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JHSMS is a multi-disciplinary journal that promotes academic excellence in research as well as in the dissemination of research reports particularly as it concerns Humanities, Social and Management sciences. JHSMS welcomes and publishes scholarly articles and research reports. These articles are subjected to peer-reviews and editing before they are accepted for publication.

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IMPACT OF PERFORMANCE APPRAISAL ON EMPLOYEE COMMITMENT: A STUDY OF SELECTED TRANSPORT SERVICE COMPANIES IN NIGERIA

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Abstract

The purpose of the study was to ascertain if there is a significant relationship between performance appraisal and employee commitment and also to differentiate if performance appraisal significantly influences organizational sustainability. The population comprises 69 respondents from the selected 10 transport service company workers in Edo and Delta State. The hypotheses were formulated and tested using t-test tool. An unstructured questionnaire was used (direct interview) for the 50 respondents sampled out by using a random sampling technique. Based on the results of the analysis, it was revealed that an insignificant relationship exists between employment commitment, organizational sustainability and performance appraisal. In other words, there is no significant positive relationship between the dependent and independent variables. It also suggests that a higher critical value of 2.447 was obtained compared to the calculated values of 0.20 and 0.53 of the two hypotheses tested respectively. The study recommended that the service industry should imbibe the culture of performance appraisal exercises to strengthen employee commitment. Again, managers and directors of service companies should be fair in their performance appraisal exercise (PAE) without fear or favour in order to enhance sustainability in the transport industry.

Keywords: Transport, Managers, Employee, Industry, Company

Introduction

Performance evaluation of an employee is very fundamental and critical to the success of every organization. Negligence of this has bedevilled the growth and success of many industries. For any organization to thrive very well and remain in the competitive market. It is important to carry out performance evaluation report exercise (PERE) on your workers in order to ascertain the level of employee commitment that encourages effectiveness and efficiency in an organization. This also convinces organization if the labour force is committed or not. This is because it is the commitment and determination of employees to work or perform to a very large extent that suggests if the organization will survive in the nearest future. In knowing this, it is equally important for managers and directors of industries to try as much as possible to work closely with their employees to know their potential and update their records from time to time to achieve set goals. This can be done through the performance appraisal approach (management by objective, psychological approach, human resource cost accounting method, assessment centre method, or through behaviourally anchored rating scale). The idea of trying to evaluate the performance of an employee is not taken very seriously by so many organization (private and public). Over and over again, workers remain in one spot without making meaningful progress in their duty post; simply because managers fail to examine or evaluate their performance for obvious changes or rotation that is unavoidable.

The latest growths of performance appraisal systems have tended to move away from being primarily control and maintenance based towards an approach that is more concerned with motivational and developmental issues (Kimiz, 2005). According to Aguins (2009), the goals of performance feedback are to improve individual and team performance as well as employee engagement, motivation, and job satisfaction. Organization that is mindful of individual efficiency is equally interested in improving the individual for sustainability and continuity. Performance appraisal makes provision for improvement through training and redeployment to another unit or department where the worker can function better. In other words, the opportunity is given to the worker for, potential utilization that results to job satisfaction in workplace. This is lacking especially in service industries for many decades. Service industries (transport services) do not see the need for the exercise but rather conclude that the issue of performance appraisal is for bigger organizations or multinationals. In fact, it is a wrong concept among

transporters. Assessing the records of the employee is one of the most tasking jobs that every manager must not toil with. Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance (Tekalegn, Solomon and Gebre, 2016). Service industries should be informed of the need for improvement and sustainability, hence, the impact of performance appraisal on employee commitment is to be examined in this article.

Objectives of the Study

1. To evaluate the effect of performance appraisal on employee commitment in the service industry.
2. To assess the effect of performance appraisal on organizational sustainability in service industry.

Hypotheses

- H₀: Performance appraisal has no significant positive effect on employee commitment in the service industry.
- H₁: Performance appraisal has no significant positive effect on organizational sustainability in service industry.

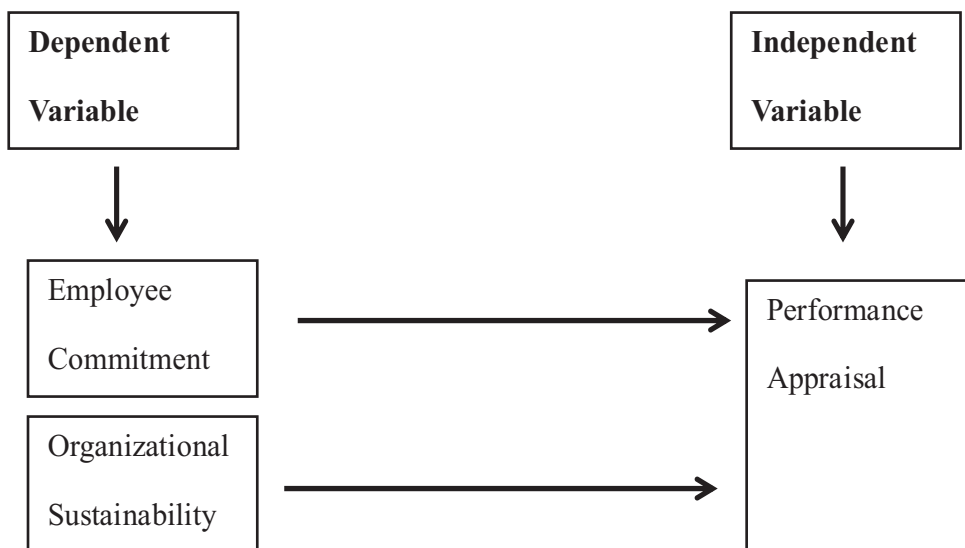


Figure 1: Relationship between dependent and Independent variable.

Review of Literature

Performance Appraisal: Performance is a mandated process, in which a group of employees work performance appraisal traits over a specified period of time, are individually judged, and described by the ratar of the group and the results of the evaluation are kept by the organization for future reference (Coens & Jenkins, 2000). Performance appraisal exercises can be carried out by the manager or organization representative periodically depending on the type of record that the firm wants to keep.

The exercise can be carried out for promotion, it can be for deployment to another unit because of technological changes, it can also be an emergency in the nearest future and it can be for a total restructuring of an organization as the case may be.

Elicker et al (2006) have found that the opportunity for an employee's voice and his or her perception of justice are important mechanisms for the effect of his or her reaction to a performance appraisal. According to Dina & Michal (2015), performance appraisal is the method and processes used by organization to assess the level of performance of their employee and to provide them with a feedback. Receiving feedback from workers in order to know the next line of action can only be ascertained by evaluating the performance of the employee. Managers have failed severally as far as the true situation report of the employee is concerned. This is the reason why record keeping and having a close walk with the employee are non-negotiable traits of a leader that wants to achieve valuable results from their subordinate. Over the years, the leadership style of a leader counts so much for the success of the industry. The contextual factor influencing the effectiveness of a performance appraisal is the manager's leadership behavior (Eliker, Levy & Hall, 2006; Gabris & Ihrke, 2001; Parcell & Hutchinson, 2007 & Walman, Gottlieb & Rajaram, 1987). Furthermore, the exchange relationship between the managers (who perform the evaluation) and their employees (those being evaluated) strongly affects the reactions of the employees to performance appraisal process (Dina & Michal, 2015).

Performance Appraisal and Employees Commitment

Performance appraisal is the analyses and interpretation of the effort made so far by an employee or worker to achieve set goals to ascertain if it is according to the specification or description of assignment by the organization, and to

proffer suggestions for better results. Employee commitment is the identification of organizational members with organizational goals and value and willingness of organization to achieve goals (Wang Lee & Chih Ho, 2012). Commitment has to do with diligent and loyalty to an organization or individual. A strong belief in an organization and acceptance to achieve organizational goals by an employee is the outcome of the manager's effort through satisfaction and motivation of the workers through performance appraisal. Performance appraisal opens doors for the commitment of employees to be compensated or encouraged by the organization.

The commitment of our employees today is questionable because of the nonchalant attitude of organizations to evaluate their effort to know who should be encouraged or discouraged. Willingness to exert considerable effort on behalf of the organization is a component of employee commitment to a job. When an employee is willing and ready to work considerably without adequate supervision is tagged a committed worker and the organization can only deduce this by carrying out performance appraisals on the employees to ascertain their level of seriousness in the workplace even in their absence. Performance appraisal serves as a tool for managing the effectiveness and efficiency of work in the workplace. In fact, a definite desire and interest to maintain organizational membership are obtainable with an individual that is not motivated or satisfied in the organization.

Organizational Sustainability: We are looking at organizational sustainability from the perspective of continuous existence for reasonable period of time. The continuity of any business for a defined period of time to guarantee result-oriented effort should be sought for by organization. Appraising the potential, skill and effort of an employee through the evaluation is essential. Colbert & Kurvaz (2008) identify the colloquial definition of sustainability as being to keep the business going, while another frequently used term is this context, which refers to the future proofing of organization. Furthermore, Eccles, Loannou & Serfeim (2011) found that high sustainability companies significantly outperform their counterparts over the long term both in terms of stock market and accounting performance. Companies that observed performance appraisal exercises avoid pitfalls of employees periodically and make provisions for the employee to improve on their weaknesses and forge ahead. Furthermore, it encourages the utilization of an employee's potential knowing fully well that their effort in the workplace is

being monitored by the organization.

Empirical Review

Onyemachi and Agu (2018), empirically examined performance appraisal and employee commitment in Abia State Civil Service. The focus was on ministries of Education and Works. A survey research design was adopted in the study. The techniques in analyzing the data were descriptive statistics and Pearson Correlation Coefficient.

Neha and Himanshu (2015) carried out a study on the impact of performance appraisal on organizational commitment and job satisfaction. The study adopted an online questionnaire survey in a collection of data. Correlation and regression analysis in SPSS package was used for the study. It was revealed that employees who were satisfied with the performance appraisal system of their organization were also satisfied with their job and were committed to their organization.

Further study was carried out on performance appraisal and employee outcomes in Peninsular Malaysia by Vignaswaran (2008). The relationship between performance appraisal, satisfaction and employee outcomes was examined. Data were collected through the use of a questionnaire and all the items were measured on a 5-point Likert Scale. Descriptive statistics were used to analyse the demographic characteristics of respondents while correlation analysis was used to measure the relationship between performance appraisal satisfaction and work performance. The result revealed that the relationship between performance appraisal satisfaction and employee outcomes in terms of commitment and turnover is mediated by employee intrinsic motivation. Jacob and Gaiker (2020) also examined the relationship between the impact of sustainability in oriented total quality management and organizational performance. It was concluded that a positive relationship exists between the dependent and independent variables.

Methodology

Major instrument for data collection was an unstructured questionnaire (direct interview) for the 50 respondents sampled by using random sampling technique. The population of the study consists of 69 transport service company workers from Edo and Delta state selected from the 10 sampled companies (Fred and Sons, Libra Line, Akpos transport, Delta line, Beco

Logistics, Okpe man, Ben Transport, BF courier, Greener Line and Eku motors).. The data were analyzed with the aid of t-test tool in order to answer for the hypotheses of the study.

Thus:

$$t = \frac{D}{\frac{\sqrt{NED^2 - (\sum D)^2}}{N-1}}$$

Hypothesis I

H₀: Performance appraisal has no significant positive effect on employee commitment.

H₁: Performance appraisal has a significant positive effect on employee commitment.

The T-test for correlation or dependent sample was employed for the study.

The formula given below.

$$t = \frac{D}{\frac{\sqrt{NED^2 - (\sum D)^2}}{N-1}}$$

Where:

D = The difference between each paired score.

\bar{D} = *The mean of the sum of difference between each paired scores*

N = The number of pairs.

Table I: Pair of scores for the dependent and independent variables.

Respondent	X	Y	D = (X - Y)	D ² = (X - Y) ²
1	5	5	0	0
2	3	8	-5	25
3	13	8	5	25
4	14	11	3	9
5	13	7	-4	16
6	7	6	1	1
7	4	2	2	4
			2	80

Note: The (X) represents the Independent Variable while Y axis represents the dependable variable

∴ Solving for t - value

$$t = \frac{\bar{D}}{\frac{\sqrt{N\bar{D}^2 - (\sum D)^2}}{N-1}}$$

$$t = \frac{2}{\frac{\sqrt{((7 \times 20) - (2)^2)}}{7-1}}$$

$$t = \frac{2}{\frac{\sqrt{560 - 4}}{6}}$$

$$t = \frac{2}{\frac{\sqrt{556}}{6}}$$

$$t = \frac{2}{\sqrt{92}}$$

$$t = \frac{2}{9.5}$$

$$t = 0.21$$

Hence, the calculated t-value of 0.21 obtained is < critical value of 2.447 at 5% level of significant and degree of fraction (df) is 6. Therefore the null hypothesis that suggests that significant relationship does not exist between performance appraisal and employee is retained.

Hypothesis II

H₀: Performance appraisal has no significant positive effect on organizational sustainability.

H₁: Performance appraisal has a significant positive effect on organizational sustainability.

The T-test for correlation or dependent sample was employed for the study.

The formula is given below:

$$t = \frac{\bar{D}}{\frac{\sqrt{N\bar{D}^2 - (\sum D)^2}}{N-1}}$$

Where:

D = The difference between each paired score.

\bar{D} = *The mean of the sum of difference between each paired scores*

N = The number of pairs.

Table I: Represents the pair of scores for the dependent and independent variables.

Respondent	X	Y	D = (X - Y)	D ² = (X - Y) ²
1	7	13	-6	36
2	13	10	3	9
3	2	6	-4	16
4	8	7	1	1
5	3	6	-3	9
6	5	3	2	4
7	6	4	2	4
			-5	79

Note: The (X) represent the Independent Variable while Y axis represents the dependable variable

∴ Solving for t – value

$$t = \frac{D}{\frac{\sqrt{N \sum D^2 - (\sum D)^2}}{N-1}}$$

$$t = \frac{-5}{\frac{\sqrt{((7 \times 79) - (-5)^2)}}{7-1}}$$

$$t = \frac{-5}{\frac{\sqrt{553-25}}{6}}$$

$$t = \frac{-5}{\frac{\sqrt{528}}{6}}$$

$$t = \frac{-5}{\sqrt{88}}$$

$$t = \frac{-5}{9.38} \qquad t = 0.53$$

Having applied t-value test, the critical value of 2.447 and the calculated value of 0.53 were respectively obtained. Since the table value is higher than the calculated value at 5% level of significance and df of 6, there is an indication that an insignificant relationship exists between the variables

Discussion of Results

A lesser calculated t-test values of 0.53 and 0.21 was observed compared to a critical table value of 2.447 at 5% level of significance for df=6, for dependent and independent variables. Hence, an insignificant relationship was obtained between organizational sustainability, employee commitment and performance appraisal in the area under study. This is an indication that performance appraisal exercise is not taken very seriously among service industries. This suggests that organizational sustainability of service industries is not guaranteed and also a commitment of employees will be discouraged.

Conclusion and Recommendations

Based on the results obtained, the study concludes that service industries do not rely on or depend on performance appraisal exercises over the years because a negative relationship exists between the dependent and the independent variables. In other words, performance appraisal methods in service industries has been ignored which may negatively influence the commitment of employees and the sustainability of these industries.

The study therefore recommends that:

- a. Service industries should imbibe the culture of performance appraisal exercises to strengthen employee commitment.
- b. The study also recommends that managers and directors of organizations should be fair in carrying out performance appraisal exercises without fear or favour.

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