HAIGAZIAN UNIVERSITY

THE ROLE OF PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT IN PROMOTING EMPLOYEE SATISFACTION, MOTIVATION AND COMMITMENT: EMPIRICAL STUDY CONDUCTED IN LEBANESE PRIVATE COMPANIES

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By

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A Thesis

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Dedication

This thesis is dedicated to my compassionate wife, and to my parents who dedicated their lifetime effort to educate their sons and offer them the opportunity to succeed as decent, hard-working and modest human beings.

Acknowledgements

I have been waiting impatiently to write this particular page; I can go on and describe how difficult it has been in working to balance the demands of my career, studies and personal life, but this is reality to most of us and it is a choice after all. What really makes it worthwhile trying to look back is the fact that I accomplished my desired objective, I learned from it significantly, and at this exact moment I am already planning for my next meaningful objective.

I wouldn't have succeeded without my advisors' guidance; therefore a special thanks to Dr. Sona Jerejian who was truly dedicated, supportive and motivating all the way, also to Dr. Akram Tannir who supported and guided me in the statistical part.

Enormous thanks to my wife and family who bared my stressful moments and tried to help me through with it.

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Finally I would like to express my gratitude and appreciation for Haigazian University in offering me a quality, solid and promising education throughout my journey.

An Abstract of the Thesis Of

Antranik Keurkunian

For: Master of Business Administration

Title: THE ROLE OF PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT IN PROMOTING EMPLOYEE SATISFACTION, MOTIVATION AND COMMITMENT: EMPIRICAL STUDY CONDUCTED IN LEBANESE PRIVATE COMPANIES

Performance appraisal (PA) and performance management (PM) are the fundamental preoccupations of human resource management in the 21st century. Globally organizations big and small, simple and complex require robust PA and PM systems to operate effectively. PA and PM answer critical questions, they specifically address the type of job required from employees, the measurement of performance in these jobs, and designing appropriate systems which match the job requirements and reinforce standards. It is also noteworthy to mention that the majority of workers today are knowledge workers whose skills must be built over time and an effective system must be focused on to produce continuous development of capabilities. In this context, human factor has become as increasingly as important as technology, strong capital structure, low cost, quality and innovation for any type and size of organization.

This research paper aims to explore the literature, practice and the extent to which performance management systems and performance appraisals are able to effectively manage people performance outcomes to gain competitive advantage in the Lebanese market.

An empirical study was performed using a survey questionnaire, which was distributed to over 3,500 Lebanese professionals from different occupations and business sectors. Out of the questionnaires distributed, through professional Linked-in accounts and facilitators such as Browse Arabia, 260 were returned.

Statistical analyses conducted using SPSS Version 20 include Reliability Test, Factor Analysis and Regression Analysis.

Empirical evidence from this study shows that PA and PM practices have a significant positive relationship with Satisfaction, Motivation to Improve Performance and Commitment to Company.

The study recommends managers of Lebanese private companies to better leverage their instituted PA and PM systems, which used adequately, play a central role in motivating the employees to improve their performance and commitment to their companies.

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LIST OF ACRONYMS

PA: Performance Appraisal

PM: Performance Management

MIT: Motivation to Improve Performance

CTC: Commitment to Company

PAS: Performance Appraisal Satisfaction

PMS: Performance Management Satisfaction

PIP: Performance Improvement Plan

HPO: High Performance Organization

LPO: Low Performance Organization

HRM: Human Resource Management

CHAPTER ONE: INTRODUCTION

1.1. STATEMENT OF THE PROBLEM AND JUSTIFICATION OF THE RESEARCH PROJECT

Aguinis (2009) describes the following situation *(As cited in Smither, J. W., and London, M., 2009, p.4)*:

"Sally is a sales manager at a large pharmaceutical company. The fiscal year will end in one week. She is overwhelmed with end - of - the - year tasks, including reviewing the budget she is likely to be allocated for the following year, responding to customers ' phone calls, and supervising a group of ten salespeople. It's a very hectic time, probably the most hectic time of the year. She receives a phone call from the human resources (HR) department: "Sally, we have not received your performance reviews for your ten employees; they are due by the end of the fiscal year." Sally thinks, "Oh, those performance reviews. . . . What a waste of my time! " From Sally's point of view, there is no value in filling out those seemingly meaningless forms. She does not see her subordinates in action because they are in the field visiting customers most of the time. All that she knows about their performance is based on sales figures, which depend more on the products offered and geographic territory covered than the individual effort and motivation of each salesperson. And nothing happens in terms of rewards, regardless of her ratings. These are lean times in her organization, and salary adjustments are based on seniority rather than on merit. She has less than three days to turn in her forms. What will she do? She decides to follow the path of least resistance: to please her employees and give everyone the maximum possible rating. In this way, Sally believes the employees will be happy with their ratings and she will not have to deal with complaints or follow - up meetings. Sally fills out the forms in less than twenty minutes and gets back to her "real job."

Relating this concept of measuring performance to my own experience in the pharmaceutical sales industry I became well aware that it's one of the most demanding, meaningless and time consuming tasks which exerts pressure on the appraiser, especially while it takes place at the end of the performance cycle where many other tasks overwhelm the supervisor or manager, and he/she seems to care pretty much less about rating employee performance than about meeting budget forecast deadlines, responding to customers' demands and supervising the day-to day activities of his/her team in order to close the sales gap.

At the workplaces, where I've been employed so far, I haven't witnessed the instrumentality of the performance appraisal system; in other words it has no effect on human resource decisions such as rewards or promotions. Promotion is more or less based on seniority rather than on performance rating, so my typical reaction to the yearend submission deadline of the performance appraisal form would be similar to the reaction of the manager in the description of *Aguinis (2009),* i.e., to please all the employees in order not to create any short term complications and complaints which might affect my dealing with other demanding yearend tasks which I had prioritized.

The above description of my personal experience demonstrates that performance appraisal and management may be under-utilized or misused. The research conducted by *Brown and Benson (2005)*, as well as *Gabris and Ihrke (2001)* explain counterproductive outcomes of poorly implemented PA and PM systems include employee burnout, increased turnover and damaged relationships which eventually precipitate as significant opportunity cost as ill managed systems imply a waste of time and resources *(As cited in Smither, J. W., and London, M., 2009, p.5).*

CHAPTER TWO: LITERATURE REVIEW

2.1. INTRODUCTION TO PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT

Performance appraisal (PA) and performance management (PM) are the fundamental preoccupations of HRM in the 21st century. Globally organizations big and small, simple and complex require an effective PA and PM system to operate effectively and to derive desired contributing outcome from people or team level performance.

Akdemir et al. (2010) asserts that in high performance organizations nowadays knowledge and human factors have become the focus as it is no more the technology, strong capital structure, low cost, increasing quality or innovation which guarantee success; therefore organizations tend to seek for intellectual perspectives to help solve the existing problems in the market *(Akdemir, Erdem, and Polat, 2010)*. Therefore in this context we will explore the literature, practice and the extent to which performance management systems and performance appraisals are able to effectively manage people performance outcomes to gain competitive advantage in the Lebanese market.

Hipple et al. (2013) explains that more than 70% of all employees work in service or knowledge related jobs. Their skills must be built over time and an effective PM must be focused on to produce continuous development of capabilities *(Hipple et al., 2013)*.

An effective PM sets clear expectations cascading from the top of the organizational pyramid, therefore linking individual and team performance to overall organizational strategy, values and goals. Furthermore an effective PM clarifies desired behaviors and outcomes used to achieve organizational goals; *Ronald Sims (2002)* states that PM encompasses the processes used to

recognize, encourage, measure, develop and reward individual and team performance *(Sims, R. R. , 2002)*.

Bach (as cited in Morén, E. , 2013) explains that increased business competition in the 21st century has forced many organizations to re-think their human resource management practices. As performance appraisal was an important HR practice for individual performance so will now the emphasis on team and organizational level performance subject to PM system will be for organizational success *(Morén, E., 2013)*.

There is no doubt that progressive leaders today are addressing challenges and establishing systems which encourage the efforts and contributions of individuals who drive organizational growth.

However, vast research and practical perspectives in the area of performance appraisal have demonstrated that many aspects of the latter are debatable such as the method by which the managers assess the workers and the degree of subjectivity involved in the managers' appraisals *(Morén, E., 2013)*.

Buckingham and Goodall (2015) assert that the once a year meeting where managers and employees sit to discuss performance in retrospect and thus yield a single ranking or a rating figure is quite typical of the conventional wisdom of performance management. This type of evaluating and appraising is still prevalent in many companies; however employees, many of the managers and human resource professionals are now questioning their reliance on traditional practice in performance appraisal *(Buckingham and Goodall, 2015)*.

As an example, a world renowned organization such as Deloitte has ditched a traditional system and is now trying to design and implement an innovative performance management system which emphasizes continuous efforts by managers to recognize individual strengths, to focus on them and to help match opportunities with the latter, and ultimately meet company objectives in a more dynamic, coaching oriented method. This approach fuels performance and emphasizes the present and future goals instead of merely evaluating past performance against pre-set cascaded objectives which rarely ever succeed as much as expected.

Ronald R. Sims (2002) explains that a key component of a performance management system is performance appraisal which is designed to provide performance feedback to employees and it contributes significantly to organizations and individuals alike. On the other hand a performance management system is the integration of performance appraisals with broader HRM systems for the intent to align employee work behavior and outcomes with organizational goals and objectives. Without performance management systems and performance appraisals, organizations and individual employees would have no direction nor would they be aware of how well they are performing or where they need to improve. Thus a good performance management system and well-designed performance appraisal process are both crucial for deriving value out of employee performance.

2.2. DEFINING PERFORMANCE APPRAISAL

According to *Mone and London (2010)* PA refers to the formal evaluation conducted at the end of a performance period; furthermore they clarify the difference between both formal and informal performance appraisals as the formal is typically documented in company forms and

used to determine a rating which drives human resource decisions whether it is pay raise, promotion, termination etc…

On the other hand the informal aspect of performance appraisal is usually not documented on company forms and it does not impact human resource decisions as the latter does; nevertheless it is advised to have the informal PA sessions quarterly to focus the attention of the rater and ratee on performance management and developmental progress.

Both forms of appraisals provide the manager and employee with the opportunity to sit and discuss progress towards the latter's achievement of performance goals (individual performance goals: task focused and giving accountability), update and modify goals if needed, provide feedback on developmental efforts (individual development goal: skills and knowledge) and finally to communicate an evaluative summary of the employee's performance.

Sims (2002) explains that the fundamental goal behind both forms of PA (formal and informal ; or evaluative and developmental) is to implement an effective PM system where performance is not just monitored or appraised in a once a year fashion but rather managed overall in a continuous manner in the context of the organization and where constructive feedback and praising of employees becomes a habit rather than just a common reaction to the year-end ratings. This method ensures that employees are more engaged, motivated, uplifted.

Sims (2002) also defines Performance appraisal as the process by which an employee's contribution to the organization during a specified period of time is assessed *(Sims, R. R. , 2002,p.200)*.

While some of the most important HRM tasks are designing jobs to achieve organizational goals, hiring the right individuals, training, motivating and rewarding for performance and profitability, it is also crucial in this context and after all the efforts and costs involved in the recruiting and selection process to ensure that employees are performing to their fullest potential, and this cannot be realized without establishing a standardized and effective PA system which boosts bottom-line performance and supports motivational efforts to help resolve morale issues.

Successful organizations today use performance appraisals as an evaluation and development tool to review past and future performance and to emphasize positive accomplishments while pointing out short-comings constructively to plan for future improvements. Performance appraisals implemented adequately ensure that employees are less likely to respond defensively and more likely to become motivated and self-driven towards improving.

By ensuring that everyone in the organization has confidence in the PA system, and that managers understand and appreciate the importance of implementing an effective PA, the HRM serve their role as an expert in the domain of performance appraisal and management.

2.2.1. Purposes of Performance Appraisal

Thomson (2002) states the following: “There are a number of reasons why appraisal is necessary from the viewpoints of the organization, the manager and the employee.” *(Thomson, R., 2002)*; She describes the benefits at each level as follows:

i. Organizational level: To document standardized information about its employees; To develop individuals based on appraisal information; To effectively plan human resource needs.

ii. Managerial level: Follow a guideline for managing staff; Gaining insight about what staff need; Improve relationships with staff.

iii. Individual level: View the process as an opportunity to discuss work objectively; Ability to evaluate and track performance; Consider future training and development requirements; Improve relationships with manager.

2.2.2. Performance Appraisal Rating Systems and the Challenges

Generally speaking all performance rating systems can be categorized into two methods:

Relative ranking:

Terms used to describe this method are: forced ranking system, curved rating, rank and yank, stack rating, forced distribution method, where you are forced to rank one employee against another to yield a formal appraisal ranking.

To further investigate the popularity in practice among companies *Dominik (2009)* reflects upon a survey conducted by the society of human resource management (SHRM) which describes that out of a sample of 330 organizations 43 (13%) implemented a forced ranking system *(As cited in Smither and London, 2009, p.411)*; *Dominik (2009)* further provides evidence which highlights the rise in popularity of this method; many publications in popular press and media within recent years turned their attention on the forced rating, some references are: Time

(Greenwald,2011), The New York Times (Abelson, 2001; Anonymous,2003; Holland,2006), Fortune (Boyle,2001), Financial Times (Donkin,2005,2007), The Economist (Anonymous,2000), The Chicago Tribune (Osterman,2003), USA Today (Armour,2003); it is also important to mention that there are many prominent advocates of this system such as Jack Welch, who uses the system as a way to differentiate performance among people; besides GE many renowned companies implement and advocate forced ranking such as Sun-Micro Systems, Hewelett Packard; further supporting this practice Greenwald and Grote demonstrate through comparison that the top performers in organizations which implement relative rating are many more in percentage compared to the top performers in organizations which have abandoned this process, such as Ford, Xerox, PepsiCo, Goodyear etc…

This practice in nature is very debatable and controversial among practitioners and researchers alike, as demonstrated above many praise the process while others discredit it.

On the other hand opponents of forced ranking method hold a position which intends to focus on the fact that quickly evolving companies cannot implement such a forced ranking system *(Mone and London, 2010)*.

Mone (2010) asserts that forced ranking approach has many set-backs some of which are as follows: Makes presupposed assumption regarding the distribution of performance amongst employees; Creates difficulty when setting performance objectives, since the evaluation is relative it will be difficult for managers to set standards at the beginning of the performance cycle; Creates difficulty while delivering feedback since it is difficult to explain for the employee, before the end of the cycle, to which category his performance belongs to (top 20%, middle

70% or bottom 10%) ; Might force the manager to rate the employee in the bottom 10% while his actual performance might belong to the middle 70%; Since the manager's rating is directly linked to contributions of individuals towards set goals, it restricts freedom of rating for the formal; It de-motivates employees since they know that the rating system has a built in assumption in regard to how many employees can have top rating.

Absolute Ranking:

A rating system that allows evaluation of employees based on the degree to which the individual achieved expected outcomes rather than comparing performance results with their peers. In other words the performance outcome is measured against a set standard which is communicated and agreed upon during the goal-setting phase.

Referring to *Sims (2002)* many methods have been developed for evaluating employee performance; one or more of the following methods may be used by managers:

Graphic rating scale (GRS): is considered as the simplest and most popular, it presents raters with a list of job criteria such as quality of work, quantity of work etc… or behavioral traits necessary for job performance such as adaptability, cooperativeness, motivation etc… it can also be coupled with written essays to highlight performance aspects which are not covered by the rating questionnaire. Many organizations use this method due to its practicality and lack of cost to develop. In addition it is an easy method to use and can provide information about employee progress.

Critical incidents: Focuses on behaviors which make a difference between effective and ineffective outcome; the rater notes down critical incidents which are later called upon during the meeting with appraisee to reflect upon desirable behaviors and plan to improve ineffective ones. This method can accompany other methods to further document the reasons why an employee was rated in a certain way. Nevertheless the outcome of this method varies between one rater and another based on the nature of critical incident, it can also be time consuming as well as some supervisors might overlook important incidents or they might as well be recording more negative incidents than positive ones resulting in a harsh appraisal.

Paired –comparison approach: measures relative performance of employees in pairs within a group; each pair of employees is compared, consequently the employee with the most checkmarks is the most effective and valuable; several criteria can be used whether qualitative or quantitative; this method is effective in identifying the best candidate suitable for a promotion. However since this method makes one employee look good at the expense of others it cannot be used as an effective means to providing feedback, nor would it promote teamwork and cooperation.

Behaviorally Anchored Rating Scales (BARS): it represents a combination of the GRS and critical incident method; it uses statements describing behavior and can be tailored to the organizational objectives. The statements in the rating scales differ for each job title; this method is usually perceived as more reliable as it provides specific behavioral examples to justify a rating. However the drawback is that developing the scales is costly and time consuming.

Behavioral Observation Scale (BOS): it is a behavioral approach developed from critical incidents for evaluating performance which is similar to BARS, the only difference is that it includes all behaviors which define all the measures necessary for an effective performance, and the appraiser then rates the frequency of each behavior exhibited by the appraisee. This method consumes more time than BARS and in such a context it can be even more expensive to develop.

Management by Objectives (MBO): PA system where the manager and employee meet to set quantifiable and objective goals for the period ahead; during the year the manager and employee meet to review the goals and at the end of the year they also meet to evaluate the degree of goal attainment. This method is not appropriate to use in situations where there is no job flexibility such as an assembly line worker, and therefore it may fail when imposed in a rigid autocratic system.

2.2.3. Characteristics and Conditions of an Effective Performance Appraisal

Companies can engage in the process of performance appraisal for two of the following objectives: the first is to effect employee behavior through the feedback process, salary administration, or to justify a decision such as promotion, termination, re-allocation, recognition etc… this is the evaluative function. The second is to identify opportunities for training and development needs, assess the effectiveness of recruitment and talent management, and share performance feedback; this is the developmental function *(Dargham, 2008)*.

Both types of PAs are important, on the long run it is crucial to focus on the developmental aspect of PA since it benefits both the individual and the organization; *Boswell and Boudreau (2000)* demonstrate through their research that PA used for development is positively associated with employee satisfaction with the PA as well as with the appraiser.

Researchers agree that performance appraisals have a positive impact on performance on condition that it is designed and administered effectively, otherwise they might have negative impact on motivation, role perceptions and turnover as explained by *Churchill (1985)*, *(as cited in Dargham, 2008)*;

Some of the most commonly identified factors which impact the effectiveness of PA are as follows:

Clarity of role: research suggest that organizational commitment is positively correlated with the use of clear evaluative criteria and openness in discussing the appraisal process, which may enhance role clarity *(Pettijohn et al, 2001; Dargham, 2008)*, and positively influence levels of motivation.

In this context the manager should ask himself if the individual is evaluated against a clear set of goals (clarified standards)and objectives agreed upon at the beginning of the performance cycle; this way all the expectations are communicated, problems due to central tendency and bias are minimized *(Sims, 2002)* and the employee is not missed out on anything; evaluation of front line employees and managers should be based on the same values and principles and everyone should be subject to appraisal process; the process should be as much objective as

possible leaving little room for subjectivity which results in questionable outcomes subject to allegations of discrimination.

Sims (2002) explains that improving appraisal accuracy also plays a crucial role in improving the overall PA process and reducing outside factors such as union pressure and time constraints *(Sims, 2002).* In a similar way *Selvajaran and Cloninger (2012)* proposed the "Model of performance appraisal characteristics, appraisal reactions, and appraisal satisfaction and motivation to improve performance", where they examine the relationship amongst these elements.

Selvajaran and Cloninger (2012) describe the three aspects of the model as follows:

Appraisal characteristics of the model which includes appraisal purpose, whether the appraisal is used for administrative or developmental purposes; appraisal source, refers to the person who appraises the employee whether it's the direct manager, peer, customer or subordinate; feedback richness refers to the extent to which the feedbacks are specific, timely and frequent *(Selvajaran and Cloninger, 2012)* ; the second aspect of the model is perceived fairness which includes distributive fairness that is related to the fairness of distribution of the outcome; procedural fairness relating to the fairness of the procedure employed in deciding the outcomes; interactional fairness defined as the quality of interpersonal treatment during the appraisal process; Perception of accuracy is related to both PA characteristics and PA perceived fairness; the perceived aspects described above are the employee reactions which consequentially satisfy and motivate the appraisee and boost productivity or may as well result

in a counterproductive outcome and that depends on the quality and effectiveness of the PA system.

The study results reveal that source of appraisal is positively related to the three elements of perceived fairness and therefore multisource appraisals were perceived as more fair; on the other hand performance appraisal purpose was shown not to have any impact on the perception of fairness elements; feedback richness which is the third aspect of the PA characteristics was shown to be related to perceptions of procedural and interactive justice; furthermore the three characteristics of PA were positively related to perception of accuracy and likewise the perception of accuracy was also linked to the three dimensions of perception of fairness which are distributive, procedural and interactive.

Consequentially the results reveal that perception of accuracy results in PA satisfaction and motivation of employee to improve performance; in addition the two dimensions of perception of fairness: procedural and interactive, were also linked to motivating the employee to improve performance. Finally the PA satisfaction and motivation to improve performance were also related as the more the employee satisfaction level the more motivation there is to improve performance due to the PA system.

This boils down to concluding that multisource appraisals, feedback richness and appraisals conducted for both administrative and developmental purposes positively impact appraisal reactions to result in satisfaction with the system and motivation to improve and therefore productivity.

According to *Cardy (2015)* both aspects of PA (formal and informal) are necessary, despite the fact that many managers are dissatisfied with their formal PA, this does not mean that the latter is in-effective and should be eliminated; Similar to PM formal PA serves the organization and individuals in many aspects, therefore the need to improve PAs does not mean that the latter should be eliminated *(Cardy, 2015)*.

The importance of the evaluative aspect and how it is tied to PM is demonstrated as follows:

The formal system provides outcomes which add meaningfulness to the developmental feedback; it has been found that separating the developmental and evaluative aspects of PA lowers employee intentions to use developmental feedback *(Boswell and Boudreau, 2002)*; feedback that is not linked to outcomes results in a lack of instrumentality which reduces the importance of any type of feedback; research also demonstrates that accurate PA and pay tied to performance are positively related to organizational commitment of top performers *(Kwon,Bae, & lawler,2010)* , thus eliminating the evaluations would result in a negative consequence in this context; it would also be difficult to place an employee on a performance improvement plan (PIP) without the standards pointed out in the PA, as it would also be difficult for the PIP to be effective without the structure and dimensions identified in the formal system.

Armitage and Parrey (2013) explain that HPO's target development plans to individuals whose performance is not productive or does not meet expectations. While addressing poor performers and implementing plans to help the latter set goals and improve performance sends a clear message to the better performing employees that the company is able to deal with poor

performance because leaving such issues un-addressed will have a negative impact on the performance of the rest of the employees in terms of engagement, job satisfaction, trust and retention.

Furthermore documentation provided by the formal system is helpful to managers if an action or decision is challenged, it can also be useful for employees if an action is inappropriate or if the manager does not follow-through on the improvement plan.

Based on previous researches and the above insight the most important factors to count for while designing and administering an effective PA system are as follows:

1. Understanding the problems associated with PA (rater errors, bias etc…) and choose an appropriate appraisal tool which set clear standards, align with job's requirements, are mostly objective in nature (leaving little room for bias and political agendas), provide rich feedback (specific, frequent, timely)

2. Balancing both aspects of PA which are the evaluative and developmental, ensuring instrumentality of the process while also positively influencing the individual motivation and perception of accuracy and fairness which in turn yield in overall satisfaction regarding the system and the appraiser

3. Establishing a formal documentation, which maintains behavioral records and critical incidents, used appropriately is necessary for both individual and organizations alike.

4. Tying the appraisal result to compensation; otherwise it will not motivate some employees and they would not perceive the system to be instrumental or meaningful.

5. Providing clear performance based feedback to employees *(Caroll & Schneier as cited in Dargham, 2008)* and helps identify areas of improvement which include follow-ups (formal and informal) to ensure that that the expected performance improvements are being worked upon; PA should include information on how to improve performance (specific set of instructions with short and long term goals set to improve performance) besides identifying the areas of improvement and it should be viewed as a continuous activity where performance expectations and actual performance are regularly discussed.

6. The appraisal instrument no matter how well designed it is, is only as good as the people who use it, thus ensuring that the raters are trained (know how to effectively communicate with subordinates), will positively affect accuracy of the process; it is also necessary that the PA meeting be prepared for appropriately before the actual appraisal.

7. Employee's perceived investment in employee development is improved once the PA accounts for equipping employees with new knowledge and skills and thus yields in employee satisfaction with the process resulting in a positive impact on work performance; developmental PA also affects the employee perception of being valued and part of an organizational team.

8. Ensuring that the PA system communicates strategies, goals and vision to increase employee commitment to super-ordinate goals and therefore become more committed to their organization.

9. PA must serve organizational justice by ensuring that the 3 characteristics: Procedural, distributive and interactional are well situated in the design.

2.4. DEFINING PERFORMANCE MANAGEMENT SYSTEMS

Performance management system is “the continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization”, *(As cited in Smither, J. W., and London, M., 2009).*

Aguinis (2009) asserts the importance of the terms “continuous process” and “alignment with strategic goals” and explains that it is not enough to have once a year appraisal without clear considerations as to what extent the employee is contributing to unit and organizational level outcomes and how will his/her performance improve. *Aguinis (2009)* also links a poorly implemented PM system to detrimental outcomes such as “employee burnout and job dissatisfaction, damaged relationships, and increased turnover.”

2.4.1. Purposes of Performance Management Systems

In reference to *Aguinis (2009)* an adequate PM fulfills six important purposes which are as follows *(As cited in Smither, J. W., and London, M., 2009, p.6)*: Strategic purpose, by linking individual performance with overall organizational goals; Administrative purpose, by serving as a guide to important human resource decisions; Communication purpose, to effectively give and receive feedback, to be informed about areas of improvement and to learn about the manager’s and organization’s expectations; Developmental purpose, by allowing managers to coach employees in order to help them improve their performance on a day to day basis; Organizational maintenance, by serving as a performance metric to guide workforce planning, future investments, areas which need improvement and to evaluate achievements at the organizational level and whether previous investments in training programs have paid off;

Documentation purpose, in this context performance management serves as the primary input for formal performance appraisal systems.

2.4.2. Challenges Facing Performance Management Systems

As discussed earlier in this section many performance management systems fail, and it has been demonstrated that considerable percentages of managers, employees and HR professionals question the value of their PM systems. Based on reviews of researches and interviews *Schiemann (2009)* points out a few underlying factors which determine the success or failure of PM system:

1. PM vs. PA: Within an organization the difference between the two should be clarified as the PM system is an overall organizational practice which integrates and involves all the functions to guarantee overall as well as individual level performance.
2. Discpline Gap: PA and PM systems may fail due to lack of or poor execution and management commitment.
3. Accountability: Which focuses on team and individual goal attainment; in this context many leaders at companies such as GE, Honeywell and Pepsico stress on the importance of accountability and describe poor performers as a negative influence on the productivity and morale of their co-workers, in this direction Jack Welch has been known for expecting the “what” (goal attained) as well as the “how” (the method used to obtain results).
4. Measurement Scarcity or Overload: Effective measures which are relevant and contextual are important drivers of performance success as it has been shown though

research *(Schiemann as cited in Smither and London, 2009*); at the individual level an overload of goals and measures can deteriorate individual commitment and motivation, nevertheless enough relevant goals given a rational timeline can enhance performance as *Locke and Latham* describe; in this context it is necessary to highlight the importance of prioritizing goals and setting SMART objectives.

Performance management systems which were designed to promote day-to-day activities have become bureaucratic and disconnected. *Pulakos (2015)* argues that performance management is now more broken than ever; she supports her claim by providing evidence which demonstrates the disconnect between PM and day-to-day activities due to the formality of the system and it's reduction to intermittent step instead of being a continuous process of communicating clear expectations, providing informal feedback and guidance on the spot and thus developing employees through an experiential learning approach.

Some factors which contribute to the bureaucracy and use of automated systems thus leading to over-engineered PM, periodic activity peaks, "check the box" mentality failing to address the behavioral and relationship drivers of effective performance, are as follows:

1. Cascading goals: A common best practice which is intended to align individual and team goals and actions with executive level and organization-wide goals, it is also intended to promote transparency and direction; nevertheless this practice can sometimes consume too much time and efforts especially when organizational goals are lofty, and eventually this would lead to a mismatch between company objectives and what employees perceive to be effective goal statements.

2. SMART goal setting at the beginning of the PM cycle does not capture the essence of effectively driving performance throughout the year; it is very difficult to set specific goals to drive performance over a long period without having to modify them due to volatility of today's work environment. Therefore this is not always the case where employees are motivated to deliver.
3. Employee rating processes which sometimes tend to be complicated and elaborate, some require forced ranking method; many organizational factors impact ratings, and even with defined rating standards managers tend to rate subjectively which results in idiosyncrasy, let alone the frustration which the managers are faced with while facing difficult judgments; furthermore it is de-motivating for employees to have their performance rank stacked or boiled down to a single number; managers also tend to cluster the ratings at the high end in order to please everyone, this leads to many problems on the long run and especially for the ratees.

2.4.3. Characteristics and Conditions of an Effective Performance Management System

Schiemann (2009) highlights four core Elements that set apart companies with effective PM systems (WD-40, SmithBucklin, GE etc…):

1. Holism: High integration of the PM system into the values, philosophy and systems of the organization
2. Role Modeling: PM and PA is driven by top teams.
3. Cultures that evoke self-accountability: Companies with successful PM systems have high expectations form their managers and the system; their annual goals, frequent

reviews, feedback are all executed effectively and it ensures that performers are always clear about where they stand.

4. Don't over-complicate: important to avoid un-necessary complexity; while evaluation process is important the companies should make sure that it is not too much time consuming or over-engineered.

In the article "Reinventing Performance Management: Creating Purpose Driven Practices" the authors *Armitage and Parrey (2013)* argue that it is not PM practices which deteriorate performance rather it is the fact that PM systems which fail are the result of ignoring certain success factors that differentiate HPOs from LPOs in terms of revenue growth, profitability and customer satisfaction. They point out that in order for PM to be successful it should reinvent itself and invest in a clear business and human purpose, in other words it is less about talent management than it is about managing talent for what's to come thus stressing on the importance of business agility which is the ability of the business to respond to environmental factors.

"In analyzing the components of PM systems and specifically what HPOs do differently it is clear that the most effective PM systems are driven by a higher business purpose and organizational mission and the behavioral practices that engage and motivate people", *(Armitage and Parrey, 2013)*.

The five different characteristics and processes of effective PM which the authors describe are as follows:

Direction: HPO's use PM to provide direction, by integrating tactical and strategic objectives they guide their employees by using a variety of processes; in this context HPOs demonstrate the ability to focus the entire organization on high performance as well as the ability to tighten the strategic alignment between skills and business goals. The process which highly correlates to market performance (.203**) is 'ongoing goal review and feedback from managers", another tactical element differentiating HPO's is "creating developmental plans for the next period".

Dialogue: HPOs use PM to promote dialogue and continuous efforts to improve performance. The focus here is on creating feedback rich environments which promotes constructive communication, coaching and quality dialogue while giving and receiving feedback on performance. In this context supervisory training is needed and the supervisory training which is most correlated to market performance is on developing goals (.224**), therefore it quite necessary for the supervisor to be trained to assist the employee with developing goals in the most effective way possible.

Inclusiveness: HPO's promote inclusiveness of all employees in the PM system and here the focus is on how the organization engages the employees at all levels. Study demonstrates that the practice of including executives in PM processes is most correlated to market performance (.223**). This demonstrates that performance expectations and accountability apply at all levels of the organization.

Relevancy: HPOs use PM to align and integrate talent management (training and development, compensation and rewards, succession planning etc…) with technology and business practices, here the focus is on building people and aligning organizational efforts. Study demonstrates

that the integration of workforce planning with PM technology is most correlated to market performance (.271**)

Mission: “71% of leaders at HPOs consider PM vital to organizational success.” In HPOs PM drives the achievement of organizational mission and promotes organizational values. Here the focus is on the “how” and “why” (the reason) rather than the “what” need to get done. The factor of agreeing that PM processes promote the desired behaviors is most correlated to market performance (.250**)

Importance of Aligning PM with organizational strategy, values and goals:

UPS, CIT, Caterpillar, Volvo, WD-40, American Express and other companies have devoted themselves to the late 20th century quality movement by ensuring that there is alignment between their visions and organizational outcomes such as employee productivity, retention and customer satisfaction. To achieve this the organizations implemented a number of methods such as balanced scorecards, management by objectives, managing and rewarding the right competencies, organizational communications and achieving desired employee behaviors.

According to *Nadler and Tushman (1997)* the extent to which people, work, structure, culture and strategy are fit determines the organizational wealth in terms of competitiveness and success. *Schiemann (2009)* describes alignment as “the extent to which employees are similarly connected to or have a consistent line of sight to the vision and direction of the organization and its customers, often encapsulated within its current strategy” and based on this definition he categorizes alignment into three elements.

Based on series of interviews carried out by *Schiemann (2009)* with over forty executives from a variety of industries, geographic regions and senior positions, some of the companies were FedEx, Home Depot, GE, New York Life, WD-40, SmithBucklin Corporation, Jewelers Mutual Insurance and others, he demonstrated that they all agree on the importance of alignment and the key role it plays to attract and retain talent, manage competencies, learning and development and to achieve important business and personal outcomes.

On one hand, supporting *Schiemann's* research and the input of his interviews several studies conducted *(Pomeroy 2005, Kantabutra 2007, Jack in the Box, Metrus Group, kostman & Schiemann 2005)* demonstrate that the key determinant for high performing organizations, customer and employee satisfaction, employee retention and financial performance is alignment. On the other hand *Schiemann (2009)* highlights through other studies (leading productivity killers…, 2008; Watson Wyatt 2007/2008a) the detrimental impact of low alignment in terms of business performance, on-the-job productivity and employee retention. Therefore there is enough evidence to clearly state that alignment is a predictor of performance and a key factor for success as per the interviews conducted with executives.

Schiemann describes and demonstrates through case studies such as WD-40, GE, SmithBucklin, Southwest and Continental airlines the integrating drivers for an effective performance management system which ensure high alignment:

1. Clear-Agreed on Vision and Strategy: Research showed that one third of the companies do not have a clearly agreed on strategy, and when we mention strategy we do not mean vision as these two terms have been shown to be mixed and confused; in this

context it is crucial that top management have a clear agreed on vision as well as strategy which must be cascaded down in functional silos and operationalized in order to show positive results.

2. Translating Strategy to measures: Metrus group database reveals that out of 119 firms, given that they regularly conduct surveys for their employees, only 66 percent of employees have a clear understanding of the vision, direction and strategy of the organization. Addressing this concern *Nordblom* explains that Volvo with its 92,000 global employees has made a considerable progress by increasing the percentage of employees who understand their overall strategy and direction from 67% up to 84%; Volvo states that their key challenge is the ability of supervisors to translate the overall strategic objectives into goals and tasks that are meaningful to each individual member *(as cited in Smither and London, 2009)*.

   Schiemann (2009) further explains that the problem is not only establishing a clear and operationalized strategy, but it also roots in the motivation or desire to implement; further to an employee survey *Schiemann (2009)* points out that although many employees understood the overall strategy they did not embrace it.

3. Cascading Goals: There is abundant research on goal clarity and its impact on performance results; but it is not enough to set clear goals, *Pulakos (2015)* explains that in setting goals "the most effective practice is to establish a hierarchy of goals where each level supports goals directly relevant to the next level, ultimately working toward the organization's strategic direction and critical priorities".

Cascading goals does not guarantee success if it does not take into account the acceptance of goals by the employees, the number of goals, the periodic re-examination and update of the goals when circumstances change, the development of an action plan to attain those goals and to hold employees accountable for accomplishing their goals. In this context I would like to refer back to the section on PA to highlight the importance of both aspects of PA: developmental and evaluative, because both are needed to support alignment of individual and team performance with organizational mission, vision and strategy thus resulting in higher level and business-related outcomes such as increased revenue, customer satisfaction, operational efficiency etc… (*Mone and London, 2010*). It is no longer relevant to just state the goals in a directive approach while expecting the employees to perform, rather it is more trending to involve the subordinate in goal setting and to focus in this context on the amount of value he/she is contributing towards the overall organizational performance.

4. Competencies to Support the Strategy: It is difficult to deliver goals without the right competencies (skills and knowledge) on one hand coupled with information and resources on the other; competency without access to information and resources might backfire especially when it comes to dealing with customers.
5. Clear and timely feedback: Research has shown that employees who receive more frequent and specific performance feedback and coaching are better performers and nearly all research highlights the importance that appraisals and reviews should be conducted more frequently in a non-threatening manner and as a continuous

discussion. *Schiemann (2009)* also explains it as a function of formality of the goal setting process versus the informality of the feedback process.

6. Rewards: Rewards have been shown to be more effective when linked to performance, in its various forms whether bonus plans, job recognition or incentive systems it has shown to be somewhat effective under different circumstances; *Schiemann (2009)* explains that when employees understand and believe in the performance measures and accept the reward systems then their performance can be improved.

2.5. Managing employee engagement (or commitment) to improve performance:

As we have discussed the importance and benefits of both PA and PM systems earlier in the sections it is important to note that both systems go hand in hand to produce motivated and engaged employees.

According to *Saks and Gruman (2011)* the failure of PM systems is the result of high levels of documentation, administrative steps, processes and tools which are rarely connected with day-to-day activities. They advocate a focus on employee-management relationship and communication and recommend organizations to focus primarily on employee engagement in order to improve performance.

A number of changes in today's organizations such as enlarged span of control, decentralization, lack of direct experience, increasing proportion of knowledge workers makes it even more difficult to manage performance ; thus by creating conditions for performance to improve managers are able to drive better outcomes such as engagement and ultimately improve employee performance.

While *Pulakos (2015)* stresses the importance of communication and employee-manager relationships to improve performance, within this context *Saks and Gruman (2011)* highlight the importance of fostering employee engagement.

Based on a study performed by Macey, Schneider, Barbera, and Young (2009) among 65 firms in different industries, the top 25% on engagement index had greater ROA's, profitability and more than double the shareholder value compared to the bottom 25% *(As cited in London and Mone, 2009).*

Therefore *Saks and Gruman (2011)* suggest that by designing PM system in way to provide the context or antecedent conditions they are able to foster engagement.

In summary the antecedent conditions which the authors refer to are as follows:

1. Psychological meaningfulness: based on individual's belief of how meaningful it is to bring oneself to a role performance, and this is achieved when the individual feels worthwhile, valued and that their contribution can make a difference.
2. Psychological availability: relates to the perception of how safe the individual feels to bring oneself to role performance, and this is associated with reliable, predictable environments which have clear boundaries of social conduct.
3. Psychological safety: relates to the perception of how available one is to bring oneself to role performance, and this relates to physical, emotional and psychological resources meaning physical energy, emotional energy, feeling of security and personal life.

Thus by creating a suitable environment and by providing antecedents or conditions for employee engagement managers are able to foster engagement and shift communications away from performance outcomes and measures to a focus on employee-manager communications, which gives meaningfulness, security and the opportunity for employees to engage and contribute more effectively.

2.6. SUMMARY OF LITERATURE REVIEW

Rating of performance happens in every aspect of our life. It takes place after dining at a restaurant where the waiter asks for your feedback on their food and service. It happens in an academic setting where university admission requires enrolled students to complete an assessment form before having access to their scores which in fact are another form of performance measurement or rating; performance evaluation is used to test cars for safety, airplane pilots for competence, medical practitioners for up to date skills on most recent breakthroughs in disease management, community pharmacists on knowledge of most recent updates regarding drug safety and treatment protocols. In fact performance measurement exists in literally every aspect of our lives, needless to say that in the 21st century performance appraisal (PA) and performance management (PM) are the fundamental preoccupations of human resource management. PA and PM are two of the most trending topics for academics and practitioners alike; Review by *Cascio and Aguinis (2008a)* demonstrates that performance appraisal / feedback is one of the five most popular topics in the Journal of Applied Psychology *(JAP)* and Personnel Psychology *(PPsych)* from 2003 to 2007 *(As cited in Smither, J. W., and London, M., 2009, p.5).*

In today's highly precise computerized and automated systems which the manufacturing, travel, communications, energy and many other industries rely on, managers have easier access to performance measurements, whereas managers in the service industry, where the "people" factor is involved, the same task of measuring and evaluating performance becomes daunting. *Hipple et al. (2013)* explains that more than 70% of all employees work in service or knowledge

related jobs. Their skills must be built over time and an effective PM must be focused on to produce continuous development of capabilities *(Hipple et al., 2013).*

Akdemir et al. (2010) argues that, in today's high performance organizations, knowledge and human factors have become quite as important as technology, strong capital structure, low cost and increasing quality and innovation. Organizations are seeking for intellectual perspectives to help solve the existing problems in the market *(Akdemir, Erdem, and Polat, 2010).* Therefore in this context I have explored the literature, practice and extent to which performance management systems and performance appraisals are used to effectively manage people performance outcomes to gain competitive advantage in today's volatile environment.

Throughout my review, the two key terms I have focused on are performance appraisal and performance management. These are two important concepts while discussing performance processes. According to *Sims (2002)* a key component of a performance management system is performance appraisal which is designed to provide performance feedback to employees and it contributes significantly to organizations and individuals alike *(Sims, R. R. , 2002, p.197).* On the other hand a performance management system is the integration of performance appraisals with broader human resource management practices for the intent to align employee work behavior and outcomes with organizational goals and objectives. Without performance management systems and performance appraisals, managers and individual employees would have no direction nor would they be aware of how well they are performing or where they need to improve. In this context *Cardy (2015)* argues that both PA and PM are needed because PA still serves important purposes and has some positive effects such as effectiveness of

feedback, organizational commitment of top performers due to accurate PAs tied to performance, and providing standards while placing an employee on a performance improvement plan *(Cardy, 2015, pp. 108-111).* Thus solid performance management systems and well-designed performance appraisal processes are crucial for value driven results.

Defining Performance Appraisal (PA):

I have frequently referred to *Manuel London and Edward M. Mone*, prominent practitioners and researchers in the field of performance management. *Mone and London (2010),* describe PAs as the formal evaluation conducted at the end of a performance period; furthermore they clarify the difference between both formal and informal PAs as the formal is typically documented in company forms and used to determine a rating which drives human resource decisions (such as pay raise, promotion, termination etc…). On the other hand the informal aspect of performance appraisal is usually not documented on company forms and it does not impact human resource decisions as the latter does; nevertheless they advise to implement the informal PA sessions quarterly focusing the attention of the appraiser and employee on performance management and developmental progress *(Mone and London, 2010, p.14).*

Both forms of appraisals provide the manager and employee with the opportunity to sit and discuss progress towards the latter's achievement of performance goals (individual performance goals: task focused, expressing accountability), update and modify goals if needed, provide feedback on developmental efforts (individual development goal: skills and knowledge) and finally to communicate an evaluative summary of the employee's performance.

Sims (2002) explains that after all the efforts and costs involved in recruitment, selection, training and development it is necessary to ensure that the employees are performing to their fullest potential. This would not be realized without establishing a standardized and an effective PA system which boosts bottom-line performance and supports motivational efforts to help solve morale issues *(Sims, R. R. , 2002,p.198).*

Sims (2002) explains that successful organizations today use performance appraisals as an evaluation and development tool to review past and plan future performance, also to emphasize positive accomplishments while pointing out short-comings constructively to plan for future improvements. Performance appraisals implemented adequately ensure that employees are less likely to respond defensively and more likely to become motivated and self-driven towards improving *(Sims, R. R. , 2002,p.200).*

Characteristics of an ideal PA:

According to *Sims (2002)* an ideal PA is one where raters are objective and reflect the employee's actual performance without any biases; nevertheless this is rarely the case and there are many different sources of biases which may result from unclear standards (rating criteria) or are rater errors *(Sims, R. R. , 2002).* It is crucial for PA to be objective and to represent clear evaluative criteria and openness in discussing the process, because these factors may result in role clarity *(Pettijohn et al.,2001),* and might affect the employee's motivation and perception of fairness. *Pulakos (2015)* also stresses on the importance of establishing role clarity by using role descriptions that define the major duties and responsibilities of a position so that the employee better understands his/her essential tasks

and how that contributes to organizational success *(Pulakos, Hanson, Arad, and Moye, 2015).* Furthermore an effective PA serves the employee and organization by identifying opportunities for training and development needs. Research by *Boswell and Boudreau (2000)* demonstrates a strong and positive relationship between perceived developmental use and employee's satisfaction with the PA and the appraiser *(Boswell and Boudreau, 2000).*

According to *Latham (2003)* communicating organizational strategies, goals and vision may affect employee commitment to super-ordinate goals *(Latham, G.P. 2003).*

Caroll and Schneier (1982) explain that a performance appraisal must provide a clear performance based feedback to employees *(As cited in London, 1982).*

Research by *Kwon, Bae and Lawler (2010)* shows that accurate PA and pay tied to performance are positively related to organizational commitment of top performers *(As cited in Cardy , 2015, p.109).*

Selvajaran and Colninger (2012) proposed the "Model of performance appraisal characteristics, appraisal reactions, and appraisal satisfaction and motivation to improve performance". I have identified and chosen some key factors from this model to base my research questions upon them. The proposed model includes Appraisal characteristics which are: appraisal purpose (administrative or developmental), appraisal source and feedback richness (whether the PA is specific, timely and frequent). The model links the appraisal characteristics to perceived fairness elements: distributive fairness which relates to the fairness of distribution of outcomes, procedural fairness which relates to the fairness of the procedure employed in deciding the outcomes, interactional fairness which relates to the quality of interpersonal treatment, and

finally perception of accuracy which consequentially result in desired outcomes such as satisfaction with the PA system and motivation to improve performance *(Selvarajan and Cloninger, 2012).*

Defining Performance Management (PM) System:

Aguinis (2009) defines Performance Management System as "the continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization". *Aguinis (2009)* points out the importance of the term "continuous process" and "alignment with strategic goals" by explaining that it is not enough to have once a year appraisal without clear considerations as to what extent the employee is contributing to unit and organizational level outcomes and how will his/her performance improve *(As cited in Smither, J. W., and London, M., 2009, p.5).*

Sims (2002) explains that the purpose of an effective PM system is to link individual goals, behaviors used to achieve those goals, and performance feedback to organizational strategy. Besides evaluating individual contribution, PM system also encompasses the processes used to recognize, encourage, measure, enhance, and reward individual performance *(Sims, R. R., 2002, p.199).*

Mone and London (2010) emphasize the continuous nature of a performance management process; they state that unlike a fixed sequence of events it constantly renews itself, specifically when certain events create opportunities to apply skills and expertise which contribute towards organizational success. Therefore they describe PM processes as part of an integrated system and practices which should be aligned with organizational goals. Thus taking into consideration

the aspects of integration and alignment, the PM process becomes more strategic in nature *(Mone and London, 2010, p.14).*

Characteristics of an ideal PM system:

Armitage and Parrey (2013) found the following:

In analyzing the components of PM systems and specifically what High Performance Organizations do differently, it is clear that the most effective PM systems are driven by a higher business purpose and organizational mission and the behavioral practices that engage and motivate people *(Armitage and Parrey, 2013, p.27).*

Based on the research findings of *Armitage and Parrey (2013)* I referred to some of the characteristics of effective PM which are more evident at High Performance Organizations (HPO's) compared to Low Performance Organizations (LPO's). Examples of these characteristics are: Direction, which means HPO's demonstrate the ability to focus the entire organization on high performance as well as the ability to tighten the strategic alignment between individual skills and business goals; Dialogue, which means HPO's use PM to promote dialogue and continuous efforts to improve performance, the focus here is on promoting quality dialogue while giving and receiving feedback on performance, also on the training of supervisors to assist the employee develop their goals in the most effective way *(Armitage and Parrey, 2013).*

Based on several case studies and interviews with senior practitioners, *Schiemann* points out the drivers for an effective PM system which ensure high alignment with organizational strategy and objectives *(As cited in Smither and London, 2009, p.51);* I have referred to some of those

drivers such as Cascading goals where the most effective practice is to involve the subordinate in goal setting and to focus on the amount of value he/she is contributing towards the overall organizational performance; other drivers which I have focused on are clear agreed on vision and strategy, translating strategy into measures, competencies to support the strategy, clear and timely feedback and rewards.

Managing employee engagement (or commitment) to improve performance:

As we have discussed the importance and benefits of both PA and PM systems it is imperative to note that both systems go hand in hand to produce motivated and engaged employees.

In light of the changes in today's organizations and increasing proportion of knowledge workers which make managing performance more difficult, challenges can be resolved by focusing on employee-management relationship and communication *(Saks and Gruman, 2011; Pulakos et al., 2015)* and by creating conditions for performance to improve so that organizations are capable to drive better outcomes and increase individual and team performances.

Saks and Gruman (2011) suggest by designing PM systems in a way to provide such conditions where organizations foster engagement and where the attention of managers shift away from performance outcomes and measures, the employee feels worthwhile, valued and believes that his/her contribution can make a difference and therefore contribute more effectively *(Saks and Gruman, 2011).*

CHAPTER THREE: RESEARCH FRAMEWORK AND METHODOLOGY

3.1. RESEARCH QUESTIONS

Based on the literature review, below are the research questions:

1. Which element(s) of PA (purpose, characteristics and impact) will affect significantly satisfaction, motivation to improve performance and commitment to the company?

2. Which element(s) of PM (purpose, characteristics and impact) will affect significantly satisfaction, motivation to improve performance and commitment to the company?

3.2. HYPOTHESES

1. Each of the PA elements identified (purpose, characteristics and impact) will relate positively with employee satisfaction, motivation to improve performance and commitment to organization.

2. Each of the PM elements identified (purpose, characteristics and impact) will relate positively with employee satisfaction, motivation to improve performance and commitment to organization.

3.3. VARIABLES

Independent variables related to Performance Appraisal (PA) Construct:

Total Sum of Characteristics of Performance Appraisal (TSCPA) which includes:

1. Specificity of PA
2. Timeliness of PA
3. Frequency of PA
4. Clear and objective performance criteria

Total Sum of Impact of PA (TSIPA) which includes:

1. Open discussion and role clarity
2. Identifying training and development needs
3. Expressing views and feelings
4. Feeling valued and worthwhile
5. Feeling that contribution can make a difference

Total Sum of Purpose of PA (TSPPA) which includes:

1. Communication of organizational strategies, goal and vision
2. Shaping of behavior through feedback and coaching

Independent variables related to Performance Management (PM) Construct:

Total Sum of Characteristics of Performance Management (TSCPM) which includes:

1. Tightening alignment between employee skills and business goals
2. Promoting dialogue and continuous efforts to improve performance
3. Supervisory training in goal development
4. Supervisory training in giving and receiving feedback

Total Sum of Impact of PM (TSIPM) which includes:

1. Employee participation in goal setting
2. Feeling valued and worthwhile
3. Feeling that contribution can make a difference

Total Sum of Purpose of PM (TSPPM) which includes:

1. Individual contribution towards unit and organizational level outcomes
2. Organization wide focus on producing the best work results

The Dependent variables defined:

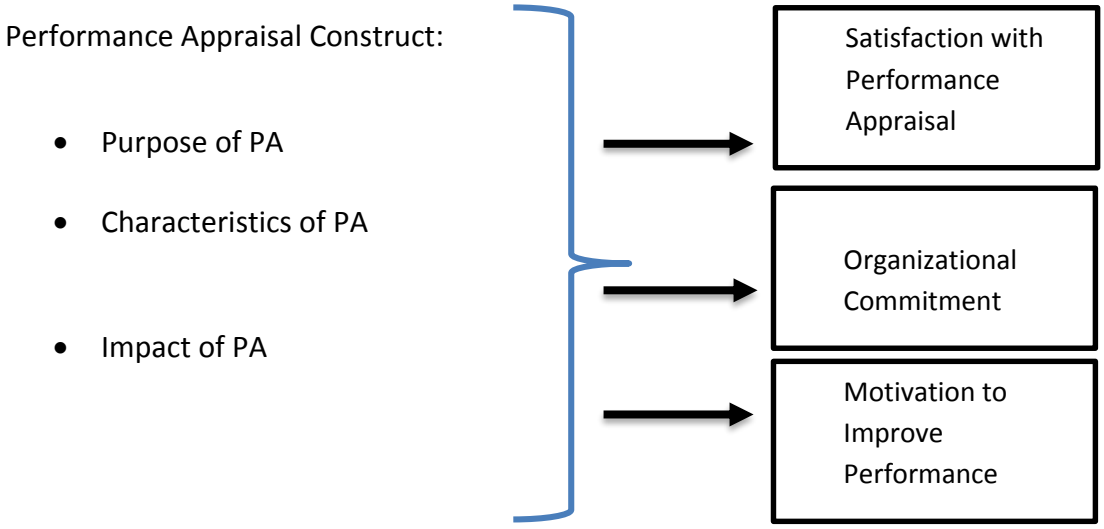
1. Motivation to improve performance (MIP), which means that performance management and/or performance appraisal system(s) influence employee behavior in a positive manner thus stimulating him/her to improve future performance; motivational effect of performance appraisal and performance management is considered as an important outcome *(Roberson and Stewart 2006; Denisi and Pitchard 2006, as cited in Selvajaran and Colninger, 2012)*

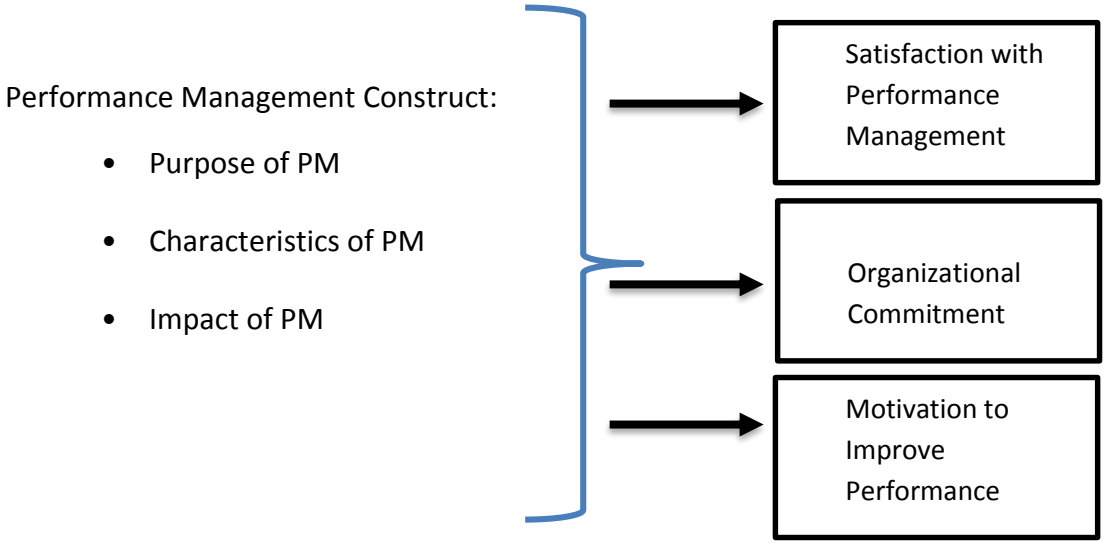
2. Commitment to Company (CTC), several studies support the concept that fairness of performance appraisal is related to organizational commitment; once the employee perceives the decision to be fair, they respond with higher commitment and satisfaction *(Morrow, 2011; Abdul Shukor et.al, 2008 and Colquitt et al., 2001 as cited in Salleh et al., 2013)*

3. Performance Appraisal Satisfaction (PAS), which means employee satisfaction with the appraisal system, and it is considered the most consequential variable while measuring employee reactions to appraisal feedback *(Selvajaran and Colninger, 2012)*

4. Performance Management Satisfaction (PMS), which means employee satisfaction with the performance management system.

3.4. RESEARCH MODEL





3.5. METHODOLOGY

The survey questionnaire, attached as an appendix, is used as the main data-collection instrument for gathering the data to be used in statistical analysis. The questionnaire is composed of 32 statements, six of them relate to the respondents' characteristics and the remaining 26 aim to explore the Performance Appraisal (PA) and Performance Management (PM) practices of Lebanese organizations and to see whether these practices affect employee satisfaction with the PA and/or PM, and yield organizational commitment and motivation to improve individual performance.

Based on the literature review, the formation of the questionnaire is based on two sections: Performance Appraisal Characteristics, and Performance Management Characteristics. The two sections are refined separately and integrated into one questionnaire.

The questionnaire has been tested through a pilot study to a random sample of 10 participants to check the clarity of the questions.

The questionnaire proved to be clear and easily understood by the pilot sample.

Respondents have to first answer the questionnaire which is measured based on a five-point Likert type scale ranging from "Strongly Disagree" to "Strongly Agree" as follows:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Respondents will choose the answer that best shows their level of agreement and applicability of the questions to their situation.

The respondents to whom the questionnaires were distributed were selected from private companies all over Lebanon.

Then, respondents should identify the level of their position (managerial or non-managerial), and whether their company was implementing PA and/or PM.

According to Bartlett, Kotrlik and Higgins (2001) the number of observations for each independent variable should not be less than five to avoid the risk of fitting and generalizability.

In this research, we have 22 independent variables. Therefore, the minimum number of observations on the basis of five to one ratio is: 22x5 = 110 observations; and accounting for the questions, 22x10= 220, therefore a maximum sample size of 220 employees from various private companies in Lebanon is defined appropriate for conducting regression analysis.

The hypotheses are tested using Regression Analysis, and Factor Analysis, and the answers are analyzed using the Statistical Package for the Social Sciences (SPSS). Factor Analysis is used to identify the relationships among the variables and to understand the group of the variables used in the survey. Regression Analysis is used to identify which among the independent variables do affect the dependent variables.

Participants in this study are 260 full-time employees employed in Lebanon. These respondents are employed in a wide range of organizations from large companies employing over 5,000 employees to smaller companies where employees were fewer than 50; approximately 80% of the sample (of employees) are employed in firms of more than 50 employees. The participants for this study consist of a convenience sample of full-time educated professionals. Most of

them are employed in senior, supervisory or managerial positions. The selected respondents are employed in companies that offer either PA, PM or both PA and PM.

The survey was carried out in three weeks during which the questionnaires were sent through emails to over 1,500 professionals through my Linked-in email account, and to 2,000 professionals through a facilitating company (Browse Arabia).

Response Rate:

A total of 3,500 questionnaires were sent to respondents.

The response rate is summarized in below table:

Surveys Distributed	Surveys Returned	Response Rate
3,500	511	14.6%

CHAPTER FOUR: STATISTICAL ANALYSES

4.1. RELIABILITY TESTS

Cronbach's alpha (α), also known as the coefficient of reliability, is used to estimate the internal consistency of the scale since it is most commonly used when we have multiple Likert questions in a questionnaire that form a scale which we aim to determine if it is reliable. Cronbach's alpha measures the extent to which a set of items are related to each other. Hence, Cronbach's alpha increases as the inter-correlations among the items increase. The generally agreed upon lower limit for Cronbach's alpha is 0.70.

The Cronbach alphas for all the variables of this study are computed using SPSS, Version 20. First, the reliability of the independent variables is tested. The Case Processing Summary and the Reliability Statistics of the 26 variables are shown respectively in the tables below.

Case Processing Summary

		N	%
Cases	Valid	147	56.5
	Excluded[a]	113	43.5
	Total	260	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.960	26

The Cronbach's alpha is 0.960, which indicates a high level of internal consistency for our scale.

Since the questionnaire includes two sets of questions, Performance Appraisal and Performance Management, there is a probability that Cronbach's alpha would not be able to distinguish among them. Hence reliability analysis was performed on each set of questions.

Cronbach's alpha for Performance Appraisal (PA) related variables is calculated to test the internal consistency of these variables.

Case Processing Summary

		N	%
Cases	Valid	240	92.3
	Excluded[a]	20	7.7
	Total	260	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.927	13

The Cronbach's alpha for PA related independent variables is 0.927, which indicates a high level of internal consistency for the PA construct.

The "Corrected Item-Total Correlation" displays the correlation between a given variable and the sum score of the other items assessing how well one variable's score is internally consistent with composite scores from all other variables.

Any item-total correlation less than .30 is weak for variable analysis purposes and the variable should be removed from the study.

The “Cronbach’s Alpha if item deleted” displays Cronbach’s alpha that would result if a given item is added. It determines which item from among a set of items contribute to the total alpha.

As long as the value for the “Cronbach’s Alpha item it Deleted” is lower than Cronbach’s Alpha, there is no tendency to remove the item.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PA1	29.321	79.985	.696	.921
PA2	29.179	81.294	.560	.925
PA3	28.921	81.052	.565	.925
PA4	29.388	77.803	.745	.919
PA5	29.271	77.186	.689	.921
PA6	29.313	76.735	.758	.918
PA7	29.317	76.577	.754	.918
PA8	29.425	79.484	.641	.922
PA9	29.221	76.842	.773	.918
PA10	29.208	76.944	.760	.918
PA11	29.121	82.692	.407	.931
PA12	29.200	77.031	.744	.919
PA13	29.417	78.821	.705	.920

Since all the corrected item-total correlations of PA related independent variables are above 0.30 and since the removal of any item results in a lower Cronbach’s alpha, none of the PA independent variables are removed from the study.

Similarly, Cronbach’s alpha for Performance Management (PM) related independent variables was calculated to test the internal consistency of these variables.

Reliability Statistics

Cronbach's Alpha	N of Items
.924	9

The Cronbach's alpha for PM related independent variables is 0.924, which indicates a high level of internal consistency for the PM construct.

The Item-Total Statistics of the PM related independent variables are shown in the table below:

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PM1	18.159	29.165	.735	.915
PM2	18.238	29.299	.756	.914
PM3	18.134	29.307	.703	.917
PM4	18.116	29.207	.656	.921
PM5	18.220	29.142	.743	.915
PM6	18.232	29.320	.734	.915
PM7	17.994	28.448	.695	.918
PM8	18.128	28.701	.768	.913
PM9	18.195	28.477	.769	.913

Since all the corrected item-total correlations of PM related independent variables are above 0.30 and since the removal of any item results in a lower Cronbach's alpha, none of the PM independent variables are removed from the study.

Finally, reliability analysis is performed on the outcome variables: Performance Appraisal Satisfaction (PAS), Performance Management Satisfaction (PMS), Motivation to Improve Performance (MIP) and Commitment to Company (CTC). The SPSS output is shown below.

Reliability Statistics

Cronbach's Alpha	N of Items
.724	4

The Cronbach's alpha is 0.794, which indicates a high level of internal consistency for our scale.

The Item-Total Statistics for the four dependent variables are shown below.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
MIP	6.639	4.684	.463	.702
CTC	6.823	4.681	.620	.599
PAS	6.347	5.310	.447	.700
PMS	6.395	5.227	.547	.648

Removal of any item results in a lower Cronbach's alpha and since all the corrected item-total correlations are above 0.30, none of the items are removed from the study.

4.2. FACTOR ANALYSES

Factor Analysis was performed on the characteristics, impact and purpose of performance appraisal and performance management separately.

1. Factor analysis on the characteristics of PA

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.736
Bartlett's Test of Sphericity	Approx. Chi-Square	282.019
	df	6
	Sig.	.000

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

The KMO for the characteristics of performance appraisal (PA) is 0.736 which is greater than 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the characteristics of PA.

Principal component analysis is performed on the characteristics of PA to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PA1	1.000	.709
PA2	1.000	.579
PA3	1.000	.549
PA4	1.000	.599

Extraction Method: Principal Component Analysis.

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

The latent root criterion is used to identify the number of retained factors. The aim is to have a factor that account for the variance of at least one variable. In addition to this variables having an eigenvalue of 1 and above are considered to be significant so this said, the number of retained factors will be equal to the number of variables having eigenvalue greater than 1.

Total Variance Explained[a]

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.436	60.888	60.888	2.436	60.888	60.888
2	.709	17.729	78.617			
3	.505	12.629	91.246			
4	.350	8.754	100.000			

Extraction Method: Principal Component Analysis.

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 2.436 which is greater than 1 and it accounts for 60.88% from the total variance.

Component Matrix[a,b]

	Component
	1
PA1	.842
PA2	.761
PA3	.741
PA4	.774

Extraction Method: Principal Component Analysis.
a. 1 component extracted.
b. Only cases for which Selection 2 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PA1- 0.842, PA2- 0.761, PA3- 0.741 and PA4- 0.774. Based on the understanding of the literature, the component 1 is identified to be the sum of characteristics of performance appraisal.

2. Factor Analysis on the impact of PA

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.814
Bartlett's Test of Sphericity	Approx. Chi-Square	987.980
	df	15
	Sig.	.000

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

The KMO for the impact of performance appraisal (PA) is 0.814 which is greater than 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the impact of PA.

Principal component analysis is performed on the impact of PA to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PA5	1.000	.533
PA6	1.000	.712
PA7	1.000	.721
PA8	1.000	.597
PA9	1.000	.762
PA10	1.000	.755

Extraction Method: Principal Component Analysis.

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

Total Variance Explained[a]

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.980	66.334	66.334	3.980	66.334	66.334
2	.794	13.240	79.574			
3	.563	9.386	88.960			
4	.345	5.744	94.704			
5	.179	2.979	97.684			
6	.139	2.316	100.000			

Extraction Method: Principal Component Analysis.

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 3.980 which is greater than 1 and it accounts for 66.334% from the total variance.

Component Matrix[a,b]

	Component
	1
PA5	.730
PA6	.844
PA7	.849
PA8	.705
PA9	.873
PA10	.869

Extraction Method: Principal Component Analysis.
a. 1 component extracted.
b. Only cases for which Selection 2 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PA5- 0.730, PA6- 0.844, PA7- 0.849, PA8- 0.705, PA9- 0.873 and PA10- 0.869. Based on the understanding of the literature, the component 1 is identified to be the sum of impact of performance appraisal.

3. Factor analysis on the purpose of performance appraisal.

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.617
Bartlett's Test of Sphericity	Approx. Chi-Square	122.210
	df	3
	Sig.	.000

a. Only cases for which Selection 2 = 1 are used in the analysis phase.

The KMO for the purpose of performance appraisal (PA) is 0.617 which is greater than 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the purpose of PA.

Principal component analysis is performed on the purpose of PA to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PA11	1.000	.536
PA12	1.000	.679
PA13	1.000	.697

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 2 = 1 are used in the analysis phase.

Total Variance Explained[a]

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.812	60.411	60.411	1.812	60.411	60.411
2	.743	24.776	85.187			
3	.444	14.813	100.000			

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 2 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 1.812 which is greater than 1 and it accounts for 60.411% from the total variance.

Component Matrix[a,b]

	Component
	1
PA11	.660
PA12	.824
PA13	.835

Extraction Method: Principal Component Analysis.
a. 1 component extracted.
b. Only cases for which Selection 2 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PA11- 0.660, PA12- 0.824 and PA13- 0.835. Based on the understanding of the literature, the component 1 is identified to be the sum of purpose of performance appraisal.

4. Factor Analysis on characteristics of performance management

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.677
Bartlett's Test of Sphericity	Approx. Chi-Square	336.829
	df	6
	Sig.	.000

a. Only cases for which Selection 3 = 1 are used in the analysis phase.

The KMO for the characteristics of performance management (PM) is 0.677 which is greater than 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the characteristics of PM.

Principal component analysis is performed on the characteristics of PM to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PM1	1.000	.656
PM2	1.000	.683
PM3	1.000	.722
PM4	1.000	.636

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

Total Variance Explained[a]

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.698	67.448	67.448	2.698	67.448	67.448
2	.833	20.835	88.282			
3	.246	6.161	94.443			
4	.222	5.557	100.000			

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 2.698 which is greater than 1 and it accounts for 67.448% from the total variance.

Component Matrix[a,b]

	Component
	1
PM1	.810
PM2	.826
PM3	.850
PM4	.798

Extraction Method: Principal Component Analysis.
a. 1 component extracted.
b. Only cases for which Selection 3 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PM1- 0.810, PM2- 0.826, PM3- 0.850 and PM4- 0.798. Based on the understanding of the literature, the component 1 is identified to be the sum of characteristics of performance management.

5. Factor Analysis on the impact of performance management

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.704
Bartlett's Test of Sphericity	Approx. Chi-Square	278.341
	df	3
	Sig.	.000

a. Only cases for which Selection 3 = 1 are used in the analysis phase.

The KMO for the impact of performance management (PM) is 0.704 which is greater than 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the impact of PM.

Principal component analysis is performed on the impact of PM to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PM7	1.000	.715
PM8	1.000	.865
PM9	1.000	.830

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

Total Variance Explained[a]

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.411	80.352	80.352	2.411	80.352	80.352
2	.409	13.639	93.991			
3	.180	6.009	100.000			

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 2.411 which is greater than 1 and it accounts for 80.352% from the total variance.

Component Matrix[a,b]

	Component
	1
PM7	.846
PM8	.930
PM9	.911

Extraction Method: Principal Component Analysis.
a. 1 component extracted.
b. Only cases for which Selection 3 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PM7- 0.846, PM8- 0.930 and PM9- 0.911. Based on the understanding of the literature, the component 1 is identified to be the sum of impact of performance management.

6. Factor Analysis on Purpose of performance management

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	122.966
	df	1
	Sig.	.000

a. Only cases for which Selection 3 = 1 are used in the analysis phase.

The KMO for the purpose of performance management (PM) is 0.500 which is equal to 0.5. In addition to this Barlett's test of sphericity gave a significant result with a P-value <0.001 thus we can proceed with factor analysis on the purpose of PM.

Principal component analysis is performed on the purpose of PM to reduce the number of variables in a minimum number of factors.

The communality table shown below includes all the variables since none of them had a communality of less than 0.5 to be removed from the analysis.

Communalities[a]

	Initial	Extraction
PM5	1.000	.865
PM6	1.000	.865

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

Total Variance Explained[a]

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.730	86.503	86.503	1.730	86.503	86.503
2	.270	13.497	100.000			

Extraction Method: Principal Component Analysis.
a. Only cases for which Selection 3 = 1 are used in the analysis phase.

In reference to the above table, we can notice that only component 1 has an eigenvalue of 1.730 which is greater than 1 and it accounts for 86.503% from the total variance.

Component Matrix[a,b]

	Component
	1
PM5	.930
PM6	.930

Extraction Method: Principal Component Analysis.

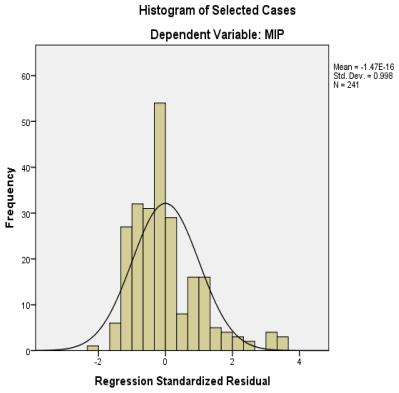
a. 1 component extracted.

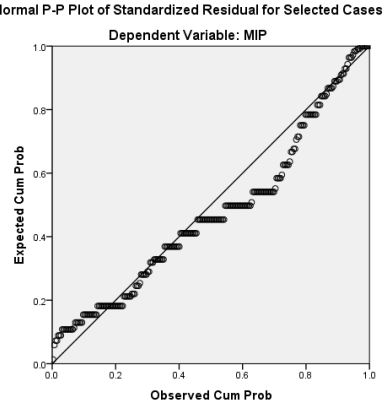
b. Only cases for which Selection 3 = 1 are used in the analysis phase.

In the component matrix, factor loadings of the variables on component 1 are high; PM5- 0.930 and PM6- 0.930. Based on the understanding of the literature, the component 1 is identified to be the sum of purpose of performance management.

4.3. REGRESSION ANALYSES

The independent variable (sum of characteristics of PA) regressed against MIP





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPA[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.308[a]	.	.095	.091	.9886

a. Predictors: (Constant), TSCPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: MIP

In the regression model, 9.5 % of the total variance in motivation is explained by the total sum of characteristics of PA.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.416	1	24.416	24.985	.000[c]
	Residual	233.559	239	.977		
	Total	257.975	240			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSCPA

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 24.985 thus we can accept the alternative hypothesis that suggests a relationship between total sum of characteristics of PA and motivation.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.033	.225		4.588	.000
	TSCPA	.108	.022	.308	4.998	.000

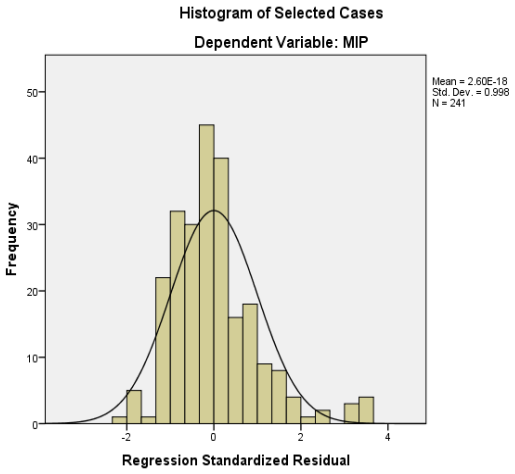
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0

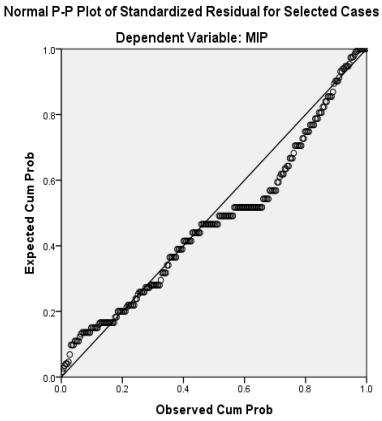
The regression equation is represented as follows:

MIP = 1.033 + 0.108 (TSCPA)

T test reveals a statistical significant results (P<0.001), confirming the linear positive association between motivation (MIP) and total sum of characteristics of performance appraisal (TSCPA).

The independent variable (sum of impact of PA) regressed against MIP





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPA[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.313[a]	.170	.098	.094	.9868

a. Predictors: (Constant), TSIPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: MIP

This model shows that 9.8 % of the total variance of the dependent variable (MIP) can be explained by a change in the independent variable (TSIPA). MIP is the motivation while TSIPA is the total sum of impact of performance appraisal in a company.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.258	1	25.258	25.940	.000[c]
	Residual	232.717	239	.974		
	Total	257.975	240			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSIPA

F statistics with a value of 25.940 gave a significant P-value which is less than 0.001 hence we reject the null hypothesis and agree that there is a statistically significant relationship between MIP and TSIPA.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.192	.192		6.220	.000
	TSIPA	.064	.013	.313	5.093	.000

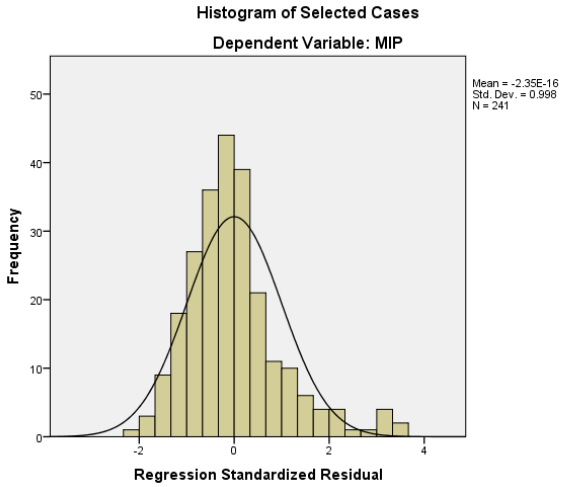
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0

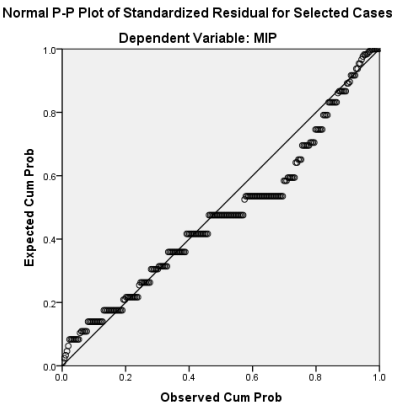
The regression equation is represented as follows:

MIP= 1.192 + 0.064 (TSIPA)

Positive significant relationship exists between motivation (MIP) and total sum of impact of PA (TSIPA) where t gave a value of 5.093 with a P-value <0.05.

The independent variable (sum of purpose of PA) regressed against MIP





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.336[a]	.	.113	.109	.9784

a. Predictors: (Constant), TSPPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: MIP

The model shows 10.13% of the total variance of the dependent variable (MIP) is explained by the independent variable (TSPPA).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.197	1	29.197	30.502	.000[c]
	Residual	228.778	239	.957		
	Total	257.975	240			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSPPA

F test reveals a value of 30.502 with a p-value <0.001. The assumption of the alternative hypothesis is satisfied that there is statistically significant association between motivation and total sum of purpose of PA.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.035	.205		5.047	.000
	TSPPA	.146	.027	.336	5.523	.000

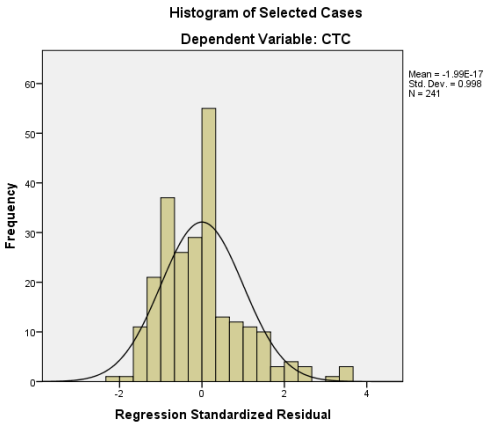
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 2 = 1.0

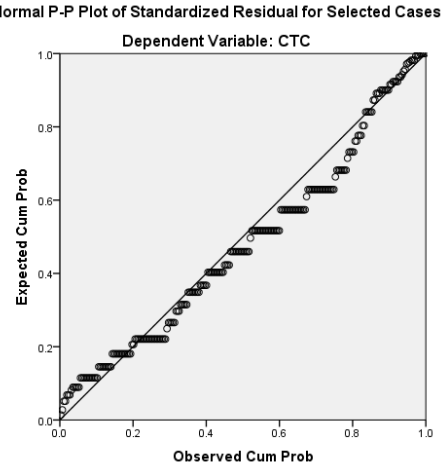
The regression equation is represented as follows:

MIP= 1.035 + 0.146 (TSPPA)

T test is significant (5.523 P<0.001) thus confirming a positive linear relationship between MIP and TSPPA.

The independent variable (total sum of characteristics of PA) regressed against CTC





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPA[c]	.	Enter

a. Dependent Variable: CTC
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.391[a]	.644	.153	.149	.9100

a. Predictors: (Constant), TSCPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: CTC

The model shows 15.30% of the total variance of the dependent variable (CTC) is explained by the independent variable (TSCPA).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.666	1	35.666	43.068	.000[c]
	Residual	197.919	239	.828		
	Total	233.585	240			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSCPA

F test reveals a value of 43.068 with a p-value <0.001. The assumption of the alternative hypothesis is satisfied that there is statistically significant association between commitment (CTC) and total sum of characteristics of PA (TSCPA).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.654	.207		3.157	.002
	TSCPA	.131	.020	.391	6.563	.000

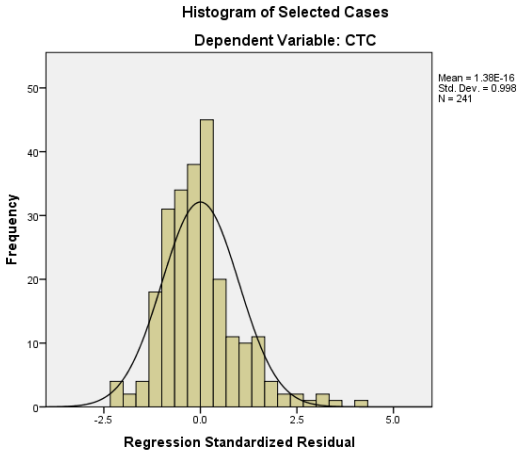
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0

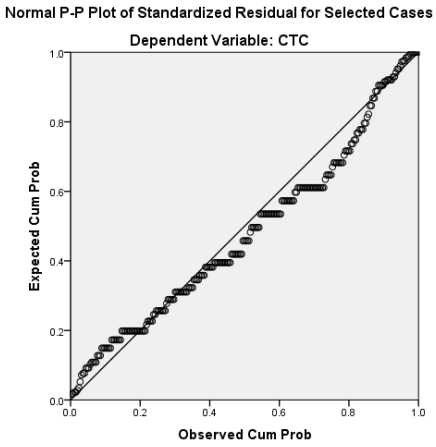
The regression equation is represented as follows:

CTC= 0.654 + 0.131 (TSCPA)

T test is significant (3.157, P<0.001) thus confirming a positive linear relationship between CTC and TSCPA.

The independent variable (sum of impact of PA) regressed against CTC





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPA[c]	.	Enter

a. Dependent Variable: CTC
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.442[a]	.	.196	.192	.8867

a. Predictors: (Constant), TSIPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: CTC

In the regression model, 19.6% of the total variance in commitment is explained by the total sum of impact of PA.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.692	1	45.692	58.120	.000[c]
	Residual	187.893	239	.786		
	Total	233.585	240			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSIPA

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 58.120 thus we can accept the alternative hypothesis that suggests a relationship between total sum of impact of PA and commitment.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.721	.172		4.186	.000
	TSIPA	.086	.011	.442	7.624	.000

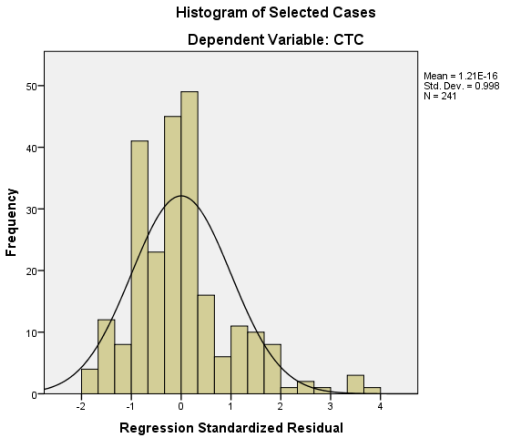
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0

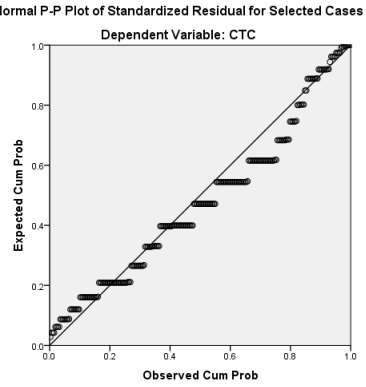
The regression equation is represented as follows:

CTC = 0.721 + 0.086 (TSIPA)

T test relieved a statistical significant results (P<0.001), confirming the linear positive association between commitment (CTC) and total sum of impact of performance appraisal (TSIPA).

The independent variable (total sum of purpose of PA) regressed against CTC





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA[c]	.	Enter

a. Dependent Variable: CTC

b. Models are based only on cases for which Selection 2 = 1.0

c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)	Selection 2 ~= 1.0 (Unselected)			
1	.400[a]	.467	.160	.156	.9061

a. Predictors: (Constant), TSPPA

b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.

c. Dependent Variable: CTC

This model shows that 16% of the total variance of the dependent variable (CTC) can be explained by a change in the independent variable (TSPPA). CTC is the commitment while TSPPA is the total sum of purpose of performance appraisal in a company.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.377	1	37.377	45.528	.000[c]
	Residual	196.209	239	.821		
	Total	233.585	240			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSPPA

F statistics with a value of 45.528 gave a significant P-value which is less than 0.001 hence we reject the null hypothesis and agree that there is a statistically significant relationship between CTC and TSPPA.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.739	.190		3.895	.000
	TSPPA	.166	.025	.400	6.747	.000

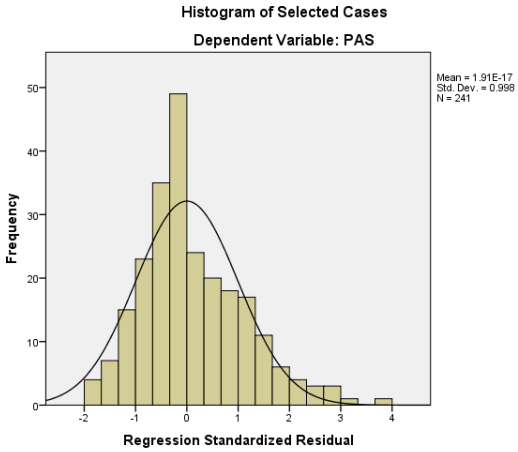
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 2 = 1.0

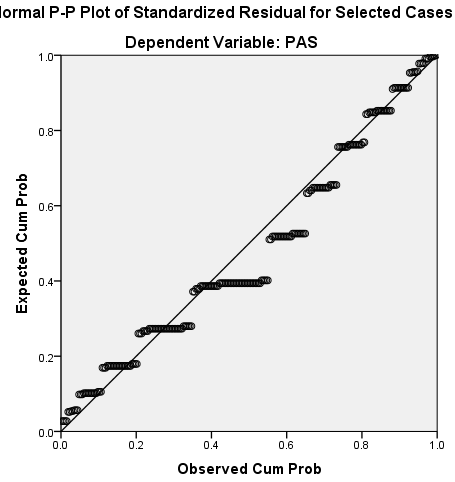
The regression equation is represented as follows:

CTC= 0.739 + 0.166 (TSPPA)

T test is significant (3.895, P<0.001) thus confirming a positive linear relationship between CTC and TSPPA.

The independent variable (total sum of characteristics of PA) regressed against PAS





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPA[c]	.	Enter

a. Dependent Variable: PAS
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 2 = 1.0 (Selected)			
1	.703[a]	.494	.491	.7593

a. Predictors: (Constant), TSCPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: PAS

The model shows that 49.4% of the total variance of the outcome; satisfaction is explained by the total sum of characterizes of performance appraisal (TSCPA).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	134.279	1	134.279	232.888	.000[c]
	Residual	137.804	239	.577		
	Total	272.083	240			

a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSCPA

Anova regression gave a statistical significant result (F= 232.888, P<0.001) which indicates a significant relationship between satisfaction (PAS) and total sum of characteristics of PA (TSCPA).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.174	.173		1.009	.314
	TSCPA	.254	.017	.703	15.261	.000

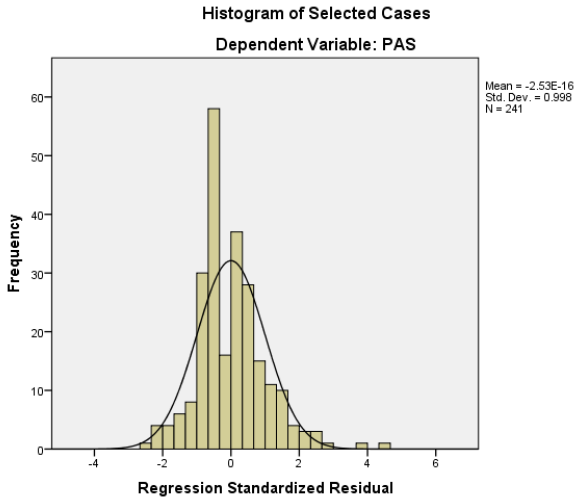
a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0

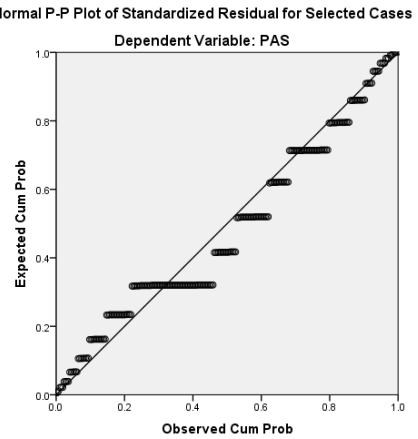
The regression equation is represented as follows:

PAS= 0.174 + 0.254 (TSCPA)

T test is significant (15.261, P<0.001) which means there is significant linear positive association between the dependent variable (PAS) and the independent variable (TSCPA).

The independent variable (sum of impact of PA) regressed against PAS





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPA[c]	.	Enter

a. Dependent Variable: PAS
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R Selection 2 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.797[a]	.635	.633	.6447

a. Predictors: (Constant), TSIPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: PAS

The model shows that 63.5% of the total variance of the outcome; satisfaction is explained by the total sum of impact of performance appraisal (TSIPA).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	172.733	1	172.733	415.536	.000[c]
	Residual	99.349	239	.416		
	Total	272.083	240			

a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSIPA

Anova regression gave a statistical significant result (F= 415.536, P<0.001) which indicates a significant relationship between satisfaction (PAS) and total sum of impact of PA (TSIPA).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.298	.125		2.384	.018
	TSIPA	.167	.008	.797	20.385	.000

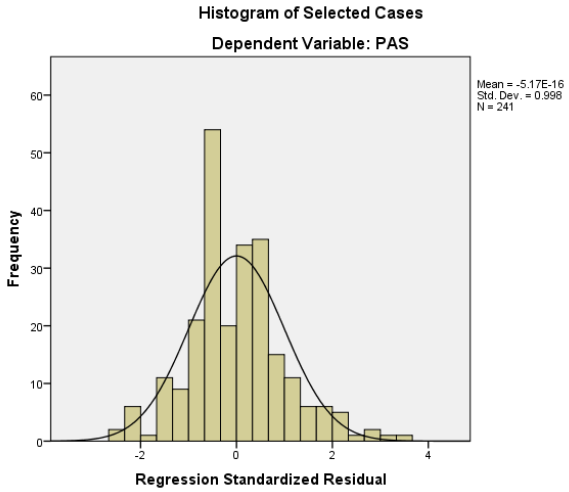
a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0

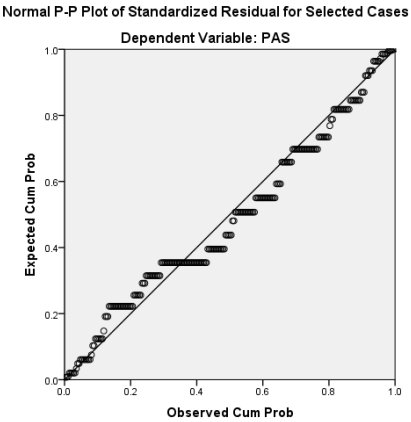
The regression equation is represented as follows:

PAS= 0.298 + 0.167 (TSIPA)

T test is significant (20.385, P<0.001) which means there is significant linear positive association between the dependent variable (PAS) and the independent variable (TSIPA).

The independent variable (sum of purpose of PA) regressed against PAS





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA[c]	.	Enter

a. Dependent Variable: PAS
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R Selection 2 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.682[a]	.466	.464	.7799

a. Predictors: (Constant), TSPPA
b. Unless noted otherwise, statistics are based only on cases for which Selection 2 = 1.0.
c. Dependent Variable: PAS

The model shows that 46.6% of the total variance of the outcome; satisfaction is explained by the total sum of purpose of performance appraisal (TSPPA).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.719	1	126.719	208.345	.000[c]
	Residual	145.364	239	.608		
	Total	272.083	240			

a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSPPA

Anova regression gave a statistical significant result (F= 208.345, P<0.001) which indicates a significant relationship between satisfaction (PAS) and total sum of purpose of PA (TSPPA).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.461	.163		2.820	.005
	TSPPA	.305	.021	.682	14.434	.000

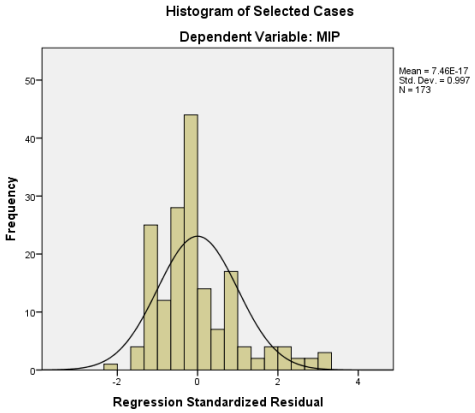
a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0

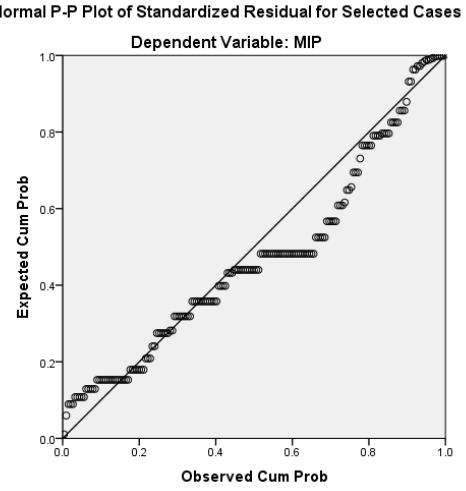
The regression equation is represented as follows:

PAS= 0.461 + 0.305 (TSPPA)

T test is significant (14.434, P<0.001) which means there is significant linear positive association between the dependent variable (PAS) and the independent variable (TSPPA).

The independent variable (sum of characteristics of PM) regressed against MIP





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPM[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.337[a]	.252	.114	.108	1.0205

a. Predictors: (Constant), TSCPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: MIP

In the regression model, 11.4 % of the total variance in motivation is explained by the total sum of characteristics of PM.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.831	1	22.831	21.923	.000[c]
	Residual	178.082	171	1.041		
	Total	200.913	172			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSCPM

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 21.831 thus we can accept the alternative hypothesis that suggests a relationship between total sum of characteristics of PM and motivation.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.175	.214		5.486	.000
	TSCPM	.109	.023	.337	4.682	.000

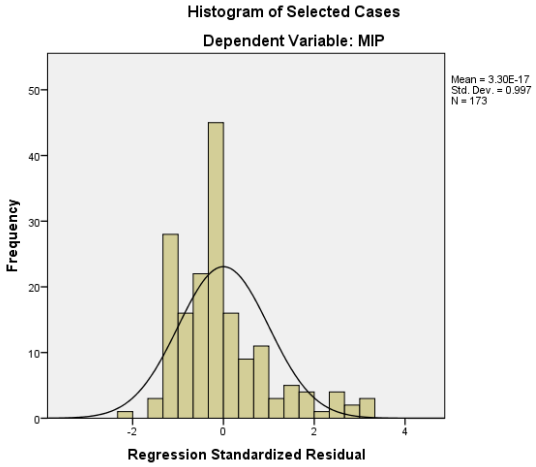
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0

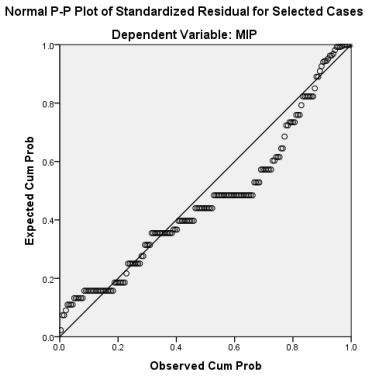
The regression equation is represented as follows:

MIP = 1.175 + 0.109 (TSCPM)

T test reveals a statistical significant result (P<0.001), confirming the linear positive association between motivation (MIP) and total sum of characteristics of performance management (TSCPM).

The independent variable (sum of impact of PM) regressed against MIP





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.296[a]	.	.088	.082	1.0353

a. Predictors: (Constant), TSIPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: MIP

This model shows that 8.8 % of the total variance of the dependent variable (MIP) can be explained by a change in the independent variable (TSIPM). MIP is the motivation while TSIPM is the total sum of impact of performance management in a company.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.635	1	17.635	16.453	.000[c]
	Residual	183.278	171	1.072		
	Total	200.913	172			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSIPM

F statistics with a value of 16.453gave a significant P-value which is less than 0.001 hence we reject the null hypothesis and agree that there is a statistically significant relationship between MIP and TSIPM.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.352	.203		6.667	.000
	TSIPM	.115	.028	.296	4.056	.000

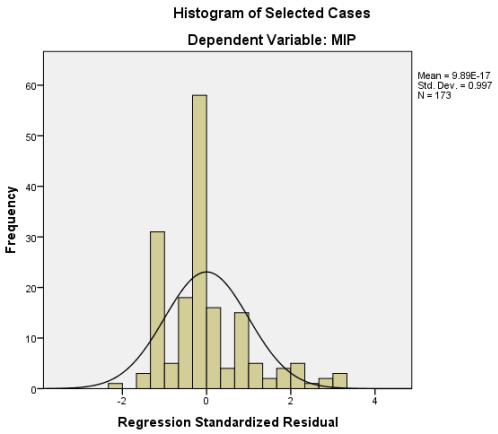
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0

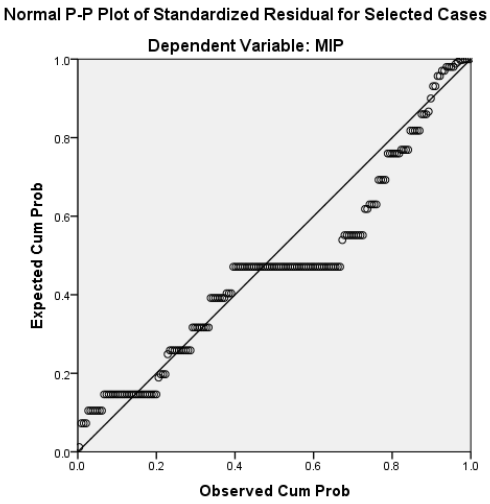
Equation of regression is the following;

MIP= 1.352 + 0.115 (TSIPM)

Positive significant relationship exists between motivation (MIP) and total sum of impact of PM (TSIPM) where t gave a value of 5.093 with a P-value <0.05.

The independent variable (sum of purpose of PM) regressed against MIP





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPM[c]	.	Enter

a. Dependent Variable: MIP
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.337[a]	.	.114	.108	1.0205

a. Predictors: (Constant), TSPPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: MIP

The model shows 11.4% of the total variance of the dependent variable (MIP) is explained by the independent variable (TSPPM).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.831	1	22.831	21.923	.000[c]
	Residual	178.082	171	1.041		
	Total	200.913	172			

a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSPPM

F test reveals a value of 21.923 with a p-value <0.001. The assumption of the alternative hypothesis is satisfied that there is statistically significant association between motivation and total sum of purpose of PM.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.249	.200		6.261	.000
	TSPPM	.206	.044	.337	4.682	.000

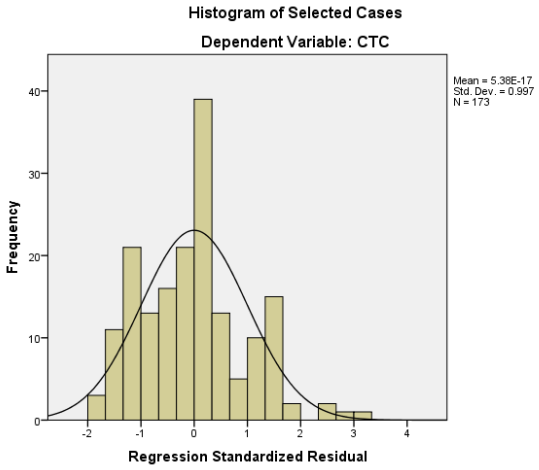
a. Dependent Variable: MIP
b. Selecting only cases for which Selection 3 = 1.0

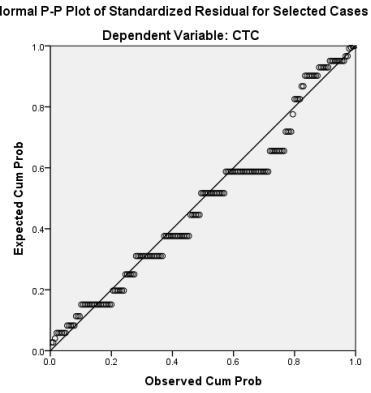
The regression equation is represented as follows:

MIP= 1.249 + 0.206 (TSPPM)

T test is significant (4.682, P<0.001) thus confirming a positive linear relationship between MIP and TSPPM.

The independent variable (total sum of characteristics of PM) regressed against CTC





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPM[c]	.	Enter

a. Dependent Variable: CTC
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.515[a]	.	.265	.261	.7990

a. Predictors: (Constant), TSCPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: CTC

The model shows 26.5% of the total variance of the dependent variable (CTC) is explained by the independent variable (TSCPM).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.351	1	39.351	61.639	.000[c]
	Residual	109.169	171	.638		
	Total	148.520	172			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSCPM

F test reveals a value of 61.639 with a p-value <0.001. The assumption of the alternative hypothesis is satisfied that there is statistically significant association between commitment (CTC) and total sum of characteristics of PM (TSCPM).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.680	.168		4.057	.000
	TSCPM	.143	.018	.515	7.851	.000

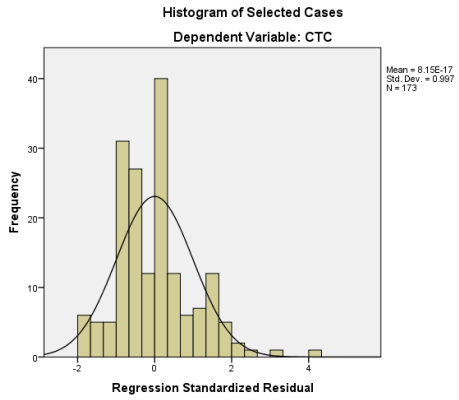
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0

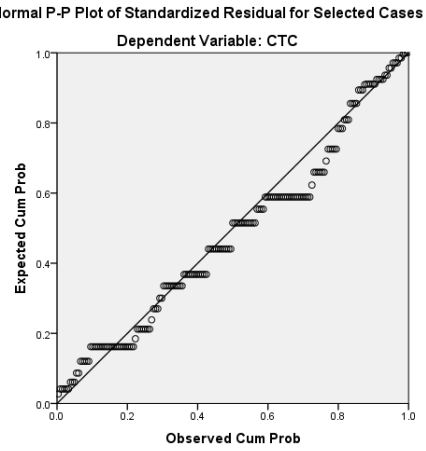
The regression equation is represented as follows:

CTC= 0.680 + 0.143 (TSCPM)

T test is significant (7.851, P<0.001) thus confirming a positive linear relationship between CTC and TSCPM.

The independent variable (sum of impact of PM) regressed against CTC





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM[c]	.	Enter

a. Dependent Variable: CTC
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.464[a]	.254	.215	.210	.8258

a. Predictors: (Constant), TSIPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: CTC

In the regression model, 21.5% of the total variance in commitment is explained by the total sum of impact of PM.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.919	1	31.919	46.811	.000[c]
	Residual	116.601	171	.682		
	Total	148.520	172			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSIPM

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 46.811 thus we can accept the alternative hypothesis that suggests a relationship between total sum of impact of PM and commitment.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.888	.162		5.489	.000
	TSIPM	.154	.023	.464	6.842	.000

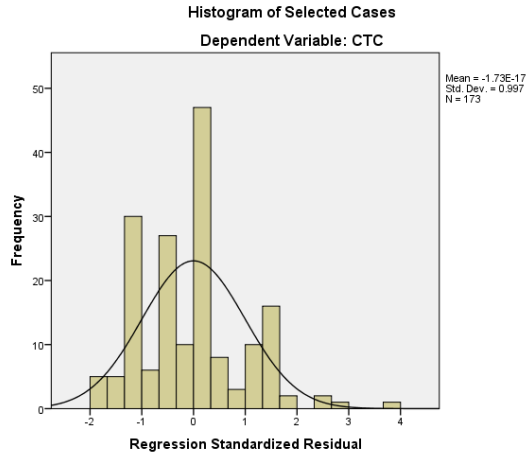
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0

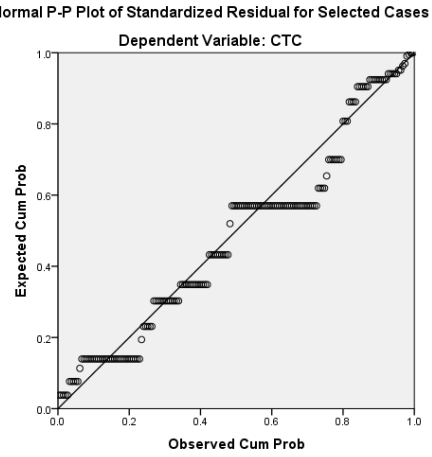
The regression equation is represented as follows:

CTC = 0.888 + 0.154 (TSIPM)

T test reveals a statistical significant result (P<0.001) , confirming the linear positive association between commitment (CTC) and total sum of impact of performance management (TSIPM).

The independent variable (total sum of purpose of PM) regressed against CTC





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPM[c]	.	Enter

a. Dependent Variable: CTC
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)	Selection 3 ~= 1.0 (Unselected)			
1	.523[a]	.259	.274	.270	.7941

a. Predictors: (Constant), TSPPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: CTC

This model shows that 27.4% of the total variance of the dependent variable (CTC) can be explained by a change in the independent variable (TSPPM). CTC is the commitment while TSPPM is the total sum of purpose of performance management in a company.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.681	1	40.681	64.507	.000[c]
	Residual	107.839	171	.631		
	Total	148.520	172			

a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSPPM

F statistics with a value of 64.507 gave a significant P-value which is less than 0.001 hence we reject the null hypothesis and agree that there is a statistically significant relationship between CTC and TSPPM.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.759	.155		4.886	.000
	TSPPM	.275	.034	.523	8.032	.000

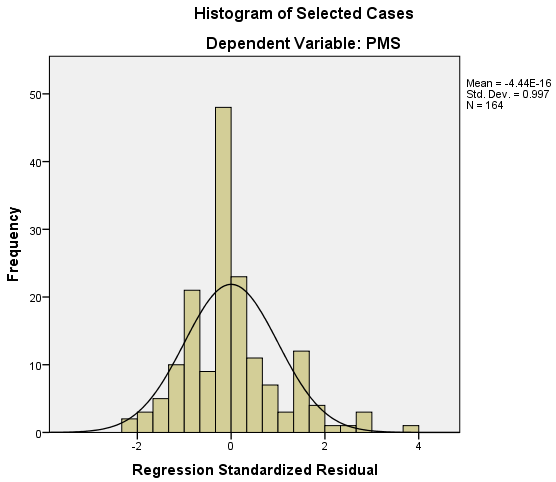
a. Dependent Variable: CTC
b. Selecting only cases for which Selection 3 = 1.0

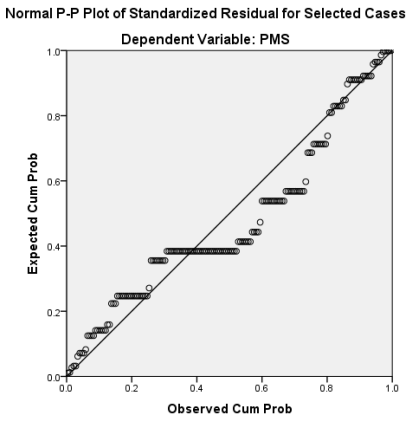
The regression equation is represented as follows:

CTC= 0.759 + 0.275 (TSPPM)

T test is significant (8.032, P<0.001) thus confirming a positive linear relationship between CTC and TSPPM.

The independent variable (total sum of characteristics of PM) regressed against PMS





Above figures show the normality of the residuals by representing a bell- shaped curve on the histogram and by showing the plots close to the line.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSCPM[c]	.	Enter

a. Dependent Variable: PMS
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)			
1	.732[a]	.536	.533	.6110

a. Predictors: (Constant), TSCPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: PMS

The model shows that 53.6% of the total variance of the outcome; satisfaction is explained by the total sum of characterizes of performance management (TSCPM).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.787	1	69.787	186.946	.000[c]
	Residual	60.475	162	.373		
	Total	130.262	163			

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSCPM

Anova regression gave a statistical significant result (F= 186.946, P<0.001) which indicates a significant relationship between satisfaction (PMS) and total sum of characteristics of PM (TSCPM).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.272	.165		1.650	.101
	TSCPM	.238	.017	.732	13.673	.000

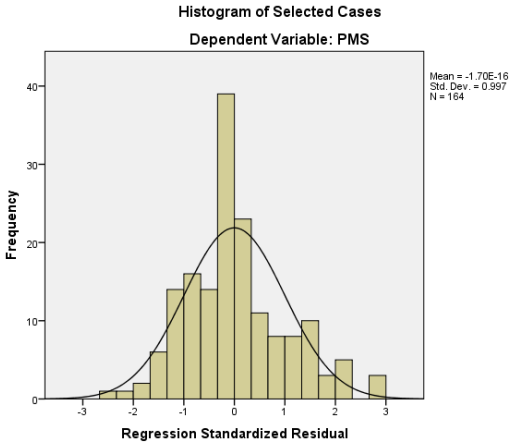
a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0

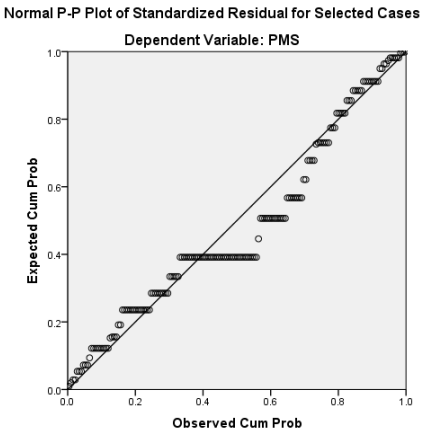
The regression equation is represented as follows:

PMS= 0.272 + 0.238 (TSCPM)

T test is significant (13.673, P<0.001) which means there is significant linear positive association between the dependent variable (PMS) and the independent variable (TSCPM).

The independent variable (sum of impact of PM) regressed against PMS





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM[c]	.	Enter

a. Dependent Variable: PMS
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R Selection 3 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728[a]	.530	.527	.6146

a. Predictors: (Constant), TSIPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: PMS

The model shows that 53% of the total variance of the outcome; satisfaction is explained by the total sum of impact of performance management (TSIPM).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.070	1	69.070	182.856	.000[c]
	Residual	61.192	162	.378		
	Total	130.262	163			

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSIPM

Anova regression gave a statistical significant result (F= 182.856, P<0.001) which indicates a significant relationship between satisfaction (PMS) and total sum of impact of PM (TSIPM).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.529	.149		3.555	.000
	TSIPM	.273	.020	.728	13.522	.000

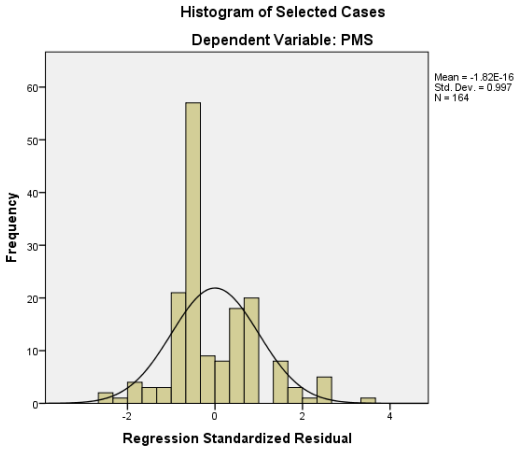
a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0

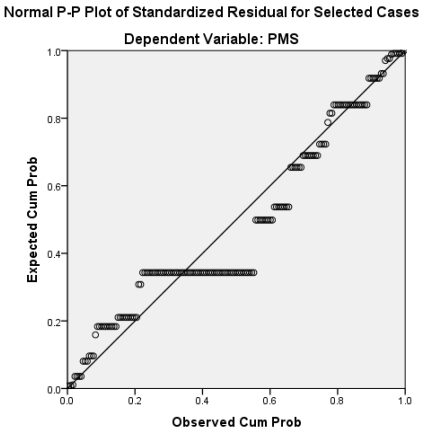
The regression equation is represented as follows:

PMS= 0.529 + 0.273 (TSIPM)

T test is significant (13.522, P<0.001) which means there is significant linear positive association between the dependent variable (PMS) and the independent variable (TSIPM).

The independent variable (sum of purpose of PM) regressed against PMS





Histogram shows a bell- shaped curve and the plots are close to the diagonal line so the assumption of normality is satisfied.

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPM[c]	.	Enter

a. Dependent Variable: PMS
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary[b,c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Selection 3 = 1.0 (Selected)			
1	.602[a]	.362	.359	.7160

a. Predictors: (Constant), TSPPM
b. Unless noted otherwise, statistics are based only on cases for which Selection 3 = 1.0.
c. Dependent Variable: PMS

The model shows that 36.2% of the total variance of the outcome; satisfaction is explained by the total sum of purpose of performance management (TSPPM).

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.213	1	47.213	92.097	.000[c]
	Residual	83.049	162	.513		
	Total	130.262	163			

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSPPM

Anova regression gave a statistical significant result (F= 92.097, P<0.001) which indicates a significant relationship between satisfaction (PMS) and total sum of purpose of PM (TSPPM).

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.863	.173		4.995	.000
	TSPPM	.357	.037	.602	9.597	.000

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0

The regression equation is represented as follows:

PMS= 0.863 + 0.357 (TSPPM)

T test is significant (9.597, P<0.001) which means there is significant linear positive association between the dependent variable (PMS) and the independent variable (TSPPM).

The Independent Variables under PA construct regressed against MIP

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA, TSCPA, TSIPA[c]	.	Enter

a. Dependent Variable: MIP

b. Models are based only on cases for which Selection 2 = 1.0

c. All requested variables entered.

Model Summary

Model	R Selection 2 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.352[a]	.124	.113	.9767

a. Predictors: (Constant), TSPPA, TSCPA, TSIPA

In the regression model, 12.4% of the total variance of motivation is explained by the three variables; total sum of characteristics of PA, total sum of purpose of PA and total sum of impact of PA.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.913	3	10.638	11.153	.000[c]
	Residual	226.062	237	.954		
	Total	257.975	240			

a. Dependent Variable: MIP

b. Selecting only cases for which Selection 2 = 1.0

c. Predictors: (Constant), TSPPA, TSCPA, TSIPA

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 11.153 thus we can accept the alternative hypothesis that suggests a relationship between TSPPA, TSCPA, TSIPA and motivation.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.880	.230		3.824	.000
	TSCPA	.035	.035	.099	.987	.325
	TSIPA	.016	.022	.079	.718	.473
	TSPPA	.089	.044	.203	2.014	.045

a. Dependent Variable: MIP

b. Selecting only cases for which Selection 2 = 1.0

The regression equation is represented as follows;

MIP = 0.88 + 0.035 (TSCPA) + 0.016 (TSIPA) + 0.089 (TSPPA)

While adjusting for TSCPA and TSIPA, TSPPA remained statistically significant with motivation (P= 0.045) suggesting a positive linear association between sum of purpose of PA and motivation. When TSIPA and TSPPA were kept constant, the association between TSCPA and motivation was not significant (P=0.325) similarly when TSPPA and TSCPA were adjusted for, the association between TSIPA and motivation was not significant (P=0.473).

The Independent Variables under PA construct regressed against CTC

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA, TSCPA, TSIPA[c]	.	Enter

a. Dependent Variable: CTC

b. Models are based only on cases for which Selection 2 = 1.0

c. All requested variables entered.

Model Summary

Model	R Selection 2 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.455[a]	.207	.197	.8843

a. Predictors: (Constant), TSPPA, TSCPA, TSIPA

In the regression model, 19.7% of the total variance of commitment is explained by the three variables; total sum of characteristics of PA, total sum of purpose of PA and total sum of impact of PA.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.263	3	16.088	20.574	.000[c]
	Residual	185.322	237	.782		
	Total	233.585	240			

a. Dependent Variable: CTC

b. Selecting only cases for which Selection 2 = 1.0

c. Predictors: (Constant), TSPPA, TSCPA, TSIPA

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 20.574 thus we can accept the alternative hypothesis that suggests a relationship between TSPPA, TSCPA, TSIPA and commitment.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.517	.208		2.481	.014
	TSCPA	.028	.032	.085	.886	.377
	TSIPA	.055	.020	.286	2.739	.007
	TSPPA	.049	.040	.118	1.222	.223

a. Dependent Variable: CTC

b. Selecting only cases for which Selection 2 = 1.0

The regression equation is represented as follows;

CTC = 0.517 + 0.028 (TSCPA) + 0.055 (TSIPA) + 0.049 (TSPPA)

While adjusting for TSCPA and TSPPA, TSIPA remained statistically significant with motivation (P= 0.007) suggesting a positive linear association between sum of impact of PA and commitment. When TSIPA and TSPPA were kept constant, the association between TSCPA and commitment was not significant (P=0.377) similarly when TSCPA and TSIPA were adjusted for, the association between TSPPA and commitment was not significant (P=0.223).

The Independent Variables under PA construct regressed against PAS

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSPPA, TSCPA, TSIPA[c]	.	Enter

a. Dependent Variable: PAS
b. Models are based only on cases for which Selection 2 = 1.0
c. All requested variables entered.

Model Summary

Model	R Selection 2 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811[a]	.658	.654	.6267

a. Predictors: (Constant), TSPPA, TSCPA, TSIPA

In the regression model, 65.4% of the total variance of satisfaction is explained by the three variables; total sum of characteristics of PA, total sum of purpose of PA and total sum of impact of PA.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	179.005	3	59.668	151.930	.000[c]
	Residual	93.078	237	.393		
	Total	272.083	240			

a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0
c. Predictors: (Constant), TSPPA, TSCPA, TSIPA

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 151.930 thus we can accept the alternative hypothesis that suggests a relationship between TSPPA, TSCPA, TSIPA and satisfaction.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.036	.148		-.241	.809
	TSCPA	.066	.023	.182	2.894	.004
	TSIPA	.120	.014	.573	8.361	.000
	TSPPA	.048	.028	.108	1.703	.090

a. Dependent Variable: PAS
b. Selecting only cases for which Selection 2 = 1.0

The regression equation is represented as follows;

PAS = -0.036 + 0.066 (TSCPA) + 0.120 (TSIPA) + 0.048 (TSPPA)

While adjusting for TSCPA and TSPPA, TSIPA remained statistically significant with satisfaction (P<0.001) suggesting a positive linear association between sum of impact of PA and satisfaction. When TSIPA and TSPPA were kept constant, the association between TSCPA and satisfaction was also significant (P=0.004) however when TSCPA and TSIPA were adjusted for, the association between TSPPA and satisfaction was not significant (P=0.09).

The Independent Variables under PM construct regressed against MIP

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM, TSPPM, TSCPM[c]	.	Enter

a. Dependent Variable: MIP

b. Models are based only on cases for which Selection 3 = 1.0

c. All requested variables entered.

Model Summary

Model	R Selection 3 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.351[a]	.123	.108	1.0209

a. Predictors: (Constant), TSIPM, TSPPM, TSCPM

In the regression model, 10.8% of the total variance of motivation is explained by the three variables; total sum of characteristics of PM, total sum of purpose of PM and total sum of impact of PM.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.761	3	8.254	7.918	.000[c]
	Residual	176.153	169	1.042		
	Total	200.913	172			

a. Dependent Variable: MIP

b. Selecting only cases for which Selection 3 = 1.0

c. Predictors: (Constant), TSIPM, TSPPM, TSCPM

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 7.918 thus we can accept the alternative hypothesis that suggests a relationship between TSPPM, TSCPM, TSIPM and motivation.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.133	.218		5.202	.000
	TSCPM	.055	.053	.170	1.041	.299
	TSPPM	.110	.084	.179	1.310	.192
	TSIPM	.007	.052	.019	.141	.888

a. Dependent Variable: MIP

b. Selecting only cases for which Selection 3 = 1.0

The regression equation is represented as follows;

MIP = 1.133 + 0.055 (TSCPM) + 0.110 (TSIPM) + 0.007 (TSPPM)

None of the associations were statistically significant. While adjusting for TSCPM and TSPPM, TSIPM was not statistically significant with motivation (P= 0.888). When TSIPM and TSPPM were kept constant, the association between TSCPM and motivation was not significant (P=0.299) similarly when TSCPM and TSIPM were adjusted for, the association between TSPPA and motivation was not significant (P=0.192).

The Independent Variables under PM construct regressed against CTC

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM, TSPPM, TSCPM[c]	.	Enter

a. Dependent Variable: CTC

b. Models are based only on cases for which Selection 3 = 1.0

c. All requested variables entered.

Model Summary

Model	R Selection 3 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.542[a]	.293	.281	.7881

a. Predictors: (Constant), TSIPM, TSPPM, TSCPM

In the regression model, 28.1% of the total variance of commitment is explained by the three variables; total sum of characteristics of PM, total sum of purpose of PM and total sum of impact of PM.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.560	3	14.520	23.379	.000[c]
	Residual	104.960	169	.621		
	Total	148.520	172			

a. Dependent Variable: CTC

b. Selecting only cases for which Selection 3 = 1.0

c. Predictors: (Constant), TSIPM, TSPPM, TSCPM

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 23.379 thus we can accept the alternative hypothesis that suggests a relationship between TSPPM, TSCPM, TSIPM and commitment.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.614	.168		3.652	.000
	TSCPM	.059	.041	.211	1.440	.152
	TSPPM	.157	.065	.298	2.426	.016
	TSIPM	.021	.040	.062	.517	.606

a. Dependent Variable: CTC

b. Selecting only cases for which Selection 3 = 1.0

The regression equation is represented as follows;

CTC= 0.614 + 0.059 (TSCPM) + 0.157 (TSIPM) + 0.021 (TSPPM)

The only significant association was observed while adjusting for TSCPM and TSIPM. TSPPM was statistically significant with commitment (P= 0.016), suggestive a positive linear association between total sum of purpose of PM and commitment. When TSIPM and TSPPM were kept constant, the association between TSCPM and commitment was not significant (P=0.152) similarly when TSCPM and TSPPM were adjusted for, the association between TSIPA and commitment was not significant (P=0.606).

The Independent Variables under PM construct regressed against PMS

Variables Entered/Removed[a,b]

Model	Variables Entered	Variables Removed	Method
1	TSIPM, TSPPM, TSCPM[c]	.	Enter

a. Dependent Variable: PMS
b. Models are based only on cases for which Selection 3 = 1.0
c. All requested variables entered.

Model Summary

Model	R Selection 3 = 1.0 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780[a]	.608	.601	.5650

a. Predictors: (Constant), TSIPM, TSPPM, TSCPM

In the regression model, 60.1% of the total variance of satisfaction is explained by the three variables; total sum of characteristics of PM, total sum of purpose of PM and total sum of impact of PM.

ANOVA[a,b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.189	3	26.396	82.693	.000[c]
	Residual	51.073	160	.319		
	Total	130.262	163			

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0
c. Predictors: (Constant), TSIPM, TSPPM, TSCPM

Anova table reveals a statistically significant conclusion with a P-value less than 0.001 and an F value of 82.693 thus we can accept the alternative hypothesis that suggests a relationship between TSPPM, TSCPM, TSIPM and satisfaction.

Coefficients[a,b]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.106	.157		.677	.499
	TSCPM	.132	.030	.405	4.444	.000
	TSPPM	.017	.047	.028	.357	.722
	TSIPM	.152	.029	.404	5.289	.000

a. Dependent Variable: PMS
b. Selecting only cases for which Selection 3 = 1.0

The regression equation is represented as follows;

PMS= 0.106 + 0.132 (TSCPM) + 0.017 (TSIPM) + 0.152 (TSPPM)

When controlled for TSPPM and TSIPM, TSCPM showed statistically significant association with satisfaction (P<0.001), suggestive a positive linear association between total sum of characteristics of PM and satisfaction. Similarly, when TSCPM and TSPPM were adjusted, statistical association was observed between TSIPM and satisfaction (P<0.001) suggesting a linear positive association between total sum of impact of PA and satisfaction. However when TSCPM and TSIPM were controlled, the association between TSPPM and satisfaction was not significant (P=0.722).

CHAPTER FIVE: SUMMARY OF FINDINGS AND RECOMMENDATIONS

5.1. FINDINGS

As stated through the research questions, this study mainly aims to test whether Performance Appraisal and Performance Management elements (Purpose, Characteristics and Impact) promote employee satisfaction, motivation to improve performance and commitment to company.

Findings from Regression Analyses

The first set of hypotheses tests to know whether Characteristics of PA, Impact of PA and Purpose of PA are positively related to each of the three dependent variables, namely: satisfaction with PA, motivation to improve performance and commitment to company.

Finding 1

Total sum of characteristics of PA (TSCPA) which includes: specificity of PA (PA1), timeliness of PA (PA2), frequency of PA (PA3) and to what extent PA reflects clear and objective performance criteria (PA4), is statistically significant in predicting a positive linear relationship with motivation to improve performance, commitment to company and satisfaction with PA. Performance appraisals that are frequent, specific, timely and set clear expectations based on clear performance criteria are perceived to be more accurate *(Selvajaran and Colninger, 2012).* Employees perceive an accurate appraisal as trustworthy and this appears to have an impact on satisfaction with the PA system; Therefore higher levels of satisfaction with PA system leads to motivation to improve performance and commitment to company due to working with a higher level of focus and energy towards achieving individual performance objectives set during the formal PA discussion.

Finding 2

Total sum of impact of PA (TSIPA) which includes: Open discussion and role clarity (PA5), identifying opportunities for training and developmental needs (PA6), stimulation to acquire knowledge and skills (PA7), expressing views and feelings during PA process (PA8), feeling valued and worthwhile (PA9), feeling that contribution can make a difference (PA10), is statistically significant in predicting a positive linear relationship with motivation to improve performance, commitment to company and satisfaction with PA.

As literature shows, an adequate PA results in the employee receiving a clear set of performance objectives which clarify the individual's role and thus result in a positive outcome *(Pulakos, 2015);* the developmental feedback of PA plays an important role because it acts as a rich source of input resulting in higher levels of employee satisfaction and motivation to improve performance *(Mone and London, 2010);* Finally as *Saks and Gruman (2011)* assert that engagement allows the employee to express his/her preferred self while at the same time to completely satisfy his/her role requirements and thus ensuring that the appraisal process is done in an open discussion involving the employee and making him/her feel worthwhile, valued and contributing, results in higher levels of engagement and satisfaction as well *(Saks and Gruman, 2011; Schiemann as cited in Smither and London, 2009, p.51).*

Finding 3

Total sum of purpose of PA (TSPPA) which includes: administrative purpose of PA (PA11), communication of organizational strategies goal and vision (PA12), shaping behavior through feedback and coaching (PA13), is statistically significant in predicting a positive linear

relationship with motivation to improve performance, commitment to company and satisfaction with PA.

The administrative purpose of PA affects the employee's perceived instrumentality of the PA system *(Cardy, 2015),* a PA system which is tied to merit and promotion increases the satisfaction with the PA system; the part of PA which is representative of informal follow up sessions between the employee and manager not just provides a concrete feedback on past performance, it also guides the employee towards the desired performance behaviors through informal feedback and coaching *(Sims, 2002)* and this coupled with communicating company strategies, goals and vision *(Latham, 2003)* the purpose of PA has an impact on satisfaction with PA, motivation to improve performance and commitment to company.

The second set of hypotheses tests to know whether Characteristics of PM, Impact of PM and Purpose of PM are positively related to each of the three dependent variables, namely: satisfaction with PM, motivation to improve performance and commitment to company.

Finding 4

Total sum of characteristics of PM (TSCPM) which includes: tightening the alignment between employee skills and business goals (PM1), promoting dialogue and continuous effort towards improving performance (PM2), supervisory training in assisting employees develop performance goals (PM3), supervisory training on communication in order to give and receive feedback (PM4), is statistically significant in predicting a positive linear relationship with motivation to improve performance, commitment to company and satisfaction with PM.

As *Armitage and Parrey (2013)* assert, tightening the alignment between employee skills and business goals, creating feedback rich environments which promote dialogue and ongoing discussion, ensuring that the supervisors are trained in giving and receiving feedback also in helping employees develop their performance goals result in higher individual performance levels due to satisfaction with PM, commitment to company and motivation to improve performance.

Finding 5

Total sum of impact of PM (TSIPM) which includes: employee participation in goal setting contributing towards overall organizational performance (PM7), feeling valued and worthwhile (PM8), feeling that contribution can make a difference (PM9), is statistically significant in predicting a positive linear relationship with motivation to improve performance, commitment to company and satisfaction with PM.

Cascading goals is the practice which involves employees in planning his/her individual performance goals and objectives while demonstrating how he/she contributes towards the overall organizational performance, adequately implemented this practice results in higher individual desired performance and thus commitment to company *(Schiemann as cited in Smither and London, 2009)*; while ensuring that the individual feels valued, worthwhile and that his/her contributions make a difference *(Saks and Gruman, 2011; Schiemann as cited in Smither and London, 2009, p.51)* this results in a higher satisfaction with the PM system as well as motivation to improve performance and commitment to company.

Finding 6

Total sum purpose of PM (TSPPM) which includes: individual contribution towards unit and organizational level productivity outcomes (PM5), organization-wide focus on producing the best work results (PM6), is statistically significant in predicting a positive linear relationship with motivation to improve performance, commitment to company and satisfaction with PM. Aguinis defines PM as the continuous process which identifies, measures and develops performance of individuals and teams and aligns the latter with the strategic goals of the organization *(Aguinis as cited in Smither and London, 2009),* in this context as the individual understands how he/she contributes towards the organizational productivity outcomes this results in higher level of satisfaction with the PM system; PM system which promotes an organization-wide focus on promoting best work results in terms of customer satisfaction, profitability or market share results in satisfaction, motivation to improve performance and commitment to company *(Armitage and Parrey, 2013)*.

Findings from Regression Analyses while entering all three items under PA construct (TSCPA, TSIPA, TSPPA)

Finding 7

Total sum purpose of PA (TSCPA) is statistically significant in predicting a positive linear relationship with MIP, whereas TSIPA and TSPPA are not.

In reference to my literature, specifically to Selvajaran's study, the richness of appraisal feedback which includes specificity, timeliness and frequency of PA on one hand, and on the other hand clarity and objectivity of performance criteria (*Selvajaran and Colninger, 2012),* influence motivation to improve performance.

Finding 8

Total sum of impact of PA (TSIPA) is statistically significant in predicting a positive linear relationship with CTC, whereas TSCPA and TSPPA are not.

Based on my literature review it is evident that creating conditions for performance to improve positively influences engagement and thus commitment; according to Mone an engaged employee is an employee who feels committed to his/her organization and demonstrates this feeling in work behavior *(Mone et al., 2011)*; further more open discussion, involving the employee to identify his/her needs and stimulating him/her to acquire necessary knowledge and skills improves his/her perception of fairness thus positively affecting commitment.

Finding 9

Total sum purpose of PA (TSCPA) and Total sum of impact of PA (TSIPA) are statistically significant in predicting a positive linear relationship with PAS, whereas TSPPA is not.

Based on Selvajaran's research the characteristics of PA positively influences PAS; on the other hand the elements which impact PA such as feeling worthwhile, valued and having an open discussion and feeling involved influence satisfaction in a positive way.

Findings from Regression Analyses while entering all three items under PM construct (TSCPM, TSIPM, TSPPM)

Finding 10

None of the PM construct items (TSCPM, TSPPM, TSIPM) is statistically significant in predicting a positive linear relationship with MIP.

The result of this regression analysis does not match with my literature review, probably there is a lurking variable which influences motivation, or seemingly the respondents do not have a deep understanding of how Performance Management is able to influence their level of motivation.

Finding 11

Total sum of purpose of PM (TSPPM) is statistically significant in predicting a positive linear relationship with CTC, whereas TSCPM and TSIPM are not.

Based on my literature review, and referring to Armitage and Parrey it is evident that individual contribution towards unit and organizational level productivity outcomes (PM5) and organization-wide focus on producing the best work results (PM6) positively influences desired work behavior which includes commitment to company and organizational objectives.

Finding 12

Total sum of characteristics of PM (TSCPM) and Total sum of Impact of PM (TSIPM) are both statistically significant in predicting a positive linear relationship with PMS, whereas TSPPM is not.

Based on my literature review it is evident that supervisory trainings, closing the gap between employee skills and job requirement as well as open communication positively influence satisfaction with PM; on the other hand once the employee understands (through the PM system) his/her role and contribution within the organizational hierarchy and once there is a focus on high performance organization-wide then it influences his/her satisfaction with PM.

5.2. LIMITATIONS

We have to be aware of some limitations of our research. As this study was based on managers' responses obtained from the survey questionnaire, we should note that some respondents might have produced biased answers either to display positive or neutral results or to guard company information; however managers are the ones who have in-depth knowledge about PA and PM systems and how they are being practiced in their work-place; that's why they were chosen as respondents.

Several references throughout my literature review have used confounding variables such as performance appraisal reactions; some studies suggest that organizational motivation due to performance appraisal is an important outcome yet an under-researched topic *(Selvajaran and Colninger, 2012)* and since motivation, commitment and satisfaction have possibilities for including lurking variables and especially that definitions of these dependent variables are related to how each person perceives such outcomes in his/her own situation therefore their responses might be subject to bias.

Based on previous research, PA and PM practices and to what extent they influence employee work behaviors are under-researched topics in Lebanese private companies; besides examining which elements of PA and PM affect employee work behavior it would be interesting for future research to study how antecedent conditions as defined by Saks and Gruman *(Saks and Gruman , 2011)* such as psychological meaningfulness, psychological availability and psychological safety interchange and influence motivation, commitment and satisfaction with PA and PM systems.

5.3. RECOMMENDATIONS

The extent of variance predicted by the independent variables, ie. purpose, characteristics and impact for both PA and PM is higher in satisfaction than in motivation and commitment. This finding is not surprising in the context of Lebanon, where according to some basic research there are no long traditions of well-developed and successful practices of PA and PM systems. Therefore employees in Lebanese firms are still not sure about what to expect and especially understand the relationship between PA, PM and motivation and commitment. Probably it is easier for them to feel that they are satisfied by PA and PM just because their company has instituted these systems. Therefore how ideal these systems are, or should be, or how much more these systems could motivate them and make them feel more committed is not clear for them.

Therefore managers in Lebanon should manage employee engagement (or commitment) to improve performance. In particular they should create a suitable environment, and by providing antecedents or conditions for employee engagement managers should foster engagement and shift communications away from performance outcomes and measures to a focus on employee-manager communications, which gives meaningfulness, security and the opportunity for employees to engage and contribute more effectively. As we have discussed the importance and benefits of both PA and PM systems it is imperative to note that both systems go hand in hand to produce motivated and engaged employees.

In light of the changes in today's organizations and increasing proportion of knowledge workers which make managing performance more difficult, challenges can be resolved by focusing on employee-management relationship and communication *(Saks and Gruman, 2011; Pulakos et*

al., 2015) and by creating conditions for performance to improve so that organizations are capable to drive better outcomes and increase individual and team performances.

Saks and Gruman (2011) suggest by designing PM systems in a way to provide such conditions where organizations foster engagement and where the attention of managers shift away from performance outcomes and measures, the employee feels worthwhile, valued and believes that his/her contribution can make a difference and therefore contribute more effectively *(Saks and Gruman, 2011).*

Furthermore, regression analyses including all the elements accordingly under PA and PM constructs against motivation, commitment and satisfaction help us identify the categories which most influence a change in the outcome variables; for the case of PA elements against motivation it was the characteristics of PA, against commitment it was impact of PA and against satisfaction it was both characteristics and impact of PA.

On the other hand regression analyses including all the elements accordingly under PM construct against motivation results in none of the elements predicting a change in the outcome; while taking commitment as the outcome variable the purpose of PM most influences commitment to company, and while regressing against PMS, the sum of characteristics and impact of PM both influence satisfaction in a positive way.

It seems that total sum of characteristics and total sum of impact of PA and PM as well influence satisfaction with each system in a positive way whereas these categories are not consistent in order to explain changes in motivation and commitment. This result might also be due to the fact that there might be a lurking variable which better explains the perceived outcome and relates that to motivation and commitment to company.

APPENDIX

Dear Participants,

As part of the fulfillment of the requirements of the MBA Degree from Haigazian University, I am conducting a survey about organizations in Lebanon to explore the impact of Performance Appraisal (or Evaluation) and Performance Management processes on satisfaction, motivation to improve performance, and commitment to the company.

Giving me time to fill out the attached questionnaire will be really appreciated.

Any of the personal information regarding your name or address is not required.
All your responses will remain strictly confidential, and will be reported anonymously in the thesis.

The questionnaire consists of 32 statements most of which should be responded to according to your level of agreement on the practices of Performance Appraisal and Performance Management based on your own experience. The scale varies among: **Strongly Disagree – Disagree – Neutral – Agree – Strongly Agree.**

I will be thankful if you clicked on the following link to fill up the survey:

https://www.surveymonkey.com/r/XTKYPSL

For any clarification, please do not hesitate to contact me at Anto.keurkunian@gmail.com

Thank you again for your valuable time and support,

Looking forward to hearing from you soon,

Sincerely,
Antranik Keurkunian

This Questionnaire is to help me assess the impact of Performance Appraisal (or Evaluation) and Performance Management processes: impact on satisfaction, motivation to improve performance, and commitment to the company. I would appreciate it if you would take a few minutes to fill out this questionnaire.

Without your help I will not be able to continue working on my assessment which is for my MBA thesis.

Performance Appraisal (or Evaluation) definition: the formal evaluation by which an employee's performance during a specified period of time is assessed (evaluated) and rated. Performance appraisals are usually recorded on company forms, and typically take place by the end of the performance period (once or twice a year).

Performance Management (PM) definition: the continuous process which identifies, measures and develops the performance of individuals and teams, and aligns employee and team performance with the strategic goals of the organization; PM involves managerial activities such as day-to-day coaching, ongoing training and development of individual and team competencies which eventually contribute towards organizational goals and result in desired levels of employee engagement, commitment to company and productivity.

1. Are you currently employed in Lebanon? ☐ YES ☐ NO

2. Which of the following best describes your current occupation?

   ☐ Management Occupations

   ☐ Sales Related Occupations

   ☐ Architecture and Engineering Occupations

   ☐ Computer and Mathematical Occupations

   ☐ Business and Financial Operations Occupations

   ☐ Healthcare Practitioners Including Support

   ☐ Education, Training and Library Occupations

   ☐ Pharmaceutical Occupations

   ☐ Other, please specify: _____

3. About how many employees work at your company? _____

4. Which of the following best describes your current job level?

   ☐ Owner / Executive
   ☐ Senior Management
   ☐ Middle Management
   ☐ Intermediate Level Employee
   ☐ Entry Level Employee
   ☐ Other, please specify: _____

Please read the below statements carefully and specify your degree of agreement or disagreement with them.

Nb.	**Please Specify how each of the below statements relate to your own experience**	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5.	I am inspired to meet my goals at work					
6.	I feel committed to my company					

7. Does your company use performance appraisal as defined above? ☐ YES ☐ NO

If NO, please go to Question 22.

Please Read the below statements carefully and specify your degree of agreement or disagreement with them.

Nb.	**Please Specify how each of the below statements relate to your own experience of Performance Appraisal**	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
8	In my company performance appraisal (or evaluation) is done to shape my behaviour through feedback and coaching.					
9	Performance feedback I receive in the performance appraisal process is specific.					
10	Performance feedback I receive in the performance appraisal process is timely (provided immediately).					
11	Performance feedback I receive in performance appraisal process is frequent.					
12	In my company performance appraisal is done based on clear objective performance criteria.					
13	Appraisal process is done in an open discussion which helps me understand clearly my role.					
14	Appraisal process helps me to identify opportunities for training and development needs.					

15	Appraisal process stimulates me to acquire knowledge and skills.					
16	In my company the appraisal process is used for administrative purposes (related to pay, raise, promotion etc…).					
17	I am able to express my views and feelings during the performance appraisal process.					
18	Performance appraisal system communicates organizational strategies, goals and vision.					
19	Performance appraisal creates an environment where I feel worthwhile and valued.					
20	Performance appraisal creates an environment where I believe that my contribution can make a difference.					
21	I am satisfied with the performance appraisal system of my company.					

22. Does your company use performance management as defined at the top of this questionnaire? ☐ YES ☐ NO

If NO, then kindly stop. Thank you for your cooperation.

Please Read the below statements carefully and specify your degree of agreement or disagreement with them.

Nb.	Please specify how each of the below statements relate to your own experience of Performance Management	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
22	The purpose of performance management in my company is to help employees understand to what extent they contribute to their unit and organizational productivity outcomes.					

23	The purpose of performance management in my company is to support an organization-wide focus on producing the best work results (such as customer satisfaction, profitability and market share).					
24	Performance management in my company has the ability to tighten the alignment between employee skills and business goals.					
25	Performance management in my company promotes dialogue and continuous efforts to improve the performance of employees.					
26	Performance management in my company requires supervisors to obtain training to assist employees develop performance goals.					
27	Performance management in my company requires supervisors to obtain training on communication in order to give and receive feedback.					
28	Performance management in my company creates the opportunity for employees to participate in goal setting and thus contribute towards the overall organizational performance.					
29	Performance management in my company creates an environment where I feel worthwhile and valued.					
30	Performance management in my company creates an environment where I believe that my contribution can make a difference.					
31	I am satisfied with the performance management system of my company.					

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