

Fairness of Performance Evaluation Procedure on Job Performance; The Model of Outcome and Non-Outcome Based Effects

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Abstract

This study was carried out to analyze the fairness of performance evaluation procedure on job performance. In particular, the study examined the following models: (1) the direct and indirect effects of procedural fairness on job performance through outcome based effect (distributive fairness); and (2) direct and indirect effects of procedural fairness on job performance through non-outcome based effect (organizational commitment and job satisfaction). The study applied a survey method with the survey subject of regent and municipal civil servants of Lampung Province. Samples determination was based on a purposive sampling technique. The study collected 204 respondents, consisting of structural officers of Satuan Kerja Perangkat Daerah (SKPD) with service term at least one year at their office. Analysis on the data used a Structural Equation Model (SEM) operated under AMOS application program. Results of the study concluded as the followings: a direct effect of fairness of performance evaluation procedure on distributive fairness, organizational commitment, job satisfaction. Such condition affected job performance. However, the direct effect of fairness performance evaluation procedure on job performance proved insignificant. The results also showed an indirect effect fairness of performance evaluation procedure on job performance through non-outcome based effect (organizational commitment and job satisfaction), but indirect effect through outcome based effect (distributive fairness) proved insignificant.

Keywords: procedural fairness; distributive; commitment; satisfaction; job performance.

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1. Introduction

Performance evaluation is a formal management system provided for evaluating the quality of individual performance in an organization. According to Robbins [1] its main objective is to assess the exact contribution of individual performance as a basis to make decision of compensation allocation. In contrast to private organizations, in local government, performance evaluation is intended to assess the level of quantity, quality and efficiency of the service and can be used as a measurement of the successfulness of the implementation work. In addition, performance evaluation can encourage improvements in staff performance. The improvement of performance was certainly very dependent on how the attitudes and behavior of employees arising from the individual's perception on the performance evaluation that they carry out. Horngren et al. and Merchant and Stede in Lau et al. [2] explain that the procedures for the evaluation of the performance have to be investigated for the design of management control, including the correct evaluation of performance and the compensation is a very important

management function to generate employees' positive attitudes and behavior.

Performance evaluation procedures at local government organizations are considered fair if in accordance with the rules or norms of justice. Rawls [3] defines the meaning of justice as a fair (fairness). This means that every social institution or social system should be able to treat every individual fairly. The principles of justice according to Rawls, are divided into two, namely principal of equal liberty and principal of differences. The principal of equal liberty is the principle that everyone has the same basic rights, such as freedom of religion, freedom of speech and so on. The principal of differences is the principle that the socio-economic differences should be governed by a system of organization by implementing policies.

Other experts, such as Miceli et al. [4] and Minton et al. [5] argued that justice should be formulated at three levels, namely outcomes, procedure and system. Here the assessment of justice does not only depend on the size of something obtained (outcome), but also on how to determine it and system or policy applied. Justice related to how the system or policy is made and implemented in an organization is called procedural justice. While justice related to the distribution of the results (outcome) is called distributive fairness.

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In contrast to private organizations, performance evaluation often used on regional governments typically includes several elements that target individual work and evaluation of work behavior. Performance evaluation procedures for target individual work are done by the leader by comparing the actual work with the target of the aspects of quantity, quality and efficiency of the implementation work. While the evaluation of the work is done through observation of behavior according to the criteria that have been set. Elements of employees' behavior consists of honesty, commitment, discipline, cooperation, creativity and leadership.

Improving the performance of government officials in the province of Lampung apparently is not enough to only conduct spot checks (unannounced), but it is ideal if accompanied by attention to the factors that affect the psychological condition of the employees themselves. According to Lau and Moser [6] employees today are more aware of justice and equality in the workplace. In these conditions, the employees expect that the leader and local government to be responsible for creating procedures for a fair performance evaluation. If the procedures run by the government in Lampung Province have been fair, then it is probable that the compensation received by the employee is considered fair. This condition can increase employees' commitment and satisfaction, which in turn, will increase their performance.

Research conducted by Istiqomah [7] in local government distributive fairness concluded that there is no positive effect on commitment. While procedural fairness have a positive influence on commitment. However, the focus of Istiqomah's discussion [7] was actually a commitment to the budgetary targets at the regional government, not the organizational commitment.

Research Lau and Moser [6] provides a theoretical contribution which is very important regarding the use of non-financial size and influence on the performance. The study found several things, among others: (1) the use of non-financial measure affects procedural fairness, which in turn affects performance through organizational commitment; (2) the use of non-financial measure affects the subsequent procedural fairness without affecting the performance through organizational commitment. However, this study was only focused on the use of non-financial size in relation to managerial performance.

The study on the effect of the fairness of performance evaluation procedures is intended to give empirical evidence whether and how the fairness of procedure is run by the government of Lampung province in evaluating the employees' work affects employees' work itself. Therefore, this study is expected to be beneficial in theoretical development of management control and also give practical contribution for the organization that conduct performance evaluation to the employees, in particular for the organization of local government.

Figure 1 is a conceptual model that underlies this study. The image shows the effect of performance evaluation procedures justice to the performance of public servants in Lampung through different processes. The first process is

outcome-based effects. Outcome-based effects can be linked to the use of the justice procedure limited to the achievement of fair outcome, namely distributive fairness. The second process is non-outcome-based effects. Non-outcome-based effects serve to explain the emotional impact that includes positive attitudes of employees to the organization and leadership. The positive attitudes of employees are organizational commitment and job satisfaction.

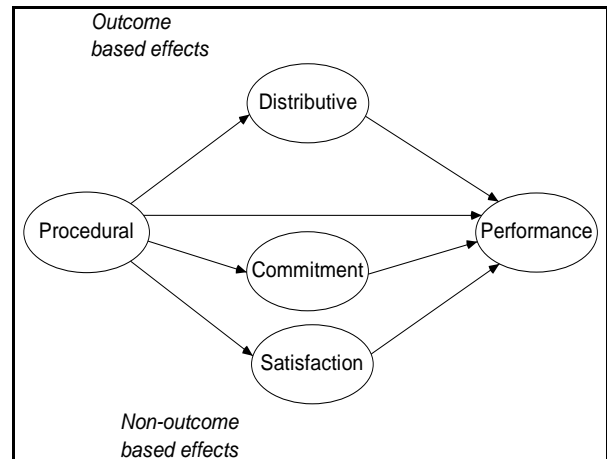


Fig 1. The model of procedural fairness on job performance.

2. Hypotheses Development

2.1. The effect of procedural fairness on job performance

Rue and Byars in Keban [8] defines performance as an achievement or a degree of accomplishment. This means that the performance of employees in an organization can be seen from the degree to which employees can achieve the goals or targets of the work that have been predefined, for example: standards and targets. Organizations that run fair performance evaluation procedures will generate a positive attitude to the employees of the organization. A positive attitude is the employees' motivation to carry out tasks well. Employees with these conditions will tend to have a good performance when compared with employees who are not treated fairly.

Study conducted by Arief and Mahfud [9] on companies in Indonesia found a positive and significant correlation between the performances of procedural fairness. Although the focus of Arief and Mahfud's attention was actually the relationship between procedural justice and the performance in the budgeting process. Referring to the basis, the hypothesis can be formulated as follows:

H1: *Fairness of performance evaluation procedure (procedural fairness) positively affects job performance*

2.2. *Intervening effect of distributive fairness*

Procedural fairness are the procedures used to decide the result (outcome). While the result is the orientation of every employee in an organization. Greenberg [10] in his study on distributive fairness concluded that the employees put forward the justice to the results. The concept of distributive fairness based on the principle of equality, namely the results received by the employee in proportion to its contribution.

Thibaut and Walker [11]; Lind and Tyler [12] concerning procedural fairness suggests that justice procedures run by the organization can produce a fairer decision. Greenberg and Folger [13] explains that if a process is considered fair, it will be more likely that the results obtained from these processes will also be considered fair. These descriptions show that the fairness of the evaluation procedure tends to produce a more equitable performance evaluation and compensation for employees will be fairer anyway. On the basis, the hypothesis can be formulated as follows:

H2a: *Fairness of performance evaluation procedure positively affects distributive fairness.*

Performance evaluation procedures carried by local government of Lampung province can affect the outcome fairness, and in turn will affect the performance of employees. This justification is based on the premise that the performance evaluation and compensation received by the employee is a description of the boundaries of success or failure of employees in running their duties.

The above description shows that the employees who get a fair performance evaluation and fair compensation tend to feel more appreciated and can improve their performance. On the basis, the hypothesis can be formulated as follows:

H2b: *Distributive fairness positively affects job performance.*

The description underlying H2a and H2b above shows the fairness of performance evaluation procedure indirectly effect on job performance through distributive fairness. Therefore, the hypothesis was obtained as follows:

H2c: *Fairness of evaluation procedure positively affects job performance through distributive fairness*

2.3. *Intervening effect of organizational commitment*

Employees will have a positive attitude and behavior toward the organization that runs the fair performance evaluation procedures. If an organization considers inadequate compensation, but the procedure for the determination of performance and the compensation has been fair, the employee will not blame the organization for lack of compensation. This will illustrate how difficult it is to gain a more favorable alternative because of limited budget or resource owned [14]. Under these conditions the employees will not have a negative outlook and will not produce low commitment.

Given the importance of commitment to the organization, so that many leaders of local governmental

organizations as well as private organizations are trying to create the conditions so that the organization can produce a high level of commitment. According to Arfan and Isaac [15] this can be done in several ways, among others: 1) to provide compensation such as wages, salaries, and benefits are attractive or competitive even when compared with other organizations; 2) to create a comfortable working condition and provide facilities good work. Folger and Konovsky [16]; and Wentzel [17] based on his studies conclude that performance evaluation procedures implemented by an organization can increase organizational commitment. The results of this study are supported by Dollyno [18]. Thus, it was obtained hypothesis that:

H3a: *Fairness of performance evaluation procedure positively affects organizational commitment.*

Employees are social creatures who need to be affiliated with another person. Procedural justice organization run by fairly treating employees is important because it is considered as a tribute to the organization. This condition can increase employees' commitment and at the same time their performance.

Employees who are highly committed to the organization of local government will perceive that the organization's objectives as important. So that employees can maximize all efforts to achieve organizational goals. Employees are thus likely to have job satisfaction and high performance. On the basis, the hypothesis can be formulated as follows:

H3b: *Organizational commitment positively affects job performance.*

The description underlying H3a and H3b above shows the indirectly effect of the fairness of performance evaluation procedure on job performance through organizational commitment. Therefore, the hypothesis was obtained as follows:

H3c: *Fairness of performance evaluation procedure positively affects to job performance through organizational commitment*

2.4. *Intervening effect of job satisfaction*

Job satisfaction can be defined as a pleasant and positive emotional state that is the result of an assessment of the job or work experience [19]. In their research, Lind and Tyler [12] found that job satisfaction is one of the fundamental consequences of the fairness of performance evaluation procedures. Furthermore, it was concluded that the practical value which is very worthy from the fairness of performance evaluation procedure lies in ability as a source of job satisfaction. Lind and Talyer's research findings [12] is supported by subsequent studies, such as Harrison [20]; Hartmann [21]; and Lau and Sholihin [22]. Thus, the organization that runs a fair performance evaluation procedure, it is more likely that the employees' satisfaction will increase. On the basis, the hypothesis can be formulated as follows:

H4a: *Fairness of performance evaluation procedure positively affects to job satisfaction.*

Management control theory asserts the existence of a psychological and social process which is believed to influence the behavior of employees in the organization. Research conducted by Beeler, et.al in Yusnaini [23] found a positive relationship between job satisfaction and allegations of employees' behavior. Increased job satisfaction can increase the motivation to perform which further it is expected to provide positive behavioral response. Lind and Tyler in Lau et al. [6] explain that the procedures which treat employees equally will trigger performance not only through outcome-based effects (distributive fairness), but also through job satisfaction and organizational commitment. On that basis, the hypothesis can be formulated as follows:

H4b: *Job satisfaction positively affects job performance.*

The description underlying H3a and H3b above shows the indirect influence of the fairness of performance evaluation procedure on job satisfaction. Therefore, the hypothesis was obtained as follows:

H4c: *Fairness of performance evaluation procedure positively affects job performance through job satisfaction.*

3. Research Method

3.1. Design and sample

Study on the effect of the fairness of performance evaluation procedure is one of the researchs conducted in Cross Section. This study was aimed to test the hypothesis, thus categorized as quantitative research. Data analysis technique used in this study was Structural Equation Modeling (SEM). To support the data analysis, AMOS software version 16.0 was used. Estimated structural equation model was analyzed with full model to look at the suitability of the model and causality built in the model. Suitability models were evaluated based on criteria as recommended *goodness-of-fit model*.

This research was conducted at the regent and municipal civil servants in the Lampung province. Sampling was taken by using purposive sampling method. Research sample criteria, were: (1) Head of SKPD and one level below the Head of SKPD; (2) structural positions of at least one year. Data was collected through a questionnaire survey to 360 employees of the structural work units (SKPD) in Lampung provincial government. SKPD is the area in local government as budget users/goods users. Samples who gave the response were 209, but only 204 were treated in this study because of five incomplete questionnaires that were excluded from the sample.

3.2. Measurement instrument

3.2.1. Fairness of performance evaluation procedure

Fairness of performance evaluation procedures was defined as employees' perceptions of the level of fairness throughout the procedure or process being undertaken by the district administration and city of Lampung province in determining the performance of employees. The performance evaluation is intended as a means of communicating feedback to determine the performance and rewards, such as promotions and salary increases.

Fairness of performance evaluation procedures or procedural fairness is measured using instruments from McFarlin and Sweeney [14]. This measure consists of four items that asked respondents to rank on fairness of the procedures used in the company to evaluate the performance of employees, determining promotions, communicating performance feedback, and determining salary increases. This results in a variable reliability Cronbach alpha of 0.73 which showed high internal consistency. The test results show that the validity of all of the items has a significant correlation.

3.2.2. Distributive fairness

Distributive fairness refers to the fairness of the actual results (such as workload, income, etc.) received by an employee as described by Cohen [24]. Thus, distributive fairness is the perception of the employees' salary / wages received by public servants in Lampung province when they compare with the efforts made within the organization.

The instrument used to measure the distributive fairness consisted of two items. The first was an instrument introduced by Hopwood [25] and Otley [26]. This instrument asked respondents to rank the question "How fair was the assessment conducted on your performance?" The second instrument was a five-item instrument of Price and Mueller [27]. This instrument asked respondents to rank the justice remuneration derived by considering the amount of effort that has been done, responsibilities of, the work pressure, the amount of education and training, and the completed work. Results of testing the reliability of distributive fairness generated Cronbach alpha of 0.85 which showed high internal consistency. Testing the validity produced that all items have a significant correlation.

3.2.3. Organizational commitment

Porter et al. [28] defines organizational commitment as a force that is relative and individual identifying himself into the part of the organization's involvement. Thus, organizational commitment showed an employee's strong reception toward the goals and values of the organization, where employees will strive and work and have a strong desire to remain in the organization. This study used a nine-item questionnaire adapted from Organizational Commitment Questionnaire (OCQ) introduced by Porter et al. [28]. Results of testing the reliability of organizational

commitment resulted in Cronbach alpha of 0.82 which showed high internal consistency. Testing the validity produced that all items have a significant correlation.

3.2.4. Job satisfaction

Job satisfaction is defined as an unpleasant and positive emotional state which is the result of an assessment of employees' job or work experience [19]. Therefore, job satisfaction reflects one's feelings toward his work. This is the impact on the positive attitude of employees toward work and everything encountered in the work environment. In this study, job satisfaction was measured using a twenty-item questionnaire of Minnesota Satisfaction Questionnaire (MSQ) developed from different occupations for example satisfaction with the leadership, salary, promotion opportunities, and working conditions. This instrument was introduced by Weiss et al. [29]. Results of testing the reliability of job satisfaction resulted in Cronbach alpha of 0.91 which showed high internal consistency. Testing the validity produced that all items have a significant correlation.

3.2.5. Job performance

Performance is the quality of performance and productivity that has been achieved by employees in the work [30, 31]. Job performance was measured using four questionnaires that asked employees to measure their performance and productivity in completing the work. The entire study variables were measured using a questionnaire with a Likert scale of 1 is "strongly disagree" and 5 is "strongly agree". The higher the answer, the higher the variable degrees.

Results of testing the reliability of job performance variables resulted in Cronbach alpha of 0.61 which showed high internal consistency. Testing the validity of the result in that all the items had a significant correlation, which means valid.

4. Result

4.1. Descriptive statistics

Summary of descriptive statistics of each variable of this study is presented below:

Table. 1

Summary of descriptive statistics^a

	Procedure	Distributive	commitment	Satisfaction	Performance
N Valid	204	204	204	204	204
N Missing	0	0	0	0	0
Mean	13,53	20,20	32,27	70,65	12,95
Std. Deviation	2,688	4,049	4,868	9,429	2,180
Minimum	5	8	18	38	8
Maximum	20	30	45	94	20

^a Reprinted from *output AMOS version 16.0*

Based on table 1, the variable equity performance evaluation procedures have actual scores range between 5 to 20 with an average value of 13.53 and a standard deviation of 2.688. Thus, the average actual score which was above the average theoretical score (13.53>12) indicated that respondents' answers were mostly on grade 3 and 4, which means fairness performance evaluation procedures in Lampung provincial government at good levels.

The distributive fairness variable has actual scores range between 8 to 30 with an average value of 20.20 and a standard deviation of 4.049. Variable organizational commitment has actual scores range between 18 to 45 with an average value of 32.27 and a standard deviation of 4.868. Variable job satisfaction has actual scores range between 38 to 94 with an average value of 70.65 and a standard deviation of 9.429. Thus, the average actual score was above the average theoretical score (18, 27 and 60) indicates that respondents' answers were mostly on grade 3 and 4, which means distributive fairness, organizational commitment, and job satisfaction at a good level.

Variable job performance has the actual scores range between 8 to 20 with an average value of 12.95 and a standard deviation of 2.180. Thus, the average actual score slightly above the average score of the theoretical (12.95>12) indicated that respondents' answers were mostly on grade 3, which means job performance in Lampung provincial government at the medium level.

4.2. Model fit assessment

According to Hair et al. in Ferdinand [32], in the analysis of Structural Equation Model (SEM) there is no single statistical test tools for measuring or examining hypothesis about the model. The statement provides sufficient evidence that there are different types of fit index that can be used to measure the degree of conformity of whether a model can be accepted or not.

Figure 2 is a construct of full structural equation model after conducting confirmatory factor analysis of each construct. Assessment model fit is done by comparing the

results of testing against the criteria of *goodness of fit indices full structural models*.

The test results fit structural equation model produced a value Chi-Square 1228.314 with probability $p = 0.000$, AGFI = 0.742, GFI = 0.778 and TLI = 0.730. Meanwhile, according to Ferdinand (2006) recommended value is $p > 0.05$, $AGFI \geq 0,90$, $GFI \geq 0,90$ and $TLI \geq 0,95$. The SEM fit value is under recommended so that indicates that the model is accepted at a marginal level.

While the criteria resulted CMIN/DF 1.612 and RMSEA 0.079 as what is recommended namely $DF \leq 2,00$ and $RMSEA \leq 0,08$. Although some criteria are marginally acceptable, it is known that the Chi-square value is very sensitive to the sample size, so there is a tendency that Chi-square value will always be significant. Therefore, it is advisable to ignore it and look more fit goodness. Additionally, Solimun [33] states that if there are one or two *goodness of fit criteria* that meet the criteria, then the model is said to be good.

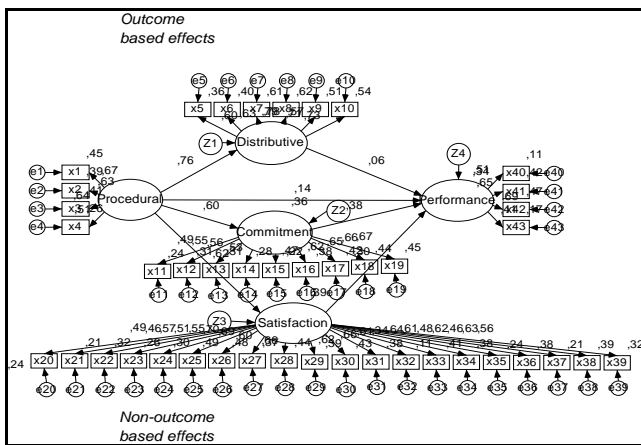


Fig 2. SEM of procedural fairness on job performance.

4.3. Hypothesis testing

Output research hypothesis testing used AMOS program output in the form of regression weights shown in Table 2.

The output correlation between exogenous variables and endogenous variables can be seen from the *estimate standardized regression weights* shown in Table 3.

Criteria for testing hypotheses by Ghozali [34] are as follows:

- a. Value CR (critical ratio) ≥ 1.96 with significance level ≤ 0.05 then it means the exogenous variables affect the endogenous variables.
- b. Value CR (critical ratio) < 1.96 with significance level > 0.05 it means that exogenous variables did not influence the endogenous variable.

4.3.1. The direct effect of procedural fairness (H1, H2a, H3a dan H4a)

H1 stated that the fairness of performance evaluation procedure positively affects job performance. The test results toward the estimation parameters between the two variables shows the influence of 0.136, the value of the critical ratio (CR) of 0.709 with a p-value 0,478 ($p > 0.05$). This output indicates that the fairness of performance evaluation procedure does not significantly toward job performance, thus H1 was unacceptable.

H2a stated that the fairness of performance evaluation procedure positively affects distributive fairness. The test results of the estimation parameters (standardized regression weight) between the two variables shows the influence of 0.756, the value of the critical ratio (CR) of 5.276 with a p-value below 0.05. This output shows that equity performance evaluation procedures and a significant positive influence on distributive fairness, thus H2a was accepted.

H3a stated that the fairness of performance evaluation procedure positively affects organizational commitment. The test result toward the estimation parameters between the two variables shows the influence of 0.598, the value of the critical ratio (CR) of 5.007 with a p-value below 0.05. This output shows that the fairness of performance evaluation procedures and a significant positive effect on organizational commitment, thus H3a was accepted.

Table. 2
Regression Weights^a

Variable		Estimate	S.E.	C.R.	P
Commitment	<--- Procedural	0,749	0,150	5,007	***
Satisfaction	<--- Procedural	0,749	0,141	5,323	***
Distributive	<--- Procedural	0,888	0,168	5,276	***
Performance	<--- Satisfaction	0,140	0,067	2,088	0,037
Performance	<--- Commitment	0,171	0,066	2,595	0,009
Performance	<--- Distributive	0,027	0,071	0,389	0,697
Performance	<--- Procedural	0,076	0,107	0,709	0,478

^a Reprinted from *output AMOS version 16.0*

Table. 3
Standardized Regression Weights^a

			Estimate
Commitment	<---	Procedural	0,598
Satisfaction	<---	Procedural	0,621
Distributive	<---	Procedural	0,756
Performance	<---	Satisfaction	0,303
Performance	<---	Commitment	0,384
Performance	<---	Distributive	0,058
Performance	<---	Procedural	0,136

^a Reprinted from *output AMOS version 16.0*

H4a stated that the fairness of performance evaluation procedure positively affected job satisfaction. The test results of the estimation parameters between the two variables shows the influence of 0.621, the value of the critical ratio (CR) of 5.323 with a p-value below 0.05. This output shows that equity performance evaluation procedures and a significant positive effect on job satisfaction, thus H4a was accepted.

4.3.2. The direct effect of distributive fairness, commitment and job satisfaction (H2b, H3b and H4b)

H2b states that distributive fairness is positively effect to job performance. The test results of the estimation parameters between the two variables shows the influence of 0.058, the value of the critical ratio (CR) of 0.389 with a p-value 0.697 ($p > 0.05$). This study shows that the distributive fairness does not significantly affect job performance, thus H2b unacceptable.

H3b states that organizational commitment positively affects job performance. The test results of the estimation parameters between the two variables shows the influence of 0,384, the value of the critical ratio (CR) of 2.595 with a p-value of 0.009 ($p < 0.05$). This study shows that organizational commitment and significant positive effect on job performance, thus H3b was accepted.

H4b states that job satisfaction positively affects job performance. The test results of the estimation parameters between the two variables shows the influence of 0,303, the value of the critical ratio (CR) of 2.088 with a p-value 0.037 ($p < 0.05$). This study shows that job satisfaction and significant positive effect on job performance, thus H4b was accepted.

4.3.3. The indirect effect of procedural fairness through outcome-based effect (H2C)

H2C stated that the fairness of performance evaluation procedure positively affects job performance through distributive fairness (outcome based Affect). Based on Table 4, the magnitude of the indirect effect of the fairness of performance evaluation procedures (procedural fairness) on job performance in Lampung provincial government through the distributive fairness (outcome based effect) amounted to 0,044. Direct effect was 0.136 (Table 3) and the total effect amounted to 0.598 (Table 5). This study proved that the effect of procedural fairness on the job performance through distributive fairness was so small that it cannot be mediation between the two variables. Thus H2C was unacceptable.

Table. 4
Standardized Indirect Effects^a

Variable Path				Indirect Effect		
Performance	<---	Satisfaction	<---	Procedural	0,621 x 0,303	0,188
Performance	<---	Commitment	<---	Procedural	0,598 x 0,384	0,230
Performance	<---	Distributive	<---	Procedural	0,756 x 0,058	0,044
Total Effects						0,462

^a Reprinted from *output AMOS version 16.0*

Table. 5
Standardized Total Effects^a

	Procedural	Distributive	Satisfaction	Commitment
Distributive	0,756	0,000	0,000	0,000
Satisfaction	0,621	0,000	0,000	0,000
Commitment	0,598	0,000	0,000	0,000
Performance	0,598	0,058	0,303	0,384

^a Reprinted from *output AMOS version 16.0*

4.3.4. The indirect effect of procedural fairness through non-outcome based effect (H3c and H4c)

H3c stated that the fairness of performance evaluation procedure positively affects job performance through organizational commitment. Table 4 above shows that the indirect effect of the fairness of performance evaluation procedure on job performance through organizational commitment was 0.230. Direct effect was 0.136 (Table 3) and the total effect was amounted to 0.598 (Table 5). This proved that the influence of the fairness of performance evaluation procedure of the job performance tends indirect

through organizational commitment, thus H3c was accepted.

H4c stated that the fairness of performance evaluation procedure positively affects job performance through job satisfaction. Table 4 above shows that the indirect effect of procedural fairness on the job performance through job satisfaction was 0.188. Direct effect was of 0.136 (Table 3) and the total effect was 0.598 (Table 5). This proved that the influence of the fairness of performance evaluation procedure on job performance tends indirect through job satisfaction, thus H4c was accepted.

Table. 6

Summary of Hypothesis Testing Results

Hypothesis	Results
H1 Fairness of performance evaluation procedure positively effect job performance.	unacceptable
H2a Fairness of performance evaluation procedure positively effect distributive fairness.	acceptable
H2b Distributive fairness positively effect job performance	acceptable
H2c Fairness of performance evaluation procedure positively effect job performance through distributive fairness.	Unacceptable
H3a Fairness of performance evaluation procedure positively effect organizational commitment.	Acceptable
H3b Organizational commitment positively effect job performance.	Acceptable
H3c Fairness of performance evaluation procedure positively effect job performance through organizasional commitment.	acceptable
H4a Fairness of performance evaluation procedure positively effect job satisfaction.	acceptable
H4b Job performance positively effect job performance.	acceptable
H4c Fairness of performance evaluation procedure positively effect job performance through job performance.	acceptable

6. Discussion

Fairness of performance evaluation procedure is the perceived fairness of the procedures employees run by the organization to determine employees' performance. Greenberg and Folger [35] describe a process if is done fairly, it is increasingly likely that the results obtained from the process are also considered fair. The study concluded that the fairness of performance evaluation procedures is significantly and positively related to distributive fairness. These results were not surprising because the fair procedures was created to provide a fair result. Likewise in local government, where the performance evaluation procedure was based on the rules and regulations so that employee perceptions of the procedure were relatively fair. Based on the above, it can be concluded that fair performance evaluation procedures can enhance distributive fairness in Lampung provincial government. The study's findings reinforce the results of research that Lau et al. [2] conducted in the health services sector in Australia. Based on his research, it was concluded that procedural justice affects the fairness of performance evaluation results.

Nevertheless, this study cannot prove that the distributive fairness was significantly and positively related to employees' performance. Although there was a positive

relationship, but the relationship is relatively small. This was because the determination of the results (such as salary, benefits and so on) in Lampung provincial government was based on the regulations so that however many results obtained will be received well by employee. In addition, the Lampung provincial governments have not implemented giving employees benefits which are based on performance so that it is sufficient to support the above reasons, the fair results are less influential on employees' performance in Lampung provincial government.

Organizational commitment is an important factor in determining the performance of employees. One factor that must be considered in order to produce a high level of employees' commitment is to pay attention to issues that are important to employees, such as: maintaining the fairness of treatment in the organization. Employees tend to react positively to the organization if the procedure is conducted fairly. According to Lau et al. [2] employees evaluate their experience with the possibility to reflect on what should happen in different situations. Thus, employees will still have a high commitment and will not have a bad view in the organization even though the results are not sufficient if the procedure is run fairly. This study was able to prove the effect of the fairness of performance evaluation procedures to organizational commitment. This finding is consistent with studies done previously, such as Folger and Konovsky [16]; and Wentzel [17]. In addition, the study also concluded the influence of organizational

commitment on employees' performance. This means that the higher the level of employee commitment in Lampung provincial government, the higher the performance of the employee.

According to Locke [19], job satisfaction is formed from the results of an assessment of the employees' employment or work experience. Moreover, job satisfaction is also one of the fundamental consequences of fair performance evaluation procedures. This means that the practical value worth of fairness of performance evaluation procedures lies in ability as a source of job satisfaction [12]. Lind and Tayler's [12] opinion was supported by Harrison [20]; Hartmann [21]; and Lau and Sholihin [22]. Subsequent research conducted by Lau et al. [2] also found the influence of procedural fairness on job satisfaction performance evaluation. The findings of this study are consistent with previous studies. Based on the results of data analysis it was showed that there was a positive and significant influence of the fairness of performance evaluation procedure on job satisfaction. In addition, the study also found that job satisfaction positively affects job performance.

Horngren et al. [36] considers that the performance evaluation, compensation, and employee performance are related. He concluded that "a lot of management accounting practices use performance evaluation to achieve the objectives better". The effect of the fairness of performance evaluation procedure on job performance through outcome-based effect (distributive fairness) is based on justification that the more equitable a procedure, the more likely that the results obtained will be considered fair. Thus, the employee will be motivated to improve job performance due to the acquisition of a fair result. Lau et al. [2] stated that justice performance evaluation procedures are primarily intended to provide a fair result, and in turn can affect employees' satisfaction and performance. However, this study does not provide strong empirical evidence to support the statement. The findings of this study have important implications for management control practices, especially in local government organization. Research regarding the procedures for performance evaluation and compensation plan was not an important aspect of management control system in improving job performance. This study does not support that employees were very sensitive to performance evaluation and compensation they receive to provide better performance.

In contrast to the effect of outcome-based, this study provides strong empirical evidence about the non-outcome-based influence. It can be understood from the acquisition of a statistical test that the total effect of procedural fairness on the job performance of 0.598 consists of a direct effect of 0.136, the indirect effect based on the outcome of 0,044 while the non-outcome based indirect influence amounted to 0.418 (organizational commitment 0.188 and job satisfaction 0.230). Based on the above description, the study concluded that the effect of the fairness of performance evaluation procedure on job performance tends to be indirect, namely through organizational commitment, and job satisfaction. This study indirectly

supports the opinion of Kaplan [37], Lynch and Cross [38], Lau and Moser [6] that outcome-based effects through distributive fairness should be criticized because it only considers one dimension that is less beneficial for the organization. Furthermore, Lind and Tyler [12] explain that the procedures to treat its members fairly will trigger not only through the influence of outcome-based effect or distributive fairness, but also through job satisfaction and organizational commitment.

Based on the above discussion, the results of this research is important for the development of the theory of management control systems, especially in local government organization. This study elaborated that the dilemma will arise by the need of using different theories to explain that the influence of procedural justice is not easy to avoid. The use of a comprehensive model that includes (1) the outcome-based effect through distributive fairness; and (2) non-outcome-based effect through organizational commitment, and job satisfaction, can provide a good description of the effect of procedural justice appearing on job performance. Nevertheless, the model the influence of procedural justice on job performance through non-outcome-based effect has a stronger tendency than outcome-based effect.

This study has limitations such as the use of survey questionnaires as research instrument. Although the survey method is can be relatively controlled by researchers and economists, but the further research is expected to do experimentally. Besides that, it also can be further developed to include other mediating variables, such as leadership style. Practical suggestions for decision makers of local government organisations are expected to always pay attention to fairness performance evaluation procedures because it is significantly related to organizational commitment and job satisfaction, and the subsequent effect on job performance. Performance evaluation procedure is said to be fair if it includes several ways, namely consistency over time, the accuracy of data, feedback from employees, and considering the aspect of morality.

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