



Beyond Rating Accuracy: Organisational Justice and the Social Context of Performance Appraisal in Banking

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ABSTRACT

Introduction: Despite sustained efforts to enhance rating accuracy and measurement precision, performance appraisal systems continue to generate dissatisfaction, resistance, and scepticism among employees, particularly in highly regulated and hierarchical sectors such as banking. This paper aims to reconceptualise performance appraisal effectiveness by moving beyond rating accuracy and integrating organisational justice with the social context of performance appraisal. **Methodology:** The study adopts a conceptual and theory-driven approach, drawing on established literature on performance appraisal, organisational justice, and the social context perspective. Through a systematic synthesis of prior research, the paper develops an integrative framework that explains how social contextual factors shape appraisal processes and influence employees' justice perceptions and appraisal acceptance. **Results:** The proposed framework suggests that appraisal effectiveness is primarily determined by employees' perceptions of procedural, distributive, and interactional justice rather than by the technical accuracy of performance ratings alone. Social context elements such as supervisor–employee relationships, trust, accountability pressures, feedback norms, organisational culture, and prior appraisal experiences influence how appraisal processes are enacted and interpreted. These contextual factors shape justice perceptions, which in turn determine appraisal acceptance, trust in the appraisal system, and perceived effectiveness, especially in high-stakes banking environments. **Conclusion:** This study contributes to the literature by positioning organisational justice as an appraisal-specific construct embedded within appraisal processes rather than as a general organisational climate. By explicitly linking social context variables to justice perceptions and appraisal acceptance, the paper offers a coherent conceptual framework that advances appraisal theory and provides a foundation for future empirical research. The framework also offers practical insights for designing fair, context-sensitive appraisal systems in the banking sector.

Keywords: Performance Appraisal; Organisational Justice; Employee Perceptions; Social Context; Banking Sector

INTRODUCTION

Performance appraisal is an important human resource management practice used to evaluate employee performance, support development, and make administrative decisions. Early research on performance appraisal mainly focused on technical issues such as rating accuracy, reliability, and rater bias (Landy &

Farr, 1980; Cardy & Dobbins, 1994). These studies improved appraisal tools and methods. However, despite these improvements, many employees continue to express dissatisfaction and distrust toward appraisal systems (Murphy & Cleveland, 1995; Cook & Crossman, 2004). This indicates that technical accuracy alone is not enough to ensure effective performance appraisal. Later studies examined how supervisors form ratings and how cognitive factors such as memory and judgement influence evaluation (Cardy & Dobbins, 1994). Although this research improved understanding of rating behaviour, it continued to assume that the main purpose of appraisal was to produce correct ratings. Recent studies show that appraisal systems often fail not because of inaccurate ratings, but because employees perceive them as unfair and unreliable (Keeping & Levy, 2000; DeNisi & Smith, 2014). As a result, researchers have increasingly focused on employee reactions such as acceptance, satisfaction, and trust in appraisal systems. This shift is reflected in the social context perspective of performance appraisal. This perspective views appraisal as a social process shaped by relationships, power structures, organisational culture, and feedback practices (Levy & Williams, 2004). Appraisal outcomes are influenced by regular interaction between supervisors and employees. Studies show that employee responses to appraisal processes often affect attitudes and behaviour more strongly than the ratings themselves (Keeping & Levy, 2000; Pichler, 2012). Within this social environment, organisational justice plays a key role in explaining how employees judge appraisal systems. Organisational justice refers to perceptions of fairness in procedures, outcomes, and interpersonal treatment (Greenberg, 1986; Colquitt et al., 2001). In appraisal, procedural justice relates to fairness of evaluation methods, distributive justice to fairness of ratings and rewards, and interactional justice to respectful and honest communication (Folger et al., 1992; Erdogan et al., 2006). Research shows that when employees perceive appraisal systems as fair, they are more likely to accept feedback and trust their supervisors, even when results are unfavourable (Jawahar, 2007; DeNisi & Murphy, 2017). Although many studies have examined social context and organisational justice separately, few have integrated these perspectives into a single framework. Limited research explains how social factors influence appraisal processes, how these processes shape justice perceptions, and how such perceptions affect appraisal acceptance, especially in the banking sector. This represents an important gap in existing research. The banking sector provides a suitable context because it is characterised by hierarchical structures, high performance pressure, strict regulations, and close links between appraisal outcomes and rewards. These conditions increase employees' sensitivity to fairness and transparency in evaluation systems. Against this background, this study develops a conceptual framework that integrates the social context perspective with organisational justice theory. The framework explains how social factors influence appraisal processes, how these processes shape perceptions of procedural, distributive, and interactional justice, and how justice perceptions determine employee acceptance and perceived effectiveness of appraisal systems in banking institutions. By moving beyond rating accuracy, this study seeks to improve understanding of appraisal effectiveness and support future research and practice in banking organisations.

LITERATURE REVIEW

Research on performance appraisal has developed through several separate streams, resulting in fragmented explanations of appraisal effectiveness. Early studies mainly viewed performance appraisal as a technical measurement problem. Researchers focused on rating accuracy, rater bias, reliability, and validity, assuming that better measurement would lead to better appraisal outcomes (Landy & Farr, 1980; Cardy & Dobbins, 1994). In this approach, appraisal effectiveness was judged largely by how accurately supervisors evaluated employee performance. Despite methodological improvements, later studies continued to report dissatisfaction, resistance, and lack of trust among employees toward appraisal systems (Murphy & Cleveland, 1995; Cook & Crossman, 2004). This gap between technical quality and employee acceptance revealed the limitations of accuracy-focused approaches. Reviews of appraisal research

confirmed that improvements in rating quality alone did not lead to positive employee attitudes or behaviours (DeNisi & Smith, 2014; DeNisi & Murphy, 2017). These findings highlighted the need to move beyond purely technical explanations. A second stream of research examined cognitive and behavioural aspects of appraisal. Studies explored how information processing limits, memory errors, and attribution biases affect rating behaviour (Cardy & Dobbins, 1994). This research improved understanding of how ratings are formed, but it continued to treat accurate judgement as the main goal of appraisal systems. Employee reactions were considered secondary outcomes rather than key indicators of effectiveness. The social context perspective marked a major shift in appraisal research. This approach views performance appraisal as a socially embedded process shaped by relationships, organisational norms, power structures, and accountability pressures (Levy & Williams, 2004; Murphy & Cleveland, 1995). Appraisal outcomes are influenced by ongoing interactions between supervisors and employees. Empirical studies show that factors such as trust in supervisors, feedback practices, and relationship history strongly affect how appraisal systems are experienced and interpreted, often more than rating accuracy itself (Keeping & Levy, 2000; Pichler, 2012; Kuvaas et al., 2017). At the same time, organisational justice theory emerged as an important framework for understanding employee reactions to appraisal systems. Justice research distinguishes between procedural justice, distributive justice, and interactional justice and examines how fairness perceptions influence employee attitudes and behaviour (Greenberg, 1986; Colquitt et al., 2001). Studies consistently show that fair appraisal processes increase acceptance, trust in supervisors, and satisfaction with appraisal systems (Folger et al., 1992; Jawahar, 2007; Cook & Crossman, 2004). Research also indicates that positive appraisal outcomes do not lead to favourable reactions when procedures or interactions are perceived as unfair (Brefo-Manuh & Anlesinya, 2023). Although both the social context perspective and organisational justice theory emphasise employee perceptions, most studies have examined these approaches separately. Social context research often describes relational and organisational influences without clearly explaining how they lead to fairness judgements. In contrast, justice research frequently focuses on procedural, distributive, and interactional fairness without fully considering the broader social and organisational environment in which appraisals take place (Erdogan et al., 2006; DeNisi & Murphy, 2017). As a result, the mechanisms linking social context, justice perceptions, and appraisal effectiveness remain underdeveloped. Moreover, limited conceptual research has examined these relationships in high-stakes and hierarchical settings such as the banking sector. Banking institutions are characterised by strong accountability systems, formal authority structures, and close links between appraisal outcomes and rewards, which increase employee sensitivity to fairness issues (Greenberg, 1986; Levy & Williams, 2004). Studies suggest that in such environments, perceived fairness of processes and interactions is more important than technical accuracy in determining appraisal acceptance (Keeping & Levy, 2000; DeNisi & Murphy, 2017). The literature indicates a clear gap. While appraisal research has moved from technical accuracy to social and perceptual explanations, existing studies have not sufficiently integrated social context and organisational justice into a unified framework of appraisal effectiveness. This gap provides the basis for the present study, which combines these perspectives to conceptualise appraisal effectiveness as a socially constructed outcome shaped by contextual conditions, appraisal processes, and fairness perceptions.

The Social Context of Performance Appraisal

Performance appraisal does not occur in isolation. It takes place within a broader social and organisational context shaped by ongoing interactions between supervisors and employees, organisational norms, and power structures (Levy & Williams, 2004; DeNisi & Murphy, 2017). The social context perspective shifts attention away from appraisal tools and focuses instead on the conditions under which appraisal processes are carried out and experienced. A key element of this context is the supervisor–employee relationship.

Trust, past interactions, and shared expectations influence how appraisal criteria are applied, how feedback is communicated, and how appraisal outcomes are interpreted. When trust is present, employees are more likely to view feedback as constructive and development-oriented. In contrast, strained relationships often lead employees to question the intentions behind ratings and feedback, regardless of how formally structured the appraisal system may be ([Erdogan et al., 2006](#)). Organisational conditions also shape the social context of appraisal. Accountability pressures, performance targets, and strong links between appraisal outcomes and rewards influence supervisors' rating behaviour and feedback practices. Supervisors often face competing demands to remain objective while maintaining working relationships with subordinates. These pressures may lead to rating inflation, avoidance of negative feedback, or strategic use of appraisal outcomes, reinforcing the negotiated and social nature of appraisal judgements ([Murphy & Cleveland, 1995](#); [DeNisi & Murphy, 2017](#)). Feedback norms and organisational culture further affect appraisal experiences. Organisations that promote regular and open feedback tend to create more transparent and meaningful appraisal discussions. In contrast, highly hierarchical or control-oriented cultures often encourage one-way, compliance-driven appraisal practices. In such environments, employees tend to focus more on the fairness and intent of appraisal decisions than on performance improvement outcomes ([Kuvaas et al., 2017](#)). The social context perspective also recognises appraisal as part of an ongoing process rather than a single formal event. Informal feedback, daily supervision, and prior appraisal experiences shape employee expectations before formal appraisal meetings. Employees interpret appraisal outcomes based on their accumulated experiences with supervisors and the organisation over time ([Keeping & Levy, 2000](#); [Pichler, 2012](#); [DeNisi & Murphy, 2017](#)). Prior research in related organisational contexts also shows that contextual and behavioural factors shape employee responses and decision processes ([Diddimani, 2025](#); [Sheethal, 2024](#)). Table 1 summarises the key social and organisational factors that shape performance appraisal processes. Together, these contextual elements influence how appraisal systems are implemented and interpreted by employees. Importantly, the social context perspective provides a foundation for understanding how perceptions of fairness develop during appraisal interactions. This forms the basis for the next section, which examines organisational justice as the primary interpretive framework through which employees evaluate appraisal processes and outcomes.

Table 1: Social Context Elements Shaping Performance Appraisal

<i>Social context element</i>	<i>Explanation in performance appraisal context</i>	<i>Key supporting studies</i>
<i>Supervisor–employee relationship</i>	Ongoing relational history between supervisor and employee that shapes how appraisal feedback is delivered, interpreted, and accepted	Levy & Williams (2004); Erdogan et al. (2006)
<i>Trust in supervisor</i>	Employee belief that the supervisor is fair, competent, and sincere in appraisal judgements and feedback	Keeping & Levy (2000); DeNisi & Murphy (2017)
<i>Accountability pressures</i>	Organisational demands, performance targets, and evaluation expectations influencing supervisors' rating behaviour and feedback practices	Murphy & Cleveland (1995) ; DeNisi & Murphy (2017)
<i>Feedback norms</i>	Formal and informal practices governing frequency, tone, and openness of performance feedback	Kuvaas et al. (2017)
<i>Organisational culture</i>	Hierarchical structures, power distance, and norms of voice that shape appraisal interactions and perceived legitimacy	Levy & Williams (2004)
<i>Prior appraisal experiences</i>	Employees past experiences with appraisal systems that shape expectations and reactions to current appraisal outcomes	Keeping & Levy (2000) ; Pichler (2012)
<i>Note: The table summarises key social and organisational factors discussed in appraisal research that influence how appraisal processes are enacted and interpreted by employees.</i>		

Organisational Justice in Performance Appraisal

This study conceptualises organisational justice as an appraisal-specific construct rather than a general organisational climate. The focus is on how employees experience and interpret fairness during performance appraisal processes, feedback interactions, and evaluation discussions. Justice perceptions are formed through employees' direct participation in appraisal activities and their interactions with supervisors. These perceptions shape how employees judge the legitimacy and effectiveness of appraisal systems. Organisational justice theory emphasises fairness in procedures, outcomes, and interpersonal treatment during evaluative processes ([Greenberg, 1986](#); [Colquitt et al., 2001](#)). In the context of performance appraisal, justice shifts attention from rating accuracy to the perceived credibility and legitimacy of appraisal systems. Employees evaluate appraisal systems not only based on final ratings, but also on how those ratings are produced and communicated. Justice in performance appraisal is commonly examined through three related dimensions: procedural justice, distributive justice, and interactional justice. Procedural justice refers to employees' perceptions of fairness in appraisal procedures. This includes consistency of standards, opportunity to express views, transparency in decision making, and the ability to explain or challenge evaluations. When procedures are perceived as fair, employees are more likely to accept appraisal outcomes, especially when ratings are unfavourable ([Folger et al., 1992](#); [Erdogan et al., 2006](#)). Procedural justice has been identified as a key factor in building trust in appraisal systems ([DeNisi & Murphy, 2017](#)). Distributive justice relates to perceived fairness of appraisal outcomes such as ratings, rewards, promotions, and recognition. Employees assess distributive fairness by comparing their

outcomes with their expectations and with those of colleagues. Research shows that favourable outcomes alone do not guarantee positive reactions when appraisal processes are perceived as unfair ([Jawahar, 2007](#)). This indicates that distributive justice is closely linked to the processes and interactions through which outcomes are generated and communicated.

Interactional justice refers to the quality of interpersonal treatment and communication during appraisal interactions. It includes respect, honesty, dignity, and adequate explanation of decisions. Appraisal discussions characterised by constructive feedback and clear reasoning are more likely to be perceived as fair, regardless of final ratings ([Cook & Crossman, 2004](#)). Studies also show that supervisors' communication style strongly influences employee trust and openness to feedback ([DeNisi & Murphy, 2017](#)). Recent research suggests that justice in performance appraisal should not be viewed as a general organisational condition. Instead, justice is embedded within appraisal-specific processes and interactions. [Brefo-Manuh and Anlesinya \(2023\)](#) describe appraisal justice as a distinct construct reflecting the combined operation of procedural, distributive, and interactional justice within evaluation systems. This perspective highlights fairness as an inherent feature of appraisal practices rather than a broader organisational attribute. Social context factors discussed in Table 1 play an important role in shaping justice perceptions. Supervisor–employee relationships, trust, accountability pressures, and feedback norms influence how appraisal procedures are implemented and interpreted. As illustrated in Figure 1, social contextual elements affect appraisal processes, which in turn shape employees' perceptions of justice during evaluation and feedback interactions.

Development of the Conceptual Framework

This section presents a conceptual framework that integrates the social context perspective of performance appraisal with organisational justice theory. This approach is consistent with recent conceptual frameworks emphasising contextual and perceptual mechanisms in organisational systems ([Raghavendra & Shivaprasad, 2024](#); [Raghavendra & Mg, 2024](#)). The framework defines appraisal effectiveness as a socially constructed outcome that emerges from the interaction of contextual conditions, appraisal processes, and employees' perceptions of fairness. It moves beyond the traditional focus on rating accuracy and emphasises the role of social and perceptual factors in shaping appraisal outcomes. The framework begins with social contextual factors that influence performance appraisal practices. These include supervisor–employee relationships, trust in supervisors, accountability pressures, feedback norms, organisational culture, and prior appraisal experiences, as summarised in Table 1. These factors do not directly determine appraisal outcomes. Instead, they shape how appraisal systems are implemented, how performance criteria are applied, how feedback is delivered, and how employees experience appraisal interactions. The second component of the framework consists of performance appraisal processes. These include goal setting, performance monitoring, performance evaluation, feedback provision, and rating decisions. Both formal procedures and informal practices are included. Consistent with the social context perspective, these processes are viewed as social activities rather than purely administrative tasks. Their implementation is influenced by managerial discretion, organisational pressures, and the quality of supervisor–employee relationships. The third component of the framework relates to employees' perceptions of organisational justice. Through participation in appraisal processes within a specific social environment, employees develop perceptions of procedural, distributive, and interactional justice. Procedural justice reflects fairness of evaluation methods and decision-making procedures. Distributive justice reflects fairness of appraisal outcomes and rewards. Interactional justice reflects the quality of interpersonal treatment and explanations provided during appraisal discussions. Together, these justice perceptions form an interpretive framework through which employees assess the legitimacy and credibility of appraisal systems. The final component of the framework concerns appraisal acceptance and perceived

effectiveness. Appraisal effectiveness is reflected in employees' willingness to accept evaluation outcomes, trust the appraisal system, and use feedback for performance improvement. These responses are primarily shaped by employees' justice perceptions rather than by technical features of the appraisal system alone. As illustrated in Figure 1, social contextual factors influence appraisal processes, which in turn shape employees' perceptions of organisational justice. These justice perceptions subsequently determine appraisal acceptance and perceived effectiveness. From this perspective, appraisal effectiveness is not an inherent property of the appraisal system. Instead, it is produced through ongoing interactions between contextual conditions, managerial practices, and fairness-based interpretations.



Figure 1: illustrates how social context factors shape performance appraisal processes and influence organisational justice perceptions, which in turn affect appraisal acceptance and perceived effectiveness.

Propositions

Based on the conceptual framework, this section presents a set of propositions that explain the relationships among social context factors, performance appraisal processes, organisational justice perceptions, and appraisal acceptance. These propositions are intended to guide future empirical research in the banking sector.

Proposition 1: Social contextual factors, including supervisor–employee relationships, trust in supervisors, accountability pressures, feedback norms, organisational culture, and prior appraisal experiences, influence the implementation of performance appraisal processes within organisations.

Proposition 2: Social contextual factors indirectly influence employees' perceptions of organisational justice by shaping how performance appraisal processes are applied, including the use of appraisal criteria, feedback delivery, and appraisal interactions.

Proposition 3: Well-implemented performance appraisal processes are positively associated with employees' perceptions of procedural, distributive, and interactional justice.

Proposition 4: Employees' perceptions of organisational justice mediate the relationship between performance appraisal processes and appraisal acceptance.

Proposition 5: Higher levels of perceived procedural, distributive, and interactional justice are associated with greater acceptance of appraisal outcomes, higher trust in the appraisal system, and greater willingness to use appraisal feedback for performance improvement.

Proposition 6: The strength of the relationship between performance appraisal processes and appraisal acceptance varies across organisational contexts and is stronger in highly hierarchical and high-pressure environments such as banking institutions.

Collectively, these propositions, as illustrated in Figure 2, capture the central argument of the study that performance appraisal effectiveness is shaped by social context and justice-based interpretations rather

than by rating accuracy alone. They provide a coherent foundation for future quantitative and qualitative research on performance appraisal systems in the banking sector.

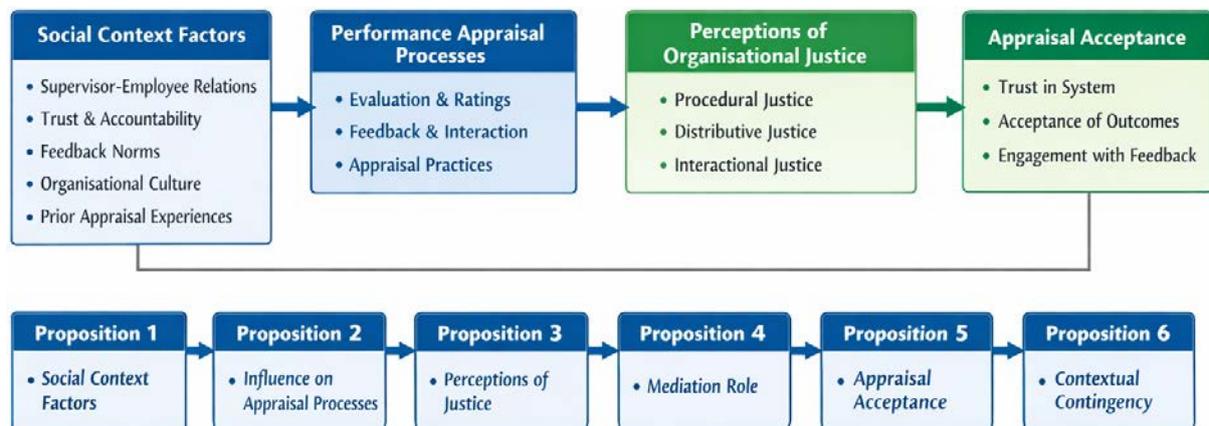


Figure 2: Conceptual framework depicting the theorised relationships underlying Propositions

METHODOLOGY

This study adopts a conceptual and theory-driven research design. The primary objective is to develop an integrative framework that explains performance appraisal effectiveness by combining insights from performance appraisal research, organisational justice theory, and the social context perspective. Rather than testing hypotheses using empirical data, the study focuses on theory development and conceptual integration. A conceptual approach is appropriate for this study because existing research on performance appraisal remains fragmented across technical, social, and justice-oriented perspectives. The present study aims to synthesise these separate streams into a coherent explanatory framework. Such an approach is consistent with established guidelines for conceptual research, which emphasise theory building, clarification of relationships among constructs, and development of testable propositions.

Literature Selection and Review Process

The framework was developed through a systematic review and analysis of established academic literature on performance appraisal, organisational justice, and employee reactions to appraisal systems. Priority was given to peer-reviewed journal articles, scholarly books, and highly cited studies in the fields of human resource management, organisational behaviour, and psychology. The reviewed literature was examined to identify dominant themes, recurring findings, theoretical debates, and unresolved issues related to appraisal effectiveness. Particular attention was given to studies addressing social relationships, fairness perceptions, feedback practices, and appraisal acceptance. The purpose of the review was not to summarise individual studies, but to extract core concepts and explanatory mechanisms relevant to appraisal processes.

Framework Development Process

The conceptual framework was developed in three main stages. First, key social and organisational factors influencing performance appraisal were identified, including supervisor–employee relationships, trust, accountability pressures, feedback norms, organisational culture, and prior appraisal experiences. Second, performance appraisal was conceptualised as an ongoing social process involving goal setting, performance monitoring, evaluation, feedback, and rating decisions, rather than as a single formal event. Third, organisational justice was identified as the central interpretive mechanism through which

employees evaluate appraisal processes and outcomes. Procedural, distributive, and interactional justice were integrated as core components shaping appraisal acceptance. These elements were systematically linked to explain how social context influences appraisal processes, how these processes shape justice perceptions, and how justice perceptions determine appraisal effectiveness.

Scope and Boundaries of the Framework

The proposed framework is developed primarily for the banking sector, where performance appraisal outcomes are closely linked to rewards, promotions, and regulatory accountability. This context intensifies employees' sensitivity to fairness and transparency in evaluation systems. The study is theoretical in nature and does not provide empirical validation of the proposed relationships. The framework is intended to serve as a foundation for future empirical research. Researchers may test the proposed propositions using quantitative, qualitative, or mixed-method approaches across different organisational and cultural contexts.

DISCUSSION

This study reconceptualises performance appraisal effectiveness by shifting attention from rating accuracy to employees' perceptions of fairness. The proposed framework explains appraisal effectiveness as a socially constructed outcome shaped by contextual conditions, appraisal processes, and justice-based interpretations. This perspective helps explain why technically sound appraisal systems often fail to gain employee acceptance. The framework highlights that appraisal processes operate within ongoing social relationships and organisational constraints. Supervisor–employee interactions, accountability pressures, and feedback norms influence how appraisal criteria are applied and how feedback is communicated. As a result, employees judge appraisal systems not only by outcomes, but by the intent, transparency, and conduct of the appraisal process. This supports the view that appraisal effectiveness depends more on how appraisals are experienced than on how accurately performance is measured. A central contribution of the framework is the positioning of organisational justice as an appraisal-specific interpretive lens. Perceptions of procedural, distributive, and interactional justice emerge from employees' direct engagement with appraisal processes. The framework explains why employees may reject technically valid appraisals when processes are perceived as unfair, while accepting unfavourable outcomes when appraisal practices are transparent, consistent, and respectful. This reinforces justice-based explanations that prioritise process legitimacy over outcome favourability. The mediating role of organisational justice clarifies inconsistencies in prior appraisal research. Studies that focused solely on rating accuracy or system design often produced mixed results because they overlooked how employees interpret appraisal experiences. By placing justice perceptions between appraisal processes and employee acceptance, the framework provides a coherent explanation for these divergent findings. These dynamics are particularly pronounced in the banking sector. Hierarchical structures, strong regulatory oversight, and close links between appraisal outcomes and rewards increase employees' sensitivity to fairness signals embedded in appraisal processes. In such environments, procedural and interactional justice become especially important, as employees have limited opportunities to challenge outcomes or negotiate evaluations. The framework therefore suggests that appraisal effectiveness in banking depends less on technical precision and more on perceived legitimacy and transparency.

Theoretical Contributions

This study makes several important theoretical contributions to research on performance appraisal and organisational justice. First, it reconceptualises appraisal effectiveness by moving beyond accuracy-based views and defining effectiveness as a socially constructed outcome shaped by employees' fairness

perceptions. This explains why improvements in measurement alone have not reduced employee dissatisfaction. Second, the study extends the social context perspective by demonstrating how social and organisational factors actively influence appraisal outcomes through justice mechanisms. Rather than treating relationships, trust, and accountability as background conditions, the framework shows how these factors shape appraisal processes and justice perceptions. Third, the study advances organisational justice theory by conceptualising justice as an appraisal-specific construct embedded within evaluation processes and interactions. This clarifies where and how fairness perceptions are formed during appraisal encounters. Finally, by focusing on the banking sector, the study highlights how hierarchical structures, accountability pressures, and high-stakes outcomes intensify justice perceptions. This emphasises the importance of contextual sensitivity in appraisal theory and human resource management research. Together, these contributions strengthen understanding of performance appraisal as a relational and interpretive process and provide a solid foundation for future empirical research.

Practical Implications for Banking Human Resource Managers

The proposed framework offers clear implications for managing performance appraisal in banking institutions. Improving appraisal effectiveness requires more than refining evaluation tools. Organisations must focus on how appraisal systems are experienced by employees in practice. First, human resource managers should strengthen procedural justice by setting clear standards, applying criteria consistently, and allowing employee participation in appraisal discussions. Transparent decisions and clear explanations improve acceptance of outcomes. Second, supervisors should receive systematic training in feedback delivery, communication, and interpersonal skills. As key agents of fairness, supervisors strongly influence employees' trust and acceptance of appraisal systems, especially in hierarchical environments. Third, appraisal systems should be supported by continuous feedback mechanisms rather than relying only on annual reviews. Regular performance discussions reduce uncertainty and build long-term trust. Fourth, organisations should regularly monitor employees' perceptions of appraisal fairness through surveys and feedback systems. Early identification of fairness concerns helps prevent loss of confidence in the system. Finally, managers should recognise the long-term impact of past appraisal experiences. Sustained fairness and consistency are necessary to maintain employee trust over time. By prioritising fairness, communication quality, and contextual awareness, banking organisations can improve the credibility and effectiveness of their performance appraisal systems.

Limitations

This study is conceptual in nature and does not empirically test the proposed framework. While the framework is grounded in established theory and prior research, empirical validation is required to examine the strength and direction of the proposed relationships. Future research may test the framework using quantitative methods in public and private banking institutions to examine the relationships among social context factors, appraisal processes, organisational justice perceptions, and appraisal acceptance. Longitudinal designs would be particularly useful to study how justice perceptions develop across multiple appraisal cycles. Qualitative research could provide deeper insights into how supervisors and employees interpret appraisal fairness in high-pressure and highly regulated environments. Comparative studies across industries and countries would help identify boundary conditions and assess the generalisability of the framework beyond the banking sector. Future studies may also examine additional outcomes of appraisal acceptance, such as employee well-being, ethical behaviour, engagement, and long-term career development. These directions would extend understanding of appraisal effectiveness and further strengthen theory and practice.

CONCLUSION

Performance appraisal remains a central yet contested practice in human resource management. Despite continuous efforts to improve rating accuracy, dissatisfaction with appraisal systems persists. This study argues that such dissatisfaction cannot be explained by technical limitations alone. By integrating the social context perspective with organisational justice theory, the study reconceptualises appraisal effectiveness as a socially constructed outcome shaped by contextual conditions and employees' perceptions of fairness. The proposed framework explains how social factors influence appraisal processes, how these processes shape perceptions of procedural, distributive, and interactional justice, and how justice perceptions determine appraisal acceptance and perceived effectiveness. The framework highlights why technically sound appraisal systems may fail in high-accountability environments such as banking when fairness and transparency are not adequately addressed. By shifting the focus from measurement accuracy to justice-oriented interpretation, the study provides a more comprehensive understanding of appraisal effectiveness. Overall, this research offers a coherent theoretical foundation for future empirical studies and supports the development of fairer, more context-sensitive performance appraisal practices in banking institutions.

Conflict of Interest

The authors declare that there is no conflict of interest with respect to the research, authorship, and publication of this article.

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