

Effects of Dyadic Quality and Duration on Performance Appraisal

Ayesha Amanullah Khan*
Dr. Syed Tahir Hijazi

Abstract

Performance evaluation is one of the fundamental tasks that have to be accomplished by an organization. It is a process through which the employee's performance is evaluated and on the basis of which different decisions are taken. This paper focuses on the social context of the performance appraisal, and seeks to ascertain how do dyadic relations and duration of the process affect the performance appraisal process? A total of 120 paired questionnaires were sent to subordinate and employees of different organizations in order to collect data. Descriptive statistics and correlations among the different variables were calculated in order to analyze the results. The results show different dimensions of the employee appraisal comprising the time span of the employee with the supervisor, the relationship the employees have with the supervisor and the objective performance they have shown. The analysis is followed by the conclusion and recommendations. It also highlights the practical implications of the performance appraisal process for the organizations. The model paper followed in this research is 'Effect of dyadic quality and duration on performance appraisal' by Neville T. Duart, Jane R. Goodson and Nancy R. Klich.

Keywords: *Dyadic quality, performance appraisal, evaluation.*

1. Introduction

The historical roots of performance appraisal can be traced back to Taylor's pioneering Time and Motion studies undertaken in the early 20th century. But as a distinct and formal management procedure used in the evaluation of work performance, appraisal dates from the time of the Second World War—not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay

* Ms. Ayesha Amanullah Khan is a Ph.D. scholar at Mohammad Ali Jinnah University Islamabad, aash_aman@yahoo.com

Dr. Syed Tahir Hijazi is Dean, Faculty of Social Sciences, International Islamic University, Islamabad, hijazi@iiu.edu.pk

claim to being the world's second oldest profession. (www.performance-appraisal.com/intro.htm)

Managing employees and managing work standards have always been integral roles to be played by the human resource managers. Performance evaluation is the key to success in any organization. Proper and transparent evaluation system is important for the success of the organization and for enhancing the satisfaction level of the employees. There are many different factors that affect the transparency of the performance evaluation or which may cause the hurdle in the evaluation of the employee.

Performance management system was designed in order to acquaint the employees with their performance status and how have they performed over a specific time period, and relating that with the pay raise, promotion and other benefits. Performance evaluation system is improving day by day as proper human resource activities are streamlined in the organizations.

Dyadic quality is one hurdle that causes the evaluation system to be distorted. The kind of relations that exist between the employee and the supervisor has a strong and important impact on the evaluation of the employee evaluation. What impression the evaluator holds about the evaluated effect the results of the evaluation. This may result in the extreme positive or negative evaluation of the employee. The dyadic quality may affect the performance appraisal even if the standards are properly defined in the organization; evaluator is properly trained for the evaluation process or even the evaluation system is very much transparent.

2. Literature Review

There are many researches done in order to find out the impact of the dyadic relationship and its impact on the performance appraisal process. This is another research that makes a contribution in this regard.

Performance evaluation is becoming important as organizations are moving towards increased effectiveness and efficiency. 'Performance appraisal is a major subject of controversy in management circles. While business leaders see the need for appraisal systems, they are frequently disappointed in them' (Richards, 1959).

Performance evaluation is to evaluate the employees according to the set standards and objectives of the organization. Another way to define performance evaluation is the method of evaluating an employee's performance which involves tracking, evaluating and giving feedback of actual performance based on key behaviors/competencies established in the goals that support the achievement of the overall organizational mission. 'It serves a variety of purposes such as providing the basis for making selection decisions, determining salary

increases, and providing a feedback between supervisors and employees' (Mount, 1984).

Performance evaluation is an ongoing process. Performance evaluation holds immense importance in an organization. There are many different factors which influence performance evaluation. Those factors may include 'types of rating formats and instrument used, characteristics of rater and ratee, rater's cognitive processes and training, contextual factors, and appraisal purposes' (Duarte et al., 1994).

A superior can mediate, among other rewards, the following outcomes in most organizations upon performance:

- The latitude in task performance in terms of both the timing (when) and the process (how), and even sometimes the actual task assignment (what).
- The amount and precision of information regarding the present and future state of the unit.
- The amount of influence in decision making regarding the unit and also the frequency of this perception.
- The degree of formal support given to members ideas and actions.
- The amount of formal attention given to members problems and feeling.
- The opportunities given to members to become 'visible' within the organization (Graen et al., 1973).

3. Primary uses of Performance Evaluation

Performance evaluation serves a number of purposes in an organization. Evaluation of employees can be used for many purposes and decisions related to human asset available in the organization like, who should be trained, who should be promoted, or who should be compensated more or less.

Use	Percentage
Compensation	85.6
Performance feedback	65.1
Training	64.3
Promotion	45.3
Human resource planning	43.1
Retention/ discharge	30.3
Research	17.2

Source: 'Performance appraisal: Current practices and techniques', *Personnel*, May-June, 1984, p. 57.

Before evaluating the employees it is necessary that an organization should have a predefined set of standards so the employees should know that on what basis they are going to be evaluated. 'Researchers are recognizing that job performance is more than just the

execution of specific tasks and that it involves a wider array of important organizational activities. There is also an increased optimism regarding the use of supervisory ratings and recognition that such "subjective" appraisal instruments do not automatically translate into rater error or bias' (Annual Review of Psychology).

The role of evaluation and evaluator is very important in performance evaluation. Many different researches have been undertaken in order to recognize the effects of evaluator and the evaluation process on performance evaluation. The focal point of this research is the impact of interaction between supervisors and subordinates on performance appraisal.

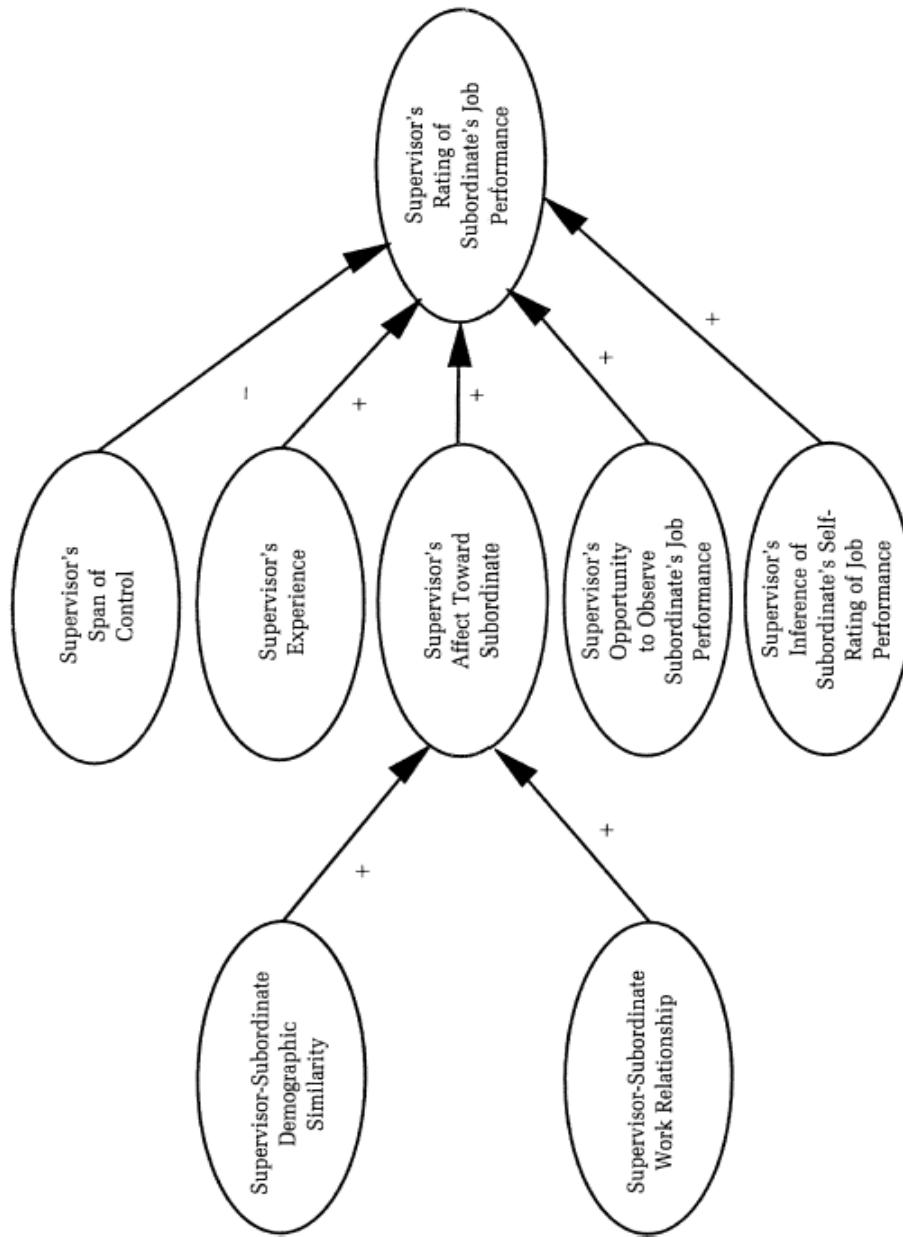
4. Social Context of Performance Appraisal

As discussed earlier, the main focus of the paper is on the effects of social context on the performance evaluation system. Various studies have been done in order to find out the relationship between different social factors and performance evaluation. 'Several relatively distinct literatures address issues of perceiving and judging the behaviors of others. These have been labeled attribution theory, implicit personality theory, and social cognition. All deal with some aspects of the broader topic of person perception' (Ilgen and Favero, 1985). Broadly speaking, the performance evaluation literature has stressed the notion that human judgments of performance are inherently fallible and hence add a source of error to performance evaluation (Woehr, 1992)

'Social context encompasses a vast number of issues and circumstances that may influence the rating process. Mitchell identified four categories of social factors that could influence the link between performance of an employee and the rating of the performance. These include interpersonal similarity between a rater and ratee, the personal power of the rater, the extent of interdependence among the members of the employees works group, and the relative role of the group members' (Duarte et al., 1994)

Different guidelines have been suggested by researchers for the employee performance evaluations like familiarizing with the contents of the evaluation form, being objective in review, basing judgment on the demonstrated, evaluating on the experience of the entire rating period, considering the requirements in terms of the level of the position (www.foundation.sdsu.edu). These may also act as hurdles in evaluating the employee. Some factors have a direct influence on the performance appraisal of the employees. According to Schmitt and Lappin (1980), people make inferences about others with greater confidence when others are perceived as similar. Because raters are less confident in judging dissimilar people, they are less likely to judge others to be very good or very bad (As quoted by Mobley, 1982).

FIGURE 1
Hypothesized Model of Social Influence in the Performance Evaluation Process



Source: Timothy A. Judge, 'Social context of performance evaluation decisions', Academy of Managerial Journal, Vol. 36, No. 1, February 1993, pp. 80-105.

Many researches have shown that the supervisor's ease of observation may have a positive effect on the ratings of the performance evaluation of the employees. Secondly, many researches have proven that the relationship the supervisor maintains with the subordinate also influences the performance evaluation ratings of the employees. Many other factors may also contribute to influencing the performance ratings of the employees as depicted in the model like culture, supervisor's experience, span of control.

5. Dyadic Quality and Tenure

Dyadic is defined as any two components being used in a particular field. In this paper the two components are supervisor and the subordinate. According to Graen and Scandura, superior-subordinate dyadic exchanges necessarily reflect superiors' decisions concerning resource allocation, execution of responsibilities, and evaluate information about job behavior, all of which affect subordinates because of their lesser hierarchical status in the dyad (As quoted by Wesolowski and Mossholder, 1997).

In performance evaluation, the role played by the quality of dyadic relation is of key importance. As mentioned in the model papers by Duarte et al. (1994), 'the quality of the dyadic relationship has been extensively researched in the leader member exchange model of leadership, but the model has not been applied to performance appraisal.'

Leader-member exchange (LMX) theory asserts that leaders develop relationships with each member of their work group. A high quality relationship is characterized by the member having high levels of responsibility, decision influence, and access to resources. Members who enjoy a high quality LMX relationship are said to be in the in-group. A low quality LMX relationship is characterized by the leader offering low levels of support to the member, and the member having low levels of responsibility and decision influence. Members who have a low quality LMX relationship are said to be in the out-group. The quality of the leader-member exchange relationship is theorized to be related to work and attitudinal outcomes. For example, exchange quality has been demonstrated to predict such outcomes as employee withdrawal or resignation, salary and promotion, productivity, job satisfaction, and organizational commitment (www.siope.org).

Research has also found that supervisor's demographic characteristic (e.g. age) may interact with subordinates demographic characteristics (e.g. age) to affect outcomes such as supervisory ratings (Perry et al., 1999).

The development of different relations culminates in the creation of an 'in' sub-group and 'out' sub-group within a work unit (Kinicki et al., 1994). The performance evaluation of the in sub-group and out sub-group varies widely because of the level of relationship between the supervisors and subordinates. According to the LMX theory, when the leader member have strong relationship, then the performance of the particular employee would also increase leading to the better performance evaluation of the employee. Another very important aspect mentioned in the literature regarding the performance evaluation of the employee is that the

performance evaluation process remains the same. It means once the employee is rated high in the performance evaluation, the ratings remain the same for a very long period until and unless very critical incident takes place or very relevant information comes in related to the employee and in such case the rating of the employee may change. Other than that, the rating of the employee in the performance evaluation process remains the same. According to Martinko and Gardner (1987) and Mitchell et al., (1981), any factor which makes the leader closer to the member increases the tendency of the leader to make attributions similar to the member's self attributions. (As quoted by Wilhelm et al., 1993). 'It is believed that social physiological theoretical construct have implications for performance appraisals' (Ilgen and Favero, 1985).

According to Beer, 'there is no substitute for a good supervisor-subordinate relationship, without such a relationship, no performance appraisal system can be effective' (As quoted by Nathan et al., 1991). This is another point of view which shows that good supervisor-subordinate relationship has no substitute. This may highlight the same point that such a positive relationship would take towards positive evaluation and vice versa.

'Accuracy of performance appraisals is a function of rater ability, rater motivation, and availability of appropriate judgmental norms' (Mobley, 1982). Halo error from the evaluator side may be one of the key factors that could influence the performance evaluation of employees. Halo effect occurs when the rater's personal positive or negative opinion affects the employee performance appraisal.

Another very important factor that causes hindrance in the employee performance is the attitude of the supervisor towards the evaluation system. 'Supervisors generally believe that they know who their effective employees are, even if they cannot articulate their reasoning behind their assessment' (Nalbandian, 1981). This positive and negative impression comes from the relationship the supervisor maintains with the employees. According to Dansereau et al. (1975), Dienesch and Liden (1986), and Graen (1989), time pressure is responsible for supervisors developing close relationships with only a few key subordinates' (As quoted by Kinicki and Vechino, 1994). Leader behavior toward 'in group' members is characterized by high trust, greater support, frequent interaction, and more rewards, while leader behavior toward 'out group' members is characterized by low trust, less support, infrequent interaction, and fewer rewards (Wilhelm et al., 1993).

How much time a leader and member have been able to work together would identify the relationship among them and hence would affect the performance evaluation of the employee. Impression management and influential tactics shed light on the effect of the ratings of the employee appraisal. Employees try to make the impression and use the influential tactics in order to build the relations with the boss. 'The use of influence tactics by subordinates affected their perceptions of the fairness of a performance evaluation process' (Dulebohn and Ferris, 1999).

Along with the dyadic quality, the tenure of the relationship also matters a lot in the process of

performance evaluation. If the tenure is longer and relationship is positive then the rating of the employee in performance appraisal would be positive. Even if the tenure is smaller and positive, the performance appraisal may not be positive to the extent as in the first case. And if the relationship is negative, whether the tenure is longer or smaller, the rating in the performance appraisal would be a negative one.

Literature also reveals that the image of supervisor may also have a different impact on the performance appraisal. What does the subordinate think about the superior abilities and skills regarding evaluating the employees? Why superior try to manage good relationship with some of the subordinates. There are many different reasons to answer this question. According to a research, 'leader usually differentiates among his subordinates, probably in an attempt to obtain acceptable performance from the unit. The leader is responsible for the unit's output. He or she alone is not capable of executing all important aspects of the units function and therefore delegate some of these critical tasks to those subordinates who perform them well. Because poor unit performance would be a bad reflection on the leader and could affect his /her future in the organization, the leader naturally does not want subordinates who cannot be trusted to work on critical tasks' (Liden and Graen, 1980). Specifically, leaders tend to assign more credit to in group member for their effective performance and more blame to out group members for their ineffective performance (Wilhelm et al., 1993). This may suggest that the subordinate maintains good relations with employee which results in the better performance evaluation of the employees. Due to these specific reasons employees also try to maintain good relations with the supervisors so they should have positive performance appraisal.

On the basis of the literature review following hypothesis was formulated:

Hypothesis 1: Objective performance, leader member exchange quality, and the amount of time a subordinate has been with a supervisor interactively influence performance ratings.

6. Rating Effects for Short-term Dyads and Long-term Dyads

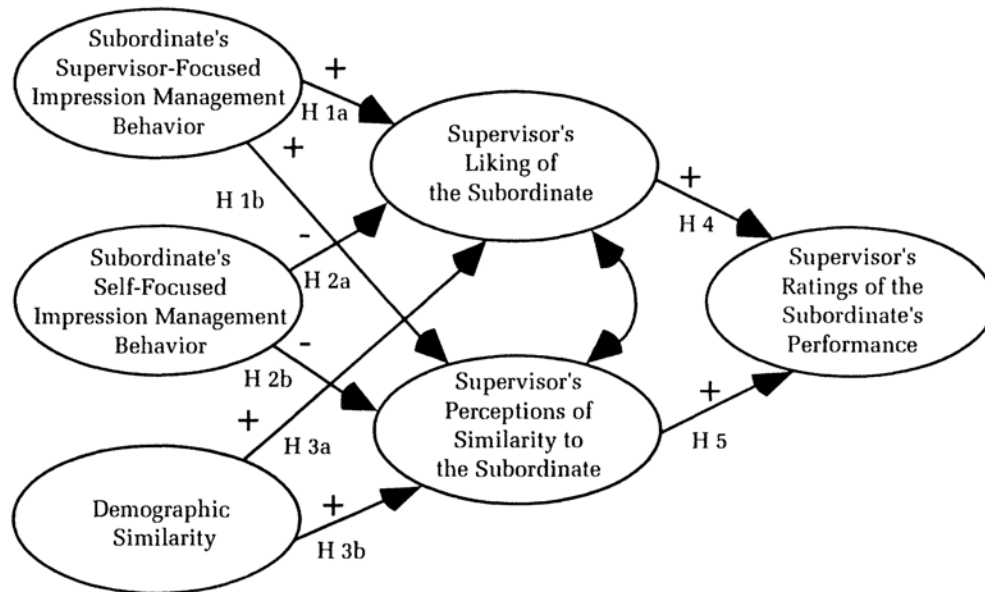
According to Graen and Cashman (1975) and Graen (1976), research on the topic of supervisor-subordinate relations which focuses on dyadic social exchange processes that exist for a supervisor relative to each subordinate, suggests that the quality of the relationship that exists between each subordinate and the unit supervisor varies, and that some subordinates have comparatively better (or poorer) working relations with their supervisor. (As quoted by Kinicki and Vechino, 1994). The effect of the dyadic relationship on performance evaluation is very strong.

Hypothesis 2: In short-term dyads, employees who have high quality leader-member exchange relationships with their supervisor receive high ratings regardless of their objective performance level.

Literature shows that the relationship between supervisor and subordinate always plays a vital role in the performance evaluation of the employees. In their works, Kipnis and Schmidt

(1998), Wayne and Ferris (1990), Wayne and Kacmar (1991), and Ferris et al (1994) found support for the relationship between subordinate impression management behavior and supervisor performance ratings (As quoted in Wayne and Liden, 1995)

Hypothesized Model of the Effects of Impression Management on Performance Ratings



Source: Sandy J. Wayne and Robert C. Liden, 'Effects of impression management on performance ratings: A longitudinal study, *Academy of Management Journal*, Vol. 38, No. 1. February 1995, pp.232-260.

'If the manager sees an employee's behavior as personally threatening or offensive, the manager might attempt to modify the employee's behavior by intentially deflating the rating given to the employee. Managers use the performance evaluation process as a mean by which to enhance their personal control over employees. We expected then that if employees file grievances against their supervisors, those supervisors might intentionally deflate the employee's ratings in order to maintain control over the latter and discourage any such future behavior' (Klaas and. DeNisi, 1989).

Hypothesis 3: In short- term dyads, employees who have low-quality leader-member exchange relationships with their supervisors receive ratings consistent with their objective performance levels.

Different researches have found that the supervisor-employee relationship changes with the

passage of time. According to a study, 'relative to the construct of time-based pressure, we could therefore suspect that unit supervisor who report relatively greater time pressure may feel compelled to offer greater involvement to their subordinate and as a consequence have work unit with a higher average level of quality working relation' (Kinicki and Vechino, 1994). Hence when the working relation improves, the supervisor evaluates the employee in more favorable terms.

According to Heneman, Greenberger and Anonyuo (1989) found that LMX quality did in fact influence leader attribution for subordinate performance such that leaders made more favorable attribution for ingroup members than for out group members, given the same level of performance (As quoted by Wilhelm et al., 1993). In their study, Lewin and Peterson (1988) found that grievant received lower performance evaluations in the year following the filings of grievance than did non-grievant. They also found that those who won their grievance received lower evaluations than those who lost (Klaas and DeNisi, 1989)

Hypothesis 4: In long-term dyads, employees in high-quality and low-quality leader-member exchange relationships receive high performance ratings regardless of their objective performance levels.

7. Methodology

A structured questionnaire was used in order to gather information from employees of private sector organizations. Two different types of questions were prepared for the supervisors and the employees. The questionnaires were sent to the organizations. 120 questionnaires were sent to the employees and supervisors each. Of which a total of 77 pairs were filled by the employees and supervisors. Hence the response rate was approx 65%.

7.1 Measures

Different questions were asked in order to collect data to measure the impact.

Objective measure: One of the dimensions of the questionnaire was the objective performance. This measure was added in the questionnaire of the supervisor. Supervisor rated the employee on the basis of their performance fulfilling the objectives of the job assigned.

Specific performance ratings: This measure was also in supervisor's questionnaire. This question focused on the efficiency and effectiveness of the employee in performing specific job.

Generalized task and relationship ratings: Supervisors also rated the employees on competence, liability, initiative, trustworthiness, dependability, and ability to get along with others. Furthermore, the dependability, initiative, and competence were combined to form the task dimension and liability, trustworthiness and ability to get along with others were

combined to form the relationship dimensions.

Leader-member exchange quality: This dimension was covered in the employee questionnaire. The employee rated the supervisor on many different dimension of LMX scale which was combined to form the leader-member exchange quality.

Time with current supervisor: The employees mentioned the time spend with the supervisors. The calculated time of the short term dyads was one year and for long-term dyad was 2-3 years.

8. Analysis

The first part of the analysis contains descriptive statistics and correlations among the variables. The objective performance measure has been standardized with a mean of 3.7 and standard deviation of 0.73.

As it is suggested that performance and dyadic quality and duration interactively influence employee performance appraisal, to measure this, the second part of the analysis contains the regression of the variables in order to verify the hypothesis. The two and three-way interactions were measured among the objective performance, leader-member exchange quality and time with the current supervisor keeping the performance ratings as the dependent variable. As done in the model paper used, the same method has been followed here. The order of the variable followed here is first performance which would have a primary effect on ratings and then that of the social context as discussed that is leader-member exchange quality and the dyadic tenure of the employees and the supervisor. Comparing the changes in R^2 from the regression model has been used to find out the presence of the moderating effects. Also the regression lines were plotted for each of the dependent variables at high and low levels of the independent variables to examine the form of the interactions.

9. Results

Table 1 presents the mean, standard deviations, and correlations among the variables while Table 2 presents the moderated regression analysis. From the analysis of the variables, for supervisory ratings of quantity of performance, objective performance alone explained the 13% of the variance, the objective performance and leader-member exchange quality together explained 11% of the variance while combing all three, objective performance, leader-member exchange quality and the time spent with the supervisor, explained 10% of the total variance. The full model that is the three main effects plus the two and three-way interactions explained the 8% of the variance.

For supervisory task-related ratings, objective performance alone explained 9.4% of the variance. Leader-member exchange could not add much here; objective performance and leader-member exchange quality together explained 9.7% of the variance. The three main variables combined did not show very significant results. Objective performance, leader-

member exchange quality, and time all together explained only 7.3% variance. The full model explained only 6.5% of the variance.

Lastly, for the relationship ratings, objective performance alone has a very low significance. It explained only 2.1% of the variance. Leader-member exchange quality also was unable to add significance and objective performance and leader-member exchange relationship both combined could only explain 2.6% of the variance. The third study variable, time was also unable to add meaningful significance along with the objective performance and leader-member exchange quality. These three variables were only able to explain only 3.3% of the total variance. The full model explained the 7.5% variance.

Table 1: Descriptive Statistics and Correlations

Variables		Mean	s.d.	1	2	3	4	5
1	Performance quantity ratings	3.9	.43					
2	Task ratings	3.8	.96	.36				
3	Relationship ratings	3.8	.76	.37	.70			
4	Objective performance	3.7	.73	.28	.32	.24		
5	Leader-member exchange quality	3.3	1.00	-.07	-.17	-.18	-.29	
6	Time with supervisor	2.6	.98	.03	.10	.09	.23	-.39

Table 2: Results of Moderated Regression Analysis

Variables	Performance quantity ratings			Task ratings			Relationship ratings		
	β	ΔR^2	R^2	B	ΔR^2	R^2	β	ΔR^2	R^2
Step 1		.117	.128		.082	.094		.008	.021
Objective performance	.358			.307			.144		
F	11.034			7.786			1.581		
df	76			76			76		
Step 2		.130	.106		.073	.097		.00	.026
Objective performance	.370			.289			.121		
Leader-member exchange quality	.041			-.60			-.076		
F	5.517			3.99			.985		
df	76			76			76		
Step 3		.96	.132		.073	.097		-.007	.033
Objective performance	.377			.294			.110		
Leader-member exchange quality	.023			-.072			-.043		
Time	-.51			-.035			.093		
F	3.699			2.65			.833		
df	76			76			76		
Step 4		.076	.149		.39	.115		-.018	.062
Objective performance	.397			1.128			.914		
Leader-member exchange quality	-.369			.683			.703		
Time	-.256			1.021			1.79		

Objective performance x LMX quality	.138			-.633			-.408		
Objective performance x time	-.370			-.786			-1.172		
LMX quality x time	.485			-.380			-.691		
F	2.047			1.519			.776		
Df	76			76			76		
Step 5		.161	.076		.068	.154		-.019	.075
Objective performance	.554			1.413			1.078		
Leader-member exchange quality	-.339			.628			.671		
Time	.419			2.243			2.499		
Objective performance x LMX quality	-.113			-1.088			-.671		
Objective performance x time	- 1.680			-3.157			-2.543		
LMX quality x time	-.281			-1.786			-1.493		
Objective performance x LMX quality x time	1.330			2.407			1.391		
F	1.892			1.790			802		
df	76			76			76		

10. Discussion

The result of this study shows that quality of the leader-member exchange, the times spent with the supervisor, and the performance ratings affect the employee performance appraisal but not to a very higher level. This has also been proved by the statistical tools applied on the data gathered. The performance quantity explained 7.6%, task ratings explained 6.5% and relationship ratings explained 7.5% of the total variance.

The data shows that the employees who have high leader-member relations are rated high (approx 4 on the scale of 5) on their performance ratings regardless of the time spent with the supervisor and their ratings on the objective performance. On the other hand, employees who have low LMX but have spent greater time with the subordinate have also been rated high regardless of their level of performance but their counterparts who have spent less time with their supervisor and possess low LMX are rated according to their performance objective that they have achieved and the level of performance they have shown. These findings represent the acceptance level of the first hypothesis of the study:

Objective performance, leader member exchange quality, and the amount of time a subordinate has been with a supervisor interactively influence performance rating.

The results show that even if the objective performance is low, employees are rated high on the performance ratings because of the good leader-member exchange or because of the time spent with the supervisor. Secondly, if the LMX is low and also the time spent is not longer and if the employees have shown better performance, they would be rated high on the performance basis.

Table 3: Acceptance of Hypotheses

	LMX	Objective performance	Performance quantity ratings
High LMX and greater time span	4	3.7	4.25
High LMX and lower time span	4	3.5	4
Low LMX and greater time span	2.4	3.8	3.95
Low LMX and Low time span	3	3.9	4

Firstly, in short term dyads that have high quality leader-member exchange relationships with their supervisor will receive high ratings regardless of their objective performance level. In case of our study, the average of the objective performance level of the employee is 3.4 but the average of the performance ratings is 4. It shows that whether the employee has performed up to the standards or not, he would be rated high on the performance ratings because he has high LMX ratings. He maintains good relations with the supervisor and supervisor rates him according to the perception he has in his mind about the employee.

Secondly, employees in short-term dyads that have low-quality leader-member exchange relationships with their supervisors will receive ratings consistent with their objective performance levels. In our case the employee that fall in this category receives the performance ratings of average 4 while their LMX rating was 3. It shows that they have not been rated according to the relationship they maintained with the supervisor or because of the greater time spent with the supervisor. This shows that they have been rated according to their objective performance. In this case the average of the employee's objective performance is 3.9. In such cases the supervisors closely check the performance of the employee and then rate the employees according to their performance level, not because they maintain good relations or have spent greater time with the supervisor.

Lastly the result shows that long-term employees in high-quality and low-quality leader-member exchange relationships will receive high performance ratings regardless of their objective performance levels. As this is clear from the results as well that the employees who have the average of low leader member exchange and high leader member exchange of 2.4 and 4 respectively have been rated high on their performance at the average of 3.95 and 4.25 respectively. In this case, their objective performance ratings are 3.8 and 3.7 respectively but still their performance ratings are greater than the objective performance. In this case the employees are rated better because they have spent more time in the organization and with the supervisor. These employees are considered to be better performers because they have spent more time in the organization or with the supervisor and they are well aware of the policies and procedures and the work standards.

Other than these hypotheses, the analysis of the data also highlighted some key factors. The employees that have high LMX ratings are rated high on the task ratings along with the high relationship ratings. The main reason is that the employees who maintain good relations with the subordinate perform some extra work other than the job description or other than the routine tasks. These extra tasks may be some of the personal tasks for the supervisor, and keeping in mind those tasks, the supervisor may rate the employee on higher side on the performance ratings.

11. Implications of the Study

The results of the study highlight two main aspects that affect the employee performance appraisal, dyadic quality and duration. This study could be very helpful in order to identify different aspects or different factors that could have an impact in the employee appraisal. Social context plays a very important role in performance evaluation. This would highlight the extent to which social context should play the role in the evaluation process.

This research would also open ways for further research in this field in Pakistan; so far no significant research has been found in this field in Pakistan. This research would help in improving the process of employee evaluation. This paper would also help in adopting the right method for the evaluation process in order to avoid the factors influencing the evaluation process in wrong direction. This would also eliminate the error of biasness in the employee appraisal like perception, or on the basis of relationship etc.

12. Limitations of the Study

This research was conducted in a short period of time. The respondents in Pakistan are very reluctant to provide the information. Employees fear that if they provide the information required for such studies, it would affect their job status. Moreover, most of the organizations do not entertain researchers and do not provide them with the relevant and necessary information. That affects the sample size of the study.

13. Conclusion

This paper analyzed the impact of the social context on the employee appraisal. How does the leader-member relation, the time spent with the supervisor and the objective performance affect the employee appraisal have been discussed in the paper. The results have verified the four hypotheses evolved from the literature review. The results highlight that the social context impacts employee performance appraisal. Some practical implications have also been discussed in this paper. Several possible explanations for the effects of the dyadic quality and tenure on the evaluation process were discussed in the paper. This paper further analyzed the extent to which social constraints affect the evaluation process but more work is required to find out how social context influences performance evaluation.

References

1. *Annual Review of Psychology* (1998), Vol. 49, February, pp. 141-168, doi:10.1146/annurev.psych.49.1.141.
2. Duarte, T. et al. (1994) 'Effects of dyadic quality and duration on performance appraisal,' *Academy of Management Journal*, Vol. 37, No. 3, pp. 499-521.
3. Dulebohn, H. (1999) 'The role of influence tactics in perceptions of performance evaluations fairness,' *Academy of Management Journal*, Vol. 42. No. 3, pp. 288-303.
4. Favero, L. et al. (1985) 'Limits in generalization from psychological research to performance appraisal processes,' *Academy of Management Review*, Vol. 10, No. 2, pp. 311-321.
5. Graen, G. et al. (1980) 'Generalizability of the vertical dyad linkage model of leadership,' *Academy of Management Journal*, Vol. 23, No.3, pp. 451-465.
6. Ilgen, D. R., & Favero, J. L. (1985) 'Methodological limitations of social psychological literatures for the understanding of performance appraisal processes,' *Academy of Management Review*, 10, 311-321.
7. <http://www.knowledgeplex.org/favicon2.ico>
8. Judge, A. et al. (1993) 'Social context of performance evaluation decisions,' *Academy of Managerial Journal*, Vol. 36, No. 1, pp. 80-105.
9. Kinicki, J. et al. (1994) 'Influences on the quality supervisor-subordinate relations: The role of time-pressures, organizational commitment, and locus of control,' *Journal of Organizational Behavior*, Vol.15, No. 1, pp. 75-82.
10. Klaas, S. et al. (1989) 'Managerial reactions to employee dissent: The impact of grievance activity on performance ratings,' *Academy of Management Journal*, Vol. 32, No. 4, pp. 705-717.
11. Lewin, D., Peterson, R.B., (1988) *The Modern Grievance Procedure in the United States*. Westport CT: Greenwood Press.
12. Mobley, H., (1982) 'Supervisor and employee race sex effects on performance appraisal: A field study of adverse impact and generalizability,' *Academy of Management Journal*, Vol. 25. No. 3, pp. 598-606.
13. Mount, K., (1984) 'Satisfaction with a performance appraisal system and appraisal discussion,' *Journal of Occupation Behavior*, Vol. 5, No. 4, pp. 271-279.
14. Nalbandian, J., (1981) 'Performance appraisal: If only people were not involved,' *Public Administration Review*, Vol. 41, No. 3, pp. 392-396.

15. Nathan, R., et al. (1991) 'Interpersonal relations as a context for the effects of appraisal interviews on performance and satisfaction: A longitudinal study,' *Academy of Management Journal*, Vol. 34, No. 2, pp. 352-369.
16. Perry, L. et al. (1999) 'A closer look at the effect of subordinate-supervisor age differences,' *Journal of Organizational Behavior*, Vol. 20, No. 3, pp. 341-357.
17. Richards, E., (1959) 'A new concept of performance appraisal,' *Journal of Business*, Vol. 32, No. 3, pp. 229-243.
18. Wayne, S.J., & Liden, R. C. (1995) 'Effects of impression management on performance ratings: A longitudinal study,' *Academy of Management Journal*, Vol. 38, No.1, February, pp. 232-260.
19. Wesolowski, M. A., and Mossholder, K. W. (1997) 'Relational demography in supervisor-subordinate dyads: Impact on subordinate job satisfaction, burnout, and perceived procedural justice,' *Journal of Organizational Behavior*, 18, 351-362.
20. Wilhelm, C. et al. (1993) 'Attributional conflict between managers and subordinates: An investigation of leader-member exchange effects,' *Journal of Organizational Behavior*, Vol. 14, No. 6, pp. 531-544.
21. Woehr, J., (1992) 'Performance dimension accessibility: Implications for rating accuracy,' *Journal of Organizational Behavior*, Vol. 13, No. 4, pp. 357-367.
22. www.foundation.sdsu.edu/hrpage/PDFs/perf_eval_guidelines.pdf
23. www.siop.org/Instruct/LMXTheory/sld001.htm - 3k