



## IMPACT OF PERFORMANCE APPRAISAL ON ORGANIZATIONAL COMMITMENT AND JOB SATISFACTION

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### ABSTRACT

The present study has been conducted to find out the effect of performance appraisal system on job satisfaction and organizational commitment in the service sector in India. The methodology was based on an online questionnaire survey to collect the data. The results of the study were analyzed statistically by correlation and regression using SPSS software. It is concluded from the study that the employees who were satisfied with the performance appraisal system of their organization were also satisfied with their job and were committed to their organization.

**KEYWORDS:** Performance appraisal, organizational commitment, job satisfaction

### INTRODUCTION

In the last few decades, there has been a tremendous growth in various sectors including manufacturing, agricultural sectors etc. Out of these various sectors, the service sector is the one which depends on the services rendered by the human beings which are intangible, inseparable from the employees, differently practiced by different people and are perishable. However, we can rely more on the knowledge, skills, attitudes and behaviour of the employees. This service sector includes various industries such as banking industry, hospital industry, real estate business, retail firms, hotel industry, academic institutes, social work, transportation, recreation, media, electricity, water and gas supply business, telecom, IT industry etc. which are of utmost importance in our day to day life. It has been observed that innovations and various technological advancements have resulted in the development of machines and various useful equipments, however to operate them, an efficient workforce is required. Despite the development in every sphere of technology, the technology has not superseded the efficiency of the human brain. The functioning of human being is such that it craves to satisfy person for all his desires and needs of day to day life so that he achieves the goal of obtaining the mental peace which is the real happiness in life. In addition, it is of paramount importance that such achievements must be obtained without any stress induced tensions which is universally accepted to be the most important factor for producing not only many mental disorders, but is also responsible for the majority of physical disorders such as hypertension and myocardial infarction, the foremost cause of death in the whole world. The employees can keep themselves away from stress provided they are satisfied with their job as the satisfaction of a job at a working place is of paramount importance to maintain harmony in his life. Job satisfaction also leads to mental satisfaction and mental happiness in life. Various incentives as well as timely encouragement in the life of a worker matter a lot in improving his efficiency

at work, however, it is unfortunate that today there is lot of favouritism with a specific group of employees which is not based on their ability, efficiency and competence. This leads to lot of discontentment and frustration among the employees who are sincere, honest, and competent and do their level best by doing hard labour for the upliftment of their organisation. But these workers are still being overloaded with work by the management exploiting their sincerity for completing a given task because the management knows very well that the work will be completed because of the sincerity of such persons concerned. On the other hand the other group of workers, who have been employed under some pressures by the management, does not contribute to increase the productivity and they enjoy at the cost of the sincere workers. Thus the only way to improve the productivity, management has to be transparent and fair in his dealings with all his employees working in that industry so that the sincere people must not be overloaded and insincere people must not be under loaded. It is the job of the management to see that sincere people must be rewarded, encouraged and given the due increments at the fixed time intervals so that such workers may remain competent, more efficient and will have a feeling of stability in that organization. Stability and progress of any organization or institution depends on the stability of workers, which in turn depends on the stability of the job and the job satisfaction. Stability in job makes the workers feel secure in life so that they may be more committed to their organization. However, it is the job of the management to see that those who are insincere to their work must be given a warning as well as a chance to improve their performance for which the management should also arrange training programs so that they can also be made useful for the organization and help in increasing the productivity of the industry as a whole. It is the job of the management to infuse enthusiasm in the employees in order to increase their skills and the speed of work as per the need of the present time. Every individual has got the

potentialities of the virtues which can be made useful by the skills of the management. The good managerial skills are the one which takes an appropriate action at the appropriate time and gives proper encouragement to all its employees to bring them at par for increasing the quality and producing maximum benefits at the lowest cost. An integrated approach involving all workers and the management is bound to yield best of the results. This will help in the improvement of the service industry by optimizing their resources.

The service sector is also known as the tertiary sector as it comes after two important sectors, primary sector, which includes farming, fishing and mining and secondary sector which includes manufacturing industries. It is one of the most eminent sectors of the world. It contributes to the major part of the GDP in many countries including India. To make such industries work efficiently they need to be improved. It can be done by coordinating their manpower to work effectively towards the achievement of a specific goal which will in turn benefit the nation as well. Apart from this proper disclosure of human resource practices should be done to keep the employees satisfied and committed to their organization. Boolaky, 2011 studied the Financial Service Sector (FSS) and reported that the countries should follow G3 guidelines given by GRI (Global Reporting Initiatives) where the reporting strength, region, firm's ethical behaviour, employer-labour relations and innovative capacity of the firm constitutes the main explanatory variables for the standard disclosure of Human Resource Practices (HRP).

## REVIEW OF LITERATURE

Several researches have been done in various countries like Turkey, Pakistan, Netherlands, US, UK, Australia, Portugal, Malaysia, Bangladesh, Singapore, etc. to show the importance of performance appraisal system in the service sector, including industries like banking, telecom, retail, educational, non-profit semi government and government, health, police, and other knowledge intensive industries. The studies highlight that performance appraisal system has a major impact on the job satisfaction of the employees because of which they feel more committed towards their organization. Performance evaluation measures whether financial or non-financial if perceived as fair and transparent, results in the trust among the employees and the management, which makes them, develop a feeling of belongingness for their organization and in turn they become loyal and faithful towards it.

Job Satisfaction of an employee can be caused by many factors as proved by numerous studies conducted in Turkey, Pakistan and U.S.A. According to Kaya et al (2010) in Turkish Banks if HRM activities like accurate judgement of behaviour and attitude during recruitment and selection, making people to work as a team, following up of a suitable written policy when mediated by improved organizational climate like managerial competence and consistency in activities, lesser workload pressure on employees, maintenance of proper organizational boundaries, ethics and cohesion among people then it leads to the feeling of satisfaction among employees. Similarly Riaz et al (2010) conducted a research on managerial and non managerial employees of telecom sector in Pakistan and studied the

relationship between pay and benefits, performance appraisal system, career development and management, improved supervision, collegial work environment, and communication system which is open and direct with the job satisfaction levels. He found that proper supervision and collegial work environment, open communication system, and a transparent performance appraisal system with career development opportunities were positively correlated to job satisfaction. Further he also found that job satisfaction among employees' results in commitment towards their job and the organization as a whole. Ahmed et al (2010) reported in Semi Government Organizations (SGO's) of Pakistan that a better Performance appraisal system which is aligned with the HRM policies increases job satisfaction and reduces the intentions of turnover among workers which in turn enhances the organizational performance. Hui-Chu et al, 2012 revealed that the quality of the system, quality of information and quality of service positively impacted the satisfaction levels of the accounting staff of the SME's while using accounting information system. In U.S. Municipal corporations Ellickson (2002) highlighted that environmental factors such as promotional opportunities, satisfaction with the pay and benefits, performance appraisal, equipment and resources, training, employees' perception of an evenly distributed workload among co-workers, relationship with the supervisor and departmental esprit de corps that is teamwork were significantly and positively related to overall job satisfaction. He also found that job satisfaction was not much related to the demographic variables (i.e. age, gender etc). Contrary to the above study Singh et al, 2012 in U.S. found the relationship between age and job satisfaction. He found that the older employees were more satisfied with their jobs as compared to the younger workers. The author suggested that the reason for this could have been that since the younger workers are more impulsive and impatient and expect more from their employers than the older workers whose mortgages have paid off and their children have grown up and so they remain less satisfied with their jobs than the older workers.

The other dependent variable included in our study is the psychological attachment of the employee with the organisation i.e. organizational commitment. It can be due to the comfort level with the current organization, cost and fear associated with leaving of the organization and joining the other and social disruption caused by making new acquaintances in the new environment and leaving the old ones. This particular component which is the need component is known as continuance commitment. It may also be due to the feeling that after joining the organisation the employee is ought to be loyal and faithful to it. This sense of obligation towards the organization is also termed as the normative commitment. The attachment of the employee can be due to some emotional reasons by which the employees identify him with the goal of the organization. This shows that the employee is affectively committed towards the organization. There can be many antecedents of organizational commitment as suggested by Camelleri (2002) who after investigating a state owned IT industry in Malta, Europe indicated that the employees with lesser educational qualification, having a higher position in the organizational hierarchy and with lesser ambiguity in

the role performed, with lower role conflict and positive impact of overall state of roles played within an organization are more committed to their organization. It increases all the normative, continuance commitment and affective components of the organizational commitment. The researcher also found that the personality of the worker is also related to the continuance commitment; however the comparative analysis of the personality variable was not done during the research. Similar study was conducted in knowledge intensive industries (i.e. finance, IT, manufacturing, and education firms) of Malaysia by Tan (2008) where it was found that career development related human resource management practices like performance appraisal, compensation and comprehensive training effects the POS (perceived organizational support) which results in particular the internal promotion and supervisory support and all these ultimately results in affective commitment. Esteves et al (2010) when conducted a research in six Portuguese banks highlighted that high performing HRM practices which were training and development, development oriented performance appraisal, information sharing and reward practice including the performance based incentives were positively correlated to affective commitment.

A good performance appraisal system should have some qualities like it should be regular, its procedure should be transparent, standard and consistent, the results of the appraisal should be shared among all the employees in order to remove the misconceptions and most importantly that it should be unbiased. The employees should perceive justice when the management appraises their performance. It can be of three types. When the justice is associated with outcome and rewards then it is known as distributive justice, when related to the fairness in the process of performance appraisal then it is known as procedural justice, and when linked to the treatment the employees receive in terms of truthfulness, sensitivity, timeliness and respect by the management towards their problems related to the results of the performance appraisal it is known as interactional justice. Many of the researches reveal the importance of a fair and transparent performance appraisal system to increase the job satisfaction level of the employees. To prove the above mentioned statement Pettijohn et al (2001) conducted a survey of sales personnel in US retail industry and found that if an explicit and transparent performance appraisal system is present in an organization where the results of the process are discussed openly then it would result in job satisfaction and organizational commitment as it enhances the perceptions of fairness among employees. Some other factors are also known to increase job satisfaction, organizational commitment and reduce the turnover intentions as indicated by the study of Jawahar (2006), in not-for-profit service organizations in Midwestern U.S. which revealed that satisfaction with the performance feedback, rater's participation in the performance appraisal process, and the satisfaction with the rater are positively related to job satisfaction and continuance, affective and overall organizational commitment while it is negatively related to turnover intentions. Perception of fairness in performance appraisal also plays a crucial role in enhancing the employee satisfaction levels as shown by Swiercz et al

(2005), in U.S. among state public service agency employees during his field study. He investigated the effects of three types of employee perception of performance appraisal fairness (i.e. procedural, distributive and interactional). He found that perception of procedural fairness of performance appraisal significantly predict employee performance, organizational commitment, supervisory satisfaction, job satisfaction and pay satisfaction while distributive fairness effected the employee performance and organizational commitment and interactional fairness was positively related to supervisory satisfaction and organizational commitment. It explains that the employees remain more interested with the fairness in procedures of the performance appraisal system than the outcome of the appraisal. Similarly Gabris et al (2001) after his research on U.S. county government employees revealed that between three variables of employees perception of performance appraisal i.e. instrument validity, distributive justice and procedural justice and job satisfaction there exists a moderate positive relationship. He also showed that a modest negative relationship exists between distributive and procedural justice and job burnout. A study done by Lau et al (2008) in Australian health service sector demonstrated that job satisfaction is affected by the performance evaluation measures taken by two evident processes one is outcome based through fairness of outcome (distributive justice) and the other non-outcome based through trust in superior and organizational commitment. Also non-outcome based process was found to be much stronger than outcome based process. Bernardin (2002) in Florida, U.S. investigated manufacturing and police agencies and revealed that lower levels of employee productivity and job satisfaction are due to discrepancies between self and supervisory performance appraisal which in turn results in higher levels of turnover. These discrepancies can be removed by the attribution training given to both the supervisor and the subordinate to prevent the actor observer bias. Li, 2012 in the Australian energy sector found that CAPM (Capital Asset Pricing Model) is a better method of performance evaluation to measure the rate of return of an asset in a well diversified portfolio for the listed (public) companies, however for both listed and delisted (private) companies DCF (Discount Cash Flow) is a better evaluation method. In Bangladesh Sogra et al (2009), when investigated among executive MBA students the association between employees' perception of performance appraisal politics (POPAP) and organizational outcome, it was revealed that POPAP for punishment motive reduces job satisfaction and organizational commitment and increases turnover intentions while POPAP with motivational motive increases job satisfaction and organizational commitment while reduces their turnover intentions. Studies indicate that the feedback given to the employees about their performance in the organization has a direct impact on the emotions of the workers which was also shown by Belschak et al (2009), in Netherland. He reported among students and working adults that emotional reactions as a result of different types of performance feedback (negative or positive) intervene the association between performance feedback and counterproductive behaviour, turnover intentions, citizenship, and affective commitment. Other researches

highlight the direct impact of the performance appraisal system on the loyalty and belongingness of the employees with their organization. In U.K police force Sholihin et al (2010) illustrated that performance appraisal measures whether financial or non-financial are associated positively with organizational commitment. It was shown that if the employees perceive fairness in the process of the appraisal system they develop trust towards their organization which in turn increases their commitment towards their job and organization. Camilleri et al (2007) in Maltese public officers in Netherlands demonstrated that the informal performance measures are more suitable and the employees' positive perceptions about how well the organization is managed results in greater organizational commitment which in turn increases the public service motivation.

Thus after going through the review of literature we can say that if the performance appraisal system in an organization is perceived as fair, transparent and unbiased it would increase the job satisfaction level of the employees. It when results in a positive feedback accompanied by perceived organizational support (POS) leads to positive emotional reactions which makes the employees affectively commitment towards their organisation. The performance appraisal can be outcome based resulting in distribution of rewards and non-outcome based resulting in trust in the supervisor and organizational commitment. If a discrepancy between self and supervisors performance appraisal exists then it would lead to lower job satisfaction which can be further removed by the training given to the supervisor and subordinates in this concern. And at last if employees feel that the motive behind the performance appraisal politics is for the motivational purpose then it increases the job satisfaction and the employees feel more loyal and committed towards their organizations.

However to the best of our knowledge no Indian study has been conducted in the service sector as a whole to show the impact of performance appraisal system on the job

satisfaction and organizational commitment of the employees.

The research question is:

“What is the impact of the performance appraisal system on the job satisfaction and organizational commitment in the service sector in India using primary data?”

**RESEARCH METHODOLOGY**

An online questionnaire survey method was used to collect the data. Service sector employees were targeted for the current study, which included employees from various industries like financial services (Banking, Insurance and Investment Management), IT industry, Hospitality industry, Travel and Tourism, Aviation, Education industry, Hospitals, Mass Media (Advertising), Police Service, Consulting firms etc. Out of 315 questionnaires sent 207 were returned with a response rate of 66%.

**MEASURES**

The items used in the study were: Performance Appraisal System scale (13 items), developed by Monis H. and Sreedhara T.N., 2010; Job Satisfaction Scale (7 Items), developed by Bowers and Taylor, 1974; Organisational commitment scale (12 items), developed by Meyer and Allen, 1997. The scale of organisational commitment was further subdivided into following subscales: i) Affective organisational commitment: It measures an employee's emotional attachment to, identification with, and involvement in the organisation. ii) Normative organisational commitment: It reflects pressures on an employee to remain with an organisation resulting from organisational socialization.

**ANALYTICAL PROCEDURE**

All variables were coded, computed and the data was analyzed statistically by using SPSS software to find out the statistical significance of the data by correlation and regression.

**RESULTS**

The demographic data summary is shown in the following table:

**Table 1:** Demographic data summary

Marital Status	No. of Employees	Total Number of Employees	%
Unmarried	134	207	64.73
Married	73	207	35.27
<b>Age (in years)</b>			
20-30	141	207	68.12
30-40	39	207	18.84
40-50	20	207	9.66
50-60	7	207	3.38
<b>Sex</b>			
Female	39	207	18.84
Male	168	207	81.16
<b>Highest Educational Qualification</b>			
Diploma	9	207	4.35
Graduate	102	207	49.28
Masters	92	207	44.44
Doctorate	4	207	1.93

The demographic data summary in table 1 shows that 64.73% of the respondents were unmarried and 35.27% were married. Age wise distribution of the data showed that the respondents of the age group 20 to 30 years were 68.12%, age group 30 to 40 years were 18.84%, age group of 40 to 50 years were 9.66% while of age group of 50-60

years were 3.38%. 81.16% of the respondents were males while 18.84% of the respondents were females. Qualification wise the respondents were mainly graduates (49.28%) and the ones who had done their masters (44.44%) while very less percentage of respondents were either diploma holders (4.35%) or has done doctorate (1.93%).

**Table 2:** Chronbach’s alpha value of various scales and subscales.

Job Satisfaction	Organisational Commitment	Organisational Commitment (Affective Commitment)	Organisational Commitment (Normative Commitment)	Performance Appraisal System
0.733	0.787	0.721	0.631	0.781

The results shown in table 2 indicate that all the scales and subscales are reliable.

**Table 3:** Correlation values of Job Satisfaction, Organisational Commitment and Satisfaction with the performance appraisal system

Job Satisfaction	1			
Organizational Commitment	.432**	1		
Performance Appraisal System	.555**	0.414**	1	
	Job Satisfaction	Organizational Commitment	Performance Appraisal System	1

As shown in table 3 satisfaction with the performance appraisal system has been found to be correlated with job satisfaction (r=.55) and organisational commitment (r=.414). This means that the employees who were satisfied

with the performance appraisal system of their organisation were also found to be satisfied with their jobs and were more committed to their organisation.

**Table 4:** Correlational Values of Job Satisfaction, Organisational Commitment and Demographic Variables (Marital Status, Age, Sex, Highest Educational Qualification, Total Work Experience, Experience in the Current Job)

		Marital Status	Age	Sex	Highest Educational Qualification	Total Work Experience	Experience in the Current Job
<b>Job Satisfaction</b>	Pearson Correlation	.199**	.104	-.010	.102	.241**	.230**
<b>Organizational Commitment</b>	Pearson Correlation	.196**	.082	.011	.033	.248**	.224**

The results shown in table 4 indicate that the married employees were more satisfied with their job than the unmarried employees (r=.199). The employees having more total work experience and experience in their current job were more satisfied with their job than other employees (r=.241 and r=.230 respectively). Almost similar results as above were obtained when organisational commitment, marital status, total work experience and experience in the

current job were correlated. The married employees were found to be more committed to their organisation than the unmarried employees (r=.196). The employees with more total work experience and experience in their current job were found to be more committed to their organisation than the employees with lesser work experience (r=.248 and r=.224 respectively).

Organizational commitment and job satisfaction

**Table 5:** Regression result of Job Satisfaction as dependent variable and Satisfaction with the Performance Appraisal System, Marital Status, Age, Sex, Highest Educational Qualification, Total Work Experience and Experience with the current job as independent variables.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.601 <sup>a</sup>	.362	.339	.45864
b. Predictors: (Constant) Performance Appraisal System, Marital Status, Highest Educational Qualification, Sex, Age, Experience in the Current Job, Total Work Experience				

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.617	.252		6.417	.000
	Marital Status	.116	.086	.098	1.351	.178
	Age	.005	.004	.077	1.133	.259
	Sex	-.088	.086	-.061	-1.018	.310
	Highest Educational Qualification	.027	.055	.029	.483	.630
	Experience in the current job	.000	.001	.021	.203	.839
	Total work experience	.001	.001	.078	.863	.389
	Performance Appraisal System	.572	.060	.554	9.456	.000
a. Dependent Variable: Job Satisfaction						

According to table 5 the dependent variable job satisfaction was found to be positively and significantly related to the independent variable performance appraisal (p=0.000). The

employees who were satisfied with the performance appraisal system of their organisation were found to be satisfied with their job.

**Table 6:** Regression result of Affective Organisational Commitment as dependent variable and Satisfaction with Performance Appraisal System, Marital Status, Age, Sex, Highest Educational Qualification, Total Work Experience and Experience with the current job as independent variables.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.508 <sup>a</sup>	.258	.232	.56994
b. Predictors: (Constant), Performance Appraisal System, Marital Status, Highest Educational Qualification, Sex, Age, Experience in the Current Job, Total Work Experience				

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.662	.313		5.307	.000
	Marital Status	.146	.106	.107	1.373	.171
	Age	.002	.005	.029	.395	.694
	Sex	-.030	.107	-.018	-.279	.781
	Highest Educational Qualification	.037	.069	.035	.542	.588
	Experience in the current job	.001	.001	.078	.690	.491
	Total work experience	.002	.001	.143	1.467	.144
	Performance Appraisal System	.456	.075	.383	6.071	.000

a. Dependent Variable: Affective Organisational Commitment

As shown in table 6 the independent variable satisfaction with the performance appraisal system was found to be positively and significantly related to dependent variable affective organisational commitment (p=0.000).

Employees who were satisfied with the performance appraisal system of their organisation were found to be emotionally attached and commitment to their organisation.

**Table 7:** Regression result of Normative Organisational Commitment as dependent variable and Satisfaction with the Performance Appraisal System, Marital Status, Age, Sex, Highest Educational Qualification, Total Work Experience and Experience with the current job as independent variables.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493 <sup>a</sup>	.243	.216	.52805

b. Predictors: (Constant), Performance Appraisal System, Marital Status, Highest Educational Qualification, Sex, Age, Experience in the Current Job, Total Work Experience

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.961	.290		6.761	.000
	Marital Status	.097	.098	.078	.988	.324
	Age	.002	.005	.029	.398	.691
	Sex	-.129	.099	-.085	-1.307	.193
	Highest Educational Qualification	-.014	.064	-.014	-.222	.825
	Experience in the current job	.001	.001	.118	1.026	.306
	Total work experience	.001	.001	.108	1.097	.274
	Performance Appraisal System	.414	.070	.379	5.951	.000

a. Dependent Variable: Normative Organisational Commitment

The independent variable satisfaction with the performance appraisal system has been found to be positively and significantly related to the dependent variable normative organisational commitment (p=0.000) signifying that the

employees who were satisfied with the performance appraisal system of their organisation tend to be more committed to their organisation because of the feeling of obligation towards it.

**Table 8:** Correlational Values of Affective Organisational Commitment, Normative Organisational Commitment and Demographic Variables (Marital Status, Age, Sex, Highest Educational Qualification, Total Work Experience, Experience in the Current Job)

		Correlations					
		Marital Status	Age	Sex	Highest Educational Qualification	Total Work Experience	Experience in the Current Job
<b>Affective Organizational Commitment</b>	Pearson Correlation	.247**	.109	-.012	.094	.311**	.309**
<b>Normative Organizational Commitment</b>	Pearson Correlation	.228**	.094	-.069	.054	.309**	.295**
** . Correlation is significant at the 0.01 level (2-tailed).							
* . Correlation is significant at the 0.05 level (2-tailed).							

The results in table 8 indicate that affective and normative organisational commitment is affected by marital status, total work experience and experience in the current job. The married employees were found to be more emotionally committed to their organisation ( $r=.247$ ) and also committed to their organisation because of the feeling of obligation towards it ( $r=.228$ ) than the unmarried employees. The employees with total work experience on the higher side were found to be more affectively committed ( $r=.311$ ) and committed because of the feeling of responsibility towards their organisation ( $r=.309$ ). Similar results were obtained when the employees with higher work experience in the current job were correlated with affective organisational commitment and normative organisational commitment. "The employees with more work experience in their current job were more committed to their organisation i.e. both affectively committed ( $r=.309$ ) and committed due to their social obligations ( $r=.295$ )"

## DISCUSSION

In the current study the impact of performance appraisal system on the job satisfaction and organisational commitment of the employees in the service sector industries has been found out. The employees who were satisfied with the performance appraisal system of their organisation were also found to be satisfied with their jobs as is also indicated by the various studies done in the service sector in other countries like Pakistan (Riaz et al, 2010 and Ahmed et al, 2010) and USA (Ellickson, 2002). Our study also shows that the employees who were satisfied with the performance appraisal system of their organisation were committed to their organisation as is also shown by previous researches done in Malaysia (Tan, 2008) and Portuguese (Esteves, 2010). As mentioned in the literature a fair and transparent system of performance appraisal is needed in every organisation to keep the employees satisfied with their job and commitment to their organisation which can be either affective commitment or normative commitment (Pettijohn et al, 2001; Swiercz et al, 2005; Gabris et al, 2001; Bernardin, 2002; Jawahar, 2006 in US; Lau et al, 2008 in Australia and Sogra et al, 2009 in Bangladesh).

The employees who were married were found to be more satisfied with their job and were more committed to their organization than the unmarried employees. This may be due to the reason that after marriage the responsibilities of the employees increase, and they view their steady job as more important and valuable to fulfill their multiple

demands, while many employees after marriage try to adjust to the things they were earlier dissatisfied with (Austrom et al, 1988; Federico et al, 1976; Garrison and Muchinsky, 1977; Watson, 1981). The employees who were satisfied with the jobs in turn were also found to be committed to their organization (Moser, 1997) and so the married employees and the employees who had more total work experience and experience in the current job were also found to be commitment to their organization. The employees with higher work experience in the job tend to be more satisfied with their job than the ones with lesser work experience. This may probably be due to the reason that the employees after spending a long time in the same company environment become adjusted and used to it and so feel more satisfied than the newer employees who face difficulties in their adjustment to the new company environment.

## CONCLUSION

The study impresses on a body of work that stresses on the importance of Human Resource functions as the key contributors to the performance and growth of organizations in the service sector industry. Effective HRM practices includes performance appraisal that motivates the employees and keeps them satisfied with their jobs and committed towards their organisation. It is concluded from the study that the employees who were satisfied with the performance appraisal system of their organization were also satisfied with their job and were committed to their organization.

## LIMITATIONS OF THE STUDY AND RECOMMENDATIONS

The study had few limitations also like a larger sample size could have been taken to make the results more generalized and robust. Future studies should include more dependent variables like career satisfaction, job stress etc. to find the impact of performance appraisal system on them. Other sectors could also be considered in future researches to study the performance appraisal system. Thus every organization should have a fair and transparent performance appraisal system which is equal for every employee to make them more satisfied with their job and committed to their organization. This in turn will give them mental peace and result in the growth of the organization and the country as a whole.



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