

## **Research on the Relationship between Performance Evaluation Fairness and Employee Turnover Intention**

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**ABSTRACT:** This study examined how and when performance evaluation fairness influences employee turnover intention. Based on Social information processing theory, the article tends to systematically study the mediating effect of learned helplessness between performance evaluation fairness and turnover intention. Data of 323 enterprise employees were collected through questionnaire survey and empirical analysis was conducted. The study results indicate: Performance evaluation fairness has significantly negative effects on employee turnover intention. Learned helplessness plays a partial mediating role between performance evaluation fairness and employee turnover intention.

**KEY WORD:** performance evaluation fairness; learned helplessness; employee turnover intention;

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### **I. INTRODUCTION**

The loss of staff caused by resignation will not only increase the cost of recruitment, selection and training, decline the organizational performance (Tnay & Othman et al., 2013), but also have a negative impact on the psychology and emotions of retained employees (Zhenyuan Wang & Shanshan Sun & Ruilin Dai, 2014). In view of the seriousness of this consequence, it has been a hot topic in the industry and academia to study the antecedents and internal mechanism of employee turnover intention (Chenjing Gan & Duanxu Wang, 2016).

Existing studies show that employee turnover intention is influenced by many factors, such as macroeconomic factors, organizational environment factors, employees' working attitude, demographic characteristics and personal characteristics (Xiping Zhao & Ling Liu, 2013). According to social information processing theory, organizational environment usually contains a large amount of information, and individuals' psychological state and external behavior are affected by their own way of processing these information (LORD & MAHER, 2002). As the basis of resource allocation, performance evaluation transmits information to employees about whether they are recognized by the organization and group status (Chunjiang Yang & Ye Lu, 2014).

Therefore, this paper intends to explore the impact of performance evaluation fairness on employee turnover intention, so as to enrich the research on employee turnover field and provide a new theoretical perspective for the research on employee turnover intention.

In addition, although some studies have explored the relationship between performance evaluation fairness and employee turnover intention, there is still a lack of comprehensive understanding of the internal mechanism between them. At present, many researches focus on the influence of performance evaluation fairness on employee turnover intention through positive approaches, and pay less attention to the psychological state caused by performance evaluation fairness. Therefore, this paper introduces learned helplessness as an intermediary variable to explore the mechanism of performance evaluation fairness reducing employee turnover intention by weakening learned helplessness, so as to enrich the research path of performance evaluation fairness on employee turnover intention.

### **II. THEORY AND HYPOTHESES**

#### **2.1 The Relationship between Performance Evaluation Fairness and Employee Turnover Intention**

Turnover and turnover intention are two different concepts. The former refers to the end of the employee's membership in the organization, while the latter refers to the overall performance of employees who are dissatisfied and want to leave organization (Mobley & Horner, 1978). Tett and Meyer (1993) also asserted that turnover intentions represent an individuals' intentional desire and willingness to leave their organization. Since it is difficult to directly measure the turnover behavior of employees, most researches use the concept of employee turnover intention instead of turnover (Huirong Tian & Jian Zhang & Chunxiao Chen, 2017). Besides, Griffeth et al. (2000) hold the opinion that, employee turnover intention can effectively predict turnover behavior. The higher the turnover intention is, the higher the turnover probability is.

Scholars have found various factors affecting employee turnover intention, such as macroeconomic factors, organizational environment factors, work attitude, demographic characteristics and personal characteristics(Xiping Zhao & Ling Liu,2003). As an organizational environment factor, performance evaluation fairness has been proved to negatively affect the turnover intention of employees(Thirapatsakun & Kuntonbutr C & Mechida P,2015).

Also, Aziz found that employees are more likely to leave the organization when the existence of organizational politics makes the performance evaluation less fair (Aziz & Saif et al, 2013). Nawaz and Pangil (2016) also confirmed that performance evaluation fairness influences employee turnover intention by affecting organizational commitment. According to social information processing theory, employees construct their own cognition and behavior based on information obtained from the environment. Sense of fairness can convey a signal of respect and trust to employees and make them believe that the organization will not infringe on their achievements (Qixin Lin & Yanjun Liu, 2018). Therefore, employees under fair and effective performance evaluation system are more willing to stay in the organization and show a lower turnover intention.

Based on the above analysis, this paper proposes the following hypothese:

**Hypotheses 1:** Performance evaluation fairness negatively affects employee turnover intention.

## 2.2 The relationship between performance evaluation fairness, learned helplessness and employee turnover intention

Boichuk and Bolander et al(2014) thought that, Learned helplessness, as a negative psychological state, is prevalent in many employees. Learned helplessness refers to the psychological state of helplessness, loss of confidence and self-abandonment in the face of constant pressure such as failure and frustration, even if the environment changes to make success possible.

According to the theory of social information processing, individual psychological state is affected by the information obtained in the work environment. Performance evaluation provides information about the relationship between effort and performance for employees (Lifen Chen,2015). Employees often take their perception of fairness in performance evaluation as an information clue. Therefore, Fair performance evaluation means that the higher the degree of effort, the more employees believe they can achieve performance goals and can obtain better performance evaluation of the results, while unfair performance evaluation convey no correlation between effort and performance, employees may feel difficult to control the relationship between effort and performance. They are easy to get into the psychology of learned helplessness when individuals lose control of the results. In Martinko and Gardner's OIH (Organizational Learned Hplessness) model, the organizational environment that triggers learned helplessness includes the evaluation system. When employees often feel that the evaluation results are irrelevant to their actual performance, they will fall into the perception of "can't win" and become passive, thus leading to the psychology of learned helplessness (Martinko & Gardner, 1982).Based on the above analysis, this paper proposes the following hypotheses:

**Hypotheses 2:** Performance evaluation fairness negatively affects learned helplessness.

In previous studies, the relationship between learned helplessness and employee turnover intention has been confirmed by a few literatures. For example, Moreland studied nurses and found that learned helplessness negatively affected the tenure intention of nurses (Moreland & Ewoldse, 2015). Martinko and Gardner (1982) also pointed out that individuals with learned helplessness are more likely to exhibit dissatisfaction, resignation and job withdrawal behaviors .Based on the above analysis, the following hypotheses are proposed in this study:

**Hypotheses 3:** learned helplessness positively affects employee turnover intention.

Therefore, this article propose the following hypothese:

**Hypotheses 4:** Learned helplessness plays a mediating role between performance evaluation fairness and employee turnover intention.

In conclusion, the theoretical model constructed in this paper is shown in Figure 1.

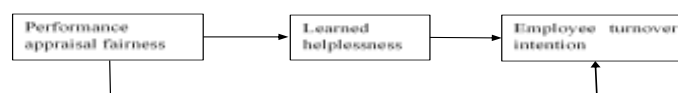


Figure 1 Theoretical Model Diagram

## III. METHOD

### 3.1 Sample and procedures

This study used questionnaire survey to collect data. Before the survey is conducted, interviews were held with company managers to obtain permission for the survey and to receive an overview of human resource status in the company. Some staff members from the human resources department assisted with the survey. A

total of 428 questionnaires were collected, and 323 valid questionnaires were obtained after eliminating the invalid questionnaires. Among the effective samples, there were 158 males (48.916%) and 165 females (51.084%). In terms of education background, 8.978% of students have a high school degree or below, 11.765% of students have a junior college degree, 49.845% of students have a bachelor's degree, and 29.412% of students have a master's degree or above. In terms of age distribution, people aged between 21 and 30 account for the largest proportion (63.467%), followed by those aged between 31 and 40 (21.362%). In terms of working years, 97 persons (30.031%) have less than 1 year, 88 persons (27.245%) have 1~3 years, 26 persons (8.050%) have 4~6 years, 31 persons (9.598%) have 7~10 years, 37 persons (11.455%) have 11~15 years, and 44 persons (13.622%) have other working years.

### 3.2. Measures

The questionnaire consists of four parts, including personal information, performance evaluation fairness, learned helplessness and employee turnover intention. All the scales selected in this paper have been used by existing literatures and have high reliability and validity.

The variable of performance evaluation fair was measured by Greenberg's 7-item scale (Greenberg,1986). A sample item is "The company uses consistent assessment criteria for its employees."In this study, the Cronbach's  $\alpha$  for this scale was0.886.

Learned helplessnesswas measured with Quinless and Nelson's (1988) twenty-item scale. A sample item is "When something doesn't turn out the way I planned it, it's because I don't have enough capacity to plan it." The Cronbach's  $\alpha$  for this scale was 0.941.

Employee turnover intention is measured by a 4-item scale that was developed by Mobley et al (1978). A sample item is "I often think about quitting my job." The Cronbach's  $\alpha$  for this scale was 0.911.

In addition, In order to avoid the influence of other interfering variables on the research results, We controlled demographic variables such as gender, age, education background and working years in our study.

## IV. RESULTS

In this study, Amos22.0 and Spss23.0 statistical analysis software were used to process the data. Correlation and hierarchical regression analysis were carried out successively.

### 4.1 Common method deviation test

Considering that the questionnaires are filled out by employees themselves, the data results may be affected by common method bias. Therefore, this study carried out Harman single-factor test on the data. The results show that there are seven factors in eutectoid in all the items, among which the explanatory variation of the first factor precipitated without rotation was 31.789%, which was lower than the prevailing standard of 40%, indicating that there is no serious common method deviation between variables, and the relationship between variables is reasonable and reliable.

### 4.2 Descriptive statistics

The correlation coefficients between major variables and the mean and standard deviation of each variable are shown in table 1.

Table 1 shows that the performance evaluation of fairness and employee turnover intention was significantly negative correlation ( $r = -0.417$ ,  $p < 0.01$ ), performance evaluation fairness and learned helplessness is significantly negative correlation ( $r = -0.352$ ,  $p < 0.01$ ), learned helplessness and employee turnover intention was significantly positive correlation ( $r = 0.451$ ,  $p < 0.01$ ). The results of data analysis are basically consistent with the previous research hypothesis and provide a necessary premise for the subsequent research on the relationship between variables.

**Table 1.** The descriptions and correlations of main variables.

Variable	Mean	Standard Deviation	1	2	3	4	5	6
1, Gender	1.510	0.501	—					
2, Age	2.508	0.793	-0.037	—				
3, Education	2.997	0.879	-0.018	-0.238**	—			
4, Working years	2.861	1.801	0.038	0.858**	-0.308**	—		
5, Performance evaluation fairness	3.518	0.820	-0.015	-0.038	0.037	-0.095	—	
6, Leraned helplessness	2.471	0.670	-0.010	-0.049	-0.077	-0.083	-0.352**	—
7, Employee turnover intention	2.958	0.873	-0.029	-0.200**	0.055	0.181**	-0.417**	0.451**

SD=standard deviation. □ □  $p < .01$ . □  $p < .05$ .

### 4.3 Hypothesis test

In this paper, the above assumptions were mainly verified by using hierarchical regression and analysis tools-Spss23.0. The hierarchical regression results are shown in table 2.

**Table 2.** Results of regression analyses.

Variable	Learned helplessness		Employee turnover intention		
	MODEL 1	MODEL 2	MODEL 4	MODEL 5	MODEL 6
Gender	-0.001	-0.001	-0.035	-0.035	-0.034
Age	0.093	0.154	-0.178	-0.107	-0.158
education	-0.116*	-0.114*	0.004	0.006	0.044
Working year	-0.198	-0.285**	-0.026	-0.128	-0.033
Performance evaluation fairness		-0.369**		-0.434**	-0.331**
Learned helplessness					0.334**
R <sup>2</sup>	0.021	0.155	0.042	0.227	0.321
ΔR <sup>2</sup>		0.134		0.185	0.094
F	1.681	11.612**	3.452	18.599**	24.901**

SD=standard deviation. □ □ p < .01. □ □ p < .05.

Hypothesis 1 aims to study the negative relationship between performance evaluation equity and employee turnover intention. Model 5 shows that performance evaluation fairness negatively affects employees' turnover intention (beta = -0.434, p < 0.01), so hypothesis 1 is true.

Hypothesis 2 aims to study performance evaluation fairness negatively affects learned helplessness. It can be seen from Model 2 that performance evaluation fairness negatively affects learned helplessness (beta = -0.369, p < 0.01).

In this paper, Baron and Kenny (1986) proposed steps of mediating test to examine the mediating effect of learned helplessness. Model 2 shows that performance evaluation fairness significantly negatively affects individuals' learned helplessness (beta = -0.369, p < 0.01). Model 6 shows that, when the learned helplessness entered the regression equation, learned helplessness has positive influence on employee turnover intention (beta = 0.334, p < 0.01), and the performance evaluation fairness negative impact on employee turnover intention is reduced, but still showed significant (beta = 0.331, p < 0.01), suggesting that the learned helplessness plays a partial mediating role between performance evaluation fairness and employee turnover intention.

In order to further test the mediating effect of learned helplessness, Wang et al (2015) suggested using Bootstrap method for validation. In this paper, the sample size of Bootstrap was set to 1000 and the confidence interval was 95%. The results show that the effect value of mediating effect is 0.0675, 95% confidence interval is [0.0178, 0.1376], and the interval does not include 0, indicating that learned helplessness plays a negative mediating role between performance evaluation fairness and employee turnover intention, further verifying hypothesis 2.

## V. CONCLUSION

### 5.1 Findings and Interpretation

From the perspective of learned helplessness, this study explored the influence of performance evaluation fairness on employee turnover intention. The results showed that performance evaluation fairness negatively affected employee turnover intention and learned helplessness. The relationship between performance evaluation fairness and turnover intention of employees is mediated by learned helplessness. The above research conclusions expand the existing literature on turnover intention and make corresponding contributions in theory and management practice.

### 5.2 Theoretical implications

This study adds to the turnover intention, performance evaluation fairness, and learned helplessness literature in several ways. An important finding of this research is the relationship between employee turnover intention and performance evaluation fairness. The study found that performance evaluation fairness negatively affected employee turnover intention. From the perspective of equity, most domestic literatures focus on organizational equity to discuss turnover intention, while there are relatively few researches on performance evaluation equity as organizational equity reflected in specific situations. As an important part in human resource management practice, performance evaluation is not only a performance measurement tool, but also a

tool used by the organization to communicate and motivate employees. Whether employees are recognized by the organization and their value status in the organization are fairly transmitted by performance evaluation, which directly affects the turnover intention of employees.

Previous studies on learned helplessness focused on conceptual models, while empirical studies were really scarce. In terms of the effect of learned helplessness, domestic literature in the field of management focuses on the relationship between learned helplessness and employee creativity (HUYNH TUAN QUY & Haomin Zhang,2016), and there is no literature that study the relationship between learned helplessness and employee turnover intention. In terms of organizational environment that affects learned helplessness, domestic literature in the field of management only found that performance feedback is the anthesis that affects learned helplessness (HUYNH TUAN QUY & Haomin Zhang,2016), and there is insufficient discussion on the mechanism of learned helplessness between organizational environment and employee turnover intention. This study not only found that performance evaluation fairness is an important factor affecting learned helplessness, but also demonstrated the mediating effect of learned helplessness on performance evaluation fairness and employee turnover intention, which has important theoretical significance for in-depth study on employee turnover intention, and to uncover the "black box" between organizational environment and employee turnover intention.

Previous studies mainly studied the mechanism of equity and turnover intention from the perspective of social exchange theory. Based on the social information processing theory, this paper regards performance evaluation fairness as the information clue about the relationship between effort and performance obtained by employees, and employees' interpretation of information directly affects turnover intention. Meanwhile, the psychological state of employees is also affected by the way they process information. In this paper, the social information processing theory is extended to the study of learned helplessness, so as to enrich relevant theoretical studies on learned helplessness.

### **5.3 Practical implications**

The research conclusion has the important guiding significance to the enterprise management practice activity. Enterprises should establish a fair and effective performance evaluation system to prevent employees from having learned helplessness and turnover intention. From the conclusion, it is found that the fairness of performance evaluation directly affects the learned helplessness and turnover intention of employees. In enterprises, organizational system and evaluators are important factors that affect the fairness of performance evaluation (Erdogan et al, 2001). Therefore, enterprises should not only establish a performance evaluation system suitable for the goal from the institutional level, but also have the ability and quality to evaluate employees without deviation in accordance with the performance evaluation rules.

As a general psychological state existing in employees, enterprise managers should pay more attention to the phenomenon of learned helplessness and intervene. Specific measures include to help employees succeed so as to improve their sharp resistance, to improve the employee participation in the performance evaluation of increase their sense of control and a sense of fairness, to guide employees for performance evaluation of fair way of cognition, In addition, the performance evaluation of justice emphasizes the individual subjective feeling, this may be inconsistent with the facts, As a result, managers can also through feedback, communication and other means to provide objective information to employees, helping staff to build up the correct cognition.

### **5.4 Limitations and future research directions**

The following limitations remain to be further explored in this study. First, data collection methods need to be improved. The questionnaire was self-reported. Although this method is helpful to measure the true feelings of the respondents, the questions about fairness and learned helplessness of performance evaluation are sensitive topics in the workplace, and employees may give answers that are not consistent with the facts, leading to the lack of objectivity of the data. Follow-up studies may be conducted through experiments. Secondly, the data are cross-sectional data, and the causal relationship between variables has not been effectively tested. Future studies may consider to test the causal relationship between variables through longitudinal research methods. Finally, the comprehensive model needs to be further proposed. This paper only discusses the mechanism of learned helplessness in the relationship between performance evaluation fairness and employee turnover intention, and seeks for new explanatory variables for employees' turnover intention, so as to expand the research scope in the future and enrich the research in the field of turnover intention.

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