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**Title:** The Impact Of Performance Appraisal System Aspect Of Performance Management On Relational Coordination In Saudi Arabian Healthcare Context.

**Author:** Satam F. Almutairi (PhD. Candidate). **Institution:** Dublin City University ( Ireland)

**Corresponding email:** satam.almutairi5@mail.dcu.ie

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### **Introduction**

Performance appraisal system (PAS) is the systematic evaluation of the performance of employees of an organization in order to understand their abilities both at personal level and as a group on the verge spearhead further growth and development (DeNisi and Murphy 2017). On the other hand, Relational Coordination (RC) is a mutually reinforcing process of communication and relationship that is intended to enhance task integration within a given workforce (Gittell 2015). RC is the process of communicating in such a way that the workforce develops strong relations among themselves for the purpose of task integration. In other words, RC is the process of coordinating work through communication that is not only frequent and timely, but also accurate and supported by common (shared) goals, knowledge and mutual respect among employees of an organization (Gittell et al. 2015).

### **Research Question**

This research study is guided by the following research question: *What is the impact of PAS on RC in the healthcare sector in the KSA?* In this research study, it is assumed that performance appraisal has both positive and negative impacts on RC. Hence, with the guidance of this research question, the study focuses on establishing whether OJ can be used as a moderator for determining the connection between the two PAS and RC.

### **Research Gap**

With empirical evidence from numerous studies (DeNisi and Gonzalez (2017); DeNisi and Murphy (2017); Pandey (2019); and Kim (2016)) affirming that PASs have significant influence, both negative and positive, towards shaping effective relationships in workplaces, it becomes important for managers in the healthcare sector to have evidence-based on how PASs can impact on RC among their staff. Positive impacts of PASs include: helping to achieve employees'

growth and development by implementing training programs that fill skills gaps among staff members, helping in making accurate decisions on the employees to promote based on their performances and workplace efficiency, and helping to keep employee motivated in their workplaces by recognizing their workplace strengths and encouraging them to do better while supporting them to strengthen their areas of weakness through training and mentorship programs (Gittell, Seidner et al. 2010). On the contrary, the drawbacks and/or limitations of PASs include: implementing PASs could be time consuming, overwhelming and expensive especially for companies with many employees, the reports on performance appraisal are often biased since human assessments are subject to natural biases, and performance appraisals could lead to stressful workplaces especially when employees are under too much pressure to produce high performances to meet their set performance targets (Arnaboldi et al. 2015).

This study uses organizational justice(OJ) dimension as the theoretical framework (moderator) for guiding its research process; and focuses on three key elements (policies, processes and outcomes) of PASs in relation to RC in the context of Saudi Arabia healthcare sector.

Khan et al. (2015) stated that OJ explains the perception, among individual employee or groups of employees, of fairness they receive from the organization(s) for which they work. OJ is appropriate for use as a moderator because it illuminates on the significance of fair treatment of employees when conducting periodic performance appraisals on them, and to ultimately determine how these fair processes would influence RC among the employees (Roch et al. 2019). Given that PASs adopted in KSA's healthcare sector would be explained through the OJ, it follows that this theory is of enormous importance in this research study particularly in explaining how fairness in PASs would influence RC among medical staff in healthcare.

KSA is an appropriate context for several reasons. One of the main reasons is the fact that several research studies have been conducted in Western countries on the impact of RC on nurses' outcomes, there are no studies conducted on this topic in the context of non-Western healthcare systems (Falatah and Conway 2018). The second reason is that healthcare sector comprises of employees from different countries (Western and Asian) who may have different perspectives of workplace fairness as compared to Saudis. The third reason is the affirmation by

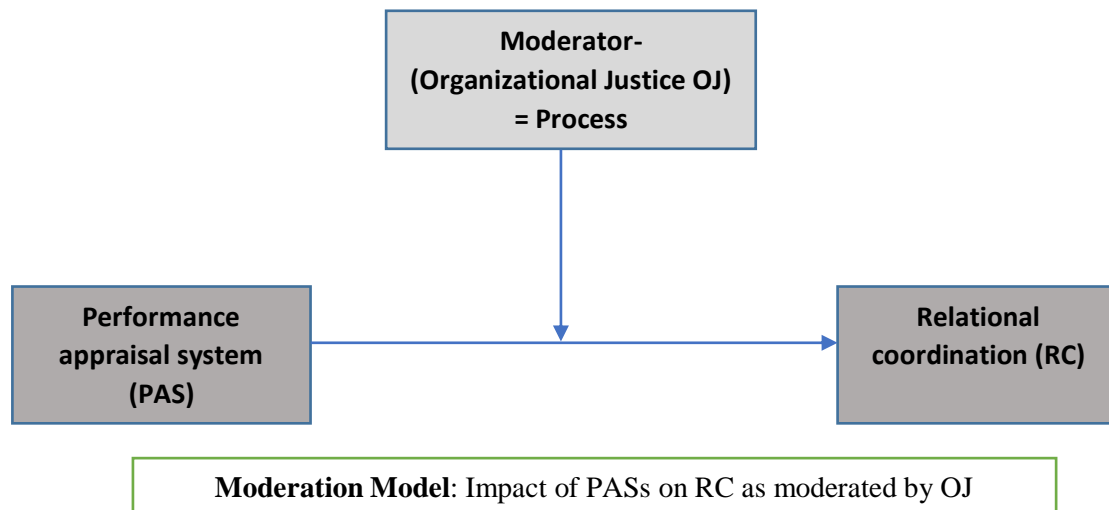
Gittell (2015) that RC is best evident in workplaces operating in situations with high levels of interdependence of tasks, uncertainties of outcomes, and time constraints.

### Research Aims

1. Analyzing the connection between PAS and RC through assessing the impact of PAS on RC within the healthcare sector.
2. Determining whether organizational justice moderates the influence, both positive and negative, of PASs on RC within the context of KSA's healthcare sector.

### Research Model

Figure 1 illustrates the research model adopted for this research study is based on a theoretical framework in which the OJ is the main philosophical platform (moderator) for affirming its argument between RC as (dependent variable) and PAS as (IV).



**Figure 1. Research Model**

### Research Design

This study will adopt a mixed research design, which integrates qualitative and quantitative method. The qualitative research will be through in-depth interviewing with 4 respondents. They will be selected through expert sampling and professionals with high qualification as well as work experience in HRM. The quantitative research will be through a questionnaire survey, which will include 400 respondents from three medical facilities in KSA. Key findings will

involves employing statistical tools like SPSS to analyze and interpret the numerical data for the purpose of supporting the study's findings.

### **Hypothesis Development**

This section provides insights into why specific hypotheses have been developed for this research study.

#### ***Linking PASs to RC***

Despite there not being studies that directly link PAS to RC, critical review, analysis and reflection of these two topics can show an association between the two. A study by Cleveland et al. (2019) showed that PASs are platforms for periodically reviewing workplace performances of individual employees in order to determine their workplace outcomes. On the other hand, Gittel (2015) explained that RC is a form of workplace communication and relation that is intended to achieve task integration. RC stresses on the significance of workplace coordination by adopting organizational communication systems that ensure frequent, timely, and transparent communication among different employees who are charged with the responsibility to attain common organizational goals (Caldwell et al. 2017).

Furthermore, DeNisi and Murphy (2017) affirmed that PASs that have been built upon the principles of fairness and guided by certain performance measurement standards bring harmony in workplaces by making all employees to believe that their workplace outcomes have been decided following fair and transparent processes. Harmony in workplaces helps to promote good organizational culture particularly by nurturing the practice of collaboration and coordination among employees for better task integration (Mone and London 2018). Therefore, it is justifiable to argue that when a PAS is built upon the principles of justice, it enhances RC within workplaces since it brings the sense of fairness in the process of executing performance appraisals whose results are subsequently used to determine workplace outcomes for individual employees. On the contrary, PASs that are not built upon the principles of justice would create discontent and/or disharmony among employees since they would feel grieved by their workplace outcomes because they will largely believe that the process of executing performance appraisals are unfair, lack transparency, and are marred by prejudice; hence, workplace outcomes

determined through such processes would be largely perceived as being unfair and unacceptable to them. Thence, employees will have a lot of bitterness against their “biased” appraisers and would not be willing to establish good and collaborative working relations with their colleagues who they believe enjoyed better workplace outcomes due to favouritism by the appraisers and not due to their workplace competence (Kim and Holzer 2016). This argument therefore leads to the first hypothesis of this research study, which is:

***Hypothesis 1: Performance appraisal systems are directly linked to relational coordination in workplaces within the healthcare sector of KSA.***

### ***OJ As a Moderator of the Impact of PASs on RC***

Organization Justice Theory explains employees’ perception of fairness in the process of determining workplace outcomes for members of staff of an organization (Greenberg 1987). OJ is segmented into three main sections, which are Distributive Justice, Procedural Justice, and Interactional Justice. PJ explains the importance of embracing the principles of fairness in the policies and procedures for making organizational decisions (Zapata-Phelan et al. 2009).

In the context of this research study, PJ would be adopted in assessing PASs that have been employed in healthcare institutions to determine the extent to which the processes of executing Pas are perceived as being fair to all employees. With the integration of PJ in the policies of PASs, organizations tend to develop standard procedures for conducting PAs and ensuring that the outcomes PAs are consistent, transparent, and fair for all employees. By so doing, employees would have a general perception that the processes for conducting Pas are fair. This would result in boosted trust in PAS. It would then translate to enhanced workplace relations and coordination for the purpose of attaining excellent workplace task integration. From this analysis, the second hypothesis of the study is developed as follows:

***Hypothesis 2: PAS that ensures the process of executing performance appraisals is standard, fair and transparent for all employees help to enhance workplace relational coordination for the purpose of achieving better task integration.***

DJ, on the hand, emphasizes on the importance of ensuring that workplace outcomes and/or rewards are distributed to employees in a fair manner (Barling and Phillips 1993). Through the

integration of DJ in PASs, organizations are able to ensure that they measure all vital factors of employees' performance including their levels of skills and experience, professional competence, educational qualification, workplace ranks (job groups), and the amount of efforts they put in their work, to determine workplace rewards to which each employee is entitled (Su and Baird 2017). By so doing, workplace rewards such as promotions and remunerations are distributed to all employees fairly. As such, employees would be grateful and satisfied with the workplace rewards to which they are entitled. They will then be motivated to establish well coordinate work processes between the roles of a job, a factor that helps them to achieve high levels of task integration in the workplaces. This therefore leads us to our third hypothesis of the study, which is:

***Hypothesis 3:*** *PAS that ensures fair distribution of workplace rewards outcome for employees help to enhance relational coordination in the workplace.*

Finally, IJ explains the importance of establishing strong, beneficial, collaborative, harmonious, and mutually respectful workplace relations (Cropanzano et al. 2002). As such, incorporating the principles of IJ in PASs would mean that performance appraisals are conducted in such a manner that the appraised are treated with dignity, their rights are respected to the latter, and their concerns are attended to in a respectful manner by their appraisers (Skarlicki and Folger 1997). With this, all employees will feel respected and valued in the organization, and this will in turn enhance their workplace relations, coordination and task integration. This therefore leads us to the third hypothesis of the study, which is:

***Hypothesis 4:*** *PAS that ensure the appraised are treated with fairness and dignity during performance appraisal practices help to enhance relational coordination in the workplace.*

Based on the above analysis, it is evident that the integration of the principles of DJ and PJ would mean that the processes for determining workplace rewards are fair, and the rewards are fairly distributed to all employees through standardized measures and based exclusively on their workplace performances and not on any prejudicial factors. Moreover, the integration of the principle of IJ would ensure that everyone is treated with dignity and respect in the organization, and this is likely to translate to enhance workplace relations and better coordination for the purpose of achieving effective task integration. Thence, in general, it is justifiably arguable that

the integration of the principles of OJ in PAS would have a significant impact on RC; and this leads us to the development of the forth hypothesis as follows:

***Hypothesis 5: The impact of Performance Appraisal Systems on Relational Coordination within KSA's healthcare sector will be successfully moderated by the Organization Justice Theory.***

***Link between National Culture and Perceptions of RC***

Kotabe et al. (1992) illustrated that people from different national cultures have varied perceptions of what is fair and what is not fair. Given that relational coordination in a workplace is influenced largely by the perception of employees on how fair the processes of determining workplace rewards are, how fairly workplace rewards are distributed among employees, and how fairly employees are treated both by their co-workers and superiors in the work environment (Li and Hung 2009), it is justifiably arguable that national cultures will certainly influence employees' perceptions on workplace fairness, and this would consequentially influence RC among employees belonging to different national cultures. Specifically, employees belonging to national cultures of Western countries perceive leadership styles with low power distance as being fair, while those belonging to Middle-Eastern countries perceive leadership styles with high power distance as being fair (Kotabe et al. 1992).

Moreover, as noted above in this research study, Sorokin (1960) stated that employees from Western countries are ascribed to the national cultural perception that fair workplace rewards are those that are determined based on the assessment of individual workplace performances, whereas employees from Asian countries are ascribed to the national cultural perception that fair workplace rewards are determined based on the assessment of collective workplace performances of teams of employees charged with the responsibility to achieve certain common goals.

The above arguments therefore leads us to the fifth hypothesis of this study, which is:

***Hypothesis 6: National cultures preference of different employees in KSA's healthcare sector will influence their perceptions of workplace fairness, and would influence the impact of PASs on RC.***



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