

*Full Length Research Paper*

# Studying and analyzing the relationship between the functions of performance assessment system and organizational commitment

Ali Naghi Amiri<sup>1\*</sup>, Seyed Mohammad Mahmoudi<sup>1</sup>, Hassan Zarei Matin<sup>1</sup> and Mohammad Reza Esfahanian<sup>2</sup>

<sup>1</sup>University of Tehran, Qom College, Qom, Iran.

<sup>2</sup>Tehran University, Tehran, Iran.

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Generally, organizational members do not have a positive attitude on performance assessment system and see it as a barrier to achieve their aims. They believe that performance assessment system prevents them to achieve their awards, advantages and status so they consider it unfairly. On this basis, the aim of present paper is to study the relationship and impacts of various function of performance assessment including training, promotion, award and wage increase on organizational commitment in Isfahan Training and Education Organization. The results show that there is a considerable and significant relationship between various functions of performance assessment system and organizational commitment. In the meantime, it has been determined that, gender educational level and service record impact on employees' organizational commitment such that, 65% of organizational commitment dependant variable is clarified by performance assessment functions independent variable. The findings show that among various aspects of performance assessment functions, training plays the greatest role in clarifying organizational commitment dependant variable variance (0.558).

**Key words:** Performance assessment system, organizational commitment, training, award, promotion, wage increase.

## INTRODUCTION

Many authors have introduced staff as a sort of organizational competitive advantage. Staff effective management is conducted through human resource (HR) management trends such as regular performance assessment. Although performance assessment usages are varied in organizations, performance assessment is often used to improve the performance and to develop individuals. There are some evidences on dissatisfaction from performance assessment system in many industries. Such dissatisfaction is revealed by individuals' dissatisfaction from performance assessment system (Cook and Crossman, 2004). Individual's view on his/her

positive or negative assessment on workplace. Most recent researches on behavior address to individuals' job view on their workplaces.

Among such views, organizational commitment has achieved an important status in organizational behavior researches during past decade. Describing job views and studying their relations are helpful tools to improve individuals' organizational attitude, and finally, organizational performance and effectiveness (Adebayo et al., 2007). Employees look for changes in the economical/uneconomical consequences of their works. Now, the importance of uneconomical awards is soaring compared to economical ones especially among those staff who enjoy high education. Meanwhile, employees show suitable and desired reactions when they are respected, they have a chance to express their ideas and new methods to develop its human resources. Today, performance assessment is considered as a part of strategic planning

\*Corresponding author. E-mail: [anamiri@ut.ac.ir](mailto:anamiri@ut.ac.ir)

**Abbreviations:** HR, Human resource; R, correlation ratio.

process and is used for integrated HR actions and job policies. Performance assessment is a set of activities to assess employees, to develop competencies, to promote their performance and to distribute the awards (Kuvaas, 2007).

In managerial discussions, the concept of HR assessment is provided by various titles such as assessment, competency assessment, paperwork assessment, performance assessment, auditing and inspection (Douai, 2007). A performance assessment system is effective when it motivates for better performance and improves staff in organization through helping them to achieve necessary skills (Sadat, 2008). Right staff training, fair awards, wages and promotions are a few measures of an effective performance assessment system (Cheung, 2007).

Today, employees are known as the most important organizational resource to achieve higher performance. A research by Fletcher (2001) found that more than 80% of UK organizations are dissatisfied their performance assessment system and have failed to develop and motivate their staff. In the meantime, reviewing organizational commitment literature shows that organizational commitment relates to job performance, organizational overall effectiveness, low job leaving by staff and high job satisfaction (Adebayo et al., 2007). Such issues are the main reason to conduct this study. Hence, the main question is: What is the relationship between performance assessment system and organizational commitment of employees in Isfahan training and education organization?

## LITERATURE REVIEW

The literature comes from two arguments on performance assessment system and organizational commitment summarized in below.

### Performance assessment system

Organizations need their continuous performance improvement to survive and progress in today competitive world. In organization perspective, employees' performance assessment is a vital and undeniable task to measure individuals' progress toward organizational goals and missions. Performance assessment leads into awareness and feedback and determines performance strengths and weaknesses as well as organizational position in turbulent and spatial changing environment. Individual/organizational performance remediation is the key of success in competition (McCarthy and Garavan, 2001).

Performance assessment is to investigate strengths and weaknesses of an individual/group in organization. Performance assessment is the structured measurement of individuals work regarding their tasks in assigned jobs

and determining their growth and improvement potential (Mirsepasi, 2005).

The aim of employees' performance assessment is to identify the effectiveness and efficiency of organizational staff through creating and developing HR vital information which leads into achieve other special objective (Douai, 2007). Performance assessment goals are divided into two categories: HR growth and education; assessment (Figure 1).

Performance assessment is used in preparing the payroll, hiring, and promotion, weak employees' dismissal, training needs and laws and regulations. Figure 2 explains the functions of performance assessment system based on Singer's viewpoints (Singer, 1990).

In assessment process, one should determine considered standards after setting assessment goals. Then conducted activities and individuals' performance should be investigated and the performance should be compared against standards. Finally, the results should be communicated to staff and analyzed (Douai, 2007).

It is impossible to have a performance assessment system protected from all interference factors and mistakes. Studies show that the most important traits of an effective assessment system include:

1. Job-related measure: used measure to assess individual's performance should be related to job and they should be obviously job-related analysis.
2. Performance expectations: managers should enounce performance expectations for their subordinates during assessment course clearly and carefully especially in understandable phrases/words.
3. The applications of similar criteria in the system: in similar jobs, employees should be evaluated by similar tools and identical periods. In such evaluations, official docs should be used and they should be based on similar and relevant criteria.
4. Competent evaluators: the responsibility of employees' assessment should be assigned to person(s) who firstly have the chance to observe employees' performance directly and secondly have sufficient knowledge, merits and training.
5. Close relations or continuous feedback: a suitable assessment system supplies most desired feedback in performance flow. During such close relations, employees would be aware their occupational importance and they allot more attention because of the same reason.
6. Employees' access to results: during close relations, employees, supervisors and managers aware the results of performance assessment and they review possible problems in order to be informed of their mistakes and achieve desired results. Obviously, such assessment leads into better results (Douai, 2007).

### Organizational commitment

Organizational commitment is an important issue in

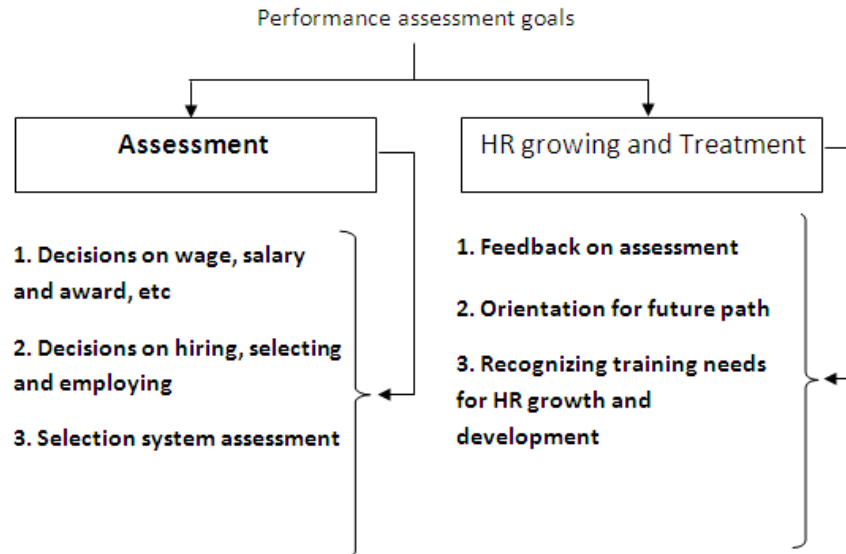


Figure 1. Performance assessment goals (Carrel, 1998).

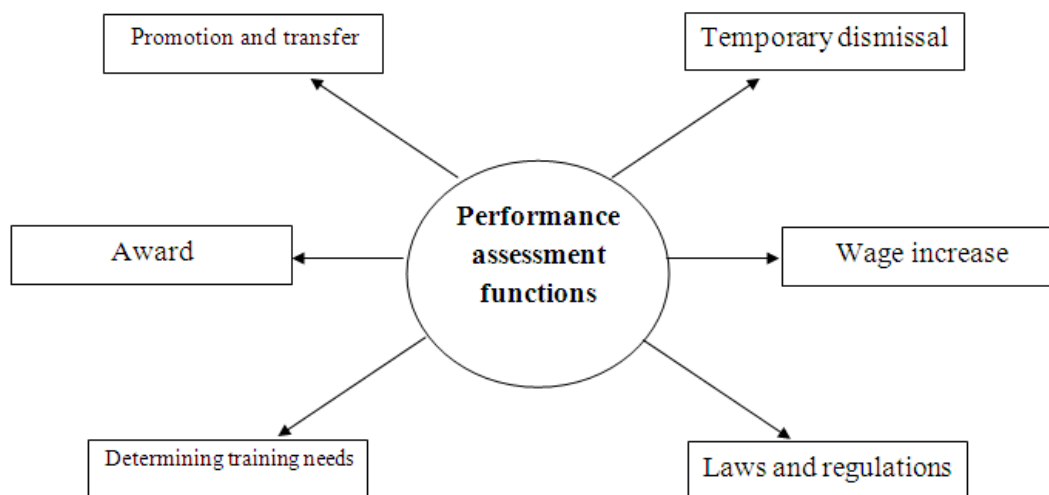


Figure 2. Outcomes or functions of performance assessment system (Singer, 1990).

organizational behavior and is today considered a principal and significant arena in any organization, and this is highly attracted by organizational managers. Certainly, it is necessary to review individuals' commitment in studying their adaptability with their job.

Organizational commitment is emphasized as a major factor in studies on employments and relevant area in organizations. Databanks show 202 papers on organizational commitment published in 2001 to 2004. It is a correlative issue for management researchers (Fiorito et al., 2007). In recent studies, general view on organizational commitment is considered as an important factor to understand and conceive organizational behavior

behavior and a well predictor for tendency to stay in the organization.

Organization behavior is defined by its members' views and behaviors. Organizational behavior looks for a multilateral knowledge in organizational environment. The aim of such knowledge is to achieve organizational effectiveness and individuals' welfare in organization. According to Robins (2008), productivity, absenteeism, staff turnover, motivation, job satisfaction, commitment and organizational belonging are the main variables in individuals' organizational behavior. Organizational commitment leads into involvement, participation and contribution between individual and organization in a



Figure 3. Research conceptual model.

manner in which all affairs are performed based on organizational goals. All organizations are interested in identifying those variables which impact on their job performance. Researches indicate that one of such important variable is organizational commitment. Psychological commitment between employee and employer is the most important predictor of employees' behaviors and attitudes. Due to rapid changes in the world and organizational merges, it is highly important to virtually analyze the commitment between employee and employer.

Many people have studied commitment and they believe that commitment impacts on organizational performance. Paramount researches show that organizational commitment is predictor of such variables as absenteeism, performance and leaving the service (Fiorito et al., 2007). As a dependant variable, organizational commitment indicates a power which obliges the person to stay in the organization and work to achieve organizational goals lovely. Mowdey and Porter (1983) proposed some effective factors on organizational commitment soaring. According to their model, commitment depends to:

- a. Personal factors such initial level of employees' commitment
- b. Organizational factors like working experiences and responsibility
- c. Non-organizational factors such as access to alternative jobs

According to Mayor and Alan (1990), commitment has three aspects: affective commitment, continuous commitment and normative commitment. They believe that the concept of organizational commitment can involve three general issues including affective dependency, costs, received benefits and their commonalties are in psychological state which:

1. Explains employees' relations to organization
2. Emphasizes on members' staying or leaving

They categorized these concepts as affective, continuous and normative. Affective commitment involves an affective relation to organization. Through a powerful feeling of affective commitment, employees would stay in organization as an organizational member since they tend to stay. Affective commitment shows individual's identity in organization, organizational dependency and their satisfaction of their attendance in Organization (Mowdey et al., 1983). According to Alen and Mayor (1990), affective commitment involves individuals' calmness feeling in organization which impacts on his/her competency to play his/her role.

Continuous commitment explains the relation to organization on the basis of staff's awareness of organizational costs and benefits to stay or leave the organization. Through a powerful feeling of affective commitment, employees would stay in organization as an organizational member since they need to stay. Staying in the

organization is the result of cost benefit analysis by organizational members. It depends on obtained profit and capital in organization so that the person would miss them by leaving the organizational (Meyer and Allen, 1990).

In studies on organizational commitment, O'Reilly and Chatmann (1986) provided three steps to create organizational commitment:

1. Agreeableness: in this step, the person attempts to influence over others since he/she wants to achieve more benefits through such agreeableness such as more salary.
2. Identity: in this step, the person accepts the influence in order to achieve a proper and satisfied relationship. Here, commitment means keeping and tendency to relate with organization since it is an attractive relationship.
3. Internalizing: in this step, the person believes that organizational values are incentive and compatible to his/her own values. In other words, individual and organizational values are adapted in this step.

Considering commitment as above manner would help us to know how different organizations build commitment among their manpower. In fact, one can categorize organization on the basis of their commitment through their members.

### **The role of performance assessment in organizational commitment**

Many management thinkers claim using special acts on such fields as finding and selecting employees, training and development, award system and employees' contribution encourage employees' commitment. Organizations run based on a HR management school should enjoy an assessment system which is in harmony with performance evaluation. They should also consider the nature and quality of training and development. Training and development have the closest relationship with culture changes and employees' commitment in HR management literature.

Employees should value training to establish security, progress and achieve higher incomes and have more commitment to organization. Past research findings show that the level of commitment is higher in those organizations in which continuous upgrading and training are emphasized.

Researches show that investments on training may increase this feeling among employees that organization values their current and future contributions and it surges their commitment level to organization. Additionally, training increases skills and mitigates role ambiguity and prepares employees for future promotions and, thus, it levers commitment.

In a research by Schuster (1999), incentive payment systems were supported as an effective factor on organizational commitment. When employees' performance has

performance has a high impact on their incomes, they express more commitment. It is expected that motivations which enhances behaviors, certainly impact on collective commitment. In the first stand, performance-based incentives and awards show the valuation of employees' useful efforts which increases mutual commitment (Allen and Meyer, 1998).

It seems that commitment impacts on the efforts of an employee in his/her work and such effort also impacts on performance. Based on conducted researches, commitment correlates to performance individual and collective indices positively. Those studies which have proved a positive correlation between commitment and performance have generally used affective commitment. However, it is possible the necessity to stay in an organization leads into contribution to the same organization so that normative commitment correlates to performance positively. Anyhow, there is a weak possibility in which continuous commitment correlates to performance positively (Allen and Meyer, 1998). All organizations are interested in identifying those variables which impact on job performance. Researches show that organizational commitment is one of the most important variables. Many people have studied this issue since they believe that commitment impacts on organizational performance. Numerous probes indicate that organizational commitment is the predictor of such variables as absenteeism, organizational agreeableness, performance and leaving the service (Fiorito et al., 2007).

Research findings show that organizational commitment has a positive relationship with ramifications such as job satisfaction, job performance (Meyer et al., 1998) and social-oriented organizational behavior (O'Reilly and Chatman, 1986). A challenging discussion on running public sector is to utilize effective strategies on management to enhance performance and responsibility. In public sector, authors emphasize such strategies as job satisfaction and contributive management which help to reduce the tendency to leave the service, to improve employees' performance and to increase their.

After studying the literature, the study chose's four aspects on the basis of Singer's model as the functions of performance assessment and then study their relations with organizational commitment. On this basis, four hypotheses arise:

H<sub>1</sub>: there is significant relationship between promotion and organizational commitment in Isfahan Training and Education Organization.

H<sub>2</sub>: there is significant relationship between award and organizational commitment in Isfahan Training and Education Organization.

H<sub>3</sub>: there is significant relationship between wage soaring and organizational commitment in Isfahan Training and Education Organization.

H<sub>4</sub>: there is significant relationship between training and organizational commitment in Isfahan Training and

Education Organization.

## METHODOLOGY

In present research, the main tool of measurement is questionnaire as a common and direct tool to obtain research data. To measure variables, two types of questionnaires are used: one for measuring performance assessment functions and the other one for measuring organizational commitment factors. The questionnaire consists of two general questions (age, gender, education and working records) and specialized ones.

Performance assessment questionnaire is a structured one which consists of 18 items. This questionnaire is devised after studying the literature and using similar questionnaires in the field of performance assessment system effectiveness and then it was validated by obtaining the opinions of supervisors, advisors and top experts in Isfahan Training and Education Organization. Organizational commitment questionnaire includes 18 questions developed by Mayor and Alan to measure triple organizational commitment aspects. It was also validated by the opinions of supervisors and advisors. Likert's five-degree range is used in both questionnaires.

To determine facial and content validity, supervisors and advisors were submitted the questionnaire and they were asked to evaluate questions. After achieving their ideas and making necessary modifications, final questionnaire was devised and utilized. Since the questionnaire is begun by a simple and clear description of its aims and responding, the questions and choices are designed in a manner by which respondents can answer them easily. Therefore, the questionnaire enjoys structural validity. In this study, an initial sample of 40 questionnaires were pre-tested and then by using gathered data and SPSS statistical software, confidential ratio was calculated by Chronbach Alpha as 0.890 for performance assessment questionnaire and 0.950 for organizational commitment questionnaire and 0.954 for total questionnaire which show high confidence or, in other words, high reliability of the questionnaire. Research population composed of all 391 experts and managers of Isfahan Training and Education Organization. By using sample formula, sample volume was determined 113 subjects and the questionnaire was distributed among them through order random sampling.

## ANALYSES OF FINDINGS

The results of Spearman's correlation test show that in 99% as confidence level, there is significant and direct relationship between performance assessment functions system and organizational commitment. The findings of correlation test regarding research hypotheses are shown in Table 1.

In summary, Table 1 shows the results of Spearman's correlation test as 99% confidence level for research hypotheses and indicates that, there is a significant and direct relationship between employees' performance assessment functions and organizational commitment. Meanwhile, the results of multiple linear regression step-by-step method showed that, the role of training in defining the variance is stronger than other aspects. The model shows that among varied functions of performance assessment, training is initially inserted into this model followed by award and then promotion. In the first step in

which only training variable in inserted, correlation ratio (R) to commitment depended variable equals 0.747. In the second step where award variable is added, correlation ratio of bother variables (training and award) to commitment is 0.795. In the third step where promotion independent variable is added, the figure is increased to 0.808. In addition, Adjust R<sup>2</sup> is 0.558 in the first step. It means that 55% of organizational commitment changes are defined by training. By adding award variable to regression model in the second step, it increased to 0.623. It means that 63% of organizational commitment changes are defined by training and award. Finally, the weakest variable (promotion) is inserted into the model. The total sum of its adjust R<sup>2</sup> with previous independent variable equals to 0.652. It means that over 65% of organizational commitment changes are defined by three functions of performance assessment system (training, award and promotion) and remained 35% is related to other factors not considered by present research.

- predictors: (fixed); training
- predictors: (fixed); training; award
- predictors: (fixed); training, award, promotion

In the following table known as coefficient table, parameter estimates, parameter standard deviation estimates, standardized regression model parameters, test statistic and the significance level of parameter estimates are reported for each step-by-step regression stage and accompanied with each of regression model parameters. Thus in third stage where training, award and promotion variables are attended, the mathematical shape of the model is:

$$y = \hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \hat{\beta}_3 x_3$$

Where:  $y$ , organizational commitment;  $x_1$ , training;  $x_2$ , award;  $x_3$ , promotion; and  $B_0, B_1, B_2, B_3$ : parameter estimates.

Therefore, linear regression model is as follow:

## CONCLUSION AND RECOMMENDATIONS

The findings of the present research show a positive and significant relationship between the functions of employees' performance assessment and organizational commitment which is compatible with precedent authors such as Fiorito et al. (2007); McCarthy and Garavan (2001); Cook and Crossman (2004) and Alan and Mayor (1990).

Since employees' organizational commitment relates to organizational commitment and promotion systems, have a remarkable effect on employees' current performance and organizational main elements like productivity level, organizational management is advised to pave the ground

**Table 1.** The findings of Spearman's correlation test on research hypotheses.

Hypothesis	Error	Significance level	Correlation	Test result
1 H <sub>0</sub> . There is not a significant relationship between employees' promotion and organizational commitment. H <sub>1</sub> . There is significant relationship between employees' promotion and organizational commitment	0.01	0.000	0.548	H0 (rejected)
2 H <sub>0</sub> . There is not a significant relationship between employees' award and organizational commitment. H <sub>1</sub> . There is significant relationship between employees' award and organizational commitment	0.01	0.000	0.589	H0 (rejected)
3 H <sub>0</sub> . There is not a significant relationship between employees' salary increase and organizational commitment. H <sub>1</sub> . There is significant relationship between employees' salary increase and organizational commitment	0.01	0.000	0.648	H0 (rejected)
4 H <sub>0</sub> . There is not a significant relationship between employees' training and organizational commitment. H <sub>1</sub> . There is significant relationship between employees' training and organizational commitment	0.01	0.000	0.696	H0 (rejected)

ground for commitment enhancement and development via careful and fair promotion of members to higher positions and to create circumstances by which to prevent the effects of factors like prejudice of relations governance. Regarding the results of findings analysis, employees' award relates to their organizational commitment. To the same reason, since employees' award system is among the most effective motivational and encouraging tools in hands of managers, organizational management is recommended to pave the ground for organizational commitment development and enhancement through fair and performance-based incentives. Overall, there are two important measures in award management: Emergency and equilibrium. Emergency means that award should be given immediately after a desired performance because more distance between them reduces the motivational nature of incentive. Equilibrium means fairness and equality between individuals' performance and award type. Disequilibrium between them reduces motivational nature of incentive.

Based on the research findings analysis, increase in employees' wage relates to their organizational commitment and employees' wage and salary should be determined by inner and outer equalities if payment system is going to be proper and fair in employees'

perspective. Inner equality is established when employees are paid based on their job relative value in organization and outer equality is established when employees' payments are comparable to similar job levels in other organizations.

Considering the special official system traits of Education and Training Organization and necessity of paying attention to organizational conditions in undertaking the process, one should be precautious in generalizing the results to other organizations.

For future researches, the following recommendations are made:

1. Using objective and clear indices in performance assessment and informing employees and managers on such measures before assessment helps them to pay more attention to their performance. Therefore, it is recommended to identify and localize such indices in future researches.
2. In future researches, one can use other depended variables such as organizational justice, organizational trust, etc and also to conduct such researches in private companies.
3. One can use other performance assessment functions such as communications and feedbacks as well as

respecting laws and regulations in future researches.

4. One can address to weaknesses and strengths of performance assessment system and examine the performance of organizational managers and their commitments.

5. Studying effective factors on executing performance assessment system and its functions in the organization.

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