

## Relationship between Performance Appraisal Politics, Organizational Commitment and Turnover Intention.

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### Abstract:

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. Going through the literature on organizational commitment consequences, scholar strongly believes that the strongest and most predictable behavioral outcome of the employee commitment is reduced turnover. The focus of this research was to study and examine the effects of performance appraisal politics . 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 %. This study examined the effects of performance appraisal politics on organizational commitment, 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.

**KEY WORDS;** Organizational commitment, Turnover intentions, Performance appraisal politics

### Introduction:

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:**

Considering the literature on organizational commitment, it is apparent that little consensus exists among organizational researchers with respect to the meaning of the term. As the area developed, researchers from various disciplines ascribed different meaning to organizational commitment. However, some generally accepted definitions are, according to Mowday et al, "An attitude or an orientation toward the organization which links or attaches the identity of the person to the organization" and "A set of being in which an individual becomes bound by his actions and through these actions to beliefs that sustain the activities and his own involvement". Etzioni, (1961), noted that commitment can have following three forms.

Moral commitment

Calculative commitment,

Alienative commitment.

Moral commitment is defined as when an employee shows a positive and intense orientation towards organizational goals, values and norms of the organization. An employee is very much involved in organization as he feels the organization is pursuing useful social goals. Calculative commitment represents, less intense relationship with the organization and is mostly based on exchange theory. Employee perceive that they are getting as much rewards from the organization as much they contribute services to it. Employees actually perceive that there is a balance between what he is doing for organization and what organization is doing in reward for him. Alienative commitment involves, negative orientation towards the organization. Organizational commitment is outcome of many factors like personal characteristics, job or role-related characteristics and work experience. It has also some consequences (for organization and employee himself) like job performance, tenure with the organization, tardiness and turnover. Table 2.4 on page 37 (Mowday et al). Allen and Meyer, 1996, noted the three different types of commitment as affective, continuance and normative commitment. Affective commitment refers to involve in and emotional attachment to the organization. Continuance commitment refers to the employee's recognition of the costs associated with leaving the organization while normative commitment refers to the commitment based on the sense of obligation to the organization.

Research has shown that loyalty level between employees and organizations have been decreased, due to high job mobility among young workers and high rate of merge and acquisitions in the market. This has lead to change the concept of organization in the mind of employee as organizational boundaries have become less concrete and more virtual. Human resource management practices generate positive employee attitudes, which lead to improved performance. This shows the importance of employee's attitude. Organizational commitment and job satisfaction are the attitudes that are affected by the human resource management practices (Meyer, 1997; Edger and Geare, 2005, Rayton, 2006).

H1: Performance appraisal politics and organizational commitment are negatively related:

Vigoda, 2007, noted that lack of fairness in the organizational processes(i.e.

performance appraisal), is the major cause of higher perceptions of organizational politics and therefore affects organizational performance and employees' attitude towards work and organization. Higher the perception of organizational politics, lower is the employee's job satisfaction and organizational commitment. Perception of organizational politics directly and indirectly affects the employees work attitudes (job satisfaction, organizational commitment etc).

H2: Organizational commitment and turnover intentions are negatively related:

Going through the literature on organizational commitment consequences, scholar strongly believes that the strongest and most predictable behavioral outcome of the employee commitment is reduced turnover. Highly committed employees are willing to work in organization and working for the achievement of organizational goals and objectives and hence less likely to quit. Many research studies have been conducted on the relationship between organizational commitment and turnover intentions, majority of which have shown highly significant and inverse relationship between the two. Work environment, besides other factors, is the major antecedent of organizational commitment. Mentioned that there is significant inverse relationship between organizational commitment and turnover intentions (Mowday et al pp.23-27). Brunetto and Far-wharton, 2003, research suggests a positive relationship between organizational commitment and job satisfaction and negative relationship between organizational commitment and intentions to quit. Emmert and Taher (1992), noted that employees' job satisfaction and organizational commitment were found high in those organizations where there is a positive feedback environment both vertically between supervisors and employees' and horizontally among workers.

### 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:

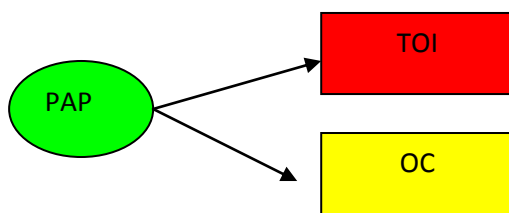
a) Independent variable:

1) Performance Appraisal Politics (PAP)

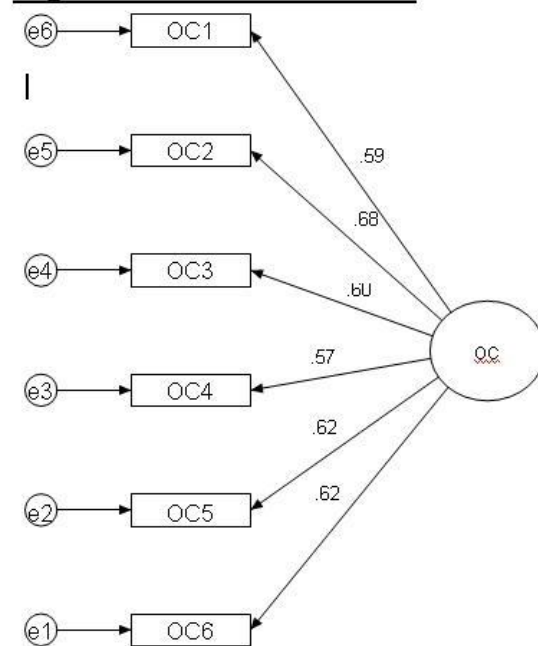
B) Dependent variables:

1) Organizational Commitment

2) Turn over Intention



### Organizational commitment



### 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 form 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".

**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).

**Turnover intentions:** A turnover intention was measured with five-item dependable continuance scale developed by Tsui, Pearce, Porter, and Tripoli's (1997) and by Bozeman and Perrewe, 2001; Vigoda, 2000. This five item scale corresponds to the intent-to-stay idea in the organizational behavior literature. The higher values in the scale correspond to leaving the organization and lower values correspond to intent-to-stay. Sample items in the scale include;" I will probably look for a new job in the next year" and "I often think about quitting my present job" The response scale has been seven point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

### 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 is 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 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).

## Validity of scales

Validity of measurement includes construct validity. Construct validity includes structural, convergent, and discriminant validity. Convergent validity indicates "the degree to which two measures of the same concept is correlated" (Hair et al., 1998). Discriminant validity assesses "the degree to which two conceptually similar concepts are distinct" (Hair et al., 1998).

Convergent and discriminant validity of 4 scales (i.e. performance appraisal politics, organizational commitment, and turnover intentions) were analyzed by method provided by Fornell and Larcker (1984) and Anderson and Gerbing (1988). These methods urge to use average variance extracted for each factor/scale and to observe the significance of each item loadings.

## 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 their elimination was 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.

As missing data were random, I resorted to data imputation. Although we had many alternatives to deal with missing values, like mean substitution, hot deck, regression methods, expectation maximization, raw maximum likelihood and multiple imputation (Schafer and John, 2002), for simplicity reason and as data was missing completely at random I resorted to Mean substitution. After this imputation, I had a total of 258 cases.

#### Univariate Detection of Outliers.

Outliers are cases with such extreme values on one variable or a combination of variables that they distort statistics (Tabachnick, 1996). Outliers can be found in both univariate and multivariate situations. Since they lead to both Type I and Type II errors, so their detection is deemed necessary for any analysis. For our data we will follow the methods identified by Tabachnick for detecting and dealing with

the outliers. I adopted two methods for detection of univariate outliers (a) inspection of Z scores and (b) graphical methods. First I transformed each raw score to its standardized z score, and observed each Z score against a criterion of 3.29 proposed by Tabachnick (1996) i.e Z score above 3.29 is considered an outlier. To find out this first Z scores for each of the case across all variables were computed and then frequency tables were observed for the values greater than 3.29. The Z value for none of the variable was found so; these three variables were deleted from further analysis. Second, I inspected the histograms, box plots and normal probability plots for the purpose of detecting univariate outliers. Since histograms of variables are readily understood and may reveal one or more univariate outliers. In histograms outlier is a case that seems to be unattached to the rest of distribution. Inspection of histograms for all remaining variables revealed no detracted or unattached case (see appendix A).

SCALE	ITEMS	MSA
PAP	PAP1	.699
	PAP2	.693
	PAP3	.655
	PAP4	.745
	PAP5	.755
	PAP6	.622
	PAP7	.887
Turnover	TO1	.786
	TO2	.810
	TO3	.777
	TO4	.745
	TO5	.751
ORG. COMMITMENT	OC1	.804
	OC2	.811
	OC3	.803
	OC4	.814
	OC5	.838
	OC6	.822

Fourth, I inspected the Community,  $h^2$ , which is the squared multiple correlation for the variable as dependent using the factors as predictors. The communality measures the percent of variance in a given variable explained by all the factors jointly and may be interpreted as the reliability of the indicator. When an indicator variable has a low communality, the factor model is not working well for that indicator and possibly it should be removed from the model. Low communalities across the set of variables indicate the variables are little related to each other (<http://www2.chass.ncsu.edu>). This inspection of communalities did not reveal any communality (for any scale items) below the threshold of 0.50 (See appendix B).

SCALE	ITEMS	Loading	Cronbach Alpha
PAP	PAP1	.602	<.05
	PAP2	.629	<.05
	PAP3	.758	<.05
	PAP4	.592	<.05
	PAP5	.737	<.05
	PAP6	.754	<.05
	PAP7	.413	<.05
Turnover	TO1	.680	<.05

	TO2	.582	<.05
	TO3	.656	<.05
	TO4	.599	<.05
	TO5	.582	<.05
ORG. COMMITMENT	OC1	.594	<.05
	OC2	.684	<.05
	OC3	.601	<.05
	OC4	.568	<.05
	OC5	.620	<.05
	OC6	.622	<.05

For evaluating four CFAs (seven structural models) Chi-square, GIF, AGFI, TLI, for each model was evaluated. For all seven models, overall, data fitted the model well. Meaning, for all CFA models the values of GIF, AGFI, TLI and CFI were well above the level of 0.80. Also RMSEA values for 5 models (out of seven) were well below the threshold level of 0.08 (see table and appendix C). In sum, we can conclude that all the seven items internally possessed the quality of unidimensionality.

SCALE	CMIN/DF	GFI	AGFI	TLI	CFI
PAP	12.71	.863	.726	.651	.767
TI	4.529	.965	.896	.872	.936
OC	3.522	.959	.904	.894	.937

#### Reliability and Validity analysis

Reliabilities of the five sub scales were assessed through Cronbach Alpha. The Cronbach Alpha for all the scales is being presented in the table. As we can see, Cronbach alpha for all the scale are well above the threshold level of 0.70. So, we can say that the scales being used in this analysis are reliable ones.

#### Convergent Validity

Convergent validity refers to the degree of agreement in two or more measures of the same construct. According to Roussel et al. (2002), “a construct shows a good convergent validity, if and only the t tests associated with each of the regression weights are significant (i.e. >1.96)”. For this data, all items loaded significantly positive on their specified factor/scale (see table). The null hypothesis tests that the coefficients are equal to zero in the population. For example, in examining the convergent validity of the indicators measuring Perceived Organizational Politics, the values of the t tests of the indicators were all significant. All 7 values were significantly different from zero (p <.05). Hence, the convergent validity of PAP, OC, and TI was established. The statistical significance of the results of the t tests supported the convergent validity of the indicator variables (Anderson and Gerbing 1988).

#### Convergent validity

Construct	AVT
PAP	.42
OC	.37
JS	.36
TI	.37

### **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.

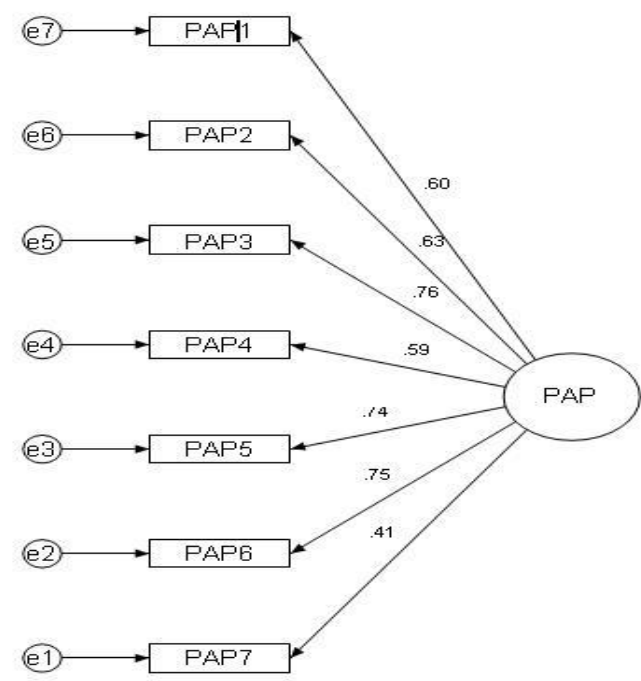
Discussion and conclusion:

This study examined the effects of performance appraisal politics on organizational commitment, 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.



## Results of Performance Appraisal Politics



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