

Study Of Performance Appraisal And It's Effectiveness On Organisational Commitment

Silki Gupta¹, Dr. P K Gupta² and Dr. Garima Mathur²

Research Scholar¹, Jiwaji University, Gwalior

Professor¹, MLB College, Gwalior

Associate Professor², Prestige Institute of Management, Gwalior

ABSTRACT

Today performance appraisal has progressively become part of a more tactical approach to participating HR activities and business policy and may now be seen as a generic term covering a variety of activities through which organization seek to evaluate employees and developed their competitive skills. In this paper that has been investigated relation between performance appraisal and organisational commitment using questionnaire a number of 80 employees of telecom sector. For data analysis, reliability test and regression analysis was used through SPSS. Result shows positive relation between performance appraisal and organisational commitment.

Keywords: Performance appraisal, organisational commitment

INTRODUCTION

To achieve high performance in this global era where your competitor is looking at your each step. The organizations are working competitively. The employees need feedback on their performance to improve their overall behaviour. Timely feedback would help employees to increase the productivity of the organization. Employees who are working for many years also want feedback on their performance.

In human resource management performance appraisal play very important role. In some times it is become very important because organisation want to achieve some objectives with the help of performance appraisal. The process of performance appraisal includes objectives, continuous learning, and competencies should decide goals on a regular basis. Controlling can be seen when there is evaluation in the process of performance appraisal and subsequent corrective action is taken.

Rizwan (2010) explained that in modern organizations performance evaluation and performance appraisal are the keystone for the success of any organization. To keep the employees self-esteem and sense of worth organization raised rewards. Compensation or rewards are the most contingent factor of any organization that will help to adjust employee commitment and the performance level in the organization. So rewards are an important part of both compensation management and performance evaluation program.

Commitment is a common term widely used in informal English. In Oxford dictionary the meaning of commitment is "engagement or participation in any activity that restrict the freedom of an action. Generally the term is used to choose relationship willingly with individual, organisation or idea but restricting some sense of freedom. Or again, a commitment from certain religion (political party) restricts involvement in other religion (political party). Anderson (1993) pointed one question why an individual superficially limit their freedom by doing commitment? The answer given by him is commitment is a frame work by which individual shape their personal identity and self-esteem.

The intention of commitment is to develop a specific feeling of intellectually & emotionally faithful towards the organisation responsibility in terms of standard which is required for completion of a work. It is a component in terms of devotion, sincerity & trustworthiness that binds individual to the particular course of action in the organisation. Organisational commitment is a synergy to retain an employee in the organisation to a course of action consequence to one or more targets.

Morrow (1993) organizational commitment is an outlook that shows feelings such as affection, identification and dependability to the firm as on object of commitment.

Cohen (2003) Commitment is a synergy that binds an individual to the activity of organisation to achieve one or more goals.

REVIEW OF LITERATURE

Becker (1960) provides one of the earliest conceptual and wide-ranging approaches for the commitment. That concept of commitment provides the detailed perception for the employee's relationship with the organisation. The term "side-bets," firstly used by the Becker. This theory said employees are committed to the organisation because they have completely hidden or rather hidden investment, "side-bets," The term "side-bets," means accrual of investment appreciated by the individual that the employees lost when leave the organisation. So the employees want to stay in the organisation. He claimed that after a certain period of time certain cost accumulated that makes more difficult to the employees to leave the steady pattern of activity. That is sustaining membership or relationship in the organisation. The threat of losing the current job in addition with perceived lack of opportunities to replace the current position commits the employee to the organisation. Backers approach shows a close connection between employee's commitment process and turnover process. He identify organisational commitment as a major factor in defining the voluntary turnover also identify attitudinal commitment as a component of organisational commitment employees are aware about the cost associated with the leaving the organisation. However, their argument is unsustainable. Becker defined commitment as a consistent line of activity (i.e., maintaining membership and relationship in the organization) and attempted to explain what causes of the discrepancy.

Spangenberg (1994) said that due to substandard of traditional performance appraisal system and their impact on performance based pay structure, motivation level.

According to Schneier, Beatty, Baird (1987) said perhaps one of the most glaring performance appraisal systems faults is that most systems do not recognise the realities of managerial work and organisational culture. Thus performance appraisal systems are viewed as external to managers' legitimate tasks and responsibilities.

Alutto, Hrebiniak & Alonso (1973) according to their study commitment, was measurement and evaluation of the reasons cause to employees leave the organisation .

Porter, Steers, Mowday & Boulian (1974) said commitment is a psychological attachment that an employee have towards the organisation. Commitment is attitudinal approach developed by the Porters and his colleague describe commitment is focused attitude unadulterated by other theories such as behavioural objectives. Therefore, commitment was defined by Porter and his supporters as the comparative strength of an individual's identification in an organization".

Mowday, Steers & Porter (1979) said organisational commitment as an alternate to construct job satisfaction and also said that commitment sometimes forecast turnover better than job satisfaction. Commitment was characterized by three related factors: a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and strong desire to maintain membership in the organization".

O'Reilly, Chatman & Caldwell (1986) said organisational commitment is the emotional attachment that an individual feel as a part of the organisation. It is reflecting by the by the degree to which an employee accept the policy, culture and perspectives of the organisation. They said individual emotional attachment may be determined by the three factors-

- (a) Acquiescence or contributory participation for precise, extrinsic rewards;
- (b) Identification or participation based on a desire for association; and
- (c) internalization or involvement predicated on the similarity between employees and organizational values.

O'Reilly, Chatman & Caldwell also describe the relationship between OCB (organisational citizenship behaviour) and the organisational commitment. OCB supports usefulness of commitment in explaining the

other variable in the organisation or the workplace. The commitment factor is increase with time that an individual spent in the organisation. So he also explains the time notion in the theory of commitment.

Price & Mueller (1997) said that there is overlapping in the concept of NC (normative commitment) and AC (affective commitment) so in some cases it is troublesome to differentiate affective and normative commitment. As indicated above by Meyer and Allen (1991) normative commitment (NC) is based on the notion that it is right to employee continue with the organisation because he know the cost associated with to leave the organisation. On the other hand affective commitment (AC) is the emotional attachment to the organisation; they enjoy the membership of the organisation and want to continue with the organisation they are the highly committed employees, highly involved in process of organisation. So it unclear here how AC is conceptually separate from the NC. To overcome the above mention problem conceptual work to be done and new insight and measures developed by the Ko, Price & Mueller (1997) their study opposed the theory of Meyer & Allen (1984) he said Mayer and Allen does not offer accurate definition of affective commitment ,normative commitment and continuance commitment. He said “psychosomatic state” is the common in all three commitments. This is the link that binds employees to the organisation but in this theory it is not clear what “psychosomatic state” is. The Ko, Price & Mueller concluded in their study the importance of commitment in banking sector and made an attempt to understand the factors that affect the organisational commitment in the banking sector of a very important cosmopolitan city named Chennai. For research purpose all the employees are selected of private sector and public sector except clerical level of employees were used standardized questionnaire for the research purpose.

Vandenberg & Sep (1994) said individuals or employee have difficulty in understanding the criteria or component that are included in the measurement of the commitment in different stages of organisational development. In this study high correlation found between normative commitment and the continuance commitment in meta-analysis. The role of normative and continuance commitment re-examined in the commitment concept and bi-dimensional model of continuance commitment also suggested.

HYPOTHESIS

H1-There is no effect of performance appraisal on organisational commitment in telecom sector.

RESEARCH METHODOLOGY

To identify the relationship between performance appraisal and organisational commitment, quantitative research technique and simple random sampling technique is used for sample design; this study is collected from 80 employees of Telecom sector. Data is collected through self-raised questionnaire of performance appraisal and organisational commitment. SPSS software is used to analyse the data.

ANALYSIS AND INTERPRETATION

Reliability statistics

Name of the Variables	Cronbach's Alpha	No. of Items
Performance appraisal	0.644	15
Organisational commitment	0. 818	15

Reliability test was applied with the help of SPSS software and consider the Cronbach's Alpha value to check the reliability and consistency of the questionnaire. Cronbach's Alpha value is 0.644 for the questionnaire of performance appraisal and 0.818 for the questionnaire of organisational commitment in telecom sector.so it is concluded from the table the value of Cronbach's Alpha 0.644 for performance appraisal which is (< 0.7) so the questionnaire is less reliable and the value of Cronbach's Alpha for organisational commitment is 0.818 which greater than (>0.7) so the questionnaire are highly reliable and can be considered for further the study.

Regression analysis

H1- There is no effect of compensation plan on organisational commitment in telecom sector.**Model Summary**

Model	R	R Square	Adjusted R Square	F	Significance F
1	0.401	0.161	0.150	14.921	.000

a. predictors: (constant), Performance appraisal

b. dependent variable: Commitment

Coefficients

Model	B	Beta
1 (constant)	30.789	0.401
Performance appraisal	0.516	

a. dependent variable: commitment

$$Y=a+bx$$

$$Y=30.789+ (0.516) x$$

X= Performance appraisal (independent variable)

Y= Organisational commitment (dependent variable)

Regression analysis is used to analyse the impact of one variable on the other variable. In this research paper we analyse the impact of performance appraisal on organisational commitment. To identify this effect of one variable on other we use regression analysis through SPSS software. After applying regression analysis we find out the value of R-square is 0.161. This value of R-square reveals that there is 16.10% impact of performance appraisal on organisational commitment of employees in telecom sector. The F-value is 14.921, which show the probability is high the model is best fitted. From the above table the Beta value is 0.401 which is significant at 5% level of significant, represent there is direct relationship in compensation plan and organisational commitment in telecom sector. For this case the null hypostasis (H1) not accepted so it can be concluded that independent variables (performance appraisal) have significant impact on dependent variables (organisational commitment) in telecom sector.

DISCUSSION

As we can see there is significant impact of performance appraisal on organisational commitment in telecom sector. The employee were interviewed it was implied that they were highly committed towards the organisation at the average tenure of their jobs was 5 years. The process that followed by the organisation to evaluate the performance of the employee work effectively.

CONCLUSION

The result of this study is that the performance appraisal in telecom sector is enough effective on organisational commitment. The value of R Square is 0.161 that means performance appraisal have 16.10% impact on organisational commitment.

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