

A Comparative Study of Performance Appraisal on Effectiveness and Organizational Commitment

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Abstract

The study examined the relationship between the organization performance appraisal 'system' and 'process' facets, members' perception of the effectiveness of the appraisal system, and organizational commitment. It was hypothesized that the system and process of performance evaluation would be instrumental in deciding individuals' perception and their degree of 'affective' and 'continuance' organizational commitment. The examination was conducted among respondents ($N = 200$) from an automobile organization in North India. Regression analysis investigation results demonstrated that the process facets namely, session planning and multiple inputs positively predicted the perceived effectiveness of the performance appraisal system. The results additionally demonstrated that the process aspects - 'multiple input,' 'session feedback,' and 'session planning' were positive predictors of 'affective' organizational commitment, while 'continuation' organizational commitment was positively predicted by both the system facet and the process facet. The findings have significant implications for organizations which endeavor to expand the organization commitment of their individuals by enhancing the effectiveness of the performance appraisal system.

Keywords : performance appraisal, organization commitment, effectiveness

JEL Classification : L62, M52, O15

Paper Submission Date : December 10, 2018 ; **Paper sent back for Revision :** September 5, 2019 ; **Paper Acceptance Date :** September 30, 2019

Human resource management places great emphasis on developing and maintaining a workforce highly committed to the organization. Organizational commitment is a state in which a worker identifies with a selected enterprise and its dreams, and needs to maintain membership inside the organization. Singh, Upadhyay, and Srivastava (2019) defined commitment as a mindset or an orientation towards the groups, which links or attaches the identification of the individual to the agency. Agrawal (2019) cautioned that organizational dedication is a three part construct, which includes a belief in and acceptance of the goals and values of the businesses, a willingness to exert attempt on behalf of the corporation, and an intention to live with the corporation. According to Jhaveri (2018), organizational commitment has been variously defined as an affective attachment to the employer. Agarwal (2012) emphasized the importance of the inducements offered in relation to the contributions made by the members of the organization. Mishra (2019) suggested that when managers receive considerable fewer promotional opportunities than what they have been promised, the perceived discrepancy may lead to feelings of inequality and leads to job dissatisfaction.

In a study on Indian managers, Cardy and Dobbins (1994) recommended three general classes of predecessors of hierarchical responsibility, to be specific : (a) Personal attributes, for example, age, residency, instructive level,

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character factors, and so forth ; (b) role - related factors such as job challenges, work difficulties, job strife, job uncertainty, and job overburden, which may impact members' inspiration to work, and (c) structural factors as association size, length of control, interest in basic leadership, and so on. Their discoveries proposed that the more extended an individual has been with an association, which has great incidental advantages, genial administration subordinate connections, and positive authoritative strategies, the more would be the person's degree of responsibility and time of connection to the association. Findley, Giles, and Mossholder (2009) differentially related attitudinal responsibility to inner foci (hierarchical and chief) and outside foci (customer) to objectively measure job performance. They reported that inside foci are identified with hierarchically related occupation execution and outside center impacts work execution applicable to and compensated by customers. In this connection, James and Sudha (2017) found organizational commitment to be significantly related to recognition, training, and welfare facilities. Miceli and Mulvey (2000) indicated that perceived organizational support interacts with organizational actions. O'Reilly III and Chatman (2011) and Ramakrishnan and Maran (2016) noted that employee perceptions of their treatment by the organization and its leaders were antecedents of contextual performance.

Objectives of the Study

- (1) To examine the relationship between the performance appraisal 'system' and process 'facets' and members' perception of the effectiveness for the organization's performance system.
- (2) To look at the relation between the appraisal system and process facets and members' degree of 'affective' and 'continuation' organization commitment.
- (3) To analyze the relation between members' perception of the effectiveness of the appraisal system and their commitment.
- (4) Finally, to analyze the relationship between the demographic qualities of workers, their perception of the effectiveness of the appraisal system, and their commitment.

Hypotheses Development

- ✎ **H1 :** It is hypothesized that as compared to the performance appraisal system, the process will have a stronger positive relationship with organizational members.
- ✎ **H2 :** It is expected that the performance appraisal process facets would have a stronger positive relationship with members' affective and continuance organizational commitment as compared to the system facets.
- ✎ **H3 :** It is expected that members' perception of the overall effectiveness of the performance appraisal system would be positively related with their organizational commitment.
- ✎ **H4 :** It is hypothesized that individual demographic variables such as age, promotion, salary, and duration of service in the organization would also be positively related with member's perception of the perceived effectiveness of the performance appraisal system and their organizational commitment.

Research Methodology

- (1) **Sample, Demographic Profile, and Time Period :** The sample constituted of ($N = 200$), 115 male respondents

Table 1. Demographic Breakdown of Participants

Category	Number (N)	Percentage (%)
Gender		
Male	115	58
Female	85	42
Age		
<21 years	11	5
21-30 years	93	46
31-40 years	67	33
41-50 years	23	12
>50 years	9	4
Education		
Undergraduate	19	9
Graduate	69	34
Post-graduate	103	51
Doctorate/Post-Doc	12	6

and 85 female respondents from a private sector automobile organization situated in Delhi - NCR, India. The main survey was conducted in Delhi - NCR during the months of January - May 2019. The final questionnaires were sent to 300 participants. However, only 200 completely filled responses were received with a response rate of 66%. In this study, 58 % of the respondents were male and 42% respondents were female participants from various age groups (see Table 1).

(2) Measures and Procedure : The overall performance appraisal aspects scale of Findley, Giles, and Mossholder (2009) consisted of 25 items which measured participants' belief of two aspects of overall performance appraisal, specifically system facets and process aspects. Responses were taken on a Likert-type 5-point scale. The reliability coefficient of the dimensions was .78. Following Meyer and Allen (1984), the organizational dedication scale contained 16 objects which measured personnels' affective and continuance organizational commitment on 5-point scales. The reliability coefficient of the dimensions came out to be .90.

Data Analysis and Results

Information were factually examined through connection and stepwise regression analysis for testing the hypothesized relationships between the performance appraisal 'system' and 'process' features, the demographic qualities of the sample, the perceived effectiveness of performance appraisal system (PAS) and organization commitment (OC). The demographic profile of the members demonstrated that their mean age was 44.5 years, while the normal length of administration was 17.39 years. Their normal pay was ₹ 20,000, while the mean of number of advancements was 2.22 (Table 2).

Correlation analysis of the process and system of evaluation with the perceived effectiveness of PAS reveals that while the framework features - system transparency and commitment fundamentally correspond with the apparent viability of the PAS, all the three 'process' features, that is, multiple input, session planning, and session feedback are significantly associated with the apparent viability for the PAS (Table 2). Stepwise regression analysis of the process and framework features of execution evaluation with the apparent viability of the PAS supports hypothesis H1. Among the system aspects of examination features, system complexity anticipates 4% variance in perceived effectiveness of PAS with a beta of - .26, while among the process aspects, session planning

Table 2. Mean, SD, and Correlation Coefficients of Variables with Perceived Effectiveness of Performance Appraisal System (PAS) & Affective and Continuance Organizational Commitment (N = 200)

Variables	Mean	SD	Perceived Effectiveness of PAS <i>R</i>	Affective OC <i>r</i>	Continuance OC <i>r</i>
Demographic					
Duration	17.39	3.80	.05	.37**	.15
Salary	2.16	0.83	.14	-.09	.05
Promotion	2.22	0.85	.24*	.15	.12
Age	44.5	3.80	.08	.12	.16
Performance Appraisal					
'System Facets'					
System Complexity	6.43	2.53	-.08	.09	.08
System Openness	8.20	2.35	.34**	.56**	.48**
System Commitment	13.38	2.53	.43**	.29**	.49**
'Process Facets'					
Multiple Inputs	10.04	2.26	.65**	.53**	.37**
Session Planning	10.44	2.96	.34**	.61**	.68**
Session Feedback	12.32	3.05	.48**	.70**	.78**
Perceived Effectiveness of PAS	16.03	4.53	1.00	.26**	.28**
'Affective' OC	24.51	4.85	.26**	1.00	.73**
'Continuance' OC	26.02	4.50	.28**	.73**	1.00

Note. * $p > .05$; ** $p > .01$

anticipates 4% variance in perceived effectiveness of the PAS with a beta of .24, and multiple inputs predict 42% variance with a beta of .63 (Table 3).

The results, likewise, demonstrate that except for 'system complexity,' all the systems as well as the processes are significantly correlated with affective commitment and continuous commitment (Table 2). Stepwise regression analysis of the performance appraisal features with affective organization commitment supports hypothesis H2. The results demonstrate that only the procedure features emerge as significant predictors of affective organization commitment. The Table 4 demonstrates that session criticism, multiple inputs, and session planning significantly anticipate 49%, 3%, and 4% variance in beta of .37, .26, and .29, respectively. On the other hand, stepwise regression analysis of execution evaluation aspects with continuation hierarchical responsibility

Table 3. Stepwise Regression Analysis of System and Process Facets of Performance Appraisal with Perceived Effectiveness of PAS (N = 200)

Independent Variables	<i>R</i>	<i>Rsqr</i>	<i>Rsqr</i> Change	% Variance	Beta	<i>t</i>
System Complexity (<i>SF</i>)	0.682	0.455	0.040	4%	-0.261	-3.490**
Session Planning (<i>PF</i>)	0.716	0.498	0.048	4%	0.236	3.062**
Multiple Inputs (<i>PF</i>)	0.652	0.420	0.426	42%	0.628	8.401**

Note. * $p > .05$; ** $p > .01$

SF : System facets

PF : Process facets

Table 4. Stepwise Regression Analysis of Appraisal Facets with Affective Organizational Commitment (N = 200)

Independent Variables	R	Rsq*	Rsq Change	% Variance	Beta Coefficient	t
Session Feedback (PF)	0.702	0.488	0.493	49%	0.368	3.520**
Multiple Inputs (PF)	0.730	0.523	0.039	3%	0.258	3.294*
Session Planning (PF)	0.758	0.561	0.042	4%	0.287	3.070*

Note. * $p > .05$; ** $p > .01$

demonstrates that the procedure features - session feedback and session planning decidedly anticipate 62% and 3% variance in continuance organization commitment with a beta of .51 and .31, while the framework aspect - framework responsibility anticipates 4% fluctuation with a beta of .29. However, the process facet - multiple inputs negatively predict 1% variance in continuance organizational commitment with a beta of -.14 (Table 5).

The outcomes completely support the hypothesis H3. It is discovered that apparent viability of PAS is positively associated with emotional responsibility and continuation commitment (Table 2). Perceived effectiveness of PAS has higher critical connection with continuation responsibility (.28) when contrasted with full of feeling duty (.26). Further, the elements of duty are essentially related with one another. Finally, the outcomes partially support hypothesis H4. Correlation analysis of demographic factors with the perceived effectiveness of the PAS demonstrates that the quantity of advancements gotten by the members has an emphatically noteworthy connection with their view of the viability of the PAS. Stepwise regression analysis demonstrates that the quantity of advancements got altogether anticipated 5% variance in adequacy of PAS with a beta of .23 (Table 6). The outcomes additionally demonstrate that the statistic variable - term of administration has a critical relationship with compelling authoritative responsibility. Span of administration, likewise, altogether anticipates 'full of feeling' authoritative responsibility with a beta of .37 (Table 7). However, none of the statistic factors fundamentally anticipate 'continuance' organizational commitment.

Table 5. Stepwise Regression Analysis of Appraisal Facets with Continuance Organizational Commitment (N = 200)

Independent Variables	R	Rsq	Rsq Change	% Variance	Beta Coefficient	t
Session Feedback (PF)	0.787	0.616	0.620	62%	0.518	5.818**
Session Planning (PF)	0.809	0.647	0.035	3%	0.314	4.028**
System Commitment (SF)	0.838	0.692	0.047	4%	0.298	4.444**
Multiple Inputs (PF)	0.845	0.702	0.013	1%	-0.144	-2.047**

Note. * $p > .05$; ** $p > .01$

Table 6. Stepwise Regression Analysis of Demographic Variables with Perceived Effectiveness of PAS (N = 200)

Independent Variables	R	Rsq	Rsq Change	% Variance	Beta Coefficient	t
Demographic						
Promotion Received	0.239	0.048	0.057	5%	0.239	2.43**

Note. * $p > .05$; ** $p > .01$

Table 7. Stepwise Regression Analysis of Demographic Variables with 'Affective' Organizational Commitment (N = 200)

Independent Variables	R	Rsq	Rsq Change	% Variance	Beta Coefficient	t
Demographic						
Duration of Service	0.37	.128	0.137	13%	0.137	3.94**

Note. * $p > .05$; ** $p > .01$

Conclusion

The present study focuses on examining the relationship between the process and system facets of performance appraisal, organizational members' perception of the effectiveness of the performance appraisal system (PAS), and their organizational commitment. It is hypothesized that as compared to the system facets of the performance appraisal system, namely, multiple inputs, session feedback, and session planning would have a stronger positive relationship with the perceived effectiveness of performance appraisal system and organizational commitment.

The results further support the hypothesis that the process facets of performance appraisal would have a stronger positive relationship with both the levels of commitment, although the system facets of performance appraisal would have a stronger positive relationship with both the levels of commitment. Although the system facets - 'system openness' and 'system commitment' are significant correlates of affective commitment, the process facets, that is, 'multiple inputs,' 'session planning,' and 'session feedback' are the ones that emerge as significant predictors of affective commitment. The findings indicate very clearly the contribution of the process facets of performance appraisal for the development of affective commitment among organizational members. It can be suggested that if organizations wish to ensure members' long - term commitment, more emphasis should be given to interpersonal and proximal features of the performance appraisal for the development of commitment based on strong emotional ties with the organization.

The results show that the process facets of performance appraisal - session feedback and session planning emerge as significant predictors of continuance commitment. However, the system facet - 'system commitment,' is a single significant predictor of continuance commitment. The findings thus indicate that although the process facets of the performance appraisal system are mainly responsible for an increased continuance commitment among employees, if the appraisal system is perceived as committed to the employees' fair appraisal and provides them proper feedback through required training and education, then the employees are likely to feel more motivated in continuing their job with their organization.

However, the results show that the process facet - 'multiple inputs' emerges as a negative predictor of continuance commitment. The findings have important implications for advocates of 360-degree performance appraisal. The results clearly indicate that having more than one source of input in the appraisal process may be detrimental for the development of continuance commitment among employees. This may, in turn, affect the rate of turnover in the organization. The findings also reflect the prevalence of certain social and cultural values in the context of Indian organizations.

Managerial Implications

This study makes a step towards giving insight facets of the evaluation system which may lead to an increase in perceived effectiveness of the performance appraisal system and organization commitment. The study demonstrates that by bringing modifications in the process, the employees' perception of the effectiveness and commitment can be ensured. If the appraisal is complex, then it is likely to have a negative effect on the perceived effectiveness of PAS.

In spite of the fact that the examination is led on a single organization, the discoveries have significant implications for Indian associations, which are working in an uncertain external environment. A few Indian associations are setting high incentives on human asset advancement programs. The discoveries of the examination underline the noteworthiness of advancements as a significant indicator of the adequacy of the exhibition evaluation framework. HR chiefs should, likewise, attempt to build a full feeling of responsibility of their individuals by guaranteeing that the association can hold its representatives through its human resource practices.

Limitations of the Study and Scope for Further Research

The limitations and scope for future research are: the demographic variables, namely, age and gender, have been selected based on their relevance. It is noted that there are certain other variables which are equally important such as occupation, tenure of service, and educational qualifications. This study can be used as a reference to expand future studies to a larger reference area. This will help to comprehend the issues faced in engaging the employees at a larger scale. The contribution of this sector to the growth of the Indian economy is tremendous.

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