interest. Therefore, our aim is to examine the effect of important variable namely employees' perceived fairness of performance appraisal system in the prediction of employees' organizational commitment particularly among the non-executive staffs in selected organizations of Malaysia's oil and gas industry.

Literature Review

Performance Appraisal

Performance appraisal is a set of systematic description of a staffs' strengths as well as weaknesses. Performance appraisal system which involves once a year employees' evaluations basically aims to motivate the employees in performing their jobs. This is because, as there is complete set of competencies to be measured, the employees will then try their best in accomplishing their jobs as they know that they will be rated. Moreover, this system is very significant to the staffs as they will have better understanding of their own strengths and weaknesses in which help them to better define their future career paths (Aguinis, 2009). According to Griffin and Ebert (2002), performance appraisal is defined as the employee's work performance formal evaluation in which determining whether the employees perform effectively or vice versa. This means that it is a platform to identify the capabilities and work performance of an employee. The performance appraisal system basically will deal with various procedures in

various processes that manage the performance appraisal in an institution (Jawahar, 2007). According to the research conducted by Abdulkadir, Isiaka and Adedoyin (2012) previously in which performance appraisal is one of the independent variables involved in the research, the result shows that the performance appraisal has significant effect on organizational commitment with multiple correlations (R) of 0.84 and an adjusted R^2 of 0.63 thus supported the overall hypothesis of this research.

Organizational Commitment

Organizational commitment is basically influenced by perceived fairness of performance appraisal systems in which consist of procedural justice, distributive justice and interactional justice (Colquitt et.al, 2001; Erdogan, 2002; & Sudin, 2011). As proposed by Mowday, Steers and Porter (1979), organizational commitment is referred to the relative strength of an employee's involvement and engagement in an organization. Not only has that, organizational commitment involves the citizenship behavior, productivity and achievement (Cullen, Parboteeah & Victor, 2003; Elliot & Dan Hall, 1994). From the opinion of Mathieu and Zajac (1990), organizational commitment refers to the link or bond of the individual towards a particular organization. Employees that are more committed will give an excellence performance as compare to the employees who have low commitment towards the organization (Mowday, Porter and Dubin, 1974). In addition, it is also comprises the values in boosting the commitment towards the organization. Meyer and Allen (1993) described organizational commitment in the other way. For them, there are three main components of commitment that are differing to each other namely affective commitment, normative commitment and continuance commitment. Going deeply, affective commitment refers to the value sharing as well as working without expecting for any benefits from the organization. This means that the employees feel their sense of belonging towards the organization which they are currently worked.

On the other hand, normative commitment is defined as a feeling of responsibility to stay with the organization. This feeling may derive from the orientation sessions or training that describing about the company values and the importance of hiring those particular employees to be as a part of the organization. While continuance commitment describes the costs that the employees might be suffer once they leave the respective organization. As the employees find that the cost of leaving is higher than stay in the organization, they will then prefer to stay rather than leave. According to Brief (1998), affective commitment basically relates to the emotional attachments while normative commitment and continuance commitment respectively are defined as the personal values of the individual and the consequences of leaving the organization. Meanwhile, according to Armstrong (2006), there are three elements of organizational commitment that are a strong desire of staying as an organization member; a strong acceptance of the organization's culture; and a readiness to execute efforts as for the organization. For example, if their loyalty towards the organization is higher, their organization commitment is also said to be higher. Previous studies have revealed that fairness of performance appraisal is closely related to employees' satisfaction, motivation and also commitment to the organization (Morrow, 2011 & Colquitt et.al, 2001). Unfortunately, current researches and literatures are still vague in delivering the justifications of the forms of the relationships (Salleh et.al, 2013). Thus, it is practically relevance to conduct a research on this topic.

Perceived Fairness of Performance Appraisal

Fairness of performance appraisal system should not be taken as for granted. Researchers such as Colquitt (2001) encourages more research to further strengthen the justice study so that the crucial aspects like the definition, antecedents and consequences of organizational justice can be exactly determined (Salleh et.al, 2013). Management must always bear in mind that performance appraisal systems need to be more flexible and open and this does not mean treating all employees clearly all the same (Warokka et. al, 2012). This is because, if the performance appraisal system is unfairly carried out and the employees perceive inequity in the evaluation, the system will be absolutely fail and not meet its objectives (Sudin, 2011). According to Greenberg (2001), the measurement of perceived fairness is basically depends on an individual's experience pertaining suitable ways of treating others and the distributive outcomes. A continuous exposure regarding the standard will generate the expectations which might consider as the fairness assessment basis. Thus, any positive behaviors and actions in relations with these expectations are considered as fairness acts while negative behaviors and actions with these expectations are translated as unfairness acts. As the employees perceived fairness towards a system, they will pay through their commitments and satisfactions.

Basically, there are many researchers that translate the performance appraisal justice in term of organizational justice. Regarding to the equity theory of Adam (1965) which stated in the literature of social-psychology, it has been revealed that there was several organizational justice studies that have been come out. The employees' perceived fairness depend on the perception of procedural justice, distributive justice and interactional justice (Ikramullah et. al, 2011). In relations to the previous research, there were researches which show the significant and positive relationship ($r=0.331$ and $p<0.01$) between perceived fairness of performance appraisal and employees' organizational commitment (Salleh et.al, 2013). In the other study made by Ahmed et.al (2011), the finding indicates that perceived fairness of performance appraisal also has positive and significant relationship on the organizational commitment with $r=0.429$ and $p<0.01$ thus supported this research.

Procedural Justice

In general, procedural justice is referred as certain principles specifying the responsibilities of those within the process of decision making (Sudin, 2011). Literally, this type of justices considered the transparency and integrity of the procedures and processes in which the decisions are made. This type of justice is very crucial in maintaining the legitimacy of an organization (Cropanzano, Bowen and Gilliland, 2007). There are five identified dimensions of procedural justice namely fairness, trust in supervisor, two-way communication, understanding of the performance appraisal process as well as clarity of expectations (Tang and Sarsfield-Baldwin, 1996).

According to Erdogan (2002), procedural justice is defines as the fairness of performance evaluation. Although the outcome of the appraisal is fair enough, the procedures and processes that are going through might be unfair. There are two theories that mainly explain about the crucial of procedural justice. The first theory is introduced by Thibaut and Walker (1975). The theory mentioned that, a human being has a desire to manage and control what is actually

happen to them. Thus, in relation to that, completely fair procedures are valuable as that set of processes allow persons to control over the state of the outcomes derived. Apart from that, the second theory argues that an individual has an intention and want to be valuable member to the organization. Thus, procedural justice is a must as a fair procedure reflects that the employees are being valued by the organization (Lind and Tyler, 1988).

Distributive Justice

According to Milkovich and Newman (2005), the distributive justice has close relationship with the resource allocation fairness. In simpler words, it is about the resources or rewards amount that are distributed to the employees in a particular institution. In the different side, distributive justice is defined as the perceived fairness on the outcomes distribution that involves the goods and conditions which might affect an employee's wellbeing (Deutsch, 1985). Adams (1965) suggested that there is one way to measure whether a given outcome was fairly distributed. That particular way is by calculating the ratio of an employee's outcomes such as compensation, development and promotions. This means that, employees do not compare their efforts (input) and compensation (output) with each other in determining their perceived fairness level. Otherwise, they are likely to compare their contributions of efforts with the ratings that they received. As they perceived fairness towards the ratings given to them, they have perceived distributive justice. Cohen-Charash and Spector (2001) found that distributive justice were related to such work outcomes such as job satisfaction, organizational commitment, pay satisfaction and trust in organization.

Erdogan (2002) highlighted in his research that, it is also possible when the distributive justice prefer the satisfactions out of justice. This is due to the existence of distributive justice measures which may change the unfair perceptions towards inaccurate ratings. For example, when the outcome is relatively high and worthwhile, the employees will tend to change their perceptions of unfair ratings as a fair one. There were several researchers (Konovsky and Cropanzano, 1991; Sweeney and McFarlin, 1993; Robbins et.al, 2000) who argued about the relationship of distributive justice and performance. For them, distributive justice is considered as only a weak predictor of performance. However, it cannot be simply concluded that this type of justice is totally become not important (Erdogan, 2002).

Interactional Justice

According to Bies and Moag (1986), interactional justice refers to the interpersonal treatment quality received during the implementation of institutional procedures. It will be enhanced when the decision makers treat the subordinates with dignity and sensitivity and justify every decision made by them. There are two main aspects of interactional justice that are interpersonal justice and informational justice (Colquitt et. al., 2001; Greenberg, 1990; Bies and Moag, 1986). Literally, interpersonal justice refers to the treatment with dignity, politeness and respect by the one who implement the procedures and outcomes (Sudin, 2011). On the other hand, according to Greenberg (1990), informational justice refers to the justifications and explanations of the procedures in terms of the implementation and consequences.

Erdogan (2002) defined interactional justice as interpersonal interaction perceived fairness during the period of performance appraisal. As such, along the performance appraisal period, appraiser and appraisee's two-way communication is subsequently needed. This interaction requires both party to treat each other with full of respect. Overall, as the employees perceived fair in the interpersonal communication throughout the performance appraisal sessions, the interactional justice is considered to be perceived by the employees.

Theoretical Explanation

The perception of fairness can be explained by Equity Theory suggested by Adams (1965) in which, an individual tend to compare their input-outcome ratio with the referent other. The unequal input-outcome ratios between the individual and the referent other will contribute to the unfairness feeling of both parties. This discomfort will lead both parties to react behaviorally or psychologically to the unjust situation such as altering their job performance and altering perception on the outcome. Thus, by implying equity theory in the perceived fairness of performance appraisal – organizational commitment relationship, a completely perceived fair performance appraisal system that satisfying all of the justice dimensions (procedural, distributive and interactional) should be developed and implemented so that there will be no unjust situation that may contribute to the unfavorable work outcomes. The performance appraisal system should consider the transparency and integrity of the process and procedures (procedural justice), and ensure the fair resource allocation and outcome distributions among the employees as regard to their respective performance (distributive justice). Besides that, good treatment along the performance appraisal process (interpersonal justice) and clear explanation and justification to all individuals working at the organization (informational justice) should be provided by the management so that the unjust situation can be prevented.

On the other hand, Social Exchange Theory (SET) also can provide explanation on the inter relationship between perceived fairness of performance appraisal and organizational commitment behavior. Blau (1964) believes that reciprocal obligations will be generated once there are interdependence interactions between each party in an organization. In which, if the organization provides the economic and socio-emotional resources to the employees, they will eventually respond in the positive way in order to repay the organization that can measured through their level of commitment. Thus, by linking perceived fairness of performance appraisal with employees' organizational commitment, it can be conceptualized that when the organization provides fair system involved in appraising their employees, the obligation to reciprocate will be generated. The employees will give their best and their utmost level of commitment and engage actively in the organization (Saks, 2006). Past researchers (e.g., Saks, 2006; Juhdi, Pa'wan and Hansaram, 2013) have proved in their researches that the reciprocity concept will result on favorable behavioral and organizational outcomes. On the basis of the discussion related on the theoretical and empirical research above, we proposed the following hypothesis.

H₁: There is a relationship between procedural justice of performance appraisal and organizational commitment.

When the process or procedure of the performance appraisal system is perceived fair by the employees, they will perform better and give all of their effort to the organization. This is because; a fair process of evaluating employees will make the employees to be satisfied and committed towards the organization.

H₂: There is a relationship between distributive justice of performance appraisal and organizational commitment.

The final stage of the evaluation process will be the resource allocation in which those who excellently performed will be rewarded with promotion, compensation and etc. Thus, if the distribution of resource is fairly conducted, the employees will be more committed towards the organization.

H₃: There is a relationship between interactional justice of performance appraisal and organizational commitment.

Interacting with the employees also requires the process to be conducted meaningfully. This is because, if employees find that the informational and interpersonal aspects are being considered, the employees may perceive fairness and this at the end will make them to execute extraordinary effort towards the organization.

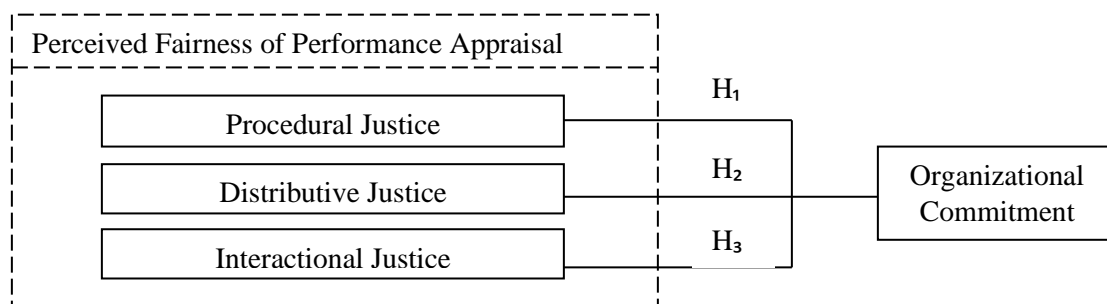


Figure 3.1: Research Framework

Methodology

Research Design

This research basically used the descriptive study in which the investigation on the characteristics of a group of employees were been made. In which, for this research, an investigation on Malaysia's oil and gas non-executive employees' perceived fairness of performance appraisal and their organizational commitment behavior have been conducted.

Sampling Design

The sampling frame was 259 non-executive staffs of the selected organization Malaysia's oil and gas industry and the list was obtained from the Human Resource Department of the organization. This research employed the probability sampling that is simple random sampling. The employees have been chosen from the name list given by the Human Resource. The questionnaires were then personally distributed to the selected employees that were chosen randomly from the list.

According to *Krejcie and Morgan* table, regarding the population, the appropriate sample size would be 155 (Sekaran & Bougie, 2011).

Data Collection and Analysis

The data has been collected by distributing the questionnaires to the respondents involved in this research and they were given two weeks for responding to the questionnaires as those respondents involved were in the different departments that located separately. After the surveys have been returned, the data was then be coded in the IBM® Statistical Package for Social Science® (SPSS) Statistics Version 20 software. The purpose of coding was basically to measure the reliability of the items involved for each independent variables as well as dependent variable. So that, the researcher might identify the items that can be used in order to measure the independent and dependent variables that involved in this research study.

Measurement and Scaling

The items have been measured using five point of Likert Scale.

Procedural Justice. Procedural justice was measured based on previous works by Walsh (2003). There are seventeen items that measured the procedural justice which including the dimensions of setting performance expectations, rater confidence and seeking appeals. For setting performance expectations dimension example, the employees were asked: *The expectations set during the Performance Planning Sessions reflect the most important factors in my job.* Not only has that, for the rater confidence dimension example, the employees being asked: *My organization makes sure that I am assigned a rater who is qualified to evaluate my work.* As for seeking appeals dimension example, the employees were asked: *I know I can get a fair review of my performance rating if I request one.*

Distributive Justice. Distributive justice was measured by twelve items which have been included in two main dimensions that are accuracy of ratings and concern over ratings. This measurement also was based on the previous work by Walsh (2003). For accuracy of ratings example, the employees were asked: *My performance rating is based on how well I do my work.* While for concern over ratings, the employees were asked: *My rater gives me the rating that I earn even when it might upset me.*

Interactional Justice. For interactional justice, there consist two main justices which are interpersonal justice and informational justice. Interpersonal justice was measured by ten items which lie in two dimensions namely respect in supervision and sensitivity in supervision (Walsh, 2003). For respect in supervision example, the employees were asked: *My rater is rarely rude to me.* While for sensitivity in supervision example, the employees were asked: *My rater does not invade my privacy.* Informational justice was measured by seventeen items that included in three main dimensions of clarifying expectations and standards, providing feedback and explaining rating decisions. The examples of the items asked are *My rater clearly explains to me what he or she expects for my performance, My rater frequently lets me know how I am doing and My rater gives me clear and real examples to justify his or her rating of my work* (Walsh, 2003).

Organizational Commitment. Organizational commitment was measured by fifteen items that has been adapted from Organizational Commitment Questionnaire (OCQ) proposed by Mowday, Steers and Porter (1979). For example, the employees were asked: *I talk up this organization to my friend as a great organization to work for.*

Pilot Study

A pilot study has been conducted prior the actual research in order to identify whether the instrument used was suitable and appropriate for the research or vice versa. The results show that majority of the respondents agreed that the items used were clear and understandable.

Results

There are 155 of questionnaires that have been distributed to non-executive employees involved as the sample. Unfortunately, only 127 of the surveys can be collected and 108 of the surveys have been completed and valid for the analysis. Overall, the response rate is 69.68%. Based on the completed surveys, most of the respondents are male in which represent 67.6%. This means that, the balance of 32.4% comes from female respondent. This data is relevant as most of the sample involved in this research is male instead of female. Although there are also Chinese and Indian that include as the sample, only Malays respondent did submitted the surveys distributed to them. Thus, 100% of the respondents are Malays. Most of the respondents have been married which represented 77.8% of the respondents while the rest are still single. The Cronbach's Alpha for procedural justice, distributive justice and interactional justice are 0.963, 0.765 and 0.975 respectively. While the Cronbach's Alpha for organizational commitment is 0.920.

Correlation Analysis

According to Cohen and Spector (2001), the correlation coefficient may be classified to three main groups of low (0.10-0.29), moderate (0.30-0.49) and high (0.50-1.00). The strength of relationship between procedural justice, distributive justice and interactional justice with employees' organizational commitment was investigated using Pearson product-moment correlation coefficient (see Table 4.9).

Table 4.9: Correlations

		IV1ProceduralJustice	IV2DistributiveJustice	IV3InteractionalJustice	DVOrganizationalCommitment
IV1ProceduralJustice	Pearson Correlation	1	.911**	.931**	.432**
	Sig. (2-tailed)		.000	.000	.000
	N	108	108	108	108
IV2DistributiveJustice	Pearson Correlation	.911**	1	.891**	.485**
	Sig. (2-tailed)	.000		.000	.000
	N	108	108	108	108
IV3InteractionalJustice	Pearson Correlation	.931**	.891**	1	.499**
	Sig. (2-tailed)	.000	.000		.000
	N	108	108	108	108
DVOrganizationalCommitment	Pearson Correlation	.432**	.485**	.499**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	108	108	108	108

** . Correlation is significant at the 0.01 level (2-tailed).

As referred to the Table 4.9, the organizational commitment has the strongest correlation with interactional justice ($r = 0.5$, $p < 0.01$) meanwhile, it has the lowest correlation with procedural justice ($r = 0.43$, $p < 0.01$). However, it is still in the moderate degree of correlation strength classification. The degree of correlation strength of organizational commitment and distributive justice is also at moderate ($r = 0.49$, $p < 0.01$). All variables involve in this study have the association with each other's. Except organizational commitment, all of the independent variables of procedural, distributive and interactional justices are significantly related to each other in which the correlation coefficient is more than $r = 0.89$ ($p < 0.01$). Overall, the correlation coefficient is ranging from $r = 0.43$ to $r = 0.93$.

Regression Analysis

To further test the relationship between the procedural justice, distributive justice and interactional justice of performance appraisal with organizational commitment, a regression analysis has been carried out. Table 4.10, Table 4.11 and Table 4.12 explain about the relationship between the variables.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.530 ^a	.281	.260	9.10669	1.512

a. Predictors: (Constant), IV3InteractionalJustice, IV2DistributiveJustice, IV1ProceduralJustice

b. Dependent Variable: DVOrganizationalCommitment

The R square (R^2) value for this research was 0.281. This means that, 28% of the dependent variable of organizational commitment was explained by the independent variables of procedural justice, distributive justice and interactional justice while the other 72% of the dependent variable was explained by the other factors. Durbin Watson statistic is 1.512 which is close to 2. This reflects there is no an autocorrelation problem.

Table 4.11: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3368.746	3	1122.915	13.540	.000 ^b
Residual	8624.912	104	82.932		
Total	11993.657	107			

a. Dependent Variable: DVOrganizationalCommitment

b. Predictors: (Constant), IV3InteractionalJustice, IV2DistributiveJustice, IV1ProceduralJustice

The ANOVA table (see Table 4.11) shows the significant value ($p=0.00$). This indicates that, at least one independent variable in this research is the predictor to organizational commitment. The strength of the significant value can be determined by F statistics value. The higher the value, the significance will be the result. F statistics value for this study is 13.54 ($p=0.00$).

Table 4.12: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	20.457	6.468		3.163	.002
IV1ProceduralJustice	-.369	.199	-.487	-1.855	.066
IV2DistributiveJustice	.655	.357	.386	1.834	.070
IV3InteractionalJustice	.326	.127	.609	2.557	.012

a. Dependent Variable: DVOrganizationalCommitment

As refer to the Table 4.12 above, only interactional justice that has the significance value of 0.012 which is $p<0.05$. The other two independent variables of procedural justice and distributive justice are not significant whereas the significance values are 0.66 and 0.70 in which $p>0.05$. Thus, this means that the Hypothesis 3 can be accepted while Hypothesis 1 and 2 are rejected.

Plus, the unstandardized coefficient of β basically shows the relationship points of both independent variables and dependent variable. The interactional justice has the unstandardized coefficient value of 0.326 which indicates there is positive relationship between interactional justice and organizational commitment. In explaining the relationships between both

independent and dependent variables, there are several interpretation can be made based on the coefficient estimates (β) derived. Firstly, an increase in the perceived procedural justice will not lead to an increase in organizational commitment behavior as procedural justice is not a predictor for organizational commitment indicating that procedural justice is not important. Secondly, an increase in employees' perceived justice in term of distributive also will not lead to an increase in organizational commitment behavior as distributive justice is not a predictor for organizational commitment indicating that distributive justice is not important. Thirdly, an increase in interactional justice will increase the employees' organizational commitment behavior by 0.33 point indicating that organizational commitment can be improved by increasing the interactional justice towards performance management system. Fourthly, an increase in all of other variables not included in the model will lead to an increase in organizational commitment behavior by 20.46 point.

Discussion and Implication

This research contributes in broaden the literatures regarding independent and dependent variables involved. As such, the variables of procedural justice, distributive justice, interactional justice and organizational commitment can be clearly understood. Not only has that, by doing this research, the linkage of those independent variables and dependent variable can be determined. Thus, clarify the relationship between employees' perceived fairness of performance appraisal towards organizational commitment behavior.

Out of three hypotheses that involve in this research, only one hypothesis is accepted while the other two hypotheses are rejected. Although all variables are correlates to each other, the regression result shows otherwise. Procedural justice and distributive justice of performance appraisal showed non-significance value towards employees' organizational commitment. Meanwhile, interactional justice of performance appraisal has positive significance relationship with organizational commitment. Thus, H3 is fully supported while H1 and H2 are not supported. Figure 5.1 summarize the findings of the relationships between independent variables (procedural, distributive and interactional justice) and dependent variable (organizational commitment).

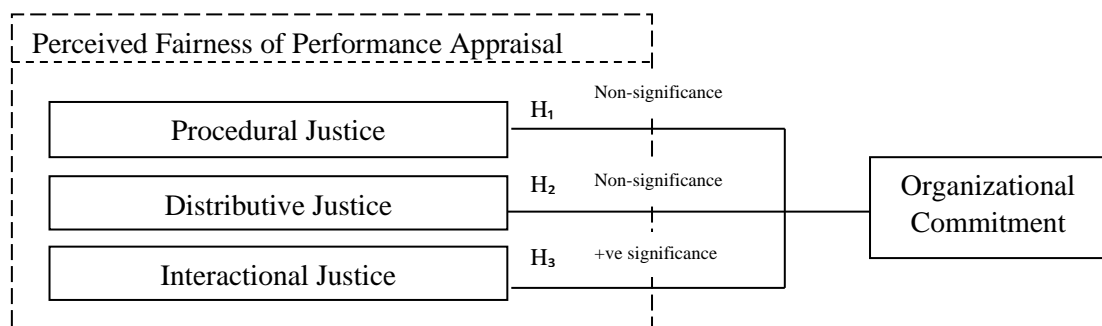


Figure 5.1: Relationship Framework

The findings is consistent with the research conducted by Konovsky and Cropanzano (1991), Sweeney and McFarlin (1993) and Robins et.al (2000) that found that distributive justice is only

a weak predictor towards the organizational commitment. Besides, this finding also seems to be consistent with the research findings of Warokka et.al (2012) that found interactional justice has the strongest correlation with performance appraisal system ($r=0.80$, $p<0.01$). However, this research findings is contradict with the findings of previous researchers (Sweeney and McFarlin, 1993; Konovsky and Cropanzano, 1991) in which they found that procedural justice has positive significant relationship with employees' organizational commitment behavior.

The reason on why the finding does not consistent with the previous researches is firstly due to the smaller sample size compared to the previous researches in which the valid questionnaires for this research is only 108. The second reason is because of the respondents' conflicts in which the respondents for this research were reluctant to answer honestly as they do not want to disclose their grievance to the outsiders' as this will damage their reputations thus giving bad image towards the company as a whole.

As mentioned in the literature review, there are two main dimensions that comprises in interactional justice of performance appraisal namely informational and interpersonal justice. The result shows that the non-executive employees value the perceived fairness in term of interactional justice. This means that, if they do not perceived fair in the interactional justice, their commitment toward the organization become decreasing and vice versa. Generally, interactional justice of performance appraisal is importance as the employees might not hold their resentment towards the supervisor because they perceived that their scores of that current performance review period are fairly evaluated.

In working environment, the immediate supervisors may give higher ratings in order to maintain a good interactional relationship with the ratees as performance appraisal is considered as one of the sources that arouse conflicts between both immediate supervisors and appraises. Thus, at the end, this will gradually create the stressful feeling between them (Ikramullah et.al, 2011). The positive significance relationship in this research is consistent with the research made by Warokka et.al (2012) in which the interactional justice is the crucial factor for the employees of an organization during and post-performance appraisal process.

Although the previous research conducted by Ikramullah et. al (2011) showed that there are positive significant relationship between procedural, distributive and interactional justice of performance appraisal towards the employees organizational commitment, this research prove otherwise. Thus, as for overall variables, this research does not consistent with the previous research findings.

Recommendation for Management

An adequate and serious attention regarding interactional justice should be given by the management in order to obtain better employees work performance and commitment (Warokka et. al, 2012). Regarding to the research findings, some recommendations are available for the management in order to improve the current conditions.

Improving on Interactional Justice. Informational justice is one variation of interactional justice. As the result shows that there are positive relationship between interactional justice of performance appraisal and organizational commitment, the management should improve in term of informational justice. This is due to improve the commitment of non-executive employees towards the organization. Improving the informational justice can be made by improving the delivery of the information in term of clarity, understanding and timely relevant. For example, the supervisor should explain clearly to the employees about his expectations towards the employees' performance. This is because; most of the employees have neutral answer with the mean value of 3.98 towards this item in the questionnaire.

Besides that, interpersonal justice is also one of the dimensions for interactional justice. For improving the interpersonal justice of performance appraisal, the immediate supervisors themselves should be more sensitive towards the employees' feelings. This is because; the respondents seem to have neutral answer towards this issue with the mean value of 3.96. So, the supervisors need to handle their interpersonal skills diligently in dealing with those subordinates during the performance review period because this reflects about their concern towards the employees' feelings. As they improve their interpersonal skills, the non-executive staffs will perceive interpersonal justice of performance appraisal.

Maintaining or Improving the Outcomes of Performance Appraisal. The non-executive employees also respond that their high or low commitments towards the organization are not because of the distributive justice of performance appraisal. For them, the human relationship is much more important and should pay more attention rather than the bonuses that they may get as the result of their contributions and performance. Thus, the management can maintain or increase the outcome if necessary as it does not affect employees' commitment towards the organization.

Organize Courses. The other suggestion derived from the findings is the management can organize courses for both supervisors and employees. This is important in order to improve the interpersonal and informational skills of the employees so that they learn how to adapt their feelings and perceptions in daily activities. Plus, performance appraisal course should also be organized as this may improve the understanding of the employees specifically the non-executive employees on how their performance review will be carried out. Not only has that, the management should also revise the necessary courses to be organized especially to the Malay married men who work in Maintenance department as they were the major respondents for this research thus the finding is much more relevant to them.

Limitations and Suggestions for Future Research

Due to the low R^2 values (28%), which means that the other 72% of the dependent variable (organizational commitment) being explained by the other factors, future research should seek for the other factors that contribute to the higher organizational commitment. Besides that, this study only involved 108 of non-executive employees in oil and gas industry. Future researchers are advised to conduct this research on a larger sample involving other industry in Malaysia so that increase the generalizability of the findings. As the research regarding the perceived fairness

of performance appraisal is very limited, more research should be conducted. Thus, the future researchers are recommended to study the mechanisms that may affect the relationship between employees' perceived fairness and organizational commitment by testing the potential mediators and moderators such as job satisfaction, employee personality and etc. so that the relationships become more meaningful.

Conclusion

This research has been carried out towards the non-executive employees in Malaysia's oil and gas industry. The research findings provided an empirical evidence for linking employees' perceived fairness on the performance appraisal system and organizational commitment behavior, thus providing support for a key theoretical proposition of equity theory and social exchange theory. This study found a strong support for the direct effect effect of interactional justice towards organizational commitment behavior. This suggests the employers to put significant attention in revising their performance appraisal system that may improve the interactional justice of their employees. This finding reinforces the role of employees' perceived interactional fairness on the performance appraisal system consistent with theorizing in equity theory as well as social exchange theory.

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