Perception of job Performance appraisals toward Turnover intention and Job Satisfaction.

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Abstract
Performance appraisal has been widely recognized as an integral part of the Human Resource Management process. This recognition has been accompanied by numerous publications, both academic and practitioner oriented, that concentrate solely on this issue. Performance Appraisal has been widely recognized as an integral part of the Human Resource Management process. This recognition has been accompanied by numerous publications, both Academic and practitioner-oriented, that concentrate solely on this issue (Eberhardt & Pooyan, 1988; Bernardin & Beatty, 1984; Carroll & Schneier, 1982; DeVries, Morrison, Shullman & Gerlach, 1981; Henderson, 1981; Latham & Wexley, 1981). Also, Performance Appraisal is often considered one of the most important Human Resource practices (Kuvaas, 2006; Boswell & Boudreau (2000); Judge & Ferris, 1993) and one of the more heavily researched topics in work psychology (Kuvaas, 2006; Fletcher, 2002). However, the traditional research agenda has done little to improve the usefulness of Performance Appraisal as a managerial tool.

KEY WORDS; Performance appraisal, Human Resource Management process, }

Introduction
Employees’ work in organizations to achieve certain objectives, such as social status, pay, learning opportunities, recognition and growth in professional life. Work life requires a considerable amount of input in form of human efforts, previous work experience, education and training. An employee who works in an organization considers it as investment of his personal resources. He would expect his efforts to be objectively evaluated and rewarded in his organization. If he assumes that his efforts are politically evaluated or he is not equally rewarded, he will be worried about his personal investment (time, experience, and efforts) and his future in such organization. A sense of inequality is created which results in tension in the employees. Employees will try to change such situation in his favor by changing his behavior toward work (Steers et al, 1996).

Performance appraisal systems remain perhaps one of the great paradoxes of effective human resource management and the focus of research for organizational behavior researchers. Performance appraisal systems can provide valuable performance information’s for number of critical human resource activities i.e. to assess
employees and develop their competence, enhance performance and distribute rewards such as promotions, merit pay, feedback on the development and assessment of training needs and other human resource evaluations like selection predictors, performance documentation for legal purposes (Cleveland, Murphy, and Williams, 1989). As performance appraisal system is used as a managerial decision tool, often criticized by employees’ regarding their inaccurate and biased ratings. The usefulness of the performance appraisal system not only depends upon its ability to provide accurate information about employees’ performance, but also to enrich attitudes, experiences and skills that improves the effectiveness of employees (Boswell and Boudreau, 2002). Previous research is mostly focused on cognitive models for explaining the appraisal quality; more attention should be paid towards social and contextual factors in performance appraisal research. This has directed the organizational behaviors researchers recently to consider effective, motivational and political factors (Lefkowitz).

It is not the ability of rater but his motivation that determines the accuracy of a formal appraisal. Rater may be able to provide accurate appraisal but he might not provide it, only to pursue his personal goals and deliberately manipulate the evaluation process for political motives. Rater may communicate different information in an attempt to motivate poor performer than raters who want to get rid of such poor performers. After going through the research literature on the this topic, an image comes in mind that managers sitting in their offices, thinking different ways to distort appraisal system in order to achieve their particular goals (Cleveland and Murphy, 1992).

The employee’s perception that their appraisal is based on political considerations rather than objective put strong impact on their job satisfaction, organizational commitment and turnover intentions. In such organizations, employees’ are dissatisfied from jobs and become pessimistic about their future in the organization. Such employees’ term themselves as “victims” of the political intentions. When employees’ are appraised on political bases, research has proved that this leads to reduced job satisfaction, which results in turnover intentions. Similarly employees’ commitment to stay in the organization is negatively effected which also results in turnover intentions. In such political scenario, job satisfaction and organizational commitment play the mediating role between performance appraisal politics and turnover intentions (Taylor et al, 1995, Cleveland and Murphy, 1992).

Most of the studies define organizational commitment as commitment specifically targeted towards the organization as an administrative entity. Organizational commitment has been found both as an antecedent and consequence of number of work related variables. Numerous research articles show that organizational commitment is the consequence of personal variables, work environment variable and as predictor of absenteeism, performance and turnover. One of the performance criteria among the organizations is to retain employees and minimize turnover. Besides significant research progress, it is still confusion among organizational researchers to know what causes employees to stay with or leave their organization. Some of the factors causing turnover are, institutional factors (physical working conditions, pay, job skills, organizational structure, and management style etc), external factors (the labor market), employee personal characteristics (intelligence, personal history, sex, age, interests, and experience), and employee’s reaction to his/her job (job satisfaction, job involvement and job expectation). When employees and organization are effectively integrated, the relation between the two is long lasting. Such relation of integration has strong bearing on absenteeism, turnover and commitment (Zeffane, 1994. cited in Tosi and Slocum, 1984).

In this research, the scholar is working on, effects of performance appraisal politics on job satisfaction, organizational commitment and turnover intentions in Pakistan and especially in private sector. Also that the job satisfaction mediate the relation between performance appraisal politics and turnover intentions. Almost similar research was conducted by M.L.Poon in Malaysia, published in 2003. The researcher has extended the study by adding organizational commitment to the model and also, it was conducted in pharmaceutical marketing sector (private sector) organizations in Pakistan.

Literature Review and Hypothesis:

Performance Appraisal Politics:

Mintzberg (1983), defined politics as” individual or group behavior that is informal, ostensibly parochial, typically divisive and above all, in a technical sense, illegitimatesanctioned neither by formal authority, accepted ideology, nor certified expertise(although it may exploit any one of these)”.such behaviors leads to conflicts among individuals, groups or against the formal authority structure of organization. As politics is inherent in organizational context, it has an important effect on the performance appraisal processes and their outcomes. Researchers are more interested in the people’s perceptions of organizational politics its antecedents and consequences. (Ferris et al, 1996)
Work environment of high ambiguity and the ambiguous nature of performance appraisal situations provide sound bases for the nurture of politics. Performance is mostly perceived as subjective phenomena as it is not acquiescent to objective assessment in many jobs. Due to this subjective nature of performance, an opportunity is being created for rater to pursue the performance appraisal process according to his personal agenda and satisfy his personal goals by manipulating ratings (Fried and Tiegs, 1995). Raters, mostly tend to pursue following objectives with performance appraisal in organizations

1. Interpersonal objectives (e.g. to maintain or enhance performance)
2. Task performance objectives (e.g. to maintain good work group environment)
3. Internalized objectives (e.g. to maintain one’s value)
4. Strategic objectives (e.g. to enhance one’s standing in the organization) (Murphy and Cleveland, 1991)

Researchers have proved that raters use performance appraisal as tool for its outcomes i.e. awarding, motivating, discouraging and punishing employees. Raters are more concern about the outcome of performance appraisal for ratees’, themselves and workgroup. Raters are less concern about the fact that their appraisal accurately reflects the employee’s performance. Researchers came to the conclusion that managers/raters inflate or deflate ratings to achieve the desired objective i.e. managers/raters deflated rating to punish the subordinate, to push him back to good performance level, and to pressurize and compel the rebellious subordinate to leave the organization. Similarly managers/raters inflate the ratings in most of the cases for some good reasons i.e. to avoid confrontation over lower performance rating, to maximize the subordinate’s merit, to win the subordinate, and to avoid entering a permanent record for poor performance (longenecker et al. (1987)

Politics in performance appraisal processes are considered as must/obvious and it has strong impact on the employee’s attitudes and behaviors toward his job. These impacts may be opitive or negative depending, upon the intention of the rater or upon the perception of the ratees, as people’s attitudes and behaviors are determined by their perceptions of the reality and not by reality itself. A lot of literature can be gathered from the organizational justice domain to explain why that perception of performance appraisal politics has influence on job attitudes and behavioral intentions (Poon, M.L. 2003).

H1. Perception of performance appraisal politics and job satisfaction are negatively related:

In political organizations, the work environment is mostly less supportive and more threatening, thereby creating dissatisfaction (Cropanzano et al, 1997), and the decision of resource allocations is mostly governed by political motives and usually viewed as unfair. Employees’ will be unhappy if they perceive that decisions are unfair. This will add to the stress that follows from working in political environment will add to the employees’ dissatisfaction with their job. Managers are mostly perceived to be engaged in organizational politics, though they would not be likely to admit that they personally, willingly and consciously engage in such behavior. From outsider point of view, those who seem to be engaged in disliked political behavior will create a sense of job dissatisfaction in the perceiver (Gandz and Murray, 1980). Employees’ reaction shows job satisfaction toward their opportunity for within organizational advancement. So when subordinates perceive their performance rating, promotion, pay increase and other benefits, to be determined by political bases instead of performance, they are likely to experience job dissatisfaction (Schneider et al, 1992). Ferris et al (1989) suggested that there is inverse relationship between perceived organizational politics and job satisfaction. Falkenburg and Schyns, 2007, noted that the relationship between job satisfaction and turnover intention is moderated by commitment of the employee, but overall it is a very complex relation among the three mentioned variables. Political organizations are less concerned with the employees’ needs and may even threaten them, results in employees’ attitudes towards their job i.e. organizational commitment and job satisfaction (seems to be related with the perceived sense of politics). Perceived organizational politics will lead to the reduced organizational commitment and job satisfaction and that organizational politics is the significant predictor of job dissatisfaction.

H2: Perception of performance appraisal politics and turnover intentions are positively related.

Previous research has witnessed the relationship between an individual perceiving the work place as political and various job related outcomes. Ferris et al 1989 suggested that the perceived politics’ in organization leads to a number of possible reactions including increased intent to withdraw and decreased job satisfaction.
Cropanzano et al (1997) found that there is inverse relationship between organizational politics perception and job involvement, job satisfaction and organizational commitment and positively related to turnover intentions. People perceive organizations more or less political, and employees’ will perceive organization as less political if managers tend increase individual’s job autonomy, skill variety, feedback and growth opportunity, and try to increase communication and coordination with subordinates and coworkers. Such work environment leads to increase worker knowledge of events and reduce uncertainty, all this leads to decrease perceptions of politics further leads to decreased turnover intentions.

In the past research, turnover researchers found two variables as main determinants to know why employees leave organizations: job satisfaction and perceived job alternatives. Dissatisfaction is followed by number of other reactive behaviors, starting with thoughts of quitting from existing job and followed by the comparison of present job and expected job opportunities and ending with intention to leave the organization. The more en employee is satisfied in his organization, the more he will prefer to work in the same organization. On the other hand, if the organization is less attractive for its employee, will result in job dissatisfaction, which in turn causes employee turnover ((Kristof-Brown et al., 2005; Verquer et al., 2003).

Methodology

Method:
The focus of this research was to study and examine the effects of performance appraisal politics on job satisfaction, organizational commitment and turnover intentions. The population for this research was defined as pharmaceutical marketing firms (private sector) of Pakistan, including national and multinational firms. Data was collected from 10 pharmaceutical firms (both national and multinational). A total of 300 questionnaires were distributed and out of those, 270 complete questionnaires were gathered, hence depicting a response rate of 90 %.

Keeping in view the time and cost limitation, quota sampling technique was used where by the questionnaires were distributed to specified sub-groups and respondents were selected non-randomly. All the respondents chosen were marketing job holders and adequate educational back ground and experience to comprehend the questionnaire except the few which needed some detail and clarification. The following table shows the name of the organization, type, No: of questionnaires distributed, No: of questionnaires received and response rate of the particular organization.

Procedure

The design of this research was cross sectional hence data was collected at one point of time. The researcher approached the marketing personnel individually and sometimes in a group with their managers. After seeing the interest of manager and individuals, and getting ermission for administering the questionnaire, (Appendix F), were distributed to the employees. The questionnaires were distributed manually by the researcher himself. Similarly the questionnaires were gathered by the researcher without involving the HR department. This was done in order to maintain the complete anonymity of responses.

Key Variables

Following variables were identified in my study:
a) Independent variable:
1) Performance Appraisal Politics (PAP)

B) Dependent variables:
1) Job satisfaction (JS)

Measures

The measures used were perceptions of performance appraisal politics, organizational commitment, job satisfaction and turnover intentions. Respondents were asked to answer all items of the questionnaire for these measures using a rating scale ranging from 1 (strongly disagree) to 7 (strongly agree). For each measure, the ratings on items were averaged to farm an overall score for the measure. Higher score indicated higher standing on the measure.

Perceptions of Performance Appraisal Politics: The instrument of political considerations in performance appraisal (QPCPA; Tziner et al., 1996) was the source from which items were selected to use for predictable variable. Eight items questionnaire was used for this part to assess respondents’ perceptions of political manipulation behind the inflation or deflation of employees’ performance ratings in performance appraisal process conducted in their organizations. Sample items are, “Managers in my organization avoid ratings that have negative consequences for employees” and “Managers in my organization avoid low ratings to avoid written record of poor performance”.

263
Organizational commitment: Six items from 9-item abbreviated version of Mowday, Steers, and Porter’s (1979) scale was used to measure organizational commitment. Sample items in the scale include; “I enjoy discussing my organization with people outside it” and “The organization has a great deal of personal meaning for me”. The response scale has been seven point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

Chapter 3

DATA ANALYSIS AND RESULTS

In order to test the hypothesized model, structural equation model (SEM) with the help of AMOS has been used. Before testing the hypothesized model, Descriptive statistics, Missing values analysis, normality, Outliers, Linearity and homoscedasticity, Multicollinearity and exploratory factor with varimax rotation were carried out. SPSS was used to carry out these initial analyses. In the coming lines, each analysis along with its results is reported.

Variable description

The data set comprised of responses measured on 4 scales for the concepts of Performance appraisal politics, job satisfaction, organizational commitment and turnover intentions. All items of these scales were measured on 7 points like scale; (1-strongly disagree, 2-moderately disagree, 3-slightly disagree, 4-neither disagree nor agree, 5-slightly agree, 6-moderately agree, 7-strongly agree). Following table list the 25 items of these scales.

DATA ANALYSIS PROCEDURES

The following statistical techniques were applied in testing the hypothesis using the Statistical Package for the Social Sciences (SPSS Version 15). Before Commencement of the analysis the data for all 25 items and 270 cases was analyzed for missing values.

Data Cleaning

Univariate outliers were detected through inspection of Z scores, histograms, box plots and normal probability plots. The data was analyzed for checking the assumptions of normality, linearity and multicollinearity. Normality of data was assessed through the inspection of values of skewness and kurtosis as well through graphical inspection of histograms and normal probability plots. Linearity was assessed by drawing the scatter biplots.

Reliability of scales

Reliability is the extent to which an item, scale, or instrument will produce the same values when given in different times, places, or populations (Nunnally and Bernstein 1994). It is a measure of repeatability or replication. Internal consistency reliability is the degree to which individual scale items correlate with one another or with the entire scale (Nunnally and Bernstein 1994). A scale in internally consistent if each item in a scale measures the same concept (Kline 2005, p.59). The most widely used index of internal consistency reliability is Cronbach's (1951) alpha or coefficient alpha. A calculation of Cronbach's alpha was used to assess the reliability of the each of the four constructs identified in the exploratory factor analysis. The conventional standard is that Cronbach's alpha should be .70 or higher for a scale to be considered reliable (Nunnally and Bernstein 1994).

ANALYSIS & RESULTS

Preparation of data

Missing Value Analysis

For the given data set, there were in total 20 missing cases. 12 cases had more than 50% of the missing values on all variables. As these were the cases identified more severe, so there elimination deemed necessary by applying the criteria of more than 50% missing identified by (Hair et al. 2006). In rest of the data (258) I had, 4 cases with 10 missing values, and 4 cases with 5 missing values,. In order to deal with missing values, it is deemed necessary to find out whether the data is scattered over variables and cases in the random or nonrandom manner. Second, once the randomness or non randomness of data is established then imputation technique would be applied in order to replace these missing values.

To determine whether the missing data are distributed randomly across the cases and the variables. A method outlined by Hair et al. (2006), was followed to find out the randomness of the missing data. In this method dichotomous variables were formed by replacing valid values with a value of one and missing data with value of
zero. The resulting correlations between the dichotomous variables indicated the extent to which missing data were related in pairs of variables. Correlations among the all dichotomous variables were analyzed. Since large number of the variables were having zero number of missing values so most of the correlations could not be calculated. However, for the other variables with the missing values, the values of correlations were all below the level of 0.28, indicating that there does not exist any systematic pattern between the valid values and missing values further decreased the chances of eliminating any variable due to non random pattern.

Linearity
I assessed the linearity of data by inspecting the bivariate plots among the pairs of different items. This visual display assists in finding the linear relationship between the variables. If both variables are normally distributed and linearly related, the scatterplot is oval shaped. On the other hand if one of the variables is nonnormal, then the scatterplot between this variable and the other is not oval (Tabachnick & Fidell, 1996). Since I had large number of variables and drawing the scatter plots for all of variables was impossible I resorted to drawing few randomly selected variable plots. A careful inspection of these scatter plots revealed that most of the items were linearly related to each other. Histograms, boxplots, QQ plots and linearity plots of remaining items are being presented in appendix A.

EXPLORATORY FACTOR ANALYSIS
Checking the Factorability of R and Identification of unique variables for each construct (performance appraisal politics, job satisfaction, organizational commitment, and turnover intentions).

Four separate exploratory factor analysis were run for each of the four scales (performance appraisal politics, job satisfaction, organizational commitment, and turnover intentions). To find out whether the matrix is factorable or whether it contains unique variables, I employed several methods proposed by Tabachnick (1996), and Hair et al. (1998). In order to ensure that data matrix for all constructs have sufficient correlations to justify the application of factor analysis, I thoroughly inspected correlation matrices (R). For factor analysis to be appropriate the size of correlations must exceed 0.30 (Tabachnick & Fidell, 1996 and Hair et al., 1998). Inspection of correlation matrix for all scales of performance appraisal politics, job satisfaction, organizational commitment, and turnover intentions revealed that most of the items had a significant correlations greater than 0.30.

Discriminant validity
Finally discriminant validity of the scales was assessed through the method identified by Fornell and Larcker (1981). Here AVE values were compared with correlations between the variables. For this, the square root of AVE of the construct should be greater than of the correlations between the constructs. If this is the case then there exists discriminant validity.

Values in diagonal are square root of AVE.
For this data there was a lack of support for the discriminant validity of all four constructs. As can be seen in the above table the square root of AVEs for most of the constructs did not surpass the correlation values between constructs. Hence, in sum we can say that the convergent and discriminant validities for four scales could not be established. And these four scales for this data set lacks convergent and discriminant validity.

Hypothesis Testing
Finally I tested the hypothesized relationships by using structural equation modeling technique. The results of the final hypothesized model can be seen in the figure.
As can be seen in the figure, performance appraisal politics had a significant negative impact upon organizational commitment (B = -.58, p < .05). Hence, hypothesis 5 was supported. As was hypothesized (H2) the relationship between performance appraisal politics and turnover intentions was positive and significant (B = .30, p<.05). But, contrary to hypothesized relationship (H1), the effect of performance appraisal politics on job satisfaction was insignificant (B = -.10, p>.05). Hence, hypothesis 1 was not supported. And finally, job satisfaction had a direct negative impact on turnover intentions (B = -.14, p < .05). Hence, hypothesis 3 was also supported. The model was evaluated based on the various fit indices. The results of these fit indices were not very promising. But at least we can conclude that up to some extent the data fitted the model, if not very well. The model evaluation revealed the fit indices of CHI/DF = 6.5, GFI = .68, AGFI = .61 and CFI = .54. In addition to fit indices, all items loaded heavily (i.e. above .40) on their respective constructs. The value of squared multiple correlation for turnover intention was 0.56, meaning that, organizational commitment, job satisfaction and
performance appraisal politics jointly accounted for 56% of variance in turnover intentions construct.

Discussion and conclusion:

This study examined the effects of performance appraisal politics on organizational commitment, job satisfaction and turnover intention. Initially the perceptions of appraisal politics was viewed as single general variable, but after factor analysis of the items used to assess the variables, resulted in two independent factors, i.e. one linked to political motives that benefit employees and other is linked to personal bias and punishment motive. The study hypotheses received support as far as the personal bias and punishment motives were used for indicating performance appraisal politics.

Employees’ experience reduced job satisfaction, organizational commitment and enhances intentions to quit, when they perceived that their performance appraisal is based on political consideration and manipulated for personal biases. Political manipulation of performance appraisal of employees’ is viewed as unfair and injustice. On the other hand, when employees, perceived that their performance appraisal is manipulated for the purpose to promote efficient workers and promote positive work group climate, which did not effect the job satisfaction, organizational commitment and intentions to quit. Another window for future research is opened whether or not employees’ view performance manipulation for motivational purposes is legitimate; as such acts represent managerial discretion carried out to ensure the attainment of certain goals. Another need is to answer the question of the cost and benefits of actual/accurate ratings versus higher levels of employees’ motivation.

References:


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