

THE RELATIONSHIP BETWEEN PERFORMANCE EVALUATION, PROCEDURAL FAIRNESS, INTERPERSONAL TRUST AND WORK MOTIVATION IN PRIVATE UNIVERSITIES

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I. INTRODUCTION

A university is an educational institution which also functions as work organization, and contains a number of workers as its human resources. Therefore, a university must implement work divisions, by building several work units. The division is implemented by classifying the same type of work in a work unit, and thereby creating several work units. Every work unit has its own type of work, which differs from one another, according to the workload and responsibility. This classification of work will create an organizational structure containing work units with different strata (vertical), due to their different responsibilities and workload. It will also contain several work units at the same level, because they have same work load and responsibility but different kind of work.

All the work units must cooperate in doing their job as part of the organizational work, and in creating effective and efficient effort in attaining their goal. The cooperation can take place vertically between units in different level or horizontally between units in the same level.

Universities have two main work units in its organization structure, the Academic Section and the Administrative Section. The academic section is responsible in conducting teaching-learning process that is done by several lecturers, also known as academic workers. The administrative section is manned by several employees whose job is to support the academic section so their work will be done in effective and efficient manner. The principal administrative section works are mainly finance, administration, inventory, and students' service. Both sections are important for the university as work and educational institution, therefore they must cooperate with each other.

The two sections are essentially different either from the type of work or from the responsibilities they carry. They are also different in many other aspects such as the educational background requirements for the employees, the working hours, the salary and allowance, promotion requirements, and career development. As we can see that the administrative staff's work are mostly routine activities which will cause boredom, doesn't need creativity and initiative, is not challenging etc. Therefore to do such work the staff must have high motivation so they can do their job as effective and as efficient as possible.

Evidence from prior studies suggests that measures used by superiors to evaluate their subordinates' performance can affect the subordinates attitudes and behavior such as work motivation (Outley, et al, 2000)

However, as far back as the 1970s, there is evidence to suggest the effect of performance evaluation on subordinates' behavior may be indirect through some intervening variables. Both Hopwood (1972) and Otley (2000) suggested and found that evaluative style and the type of performance evaluations used can affect the subordinates' perception of interpersonal trust and justice in evaluation process. Procedural fairness is important because of its likely effects on the organizational members behavior (Milani, 1975 ; Kenis, 1979 ; Linquist, 1995 ; Libby, 1999 and Law, 2002). Interpersonal trust is also important because successful performance

evaluation is likely to occur only in an environment where trust among organizational members can develop (Hoywood, 1992). Trust is an important feature of the performance evaluation process because increased interpersonal trust between the subordinates and their superiors is likely to lead to improved communication (Merlinger, 1956 and Rend, 1962). In a trusting environment, people feel free to relate to one another and this can lead to openness among organization members (Reina and Reina, 1999). Trust is the glue of effective, humane, and efficient organization.

II. STATE AND PRIVATE UNIVERSITIES IN INDONESIA

As explained in previous section that universities are educational institution as well as work organization, and there are essential similarity between the state owned universities and the private-owned universities. The similarity lies in the goals of universities in Indonesia to implement Tri Dharma Perguruan Tinggi (Three Goals of Universities) to create quality graduates. The central component of the goal is to do teaching-learning activities with various methods, known as educational component in Tri Dharma Perguruan Tinggi.

This component dominates the activities in a university and takes the whole academic year to implement and finish usually with the final test at the end of an academic year. Although the second and third component, research and public service, are important, the implementation is highly influenced by the head of university. The policy to conduct the other two components is influenced by the availability of human resources, the lecturers as researchers, and fund. This can be in form of training for young lecturers or technology research and development for senior and experienced lecturers. The third Tri Dharma is Public Service, which is usually done by lecturers with or without help from the students.

To apply the tri dharma and other supporting activities, the universities need to employ a number of administrative staff.

The universities also need money to buy and maintain facilities, or to fund the cost of human resources which constitutes the lecturers and the employees. It is in this field that the difference between state-owned and private-owned universities lies. This in turn will affect the quality of the graduates. State-owned universities that are funded and subsidized by the government in general can carry out their main duties effectively and efficiently. However, there are also some state-owned universities whose graduates are of low quality due to lack of sufficient funding from the government. In contrast, the private-owned universities must solely rely from the students tuition to fund its activities. This creates a causative relation between the universities ability to fund its activities and its ability to attract students. If the universities are able to attract sufficient number of students, it will enable them to conduct high-quality programs which in turn will improve the quality of their graduates. In turn, the higher the quality of the graduates of a university will affect the number of new students its can attract.

The ability to pay for the programs and human resources will have a great influence in the lectures and administrative staff's motivation in doing their job in private-owned universities. The next section will discuss about performance evaluation, Procedural fairness, Interpersonal trust, the work motivation in general and specific terms in the work environment of private-owned universities.

III. PROCEDURAL FAIRNESS

Procedural fairness (justice) is the perceived fairness of the means used to determine the amount of reward the employees receive. It relates to the employees' perception of the

fairness of all aspects of the organization's process used by their superior to evaluate their performance, communicate performance feedback and determine their reward such as promotions and pay increases (Folger, 1989).

Early studies of procedural justice were associated with the work of Thibaut and Walker (Thibaut, 1975). They found that (a) perception of fairness was positively associated with procedural preference, and (b) perception of fairness in procedures was positively associated with increased satisfaction. The work of Thibaut and Walker (Thibaut, 1978) was based mainly on research findings in legal setting.

Consequently, it had relatively restricted standard of fairness. Subsequent studies by Leventhal (1980) and Leventhal et al. (1980) argued that procedural justice was an important determinant of perceived fairness in the context of almost any allocation decision. Hence, they extended procedural justice research from legal settings to organizational setting found that procedural fairness judgments played a major role in affecting organizational members' attitudes and behavior (Lind and Tyler, 1988). For example, a study by Lissak et al. (1983) found that procedural justice showed a larger unique contribution to work motivation than did distributive justice. The study by Alexander and Rudeman (1987) also found that procedural justice significantly affected work motivation, evaluation of supervisors, reports of harmony and conflict, and trust in (upper-level) management. Additional support for the effect of procedural justice on evaluations of supervisors was also found in Greenberg's (1987) and Kanfer et al.'s (1997) studies. With respects to the perceived fairness of outcomes (distributive fairness), Folger and Paese (1985) found that procedural justice enhanced the perception of distributive justice. Early and Lind (1987) found that procedural justice caused higher performance in the laboratory study, but not in the field study. Cornelius (1985) also found in laboratory study that high fairness of procedures was more likely could improve performance than were low fairness procedures. Based on the findings above, Lind and Tyler concluded that procedural fairness has positive consequences for organizations and that procedural fairness judgments affect a variety of very important beliefs and attitudes among organizational members.

IV. INTERPERSONAL TRUST

The criteria of trustworthy behavior are: (1) consistency across time and situations, which reflects the reliability and predictability of actions; (2) integrity, refers to the consistency between what the managers says and what he or she does; (3) sharing and delegation of control, such as participation in decision making; (4) communication, that is the information should be accurate and forthcoming, adequately explained, and open communication (exchange thoughts and idea freely); and (5) benevolence or demonstration of concern, that is showing consideration and sensitivity for subordinates' needs and interests, acting in a way that protects subordinates' interests, refraining from exploiting others for benefit of one's own interests (Whitener, Kosgaard and Werner, 1998). Read (1962) noted that trusting subordinates expect their interests to be protected and promoted by superiors, feel confident about disclosing negative personal information, feel assured of full and frank information sharing, and are prepared to overlook apparent breaches of trust relationship.

Interpersonal trust has also attracted the attention of management accounting scholars (Ross, 1994). They have studied interpersonal trust in the context of performance evaluative style. Hopwood (1972) conceptualized interpersonal trust as "trust in supervisor" which regarded as one of the subdimensions of "relation with supervisors". Odey (1978) conceptualized interpersonal trust as "trust in superiors" and "the trust a manager" felt he had in his group

VI. PERFORMANCE EVALUATION, PROCEDURAL FAIRNESS, INTERPERSONAL TRUST AND WORK MOTIVATION

Procedural fairness is the perceived fairness of the means used to determine the amount of reward or compensation the employees receive. In performance evaluation context, procedural fairness is likely to be important to the subordinates. Subordinates usually consider performance evaluation to be important because it is often linked to the reward system that will determine their remunerations and promotions. They therefore expect the procedures use to evaluate their performance to be fair.

Zand (1997) argued that a company's reward system could promote interpersonal trust as long as the reward system is collaborative, integrative and "win-win". Win-win reward system means "one person's gain is a gain for other person as well, and one person's loss is also loss for the other". Whitener et al. (1998) contended that performance evaluation and reward system can facilitate or inhibit managerial trustworthy behavior, which in turn can affect the trust of subordinates to their superiors. It is therefore necessary for organizations to design their performance evaluation system in such a way that may enhance the trust of subordinates toward their superior.

It is possible that whilst some aspects of the subordinates' performance (e.g. financial aspects) may be unsatisfactory. If performance evaluation is only based on limited number of measures (e.g. financial measures alone), subordinates may receive poor evaluations. In contrast, if multiple measures-based evaluation is used, the subordinate may be evaluated as a good overall performer. In such situations, the subordinates are likely to view that their superior has acted benevolently which may lead to higher interpersonal trust of subordinates toward their superiors. It is therefore likely that there is a positive relationship between the use of performance evaluation and interpersonal trust.

Extant literature in legal, political and organizational context suggests that procedural fairness is likely to affect behavior (e.g. Early and Lind; Corneliu; Alexander and Ruderman; Folger and Konovsky). Tang and Sarfield-Baldwin (1996) argued that "if managers can apply rules fairly and consistently to all employees and reward them based on performance and merit without personal bias, then employees will have a positive perception of procedural justice, which may lead to a higher satisfaction, commitment and involvement". Linguist (1995) found that the interaction between process control (vote or voice) and the fairness of budget (attainable or unattainable) affected task and budget satisfaction. It is therefore likely that there is a positive relationship between procedural fairness and work motivation.

Zand defines trusting behavior as a willingness to increase vulnerability to another person whose behavior cannot be controlled, in situation in which a potential benefit is much less than potential loss if the other person abuses the vulnerability. Further, he suggested that two people who behave in trusting manner will greatly increase their problem solving effectiveness. Additionally, people who trust each other can synchronize, help each other and work together constructively. Trusting behavior can improve decision quality and its implantation. Libby (1999) argues that the existence of trust between organizational members can increase both problem solving and performance. Similarly, Reina and Reina noted that "directly or indirectly trust is related to individual, group, and organizational performance". This is likely to increase their commitment to each other and hence experience greater work motivation. It is therefore likely that trust is positively associated with the subordinates' work motivation. Mahtud and Chong (2003) found that there is a significant relationship between multiple measured-based performance evaluation and job satisfaction. Further analysis suggests that such relationship are fully mediated by procedural fairness and trust. They suggest that fair procedures and trust

manager. Ross (1994) had a similar concept of interpersonal trust and regarded it as "trust between colleagues" and "trust that (subordinates) have in their superiors. Lau and Buckland (2001) conceptualized interpersonal trust as "the trust subordinates have in their superiors" and is defined as "the firm belief or confidence the subordinates have in the justice of their superiors.

V. WORK MOTIVATION

The explanation in previous section show that to be able to effectively and efficiently run organizations' functions, we need human resources. An organization will not function without human resources, which will do an activity called working. In other words, an organization need to have human resource, as well as other resources, like money, facilities etc. According to Kalz and Khan quoted by steers, an organization require three requirements to function effectively: People who belong to the organization not for the sake of membership alone, but are also happy to belong to it, (2) The members must be able to do their duty and responsibility, (3) The members must be

able to perform in a creative, spontaneous, an innovative manner (Cascio, 1995). This opinion fundamentally reflects the role of work motivation's importance in running an organization, including universities. Without work motivation, all functions organization will be paralyzed, this means an organization must be able to motivate its employees.

Before going further to the level of university, we will first try to define work motivation general. Motivation is derived from a latin word "movere" which means to move, in other words, things that make people do something. There are also many synonyms to describe motivation, such as incentive, inspiration, drive, stimulus, impulse and needs. In accordance to these meanings, John and Davis define motivation as "something that drive someone to do an activity because he / she is willing to do so. People act because they want to do so (John and Keith, 1998).

The definition shows that someone is motivated to do something which pleases him/her. Motivation is a need or drive inside an individual which urge him/her to act to attain certain goals (Terry and Franklin, 2003). Motivation is a drive in human being which activate, move, and direct a behavior to achieve goals, therefore the key to understand motivation is to understand the relation between needs, drive, and goals (Luthans, 1985). In other words, "motivation is something inside which give us energy, activate and direct the behavior to achieve the goals (Harool Koontz, C. O'donnel and H. Weirich, 1982).

Gomez (1996) also defines motivation as "the willingness to make a serious effort to achieve organization's goal which is conditioned by the effort to fulfill individual needs. Therefore if someone is motivated, he/she will try as hard as he/she can to do activities to fulfill his/her own needs. "The standard measurement of human behavior is activity", Miftah Toha (2003) which mean that behavior is a set of activities. Among the activities of life, at one time or another human will choose to work. This choice is directed and limited to one work and not others. In doing the work he/she chooses, work motivation is needed for the behavior in achieving the work's goal/goals. The motivation is called incentives in forms of material/financial and non material/non financial gains which will satisfy the person.

The explanation above shows that universities, especially private-owned universities, must be able to tackle the problems related to work motivation, to stimulate their employees to participate actively in doing their duty and responsibility and achieve something for the organization, and satisfy the employees involved.

of subordinates toward their superior play important roles in performance evaluation. They suggest that multiple measures-based performance evaluation is associated with enhanced procedural fairness and trust in superiors. These, in turn, are associated with higher job satisfaction and lower job-related tension.

VII. CONCLUSION

Work motivation is important for each employee, therefore managers must have the ability to help the employee in building and maintaining work motivation so the employee will work efficiently, effectively, and productively. Managers must create a sense of responsibility in work as internal motivation (non financial) in an employee. Beside that, managers must also be able to create external (financial like wages/salary, etc).

In general, work motivation can be seen from two dimensions:

1. The first dimension is the motivation to do the job effectively and efficiently as an indicator of a) the need to be better than others; b) the need to achieve maximum achievement though still below others; c) the willingness to learn from others; d) the willingness to do something right or to avoid mistakes; e) to work according to the time given; f) the willingness to work hard

2. The second dimension is the motivation to do the work which closely related to human satisfaction with indicators: a) the need to work together; b) the need to have reward or compliment from the superior/others; c) an effort to increase work ability; d) the willingness to work overtime; e) the willingness to find better and more effective working method; and f) the compatibility between the job and ability and g) satisfaction of goal achieved.

The dimensions and indicators of work motivation above is essential for each employee so that he/she can contribute to the achievement of goals in the organization or university where he/she works. As such, for a private-owned university, the goals achieved will be beneficial in maintaining and developing its existence and will prepare it in facing the globalization.

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