



EMPLOYEE PERCEPTION TOWARDS PERFORMANCE APPRAISAL SYSTEM AND ORGANIZATIONAL COMMITMENT: AN EMPIRICAL STUDY

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ABSTRACT

In the present competitive environment organizations are continuously striving hard to improve their efficiency and performance. A motivated employee contributes significantly towards attaining organizational objectives. Commitment of employees would enhance if they are been evaluated and appraised fairly about their performance. A well designed and transparent performance appraisal system is vital for enhancing the performance, satisfaction and commitment level of employees. Commitment of employees would increase if organizations put efforts in placing a sound and effective appraisal system. Keeping the above facts in view, the present paper is an attempt to examine the perception level of employees towards performance appraisal system and organizational commitment in sample select organizations. The findings of the study revealed that there exists a positive perception of employees towards the study variables. The study suggests that appraisal process of employees need to be further strengthened in order to improve their commitment towards their organizations.

Keywords: Performance appraisal system, organizational commitment, managerial and non-managerial staff

Introduction

Performance Appraisal System

Performance Appraisal System (PAS) is considered as an important factor for the all round development and growth of employees as well as organizations. PAS helps to know whether employees perform their assigned duties as per the set standards and expectations of their superiors. Moreover it helps the management to take administrative decisions such as promotion, Placement, pay increase, transfer, layoff so that superiors know their subordinates performance and at the same time gives an opportunity to the subordinates to know where they stand with the boss. Performance appraisal system (PAS) also plays an important role in identifying employees training and development need. Rao (2009) believed that performance appraisal system is of the critical components of human resource practices and is a predetermined factor in identifying training and development needs of employees. Mullins (2005) performance appraisal system plays a critical role in enhancing employee performance. Therefore performance appraisal is a vitool tool in fostering favourable association and bond between management and employees (Armstrong, 2005). (PAS) includes activities and procedures for managing, communicating the events involved in performance appraisal through which organizations seek to assess employees and develop their competence , enhance performance and distribute rewards(Fletcher ,2001). Performance appraisal system is very effective in utilizing the performance of employees towards attaining organizational productivity. Grubb (2007) opined that appraisal system needed to evaluate how individual personnel are performing and how they can improve their performance and contribute towards organizational effectiveness. Giangreco, et al., (2012) stressed that appraisal process helps not only in defining the remuneration packages and career advancement decisions of employees but also lead to their commitment towards the organization. Bahrija, H & Mirela, (2013) believed that performance appraisal system is highly beneficial for improving the motivation level of employees. It is a method of ensuring that employees are aware that management is monitoring their professional progress both in terms of their weakness

and strengths (Ahmad & Bujang, 2013). Past research studies have pointed out that performance appraisal system play a critical role in enhancing employee performance (Boohene and Asuinura 2011; Daoanis, 2012; and Warokka, Gallato & Moorthy 2012) is crucial for improving employee motivation (Monis & Sreedhara, 2010; Karimi, Malik & Hussain, 2011) and enhances employee commitment towards their organization Bal et al., 2014; and Salleh et al., 2013). The purpose of performance appraisal is to improve the efficiency of an organization by means of mobilizing the efforts of individuals those working in an enterprise .Performance appraisal system is very effective tool as it serves the basis for reviewing salaries of employees, providing necessary training and overall development of individuals , selecting and planning the criteria for rotating the job of individuals working in an enterprise and moreover acts as a valuable tool in assisting the promotions of employees as per their job performance and defined criteria.

ORGANIZATIONAL COMMITMENT

Organizational commitment has been defined as a psychological state that binds an employee to an organization, thereby reducing the incidence of turnover (Allen & Meyer, 1990). Over the years, the concept of organizational commitment has got immense popularity in the past studies (Cohen, 2002). The concept of organizational commitment focuses on individual's attachment and their sense of belongingness towards the organization. Organizational commitment of employees is very important for an enterprise in order to achieve great success and maintain and sustain growth and harmony. Organizational commitment includes the emotional attachment that an employee has towards his/ her organization, as it creates a sense of belongingness and deep bonding towards an enterprise as employees show eagerness in performing their job, and it is also characterized by individuals awareness of the cost of leaving the organization with respect to what one has achieved and gained while working in an organization. Porter, et al., (1974) organizational commitment is referred to as "the strength of an individual's identification with and involvement in a particular organization , characterized by a strong belief in an acceptance of an organization's goals and values; a willingness to exert considerable effort on behalf of the organization ; and a definite desire to maintain organizational membership" Thus organizational commitment among employees can only be achieved if they possess a strong desire in performing their tasks and duties with zeal and eagerness, also putting their best efforts in

fulfilling the objectives and goals of the organization and have a sincere intent to remain in the organization.

Components of organizational commitment

Meyer and Allen (1993) described three components of organizational commitment.

Affective commitment refers to the employee's positive feeling about the organization. The employees and organization share similar values and therefore it results in positive and favorable communication between them. It also creates among employees a sense of attachment and they want to maintain long term membership with the organization. Porter et al., (1974) describe affective approach as "the relative strength of an individual's identification with and involvement in a particular organization. Employees having strong affective commitment have a feeling of belongingness and pride at being part of the organization. Such commitment results in expecting organization to succeed. Moreover employees with strong affective commitment put their best efforts and work voluntarily and eagerly without any expectations from organization not only because they need the occupation but because they want to work sincerely and contribute their share in achieving the objectives and goals of the organization.

Continuous commitment it may be termed as an individual's awareness of the costs of leaving the organization. Employees assess their contribution to the organization, and analyze the cost of remaining in the organization and compare it with cost of leaving the organization. Kanter (2001) defined continuance commitment as "cognitive – continuance commitment as that which occurs when there is a profit associated with continued participation and a cost associated with leaving". Basically continuous commitment is related to ones experience gained while working in the organization and what one has given to the organization in comparison to what one has received from the organization. Individuals who are high on continuous commitment remain in the organization because they need it. Moreover a high continuous committed employee finds it difficult to leave his/ her organization because of the uncertain and unknown opportunity cost of leaving the organization.

Normative commitment refers to an employee's feeling of obligation to stay in the organization. Allen & Meyer (1990) those who are high on normative commitment feels obligatory to be a part

of the organization because of the socialization process that individuals face and experience as a member of the family early in their life's. Similarly such a commitment also gets manifested during their socialization process as new entrants to the organization. Individuals high on normative commitment feel that they should maintain long term membership in the organization as it is a moral thing to do. The feeling of normative commitment is high when an individual's realizes that the organization has provided him with lot of facilities and benefits and lot of resources has been invested on him in the form of providing training to an employee in performing his job efficiently and effectively.

Objectives of the study

1. to study the perception level of employees, both managerial and non- managerial staff towards the performance appraisal system and organizational commitment in the sample study organizations,
2. to know and compare managers and non-managers perception towards performance appraisal system and organizational commitment and
3. to suggest measure for making the existing appraisal system practices in the sample study organizations acceptable and result oriented in order to enhance employee commitment.

Hypotheses of the Study

H 1a: The perception of managers and non-managers towards performance appraisal system is more or less the same.

H 1 b: The perception of managers and non-managers towards organizational commitment is more or less the same

Research Methodology

The present paper is empirical in nature and gathered responses from both managerial as well as non-managerial staff in select SBI and ICICI branches in Srinagar Region. To measure

performance appraisal system, a scale development by Thurstone, 2001 was used to gather information from the respondents. Meyer and Allen (1991) scale was used to measure organizational commitment. The said questionnaire had 33 items and was modified and developed to fit the present context of study. Simple random sampling technique was employed to gather information from the respondents. The study targeted a total of 50 managers and 100 non-managers from both the banks. The total questionnaires returned were 116, comprising of 42 managers and 74 non-managers. Out of the 116 questionnaires returned, seven questionnaires were not found fit for analysis and hence rejected. The final analysis was done on 109 questionnaires with a usable response rate of 72.66%. The reliability of constructs varied from .71 to .83. The entire gamut of data collected on various aspects of the present study both primary and secondary for determining the level of satisfaction of managers and lower staff with respect to fairness and satisfaction of performance appraisal system and perception towards organizational commitment was analyzed statistically by applying various statistical tools such as mean averages, comparative mean averages, standard deviation, percentage to mean score & summary statistics.

Reliability of Variables

In the present study Cronbach's alpha was used to examine the internal consistency of measures. The values of Cronbach's alpha of the study variables were found within the acceptable limit of .70 and the same is depicted below:

Variables	No. of Statements	Cronbach's Alpha
Procedural variables	3	.71
Distributive variables	3	.83
Interpersonal variables	3	.81
Informational variables	3	.77
Satisfaction with last Performance Rating	3	.78
Satisfaction with Supervisor	3	.72
Satisfaction with the PAS system	3	.76
Affective Commitment	4	.80
Continuous Commitment	4	.81
Normative Commitment	4	.73

Findings and Discussion

Table 1: Perception of employees towards performance appraisal system practices

Dimension	Mean Score (N=109)	Std. Deviation
Procedural variables	3.24	.75
Distributive variables	3.33	.64
Interpersonal variables	3.28	.67
Informational variables	3.32	.74
Satisfaction with last Performance Rating	3.29	.82
Satisfaction with Supervisor	3.27	.79
Satisfaction with the PAS system	3.26	.81
Overall satisfaction towards PAS	3.28	.74

Source: Data compiled by the author for the present study

The perception of employees towards performance appraisal practices depicts that employees are satisfied as the same is revealed with overall mean score of 3.28 (Table 1). Among the elements of performance appraisal system employees have shown higher satisfaction towards distributive variable with mean score of (3.32). The employees showed least perception (3.24) with the element procedural variable. The overall mean scores depicts a favourable and positive perception of managerial and non- managerial staff with respect to performance appraisal system practices.

Table 2: Comparing the perception of managers and non-managerial staff towards performance appraisal system

Constructs	Mean score		Z Value*
	Managers = 40	Non-managers = 69	
Procedural variables	3.29	3.19	.026
Distributive variables	3.36	3.30	.036
Interpersonal variables	3.31	3.25	.033
Informational variables	3.38	3.26	.018
Satisfaction with last Performance Rating	3.37	3.21	.012
Satisfaction with Supervisor	3.38	3.18	.010
Satisfaction with the PAS system	3.30	3.22	.022
Overall PAS	3.34	3.22	0.24

Note: (*p<.05)

Source: Data compiled by the author for the present study.

A comparative analysis was used to measure the perceptual differences between managerial and non-managerial staff of sample select banks towards performance appraisal system practices (Table 2). The results of the study reveal that managerial staff of sample select banks showed higher satisfaction towards performance appraisal system and its elements with overall mean score of (3.34) as compared to non-managerial staff (3.22). A z test was employed to ascertain whether the difference in the mean score of the two respondent groups is statistically significant or not. The results depicted that the difference is statistically significant (z value= 0.024; $p < .05$), indicating that the perception of the managerial and non-managerial staff towards performance appraisal practices prevailing in their banks differs from each other. Therefore, our hypotheses I (a) is empirically supported and hence accepted.

Table 3: Perception of employees towards organizational commitment

Dimension	Mean Score (N=109)	Std. Deviation
Affective Commitment	3.34	.72
Continuous Commitment	3.31	.69
Normative Commitment	3.26	.66
Overall satisfaction towards Organizational Commitment	3.30	.69

Source: Data compiled by the author for the present study

The perception of employees towards organizational commitment depicts that employees are satisfied as the same is revealed with overall mean score of 3.30 (Table 3). Among the elements of organizational commitment employees have shown higher satisfaction towards Affective Commitment with mean score of (3.34) followed by Continuous Commitment with mean scores of (3.31) while the least perception with mean score of (3.26) was towards Normative Commitment. The overall mean scores depicts a favourable and positive perception of managerial and non- managerial staff with respect to organizational commitment

Table 4: Comparing the perception of managerial and non-managerial staff towards organizational commitment

Constructs	Mean score		Z Value*
	Managers = 40	Non-managers = 69	
Affective Commitment	3.42	3.26	.020
Continuous Commitment	3.36	3.26	.034
Normative Commitment	3.33	3.19	.026
Overall OC	3.37	3.23	0.29

Note: (*p<.05)

Source: Data compiled by the author for the present study.

A comparative analysis was used to measure the perceptual differences between managerial and non-managerial staff of sample select banks towards organizational commitment (Table 4). The results of the study reveal that managerial and non-managerial staff of sample select banks showed higher satisfaction towards organizational commitment and its elements with overall mean score of (3.37) as compared to non-managerial staff (3.23). A z test was employed to ascertain whether the difference in the mean score of the two respondent groups is statistically significant or not. The results depicted that the difference is statistically significant (z value= 0.029; p <.05), indicating that the perception of the managerial and non-managerial staff towards organizational commitment differs from each other. Therefore, our hypotheses I (b) is empirically supported and hence accepted.

Conclusions

The purpose of this study was to examine the existing perception of managerial and non-managerial staff towards performance appraisal system and organizational commitment prevailing in sample select banks in Srinagar region. . The results of the study revealed that both managerial and non-managerial staff showed favourable perception towards organizational commitment and performance appraisal system practices. Further it was indicated from the findings that managerial staff showed higher satisfaction as compared to non-managerial staff. Also the statistically significant difference between them depicted that designation has an effect

on the perception of respondents towards performance appraisal system and organizational commitment.

The present study is faced with some limitations. Firstly, the study targeted only two banks in Kashmir region and that too with less sample size. As such the findings of the study cannot be generalized. Therefore future research can include other banks with wider geographical representation. Secondly, only public banks were taken in the present study, therefore future research can include private banks as well in order to capture and generalize the results. Thirdly, only one demographic variable such as designation was studied therefore future research can consider other factors namely experience, gender and qualification so that wider perspectives can be sought.

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