



A Study on Factors of Performance Appraisal with Organization Commitment, Organizational Citizenship Behaviour and Job Satisfaction in Private Sector Banks

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ABSTRACT

Performance appraisals are one of the most important requirements for successful business and human resource policy. Rewarding and promoting effective performance in organizations, as well as identifying ineffective performers for developmental programs or other personnel actions are essential to effective to human resource management. The study is designed to assess the relationship between the performance appraisal system and its impact on job satisfaction of employees. A questionnaire is designed for this purpose and the study is conducted to the employees of Private sector banks. For this purpose the employees of junior, middle and senior level were taken. Analysis of data includes comparison of results through co-relation coefficient and multiple regression techniques. Findings of the data indicate that there is relationship between the performance appraisal and its impact on organization commitment, organizational citizenship behaviour and job satisfaction of employees.

KEYWORDS Performance appraisal- organization commitment- organizational citizenship behaviour- job satisfaction.

Introduction

Performance appraisal, also known as employee appraisal, is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time). Performance appraisal is a part of career development. Performance appraisals are regular reviews of employee performance within organizations. It is the process of determining and communicating to an employee how he / she is performing on the job and ideally, establishing a plan of improvement. It is very much critical because it helps the managers to take the administrative decisions effectively relating to promotions, fringes, payoffs and merit pay increases of the employees. So, performance appraisal is a must for all organizations.

Factors in Performance Appraisal

Rater: The person who evaluates the employees is called the Rater or Appraiser.

Ratee: The employee who is rated is called the Ratee or Appraisee.

Rating: The process of performance appraisal is called Rating.

Problem Statement

Performance appraisal system is applied in the organizations to identify the skilled and best performers of the organization to increase their salary and other benefits to be satisfied from the job, but sometimes the most of the employees are not satisfied from the performance appraisal and hence not from the job. In this study the aim is to identify the significant relationship of performance appraisal and its impact on job satisfaction.

Objectives of the Study

- To study the factors of performance appraisal in private sector banks.
- To assess the factors of performance appraisal with organizational commitment, organizational citizenship behaviour and job satisfaction.
- To analyze the effects of performance appraisal on employee's job satisfaction.

Correlation Coefficient

Table 1.1 Pearson Correlation Coefficient Between Factors of Performance Appraisal

Factors of Performance Appraisal	Elements of a Rater	Elements of a Ratee	Environmental Aspects
Elements of a Rater	1.000	0.505**	0.550**
Elements of a Ratee	—	1.000	0.651**
Environmental Aspects	—	—	1.000

Note: ** Denotes significant at 1% level

The correlation coefficient between factors of performance appraisal with regard to ratee is 0.505, which indicate 50.5 percentage positive relationships between factors of performance appraisal on elements of ratee and is significant at 1% level. The correlation coefficient between factors of performance appraisal with regard to environmental aspects is 0.550, which indicate 55.0 percentage positive relationships between factors of performance appraisal on environmental aspects and is significant at 1% level.

Table 1.2 Correlation Between Factors of Performance Appraisal and Organizational Commitment

Factors of Performance Appraisal	Organizational Commitment
Elements of a Rater	0.548**
Elements of a Ratee	0.504**
Environmental Aspects	0.538**
Overall Performance Appraisal	0.629**

**** Correlation is significant at the 0.01 level (2-tailed).**

The correlation coefficient between factors of performance appraisal with regard to rater is 0.548, which indicate 54.8 percentage positive relationships between factors of performance appraisal on organizational commitment, with regard to ratee is 0.504 which indicate 50.4 percentage positive relationships between factors of performance appraisal on organizational commitment, with regard to environmental aspects

is 0.538 which indicate 53.8 percentage positive relationships between factors of performance appraisal on organizational commitment and with regard to overall performance appraisal is 0.629 which indicate 62.9 percentage positive relationships between factors of performance appraisal on organizational commitment.

Table 1.3 Correlation Between Factors of Performance Appraisal and Organizational Citizenship Behaviour

Factors of Performance Appraisal	Organizational Citizenship Behaviour
Elements of a Rater	0.525**
Elements of a Ratee	0.632**
Environmental Aspects	0.544**
Overall Performance Appraisal	0.672**

** Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient between factors of performance appraisal with regard to rater is 0.525, which indicate 52.5 percentage positive relationships between factors of performance appraisal on organizational citizenship behaviour, with regard to ratee is 0.632 which indicate 63.2 percentage positive relationships between factors of performance appraisal on organizational citizenship behaviour, with regard to environmental aspects is 0.544 which indicate 54.4 percentage positive relationships between factors of performance appraisal on organizational citizenship behaviour and with regard to overall performance appraisal is 0.672 which indicate 67.2 percentage positive relationships between factors of performance appraisal on organizational citizenship behaviour.

Table 1.4 Correlation Between Factors of Performance Appraisal and Job Satisfaction

Factors of Performance Appraisal	Job Satisfaction
Elements of a Rater	0.568**
Elements of a Ratee	0.535**
Environmental Aspects	0.501**
Overall Performance Appraisal	0.637**

** Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient between factors of performance appraisal with regard to rater is 0.568, which indicate 56.8 percentage positive relationships between factors of performance appraisal on job satisfaction, with regard to ratee is 0.535 which indicate 53.5 percentage positive relationships between factors of performance appraisal on job satisfaction, with regard to environmental aspects is 0.501 which indicate 50.1 percentage positive relationships between factors of performance appraisal on job satisfaction and with regard to overall performance appraisal is 0.637 which indicate 63.7 percentage positive relationships between factors of performance appraisal on job satisfaction.

Multiple Regression Analysis of Adjustment on Elements of a Rater, Elements of Ratee, Environmental Aspects, Organizational Commitment and Organizational Citizenship Behaviour.

Regression is the determination of statistical relationship between two or more variables. In simple regression two variables are used. One variable (independent) is the cause of the behaviour of another one (dependent). When there are more than two independent variables the analysis concerning relationship is known as multiple correlations and the equation describing such relationship is called as the multiple regression equation. It is thus designed to examine the relationship of a variable Y to a set of other variables X1, X2, X3.....Xn. the most commonly used linear equation in $Y=b_1 X_1 + b_2 X_2 + \dots + b_n X_n + b_0$

Here Y is the dependent variable, which is to be found. X1 ,

X2 ,... and Xn are the known variables with which predictions are to be made and b1, b2 ,....bn are coefficient of the variables.

In this study,

- Dependent variable : Job Satisfaction (Y)
 Independent variables : 1. Elements of Rater (X1)
 2. Elements of Ratee (X2)
 3. Environmental Aspects (X3)
 4. Organizational commitment (X4)
 5. Organizational citizenship behaviour (X5)

- Multiple R value : 0.664
 R Square value : 0.441
 F value : 108.393
 P value : <0.001**

Table 2.1 Variables in the Multiple Regression Analysis

Variables	Unstandardized Coefficients		Standardized Coefficients	t value	P value
	B	SE	Beta		
Constant	0.323	0.450	—	0.718	0.473
X1	0.231	0.030	0.287	7.624	<0.001**
X2	0.156	0.037	0.178	4.223	<0.001**
X3	0.070	0.038	0.076	1.843	0.066
X4	0.119	0.042	0.106	2.833	0.005**
X5	0.181	0.041	0.173	4.354	<0.001**

Note: ** Denotes significant at 1% level
 Dependent Variable: Job Satisfaction

The multiple correlation coefficient is 0.664 measures the degree of relationship between the actual values and the predicted values of the Job satisfaction. Because the predicted values are obtained as a linear combination of elements of rater (X1), elements of ratee (X2), environmental aspects(X3), organizational commitment(X4) and organizational citizenship behavior (X5), the coefficient value of 0.664 indicates that the relationship between job satisfaction and the five independent variables is quite strong and positive.

The Coefficient of Determination R-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of R square is 0.441 simply means that about 44.1% of the variation in adjustment is explained by the estimated SRP that uses elements of rater, elements of ratee, environmental aspects, organizational commitment and organizational citizenship behavior as the independent variables and R square value is significant at 1 % level.

The multiple regression equation is

$$Y = 0.323 + 0.231X_1 + 0.156X_2 + 0.070X_3 + 0.119X_4 + 0.181X_5$$

Here the coefficient of X₁ is 0.231 represents the partial effect of elements of rater on job satisfaction, holding the other variables as constant. The estimated positive sign implies that such effect is positive that job satisfaction score would increase by 0.231 for every unit increase in elements of rater and this coefficient value is significant at 1% level.

The coefficient of X₂ is 0.156 represents the partial effect of elements of ratee on job satisfaction, holding the other variables as constant. The estimated positive sign implies that such effect is positive that job satisfaction score would increase by 0.156 for every unit increase in elements of ratee and this coefficient value is significant at 1% level.

The coefficient of X_3 is 0.070 represents the partial effect of environmental aspects on job satisfaction, holding the other variables as constant. The estimated positive sign implies that such effect is positive that job satisfaction score would increase by 0.070 for every unit increase in environmental aspects and this coefficient value is not significant at 5% level.

The coefficient of X_4 is 0.119 represents the partial effect of organizational commitment on job satisfaction, holding the other variables as constant. The estimated positive sign implies that such effect is positive that job satisfaction score would increase by 0.119 for every unit increase in organizational commitment and this coefficient value is significant at 1% level.

The coefficient of X_5 is 0.181 represents the partial effect of organizational citizenship behaviour on job satisfaction, holding the other variables as constant. The estimated positive sign implies that such effect is positive that job satisfaction score would increase by 0.181 for every unit increase in organizational citizenship behaviour and this coefficient value is significant at 1% level.

Findings and discussion

The study mainly identifies that there is correlation between performance appraisal and its impact on organizational commitment, organizational citizenship behaviour and job satisfaction of employees, since the results of correlation coefficient denoted highly significant(**) for all the factors of performance appraisal. In multiple regression, all the factors of performance appraisal is highly significant at 0.001 level except the environmental aspects, it is because that the employee is not much affected with the banking sector policies and plans, but highly influenced with other factors.

Conclusion

Since the employees are most important internal customers of any organization, the human resources practices like performance appraisal must be done adequately constraining the interests of all the employees. The study supports that performance appraisal has significant relationship with job satisfaction, so the bank should improve their strategies to ensure the high employee engagement level that in turn leads to high productivity.

REFERENCES

For Statistical Formulae, the Following text Books were consulted: | • "Fundamental Statistics in Psychology and Education" by Guilford (1950). | • "Statistics in Psychology and Education" by Henry. E. Garrette, (1973). | • "Statistical Principles in Experimental Design" by Winner (1971). | • "Statistics in Psychology and Education" by Mangal, S.K. (2002). | • "Applied Regression Analysis" by Drapper and Smith (1981). | • "Statistical Methods" by Gupta (1974). | • "Statistical Methods for research workers" by Fisher (1950). | The significant levels employed with respective symbols are given here under: | ** Indicates significant at 0.01 level | * Indicates Significant at 0.05 level | @ Indicates not significant at 0.05 level |