Employees' Perception of the Performance Evaluation Process Elements: Evidence from Banking Industry

NELA RAKIC, SLADJANA BARJAKTAROVIC RAKOCEVIC & MARINA IGNJATOVIC

Abstract In this study, we argue that evaluation system elements, more precisely performance measures and managers' biases, fairness perception, pay transparency, and incentive types, have important consequences for employees' performance. Since managers have limited time for performance evaluation, performance information is usually incomplete and includes subjectivity. This leads to performance evaluation biases, more precisely to centrality and leniency biases. Additionally, we argue that employees' fairness perception is very important not only for the evaluation process but also for their satisfaction. Moreover, a growing body of literature emphasizes the role of pay transparency in the performance evaluation process. Finally, the study analyses how important it is for employees to receive rewards they value and expect. We developed a survey where we collect data from one bank in Serbia. Most employees think that branch managers use subjective performance evaluation, but that their evaluations are fair. However, results show that centrality and leniency biases exist and there is still room for improvement.

Keywords: • performance evaluation • pay transparency • fairness perception • centrality and leniency biases

CORRESPONDENCE ADDRESS: Nela Rakic, Assistant, University of Belgrade, Faculty of Organizational Sciences, Jove Ilića 154, Belgrade, Serbia, e-mail: nela.rakic@fon.bg.ac.rs. Sladjana Barjaktarovic Rakocevic, Ph.D., Associate Professor, University of Belgrade, Faculty of Organizational Sciences, Jove Ilića 154, Belgrade, Serbia, e-mail: sladjana.barjaktarovic-rakocevic@fon.bg.ac.rs. Marina Ignjatovic, Ph.D., Associate Professor, University of Belgrade, Faculty of Organizational Sciences, Jove Ilića 154, Belgrade, Serbia, e-mail: marina.ignjatovic@fon.bg.ac.rs.

https://doi.org/10.4335/2023.3.5 ISBN 978-961-7124-14-9 (PDF)
Available online at http://www.lex-localis.press.

1 Introduction

Compensation systems send a message to employees that their output and performance are valued by the organization (Hoffman and Rogelberg, 1998). In addition, it helps managers to build a long-term relationship with employees. Compensation system literature is tightly linked to managers' discretion over compensation. On the one hand pay transparency results in more accurate and comprehensive performance evaluation and potentially employees' higher productive effort. On other hand, previous research shows that pay transparency can be detrimental to employees' productivity if employees do not perceive managers' allocation decisions as fair (see Ittner et al., 2003). In this research, we focus on employees' perception of pay transparency. Therefore, this study contributes to a better understanding of how employees from banking industry in Serbia perceive pay transparency.

Additionally, the study examines the effects of subjective performance evaluation and managers' performance evaluation biases. It is important to understand how managers make allocation decisions and what can be expected from employees after evaluations. More precisely, we focus on centrality and leniency biases (Prendergast, 1999; Bol, 2011). The study extends the current literature by focusing on employees' satisfaction with the bonus determination.

We argue that employees' fairness perception is very important not only for the evaluation process but also for their satisfaction and reactions to work. One of the objectives of this study is to analyze employees' fairness perception of the performance evaluation process, their ratings, and rewards. Bol, Kramer and Maas (2016) point out that accurate information and transparency about performance evaluation outcomes lead to better evaluation judgments and more objective reward decisions. Consequently, the study analyses how important it is for employees to receive rewards they value and expect. Therefore, employees' preferences for different types of incentives, such as explicit or implicit, might result in employees' better performance.

To address the above questions, we examine the compensation policy of one large international bank in Serbia. In the banking industry managers usually have to follow standards when evaluating their employees, but they still have freedom in assigning performance ratings.

The results show that majority of employees think that their managers rely on objective information when judging their performance and prefer implicit incentives (e.g. promotion to a higher level). However, employees report that they believe that their managers use personal judgment when judging their performance. Moreover, employees perceive managers' decisions on performance evaluation scores as transparent, and generally they think that their bonus is fair compared to other colleagues. Collectively, our results suggest that branch managers follow performance evaluation procedure which is based on objective criteria, but also subjectivity is inevitable part. Generally, managers' evaluations are perceived as fair and match what employees deserve. Although employees are generally satisfied with the results of the evaluation process and the rewards they received based on it, centrality and leniency biases exist and have a significant influence on employees' satisfaction.

This study makes several contributions to the literature that examines the performance evaluation process. In addition, the study gives insights from the banking industry. More precisely, results contribute to the prior literature on subjective performance evaluations and show how compensation system design depends on the managers' subjectivity and can be perceived differently by employees. Moreover, our results contribute to a better understanding of compensation systems designed to promote transparency and fairness in practice.

By illustrating the elements of the performance evaluation process and their potential consequences for employees' performance, our study contributes to the literature that examines compensation policies.

The next sections of this paper are structured as follows. In the section ''literature review" we discuss prior literature on this topic. Section ''Research" presents the design of the empirical survey. The section ''Results and Discussion" presents the results regarding the employees' perception of the performance evaluation elements. Finally, the section ''Conclusion" shows an overview of findings, the study's limitations, and directions for future research.

2 Literature overview

Evaluation of employees can be determined objectively (by comparing actual performance to targets), subjectively (evaluation decisions are made by managers), and a combination of both approaches (Bol, 2008; Murphy, 2000). Numerous performance measurement systems include both objective measures and subjective evaluations (Bol and Smith, 2011).

Subjective performance evaluation allows including noncontractible information to analyze actions and efforts that objective measures are not able to capture (Bol and Smith, 2011). Fehr and Schmidt (2000) provide evidence that managers have a strong preference for less complete contracts. Fairness concerns explain this preference, especially when fair managers provide strong implicit incentives through incomplete contracts. Since managers have limited time for performance evaluation, performance information is usually incomplete and includes subjectivity (Bol, 2011). This leads to performance evaluation biases, more precisely to centrality and leniency biases (Bol 2011; Moers 2005). Centrality bias is a tendency to compress employees' performance ratings, resulting in less variance in ratings. Leniency bias is the tendency to inflate employees' performance ratings (Bol, 2011). Moers (2005) argues that managers provide more lenient and compressed ratings when subjectively assessing performance. Generally, the performance evaluation process is time-consuming - managers need to invest time and effort in gathering information on employee performance. When employees can observe each other's ratings and performance, satisfaction with evaluations will depend on how their own ratings and rewards compare to those of their peers (Greenberg et al., 2007). Although sometimes it is inconsistent with the organization's interests, managers will provide ratings that satisfy their employees. There are several reasons for such managers' behavior. If employees are not satisfied with the ratings, they will confront and decrease their effort. This will affect managers' compensation and/or promotion opportunities. Additionally, confrontations are psychologically painful and time-consuming (Bol et al., 2016). Moreover, research shows that most employees think that their own performance is above the average (Alicke and Govorun, 2005). The rating strategies result in compressed ratings - ratings are concentrated above the average of the rating scale. Potential risks are that a company will have a culture of mediocrity, where high performers are less motivated. This might influence the attraction, development and retention of talents (Bol, 2011). When pay transparency does not exist managers are less concerned about the dissatisfaction of the best employees. However, when pay transparency exists they have to confront weaker employees and focus on fair distribution. This means that pay transparency might help managers to make fair rating decisions.

Voußem et al. (2016) argue that subjectivity increases fairness perceptions when the overall focus on subjective measures is relatively low. However, subjectivity decreases fairness perceptions when the overall focus on subjective measures is relatively high. Perceived fairness is defined as organizational justice that consists of procedural, distributive and informational justice (Sudin, 2011). Literature on organizational justice differentiates between the fairness related to the outcomes employees perceive (distributive fairness), the decision-making process related to the outcomes (procedural fairness), and the behavior of managers and employees (interactional fairness). Fairness perceptions are very important for organizations because of its relationship with employees' job satisfaction and organizational commitment (Sudin, 2011). Krekel et al. (2019) find out that employees' satisfaction with their company increases not only employees but also business (e.g. unit level) profitability.

Brickley et al. (2003) state that an optimally designed incentive system makes a strong link between organizational architecture and strategy. Although incentives are perceived as a good motivator, there is empirical and practical evidence that incentives lead to a decrease in intrinsic motivation (Fehr and Falk, 2002). Moreover, incentives sometimes might foster unethical (Brickley, Smith, and Zimmerman, 2003) or counterproductive (Wang, 2017) behaviour. Incentives can be monetary or non-monetary and serve to signal future direction for employees. Moreover, managers use incentives to show what they expect from their employees and often count on employees' reciprocal behaviour. It has been shown that monetary incentives more efficiently motivate cooperation between employees. For example, Haesebrouck et al. (2021) argue that knowledge-sharing behaviour is motivated by anticipated rewards. Results are different, since also negative or no effects are found (Bock et al., 2005; Lin, 2007). Nevertheless, the theory of reciprocity suggests that employees are willing to invest at a higher effort level when their managers behave fair and kindly (Maas and Yin, 2022). Providing incentives is a very important and very often a game-changing factor (Lazear, 2018).

Pay transparency is a controversial but understudied topic (Stofberg et al., 2022). Pay transparency might be defined as the extent to which employees know each other's pay level. Also, pay transparency is a multidimensional construct that includes several forms such as pay process; pay outcome transparency; and pay communication restriction (Arnold et al., 2018, Stofberg at al., 2022). Hartmann and Slepničar (2012) provide evidence that the relationship between pay justice and managers' intrinsic motivation is moderated by pay transparency. Pay transparency as a relatively new way of doing business requires companies to train managers in evaluating employees, making decisions on incentives, and communicating directly with employees (Friedman, 2014). Moreover, it is understudied how pay transparency influences employees turnover and their satisfaction (Smit & Montag-Smit, 2018). There are studies that look at pay transparency in laboratory settings (Belogolovsky and Bamberger, 2014), studies that use public data (Hill et al., 2017), and recent studies that focus on the theoretical level - how to measure pay transparency and how to analyse its consequences for the organization (Smit & Montag-Smit, 2018). The potential benefits of pay transparency are reduced inequality in pay, improved motivation, better performance, a higher level of fairness, and improved labor market efficiency. However, there are some potential risks too (Zenger, 2016). Being aware of pay inequalities employees might become less motivated, less willing to give their best, and less satisfied with their pay. One of the risks is that pay transparency might negatively impact employees' trust. Moriarty (2018) points out that organizations should protect employees' privacy and keep their information in a sensitive manner. The way how employees perceive pay transparency largely depends on their personalities and contextual factors. LaViers (2019) shows that when pay dispersion exists transparency decreases employees' total productivity. Additionally, she points out that it is more likely that employees will engage in negative reciprocity.

3 Research

For addressing the research questions, we require a setting that enables us to study the perceived effectiveness of a compensation system at the business unit level. Data sets about compensation systems are often not publicly available and formal compensation systems differ between organizations. We, therefore, developed a survey where we collect data from various branches of one large international bank in Serbia. All branches are subject to the same compensation system, where employees are evaluated on a set of similar targets.

Yet, the branch managers still have discretion in assigning the performance ratings of their employees. More precisely, at the end of each year, managers are asked to evaluate their employees and give them a rating for their performance (the final rating is based on three criteria: Job requirements, Operational Objectives, and Professional/Behavioral Development Objectives). Ratings could range from 1 to 3 (1 stands for below expectations; 2 stands for average performance; and 3 stands for above expectations). In doing so, they should follow a pre-defined distribution (Berger et al. 2013; Chattopadhayay, 2019; Blume et al., 2009; Stewart et al., 2010; Grote, 2005). Specifically, bank managers should have about 25% of employees rated below expectations, 50% of employees should be rated in line with the expectations and around 25% should receive an above the expectations rating. While the manager cannot directly influence the compensation system, ratings are informative for the final allocation of the bonus to an employee.

The sample includes employees from 24 branches in five big cities in Serbia. Most of the branches are from Belgrade, but we chose different municipalities of the city in order to have a balanced sample size. A total of 121 respondents had filled out the questionnaire. There were 22.3% of male and 77.7% of female respondents. On average they were 37 years old (M=37.71, SD=6.696). Table 1 presents the distribution of employees' level of education. The approximate length of their bank working experience was 9 to 10 years (M=9.84, SD=5.067).

Table 1: Distribution of employees' level of education

Level of education	**Percentage**
High school	16.8
College	23.5
Bachelor	49.6
Master	10.1

4 Results and Discussion

As discussed above, the main topic of this research is the performance evaluation process of the bank employees. The research encompasses 40 questions regarding the employees' performance evaluation, divided into three parts which were further molded into performance evaluation elements: pay transparency, performance evaluations and managers' biases, fairness perception, and incentive types.

Table 2 presents the vast results of the conducted research regarding the employees' perception of the performance evaluation elements.

Table 2: Performance evaluation elements – Promotions, incentives, and performance measures

Item	Yes	No	Neutral
I prefer recognition for the hard work being done (e.g. reward for the best employee).	82.5	2.5	15
I prefer implicit incentives such as promotion to the next higher job level.	85.2	0.9	13.9
Promotions in my branch are largely based on favouritism.	10.2	64.4	25.4
My branch manager tries to pick the best candidate for the next level job.	76.1	3.5	20.5
When judging my performance, my branch manager uses his (her) personal judgment of my performance.	48.7	21.8	29.4
When judging my performance, my branch manager relies on objective information from the information system.	81.5	4.2	14.3

Regarding the recognition for the hard work being done, such as a reward for the best employee or similar incentive, 82% of the respondents do prefer recognition for the hard work, less than 3% of them do not, while 15% are neutral about that matter. There are 85% of the employees that prefer implicit incentives such as promotion to a higher position, while 14% are neutral and less than 1% do not prefer such an incentive. Promotions are seen as largely based on favoritism by 10% of the respondents, while 65% do not believe that this is the case, and 25% are neutral on the matter.

We also analyzed the opinion of the bank employees regarding their managers' actions. When it comes to picking the right man for the job, 76% of the employees believe that their branch manager tries to pick the best candidate for the next level position. Less than 4% do not believe that this is the case, while 20% are neutral. More than 80% have an opinion that their managers rely on objective information when judging their performance, less than 5% do not agree, while less than 15% are neutral. Nevertheless, slightly less than half of the employees believe that their managers use personal judgment when judging their performance. About 30% are neutral regarding this matter, while a bit more than 20% do not believe that this is the case.

Further analysis of the respondents' perception of performance evaluation elements is given in Table 3.

Table 3: Performance evaluation elements – fairness and biases

Item	Yes	No	Neutral
I am very satisfied with the way in which my bonus was determined.	58.8	14	27.2
I am very satisfied with the bonus amount that my manager gave to me.	56.4	16.4	27.3
I think that the bonus amount I have received in 2016 matches completely what I deserved.	47.4	19.3	33.3
I think that the bonus amount I have received in 2016 is fair in comparison to my colleagues.	45.1	13.2	41.6
My branch manager evaluates all employees almost equally (there is no big difference between employees' bonuses).	33.3	27.9	38.7
There is a large pay spread between low performers and high performers in a given job.	17.3	34.5	48.2
Usually almost all my colleagues are evaluated above the average.	10.8	36	53.2
My branch manager uses discretion in determining performance evaluation scores.	29.1	37.3	33.6

Less satisfying results pertain to fairness and the biases of the bonuses and rewards. Less than 60% of the employees are satisfied with the way that the bonus was determined and 14% of them are not, while 27% are neutral regarding the matter. Even fewer of them were satisfied with the bonus amount, while 16% were not and still 27% neutral.

Less than half of the respondents believe that the bonus amount matches what they deserve and almost 20% do not agree, while 33% are neutral. Even less, 45% think that the bonus they gained is a fair bonus compared to their colleagues. Still, only 13% are not satisfied with this comparison, while more than 40% do not compare their bonus with their colleagues. This is also evident from the next item from Table 3, because almost 40% are neutral regarding the matter if their manager evaluates all employees equally. But almost 30% do not think that they are treated equally and only 33% think that they are. Almost half of the respondents are neutral regarding the pay spread between low performers and high performers, while 35% think that the pay spread is not large and 17% think the opposite. More than half are neutral when it comes to the matter of their colleagues being evaluated above the average, 36% think that this is not the case and only 10% are distrustful about the matter.

Branch managers are not trusted with discretion in determining performance evaluation scores in almost 40% of cases. In contrast, about 30% are fine with this matter and 33% are neutral. Table 4 presents the summary results regarding the performance evaluation.

Table 4: Summary results regarding the performance evaluation

Item	**Below expectations**	**In line with expectations**	**Above expectations**
Overall evaluation	12.9	65.6	21.5
Appraisal of job requirements	3.2	79.6	17.2
Appraisal of Operational Objectives	9.7	60.2	30.1
Appraisal of Professional Development Objectives	6.5	63.4	30.1

Overall, 65% consider that the evaluation is in line with the expectations. In contrast, 13% are unsatisfied claiming that the evaluation is below expectations, while more than 20% even consider that it is above expectations. Even 80% believe that the appraisal of job requirements is in line with expectations, a bit less than 20% consider them to be above expectations, and only 3% think that they are below expectations. When it comes to operational objectives, 60% think that the appraisal is in line with expectations, and moreover, 30% are satisfied with this matter considering it above expectations. Less than 10% are unsatisfied, considering the appraisal of objectives is below expectations. Even less, about 6% are dissatisfied with the appraisal of professional/behavioral development objectives, marking it as below expectations. On the other hand, almost 65% believe that they are in line with the expectations and even 30% that they are above expectations.

Statistical analysis of the results is given in the following paragraphs of the chapter. Crosstabs Chi-Square analysis is used to determine the relationship between the overall mark of the employees and some of their specific attitudes. Table 5 presents the crosstabs of the overall mark of the employees versus the satisfaction with the bonus amount provided by the managers.

Table 5: Crosstabs - overall mark vs. satisfaction with the bonus amount

	No	**Neutral**	**Yes**
Below expectations	41.7%	50.0%	8.3%
In line with expectations	18.5%	24.1%	57.4%
Above expectations	5.0%	5.0%	90.0%

To examine the relationship between the overall mark of the employees and the satisfaction with the bonus amount provided by the managers, we used crosstabs and the Likelihood Ratio correction of the Chi-Square test, considering that we had more than 20% of crosstabs cells with the expected value less than 5. The value of the Likelihood Ratio test was 23.412, with a significance $p<0.001$. Since the significance was less than 0.05, we conclude that there is a relationship between the overall mark and satisfaction with the bonus amount. From table 5 we can conclude that 90% of the employees, who were satisfied with the bonus amount, had the overall mark above expectations. A bit less than 60% of the employees, who were satisfied with the bonus amount, had an overall mark in line with expectations. On the other hand, 50% of the employees, who were marked below expectations were neutral about the bonus amount, and more than 40% of them were not satisfied with the bonus amount. The crosstabs indicate the existence of the described relationship.

Table 6 further shows the crosstabs of the overall mark of the employees versus the satisfaction with the way that bonus was determined.

Table 6: Crosstabs - overall mark vs. satisfaction with the bonus determination

	No	Neutral	Yes
Below expectations	41.7%	41.7%	16.7%
In line with expectations	12.5%	21.4%	66.1%
Above expectations	5.0%	15.0%	80.0%

Same as previous, Likelihood Ratio test was used. The value of the Likelihood Ratio test was 14.745, with a significance $p<0.001$. Since the significance was less than 0.05, we conclude that there is a relationship between the overall mark and satisfaction with the way that the bonus was determined. From table 6 we can conclude that 80% of the employees, who were satisfied with the bonus determination, had an overall mark above expectations, and more than 65% of them, had the overall mark in line with expectations. On the other hand, more than 40% of the employees, who were marked below expectations were both, neutral and not satisfied with the bonus determination.

Table 7 presents the crosstabs of the overall mark of the employees versus the belief of the employees that they have received the deserved bonus amount.

Table 7: Crosstabs - overall mark vs. deserved bonus amount

	No	Neutral	Yes
Below expectations	41.7%	41.7%	16.7%
In line with expectations	24.6%	29.8%	45.6%
Above expectations	0.0%	15.0%	85.0%

The value of the Likelihood Ratio test was 20.696, with significance $p<0.001$. Since the significance was less than 0.05, we conclude that there is a relationship between the overall mark and the belief of the employees that they have received the deserved bonus amount. Indeed, from table 7 we can note that 85% of the employees, who believed that they have received the deserved bonus amount, had an overall mark above expectations. More than 45% of them, had an overall mark in line with expectations. Tables also show that none of the employees whose performance was above expectations believed that they had received a different than deserved amount of bonus. On the other hand, again, more than 40% of the employees, who were marked below expectations were both, neutral and not persuaded that the amount of the bonus that they received was what they actually deserved.

5 Conclusions

This study analyses evaluation system elements, more precisely pay transparency, subjective performance evaluations and managers' biases, fairness perception, and incentive types, and their important consequences on employees' satisfaction and performance. Commonly, our findings testify that, when it comes to promotions, incentives, and performance measures, employees are mostly satisfied with the treatment and the actions of their managers. For the matter of fairness and biases, they again are mostly satisfied but in a less percentage than the above. When it comes to comparing themselves to their colleagues, employees are quite neutral in a large percentage. Our findings also show that the overall mark is associated with satisfaction with the bonus amount provided by the managers and the way that bonus was determined, as well as with the belief of the employees that they have received the deserved bonus amount. Employees who were generally satisfied with the bonus amount and the bonus determination mostly had an overall mark in a line and even more frequently above expectations. These employees also believed that they had received the deserved bonus amount. Employees who had an overall mark below expectations were often neutral and not satisfied with the bonus determination. We argue that our findings indicate that the evaluation system elements have important consequences for employees' satisfaction and performance.

Limitations to this study offer additional opportunities for future research. The ability to generalize the results is limited since data are collected only from one bank. Moreover, we obtained information for only one year. Probably extending time-series data from several organizations would overcome these limitations.

Moreover, the performance evaluation process could be a strategic choice of the managers, and also this decision would likely be influenced by other management accounting decisions or practices. Future research can examine how the performance evaluation process affects employees' motivation and willingness for cooperation.

References:

Alicke, M. D., & Govorun, O. (2005) The better-than-average effect, *The self in social judgment,* 1, pp. 85-106.

Arnold, A. & Fulmer, I. S. (2018) Pay transparency, In: Perkins, S. J. (ed.) *The Routledge companion to reward management* (London: Routledge), pp. 87-96.

Belogolovsky, E. & Bamberger, P. A. (2014) Signaling in secret: Pay for performance and the incentive and sorting effects of pay secrecy, *Academy of Management Journal*, 57(6), pp. 1706-1733.

Berger, J., Harbring, C. & Sliwka, D. (2013) Performance appraisals and the impact of forced distribution—an experimental investigation, *Management Science*, 59(1), pp. 54-68.

Blume, B. D., Baldwin, T. T. & Rubin, R. S. (2009) Reactions to different types of forced distribution performance evaluation systems, *Journal of Business and Psychology*, 24(1), pp. 77-91.

Bock, G. W. & Kim, Y. G. (2002) Breaking the myths of rewards: An exploratory study of attitudes about knowledge sharing, *Information Resources Management Journal (IRMJ)*, 15(2), pp. 14-21.

Bol, J. C. (2008) Subjectivity in compensation contracting, *Journal of Accounting Literature*, 27, pp. 1-32.

Bol, J. C. & Smith, S. D. (2011) Spillover effects in subjective performance evaluation: Bias and the asymmetric influence of controllability, *The Accounting Review*, 86(4), pp. 1213-1230.

Bol, J. C., Kramer, S. & Maas, V. S. (2016) How control system design affects performance evaluation compression: The role of information accuracy and outcome transparency, *Accounting, Organizations and Society*, 51, pp. 64-73.

Brickley, J. A., Smith, C. W. & Zimmerman, J. L. (2003) Corporate governance, ethics, and organizational architecture, *Journal of Applied Corporate Finance*, 15(3), pp. 34-45.

Chattopadhyay, R. (2019) Impact of forced distribution system of performance evaluation on organizational citizenship behaviour, *Global Business Review*, 20(3), pp. 826-837.

Chun, J. S., Brockner, J. & De Cremer, D. (2018) How temporal and social comparisons in performance evaluation affect fairness perceptions, *Organizational Behavior and Human Decision Processes*, 145, pp. 1-15.

Colquitt, J. A., Greenberg, J. & Zapata-Phelan, C. P. (2013) What is organizational justice? A historical overview, In: Greenberg, J. & Colquitt, J. A. (eds.) *Handbook of organizational justice* (New York: Psychology Press), pp. 3-56.

Fehr, E. & Falk, A. (2002) Psychological foundations of incentives, *European economic review*, 46(4-5), pp. 687-724.

Fehr, E. & Schmidt, K. M. (2000) Fairness, incentives, and contractual choices, *European Economic Review*, 44(4-6), pp. 1057-1068.

Friedman, D. S. (2014) Pay transparency: The new way of doing business, *Compensation & Benefits Review*, 46(5-6), pp. 292-294.

Greenberg, J., Ashton-James, C. E. & Ashkanasy, N. M. (2007) Social comparison processes in organizations, *Organizational behavior and Human decision processes*, 102(1), pp. 22-41.

Grote, R. C. (2005) *Forced ranking: Making performance management work* (Boston, MA: Harvard Business School Press).

Haesebrouck, K., Van den Abbeele, A. & Williamson, M. G. (2021) Building trust through knowledge sharing: Implications for incentive system design, *Accounting, organizations and society*, 93, https://doi.org/10.1016/j.aos.2021.101241.

Hartmann, F. & Slapničar, S. (2012) Pay fairness and intrinsic motivation: the role of pay transparency, *The International journal of human resource management*, 23(20), pp. 4283-4300.

Hill, A. D., Aime, F. & Ridge, J. W. (2017) 10 years of data on baseball teams shows when pay transparency backfires, *Harvard Business Review*, available at: https://hbr.org/2017/05/10-years-of-data-on-baseball-teams-shows-when-pay-transparency-backfires (January 29, 2023).

Hoffman, J. R. & Rogelberg, S. G. (1998) A guide to team incentive systems, *Team Performance Management: An International Journal*, 4(1), pp. 23-32.

Ittner, C. D., Larcker, D. F. & Meyer, M. W. (2003) Subjectivity and the weighting of performance measures: Evidence from a balanced scorecard, *The accounting review*, 78(3), pp. 725-758.

Krekel, C., Ward, G. & De Neve, J. E. (2019) Employee wellbeing, productivity, and firm performance, *Saïd Business School WP*, 2019-4, available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3356581 (January 29, 2023).

LaViers, L. (2019) The Effect of Pay Transparency on Narcissists: Can Personality Type Predict Reciprocity?, *SSRN 3487157*, available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3487157 (January 29, 2023).

Lazear, E. P. (2018) Compensation and incentives in the workplace, *Journal of Economic Perspectives*, 32(3), pp. 195-214.

Lin, H. F. & Lee, G. G. (2004) Perceptions of senior managers toward knowledge-sharing behaviour, *Management decision*, 42(1), pp. 108-125.

Maas, V. S. & Yin, H. (2022) Finding partners in crime? How transparency about managers' behavior affects employee collusion, *Accounting, Organizations and Society*, 96, https://doi.org/10.1016/j.aos.2021.101293.

Moriarty, J. (2018) Against pay secrecy, *Journal of Applied Philosophy*, 35(4), pp. 689-704.

Murphy, K. J. (2000) Performance standards in incentive contracts, *Journal of Accounting and Economics*, 30(3), pp. 245-278.

Prendergast, C. (1999) The provision of incentives in firms, *Journal of economic literature*, 37(1), pp. 7-63.

Smit, B. W. & Montag-Smit, T. (2018) The role of pay secrecy policies and employee secrecy preferences in shaping job attitudes, *Human Resource Management Journal*, 28(2), pp. 304-324.

Stewart, S. M., Gruys, M. L. & Storm, M. (2010) Forced distribution performance evaluation systems: Advantages, disadvantages and keys to implementation, *Journal of Management & Organization*, 16(1), pp. 168-179.

Stofberg, R., Mabaso, C. M. & Bussin, M. H. (2022) Employee responses to pay transparency, *SA Journal of Industrial Psychology*, 48(1), pp. 1-12.

Sudin, S. (2011) Fairness of and satisfaction with performance appraisal process, *Journal of Global Management*, 2(1), pp. 66-83.

Voußem, L., Kramer, S. & Schäffer, U. (2016) Fairness perceptions of annual bonus payments: The effects of subjective performance measures and the achievement of bonus targets, *Management Accounting Research*, 30, pp. 32-46.

Wang, L. W. (2017) Recognizing the best: The productive and counterproductive effects of relative performance recognition, *Contemporary Accounting Research*, 34(2), pp. 966-990.

Zenger, T. (2016) The case against pay transparency, *Harvard Business Review*, available at: https://hbr.org/2016/09/the-case-against-pay-transparency (January 29, 2023).