

## **Impact of Performance Appraisal Politics on Work Outcome: Multidimensional Role of Intrinsic Motivation and Job Satisfaction**

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### **Abstract**

*The current study focus on performance politics regarding appraisal in order to analyze the performance of employees, to interpret job satisfaction, organizational commitment, and employee's turnover in the banking sector of Pakistan. At the same time, employees' intrinsic motivation and satisfaction will were investigated as possible mediators. For this purpose, data was collected from the selected sample of various bank employees across different districts in KPK and Islamabad. Data was analyzed through exploratory factor analysis and structural equation modeling using SPSS & AMOS software. Results indicate that the relationship between performance appraisal politics (PALP) and employee's commitment level is negative and significant, while performance appraisal politics is positively and significantly associated with turnover intentions. Interestingly, the relationship between job performance politics and job satisfaction was insignificant. In order to validate the meditational affect (Baron & Kenny, 1986) meditational technique was applied. Since the relationship between PAPL (Performance Appraisal Politics) and job satisfaction is found to be*

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*insignificant; hence, it is concluded that job satisfaction could not mediate the relationship between PAPL and turnover intention. In the proceeding step, the relationship between PAPL and turnover intention was checked with intrinsic motivation as a mediator. It was concluded that intrinsic motivation strongly mediated the relationship between PAPL and TRI. Based on the findings of the current study, future direction, managerial implication and limitations are also provided in the last section.*

**Keywords:** commitment, job performance politics, job satisfaction, TRI, intrinsic motivation.

## **1. Introduction**

Retaining potential human resource in the banking sector became one of the big challenges for financial institutions, especially in Pakistan. During 1990-2010, Pakistani economy witnessed a dramatic rise in number of financial institutions and potential customers. On the other side, employees are also aware about the job opportunity in the market. As a result, the HR department has to offer different packages to intrinsically and extrinsically motivate its employees.

It is a well-known phenomenon that in today's globalized world organizational success is solely based upon the competency level of employees (Ishaque, Rehman, Tufail, Khan, Shah, & Khan, 2017). Performance appraisal is one of the basic tools to align the goals and objectives of firms with employee's performance through fulfilling worker satisfaction e.g. motivation (Cook & Crossman, 2004; Sajid, 2016). Employee performance is the core focus of human recourse managers and their goal is to infuse the feeling of motivation and get targeted results among employees. Hence employees' motivation can be enhanced through effective performance appraisal system (Idowu, 2017). There are a number of studies that correlate the effect of motivation on employees performance (Riaz, Akhtar, & Aslam, 2018; Khoshnevis & Tahmasebi, 2016; Makki & Abid, 2017; Klopota, Mjeda, & Kurečić, 2018; Kanwal & Syed, 2017).

The findings of Riaz et al. (2018) depict that the organizations that adopt total reward system (instead of financial reward) can better serve their employees. It is also recommended that non-financial rewards are types of instruments used to enhance employee's motivation. On the other hand, Khoshnevis and Tahmasebi (2016) investigated the effect of hygiene and

motivational factors on employees' performance. The findings confirm that hygiene play a significant role in molding employees' behavior toward the attainment of desired goals. The study of Abduhamidovich (2019) state that employees' satisfaction is directly related with an increase in age and the financial reward in the form of salary increase among Chinese school teachers.

Sajid (2016) described the performance appraisal system as an effective method for the analysis of the performance of an individual. Human resource management of an organization uses performance appraisal systems to evaluate an employee's performance and give incentives like promotions, merit pays etc. It motivates employees and initiates competition among them. Boswell and Boudrean (2002) explained the performance appraisal system as a tool used by management for the evaluation of job performance. According to them, employees criticize the performance appraisal system when it is used as a biased method for performance evaluation. The appraisal system must be independent and should not be based solely for the judgment of job performance but should also be used for the interpretation of employee's behavior, experience as well as skills.

Latham (2003) analyzed the literature and interpreted that previous researchers have used cognitive models as a basis for performance appraisal system. However, in the changing world environment, it is necessary for the researcher to consider both societal as well as environmental indicators of an organization. Since the organization's natural context and the surroundings in which the particular enterprise operates are qualitative in nature. The human environment is flexible rather than rigid. It is essential to focus on natural surroundings as well as society in order to include relevant factors for the performance appraisal system. It will provide guidance for the institutional researchers of organizational behavior to include motivational as well as political indicators for the appraisal of an employee's performance.

Cleveland and Murphy in the year (1992) described the management of an organization as a rater while evaluating job performance. It is necessary for the raters to give motivation to the weakly performing employees. The rater must retain their employees and give them the opportunity to improve their skills. It will result in low turnover ratio of organizational employees. The rater will not consider it significant if they fire weak performing employees. However, the manager as well as top level management should

pay attention to revise those strategies that can enhance performance appraisal system in order to achieve organizational objectives.

There are number of studies that investigate the perception of employees toward the appraisal system across the globe (Saeed, Lodhi, Iqbal, Muni, Sandhu, & Amin, 2013). Most of the studies investigate the underline assumption about the fairness of job performance appraisal system in Pakistan through quantitative analysis such as (Iqbal, Ahmad, Haider, Batool, & Ain, 2013; Saeed et al., 2013; Shafiq, 2014; Malik & Aslam, 2013; Bowra & Nasir, 2014; Hossain, Abdullah, & Farhana, 2012). In these studies, the perception of banking sector employees was checked and it was correlated with different job outcomes (satisfaction, turnover, motivation, commitment and ITL). Most of the studies investigated the underlying concept in a single banking system, such as the study of Habib Bank was conducted by Shafiq (2014) and the study of commercial banks in D. G. Khan was conducted by Iqbal et al. (2013), while Bowra and Nasir (2014) did their research on commercial banks across District Lahore. All of the above studies stressed on the impact of appraisal related to performance and employees outcome. Hence, based on the detailed literature, the current study will be helpful to the banking sector's top crest to understand the underlying mechanism behind the politics of job performance and its impact over various psychological attributes related to employees.

So far, no single study has investigated the term 'job performance politics' in the banking sector of Pakistan. Job performance politics is a quite different term as compared to performance appraisal. Hence, it will be an evolutionary study to find the underlying mechanism behind the concept and its association with different outcomes. Only two studies (Javed, Saif, Rehman, Qureshi, Khan, & Khan, 2013; Javed, Saif, Qureshi, Rehman, Khan, & Khan, 2013) try to find the impact of performance appraisal politics in Pakistan that is limited to pharmaceutical industry. Similarly, no study has yet investigated the role of intrinsic motivation and satisfaction as possible mediator between job performance politics and employees' commitment and turnover intension across banking sector employees. Currently, the banking sector of Pakistan is increasing its business day by day and it provides new opportunities for employees as well as challenges for their HR departments to attract and retain potential employees. Hence, the finding of the current study is beneficial for HR policy makers in the

banking sector to design their strategies according to environmental, technological or human capital based challenges. It also play its role in enriching our information about the earlier studies related to the banking sector. The study focuses on various assumptions related to the turnover behavior of employees in the banking system. Because of globalization, opportunities for employees are increased as compared to the 30 year before.

## **2. Literature Review**

### **2.1 Performance Appraisal Politics**

Ferris, Frink, Galang, Zhou, Kacmar, and Howard (1996) interpreted the Mintzberg definition of politics in the following words, “It is the informal behavior of an individual or group of peoples based on narrowly defined accepted ideas which are not authorized by the law or in accordance with accepted standard or rules and generally leads to the disagreement among individuals, groups, or against the formal authority structure of organization”.

Ferris et al. (1996) also interpreted that there is a significant relation between politics and performance appraisal system in the natural context of an organization. Researchers evaluate the general perception of employees that can affect the results of organizational politics.

Fried and Tiegs (1995) expressed the nature of physical context and its effect on organizational performance appraisal politics. When an organization’s natural context is uncertain and ambiguous, then it leads to the basis of organizational politics. An employee’s performance is qualitative in nature and it is a subjective phenomenon. It changes from time to time and according to the situation. Organizational politics do not express accurate employee’s performance. The reason is that employees will use power and politics to gain maximum benefits. The evaluation of an employee’s performance must be independent.

In organizations, supervisors usually follow the following objectives regarding performance appraisal system.

- 1) Supervisors use interpersonal objectives in order to improve the performance of employees.
- 2) Supervisors follow and implement performance objectives to ensure good working conditions and a flexible physical context.
- 3) The purpose of internalized objectives is to maintain employees’ value in organizations.

4) Murphy and Cleveland (1991) expressed that supervisors implement strategic objectives for the success and retention of employees inside the organization.

Longenecker, Sims, and Gioia (1987) evaluated that academic as well professional researchers have verified that organizational raters use performance appraisal to evaluate the performance of their employees. On the basis of good employee performance, organization gives awards or motivates the employees. If employees' performance is not satisfactory, then the organization discourages or punishes its employees. The organization evaluates the job performance of their employees because it is necessary but it does not know whether performance appraisal system will give significant results while evaluating the performance of the employees.

Poon (2004) interpreted a research study on organizational justice and expressed that politics is a significant aspect of performance appraisal which has a strong impact on the employee's attitude and behavior towards job. The effect of performance appraisal can be favorable or unfavorable depending upon the way rater is evaluating the employees and how employees are perceiving the rating of the raters. The performance appraisal of employees should not be based on ultimate perception because it creates biases; rather, it must be based on concrete reality. The rating of employees must represent the individual attitudes towards jobs in the physical context of the organization in which they are working.

Folger, Konovsky, and Cropanzano (1992) and Taylor, Tracy, Renard, Harrison, and Carroll (1995) interpreted organizational justice in a procedural as well as a distributive manner. Procedural justice refers to "the degree of exactitude of the procedure used for the determination of job performance". Distributive justice shows "how efficient is the result of the procedure which interprets job performance". Cropanzano, Kacmar, and Bozman (1995) suggested that the relation between organizational politics and job satisfaction, employee's turnover, and organizational commitment is significant. It is generally accepted that organizational politics has an unfavorable effect on the achievement of employees. Employees invest efforts in the form of time, experience, and knowledge to exploit benefits such as: high salary, promotion, and status achievement.

The significance of organizational politics lies in creating an unstable and less foreseeable environment where rewards are allocated on the basis of power and politics. In case of organizational politics, employees are

dissatisfied and the performance of organization remains at a low level. It makes it difficult for the management to accomplish organizational objectives. Employees' satisfaction can be enhanced by using an independent performance appraisal system. The variables used in the performance appraisal process must be concrete and distinct. For the evaluation of performance appraisal system, researches are required to interpret the difference between procedural and distributive justice.

Cleveland and Murphy (1992) evaluated strategic objectives regarding the performance appraisal system. According to them, performance appraisal must be considered as a benchmark to evaluate whether employees have achieved organizational goals or not. Supervisors establish common goals and then they assess an employee's performance, periodically. Austin, Villanova, Kane, and Bernardin (1991) analyzed that employees and supervisors show different behaviors towards organizational goals and objectives that can significantly affect the consequences of performance appraisal system. They also expressed different kinds of goals such as interpersonal objectives, task performance objectives, internalized as well as strategic objectives that are significant in the context of an organization. Experience and values of the supervisors (raters), culture and physical context of the institution and performance of employees are the specific factors that can affect the supervisor's decision regarding different types of organizational goals. Supervisors (raters) require a descriptive research study to understand the different goals of the organization that can help them in the rating process.

Padgett (1989) expressed that performance appraisal is a relation between supervisor and employees of organization, in which the supervisor is also known as the rater and employees are called rates. The supervisor analyzes the job performance of the employees. The nature of the rating has also an effect on the behavior of the employees. Low rating usually leads to the feeling of displeasure among employees and may be considered as biased rating. Low ratings can also lead to frustration and dissatisfaction among employees. In case of positive rating, the employees will respond favorably. It will increase the satisfaction of employees. The change in the behavior of employees can also affect the behavior of supervisors (raters). If the rating process is not fair, then the behavior of employees can also change the attitude of the raters towards a fair rating process. Folger, Konovsky, and Cropanzan (1992) interpreted the behavior of supervisor

(rater) and employees (rates) in the fair rating process. If the supervisor analyzes that the qualified and potentially talented employees have not received compensation, it will force the supervisor to provide benefits to the needy employees and it will maintain a fair rating process in the organization. If employees realize that the rating system is not transparent, then the behavior of employees will affect the attitude of rater towards a fair rating process.

Cleveland and Murphy (1992) expressed that supervisors analyze the performance of their employees. If supervisors are not satisfied with employees' performance, then they will either motivate the employees or even threaten them to improve their performance. If employees' performance is satisfactory, then they will retain the employees and the rating process. Kipris, Schmidt, Price, and Stitt (1981) described the behavior of different supervisors (raters) towards the rating process. Those supervisors who believe in a transparent rating system have a different perception towards the rating process than those who want to provide incentives to their employees. Supervisors (raters) who want to contribute in maintaining a supportive working environment in their organization will certainly devote more time and effort towards their employees as compared to those supervisors who show an autocratic behavior towards their employees.

Valle and Perrewé (2000) explained the nature of organizational politics in the natural environment of an organization. They interpreted the relation between organizational politics as well as the behavior of employees in an organization. Employees show different attitude towards the political situation. In organizational politics, employees will use either power or politics to take benefits. When employees are suffered by their subordinates then to avoid themselves from negative rating, they use political behavior. Organizational politics leads to adverse effects on customer satisfaction and turnover.

It is cost-effective for the organization to retain the employees rather than to hire new employees, in order to minimize the turnover cost of the organization. The reason is that existing employees understand the organizational activities and they possess sufficient experience to work in particular organizational settings. It is obvious from the previous researches that some organizations only record the cost of filling vacant position. However, some organizations also deal with the factors such as loss in



productivity, loss in sales, as well as management time to calculate the true costs of the organization.

## **2.2 Organizational Commitment**

The topic of commitment is always an important research avenue among social scientists, behavioral researchers, sociologists and management gurus. Since 1980, many researchers (Griffin & Bateman, 1986; Meyer & Allen, 1991; Mowday, Porter, & Steers, 1982; Reichers, 1985; Kanter, 1968) have tried to define the concept but still it is a buzz word for them. However, a wide range of researchers (Saif, 2015; Rehman, Rehman, Saif, Khan, Nawaz, & Rehman, 2013; Gul, Rehman, Razzaq, Ahmad, & Saif, 2012) have used the concept of commitment given by Meyer and Allen, (1991) and its types in their studies. Sajid (2016) quoted that organizational commitment generally refers to the following, “It is the general experience of employees with their institution in order to understand organizational goals as well as objectives”. The nature of organizational commitment can be regarded as an attitude as well as a behavior. Attitude is “the interpretation of favor or disfavor towards a person, place, thing or event”. Attitude is the product of intention. Intention refers to “the attitude towards the effect of someone’s actions or conduct”. Behavior is the feedback of an individual or group towards person, action or environment”. Behavior is the product of actions. Some attributes of organizational commitment are as follows:

1. To understand the goals of organization and the willingness of an individual to accept it.
2. The efforts of an individual to accomplish institutional goals and objectives.
3. To build an intention for work and the ability to retain it in the natural context of an organization.

## **2.3 Relationship between Performance Appraisal Politics and Employees’ Commitment**

Moral commitment is referred to as “the favorable adjustment of employees with the physical context of an organization in order to achieve organizational goals while accepting values and norms of the organization”. Calculative commitment means that “employees understand that they are receiving their incentives in the same proportion as compared to the services provided by the employees towards their organization”. The definition of

calculative commitment is based on the exchange theory. Calculative commitment represents a weak form of relationship between employees and organization as compared to moral commitment. Alienative commitment expresses “the negative sense of direction of employees towards their organization”. Organizational commitment is the result of many indicators such as employees’ attributes as well as job related attributes and the personal experience of the employees. Allen and Mayer (1996) expressed and interpreted three major types of organizational commitment including affective, continuance, and normative commitment. Affective commitment is defined as follows, “Employees wishes to work in the physical environment of an organization and understand goals of institution. Employees do not leave but want to retain with organization while reducing employees’ turnover”. Continuance commitment focuses on the feelings of the employees that they will retain with the natural environment of an institution”. In these types of organizational commitments, the retention of employees depends upon the hope to gain benefits from the institution. However, it is not possible for the organization to distribute resources among employees equally, such as the distribution of high basic salary, promotion and advancement in the organizational career etc. In such organizations, employees want to retain with the institution due to the unavailability of alternative jobs and basic remuneration and such a situation leads to widespread frustration among employees and reduces their performance. The concept of normative commitment refers to “the degree of employee’s commitment that they must retain in the natural environment of an organization”. In case of organizations in which employees are normatively committed, it is the perception of the employees that if they leave an institution then it will cause high pressure of work on their colleagues, which results in a sense of irresponsibility and has dramatic consequences on the performance of an organization. Cropanzano, Howes, Grandey, and Toth (1997) interpreted that there is negative correlation between organizational politics and job involvement regarding employees’ turnover.

Meyer (1997), Edger and Geare (2005) as well as Rayton (2006) suggested several reasons (such as: job mobility among young employees and high rate of merger and acquisition in the market that result in a negative relation between the loyalty of employees as well as organizations. Certainly, this will change employees’ perception towards their institution.

Organizational working conditions are considered as loosely bound with the natural context of an organization. Whitting, Kline, and Sulsky (2007); Kristof-Brown, Zimmerman, and Johnson (2005) explained the nature of the theoretical framework (Network of Association) of the current research process. The Network of Association of the research process uses the Person-Environment fit (P-E) model.

The Leader Member exchange theory also laid the foundation for shaping the relationship between PAPL and employees 'outcome behavior (Fakhimi & Raisy, 2013). The relationship between leader and member better explains the mechanism behind leader's authority to turn the situation in such a manner that the employee's commitment is enhanced. Performance appraisal politics is used as a strategy to infuse the feeling of motivation among employees (Sajid, 2016). The findings of Poon (2004) indicated that employees perceive performance appraisal politics negatively, which in turn lowers their satisfaction. As a result, intention to quit from organization increases among workers. Similar results were reported by Sajid (2016) in Pakistani work context. While the findings of Naeem, Jamal, and Riaz (2017) from higher education state that performance appraisal is significantly associated with employees' commitment. It shows a negative relationship with turnover intentions and employees' satisfaction.

Based on the findings it is hypnotized that

**H<sub>1</sub>:** Performance Appraisal Politics (PAPL) has a negative but significant impact on job satisfaction.

**H<sub>2</sub>:** Performance Appraisal Politics (PAPL) has a significant impact on turnover of employees.

**H<sub>5</sub>:** Performance Appraisal Politics has a negative impact on employees' commitment.

**H<sub>8</sub>:** Performance Appraisal Politics has a negative impact on employees' intrinsic motivation.

#### **2.4 Relationship between Satisfaction Level of Employees and Feeling of Intention**

Cropanzano, Howes, Grandey, and Toth (1997) interpreted that Organizational Politics leads to dissatisfaction among employees. The reason is that in case of organizational politics, employees' perception is negative about the rating of their performance and the distribution of rewards or incentives depends upon power and politics.

Gandz and Murray (1980) evaluated that due to organizational politics the decisions of supervisors are not transparent about the evaluation of employees' performance. Employees of the institution will engage themselves in politics in order to gain benefits from their supervisors. Schneider, Gunnarson, and Wheeler (1992) suggested that employees want to retain themselves in the natural context of an organization and their objective is to accomplish institutional goals in order to get promoted in the organization. Employees gain benefits in the form of salary, bonuses, and promotion etc. If the resource allocations are based on political, then it minimizes the satisfaction of the employees. Ferris, Russ, and Fandt (1989) defined the concepts of organizational commitment and job satisfaction and found that organizational politics is a key indicator of job satisfaction. When there are alternative jobs in the market and they can provide better benefits and incentives, the employees will leave the former job and join the new job. Ferris et al. (1989) also stated that job satisfaction and job anxiety are both the outcomes of organizational politics and result in employee turnover.

In the year (2007), Whiting et al conducted a research study to analyze why nurses leave their jobs in hospitals. It was evaluated that approximately 32% of nurses leave their jobs due to path three which include job dissatisfaction, job alternatives, low ability of the nurses to fit with the nursing profession, experiencing of mental shocks during the job". About 41% nurses leave their jobs due to path four which includes the "intention of employees to leave the organization due to job satisfaction while experiencing no mental shocks from the current jobs". 75% nurses leave their position on the fact that organization did not fulfil their social goals which resulted in dissatisfaction among nurses.

Gustafson (2002) determined internal and external indicators of organizations that affect employee turnover. The internal indicators of an organization include working conditions, physical context, salary, job skills, and supervision; while labor market, personal attributes of employees (such as: sex, age, and interest) and employees' response to their job in the form of job satisfaction and job expectation are the external indicators of an organization which affect employees' turnover.

O'Connor (2018) conducted study in USA to investigate the impact of employees' satisfaction on TRI in administrative officers among schools. The results revealed that an inverse relationship exists between employees'

satisfaction and TRI. Similar results were quoted by Pitt, Leahy, and, Lewis (2013); Ali, Zhong, Jian Ping, Ali, and Sultan (2018); Reukauf (2018). The study of Anwar and Shukur (2015) found positive correlation between employees' satisfaction and TRI. The results of Reukauf (2018) indicate that both extrinsic and intrinsic motivation and job satisfaction are negatively correlated with turnover intention. On the other hand, the study of Sajid (2016) depicted that the relationship between employees' perception about performance appraisal and their turnover intention is mediated by satisfaction. It means that if employees perceive the fairness of their performance appraisal, it will enhance their satisfaction. As a result, the felling of TRI will be dramatically reduced and vice versa.

Based on the above literature the following hypotheses are drawn.

**H3:** Employees 'job satisfaction has a negative relationship with employees TRI feelings.

**H4:** Employees' satisfaction mediates the relationship between PAPL and TRI.

## **2.5 Relationship between Performance Appraisal Politics, Employees' Commitment and Turnover Intentions**

There is also a relationship between job satisfaction and performance appraisal based on organizational politics as well as employees' turnover. According to the employees' perception, the use of organizational politics to evaluate their performance is not fair. Since in organizational politics distribution of resources is based on power and politics. So, employees express dissatisfaction towards organizational politics which leads to the issue of employees' turnover (Vigoda, 2007; Sajad, 2016).

Vigoda (2007) expressed that performance appraisal based on organizational politics generally leads to dissatisfaction among employees that affect's employee their performance as well as their attitude towards work, such as organizational commitment, job satisfaction and OCB.

Organizational commitment is the attitude of organizational employees towards work in order to achieve institutional goals. Organizational commitment depends upon the working condition in an organization. When there are favorable working conditions in an organization then it will increase collaboration and communication among employees and their supervisors. Organization will fulfill the social needs of their employees and it will result in employee's satisfaction towards their job. Employees will prefer to retain with the organization which reduces employees' turnover.

Brunetto and Wharton (2003) suggested that the relationship between organizational commitment and job satisfaction is significant, while they interpreted an inverse relation between organizational commitment and employees' turnover.

The findings of Sajid (2016) depict that the relationship between employees' perception about their performance appraisal and their turnover intention is mediated by their commitment. It means that if employees perceive a fair performance appraisal, it will enhance their contentions commitment and as a result, the felling of TRI will be dramatically reduce and vice versa.

## **2.6 Intrinsic Motivation as Mediator**

Vroom (1964) explained intrinsic motivation on the basis of the expectancy theory of motivation in order to understand the relationship between intrinsic motivation and employee outcomes. The expectancy theory of motivation refers to the employees' expectation to accomplish a task in future. These favorable feelings of employees incline them to work hard in order to make the uncertain future a reality. On the contrary, intrinsic motivation means that an individual performs a particular task for its own sake, rather than to achieve external rewards. This behavior of the individuals motivates them internally to accomplish a particular task, rather than to get material benefits. In the year (2000), Thomas expressed that intrinsic motivation is the involvement of individuals in a particular activity to express favorable feelings and experiences in order to ensure that the individuals are satisfied from their particular job performance. Thomas and Velthouse (1990) evaluated intrinsic motivation as a significant psychological or motivational indicator which represents phenomenon like employees empowerment in the physical context of an organization.

Quigley and Tymon (2006) interpreted and explained the '4-set of judgments' which form the basis of intrinsic motivation. According to Quigley and Tymon (2006) feeling of meaningfulness is a condition or state in which an individual understands that their efforts, time and energy are significant while performing a particular activity. Feelings of progress represent that the actions undertaken by an individual are in progress and will result in favorable outcomes. Feelings of choice express the flexible mind and free will of an individual to select activities in the qualitative natural context of an organization. Feelings of competence show that an individual has sufficient capabilities to perform a particular task.

Research has proved that the four components of intrinsic motivation are prominent aspects of the Performance Appraisal (P.A) process. Since the P.A process gives a proper direction to the employees and makes them understand that their efforts (time and energy) are significant to perform an activity (Feeling of Meaningfulness). P.A also indicates that the activity undertaken by an employee will lead to significant results (Feeling of Progress). P.A also expresses the flexible mind as well as the free will of an individual to choose activities in the qualitative physical environment of an institution (Feeling of Choice). P.A also suggests that an individual is competent and skillful to execute a particular task (Feeling of Competence).

Earley, Northcraft, Lee, and Lituchy (1990) evaluated that there is a significant relationship between performance satisfaction and employees' results. In this relationship, intrinsic motivation acts as a mediator between the performance appraisal processes and work performance, which has a favorable impact on employees' results and it leads to better organizational performance. Munyua (2017) found a significant impact of employees' intrinsic motivation on employees' satisfaction and commitment. He also expressed that a fair system of reward enhances employees' productivity. On the other hand, Vignaswaran (2008) stressed that intrinsic motivation is dependent upon the appraisal politics of the management. If employees perceive that top management is loyal in its appraisal system, it enhances their motivational level. Which ultimately increase their satisfaction at job as well as their commitment level.

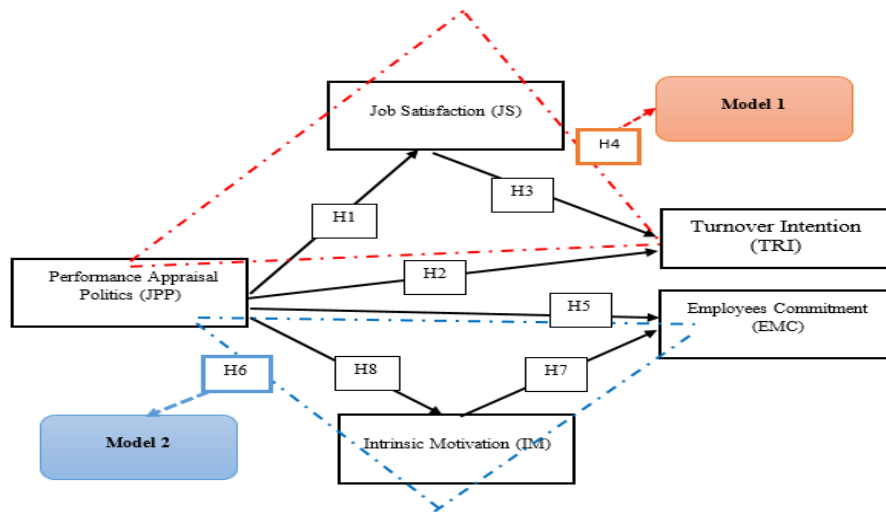
Richer, Blanchard, and Vallerand (2002) analyzed and suggested that favorable and interesting jobs lead to lower turnover ratio of employees. The same conclusion was reached by Richer et al (2002). A favorable job increases the intrinsic motivation of the employees and they perform the organizational job while ignoring extrinsic and material benefits of the institution. Kuvaas (2006) and Richer et al. (2002) evaluated and interpreted that there is a favorable relationship between intrinsic motivation and turnover intentions. The study of Biswakarma (2017) found no direct relationship between PAP and employees' TRI in the work context of Nepal. The findings of Munyua (2017) indicated that employees' intrinsic motivation is the key indicator that enhances their capabilities at work and promotes the feelings of commitment. Similar results were achieved by Sajid (2016) in the work context of HEIs in Pakistan. Based on the above literature it is evident that:

**H7.** Employee’s intrinsic motivation has a significant impact on their commitment.

**H6.** Intrinsic motivation mediates the relationship between PAPL and employees’ commitment.

**2.7 Research Model**

Based on the extensive study of previous literature, it is found that so far no single study has investigated the concept of job performance politics in the banking sector of Pakistan. It is also evident from literature that intrinsic motivation and employees’ satisfaction as mediators is not yet investigated in the banking sector of Pakistan. Moreover, no evidence is found about the SEM analysis for the underlying assumptions of JPP and employees’ turnover as well as commitment, with the mediating effect of intrinsic motivation and employees ‘satisfaction. Hence this study will contribute theoretically as well as methodologically enriching our information about employees’ behavior and top management policies in the banking sector of Pakistan.



*Figure 1.* Conceptual model

**3. Research Methodology**

**3.1 Population and Sampling**

The existing research stresses upon the need to evaluate the impact of performance appraisal politics on three major indicators, including job



satisfaction, organizational commitment and turnover intentions. The population consists of the financial institutions (Allied Bank and Meezan Bank) situated in Peshawar and Islamabad.

The selection of banks from Islamabad and Peshawar is based upon the fact that their head offices are located in national and provincials capital. Sample size of 100 from both (Allied and Meezan Banks) were selected on the basis of convenient sampling technique. The data was collected through an adopted version of the questionnaire. The response rate of the questionnaire was 70.07%, which shows that 160 questionnaires were filled properly out of the 200 questionnaires distributed among the employees of the banks.

### **3.2 Measures**

#### **3.2.1 Perception of Performance Appraisal Politics**

Tziner, Latham, Price, and Haccoun (1996) interpreted the perception of performance appraisal politics on the basis of an 8-items questionnaire. The items were chosen from the QPCPA source for the analysis of the responses of the respondents. The two sample items of the questionnaire are as follows,

- 1) Sample item No.1: “Managers in my organization avoid ratings that have negative consequences for employees”.
- 2) Sample Items No.2: “Managers in my organization avoid low ratings to avoid written record of poor performance”.

#### **3.2.2 Organizational Commitment**

The researcher selected 6-items from the scale developed by Mowday, Steers, and Porter’s (1979), in order to evaluate and explain the perception of organizational commitment. The two sample items of the questionnaire which measure organizational commitment are as follows,

- 1) Sample item No.1: “I enjoy discussing my organization with the people outside it”,
- 2) Sample item No.2: “The organization has a great deal of personal meaning for me”.

#### **3.2.3. Job Satisfaction**

In order to evaluate the perception of job satisfaction, Lambert, Hogan, and Griffin (2007) selected 6 items from the scale developed by Brayfield and Rothe (1951) and properly used by Lamber et al. (2007). The scale was used to measure the level of job satisfaction on the basis of overall job

performance, rather than to concentrate upon specific attributes of the job, such as the salary, communication and collaboration among employees during job performance etc. The two sample items of the scale are as follows,

- 1) Sample item No.1: “My job is so interesting that it is motivational in itself”,
- 2) Sample item No.2: “I feel lucky being paid for a job. I like this much”.

The 7 point Likert scale was employed in the questionnaire ranging from (1-7), where 1 stands for strongly disagree and 7 stands for strongly agree.

### **3.2.4. Turnover Intentions**

The researcher used continuance scale to measure the perception of turnover intentions. The scale consists of 5-items developed by Tsui, Pearce, Porter, and Tripoli's (1997), while Bozeman and Perrewe (2001) and Vigoda (2007) further worked out and upgraded the scale. The 7-points Likert scale was used in order to evaluate the responses of the employees. The higher response values on the scale indicate the high turnover intention and predicts that employees will leave the organization, while lower response values on the scale show the low turnover ratio and predicts that employees will remain in the organization. The sample items of the scale are as follows,

- 1) “I will probably look for a new job in the next year”.
- 2) “I often think about quitting my present job”.

### **3.3. Statistical Procedures**

The nature of the research design is cross-sectional. Due to mutual cooperation of the marketing individuals as well as supervisors, the research process obtained significant results in the form of a high response rate which represents mutual participation in the natural context of the banking sector. The researcher dispersed and collected questionnaires personally. The HR department of the banking firms did not intervene in the data collection process of the researcher which indicates independence in the data collection process as well as the responses of the marketing individuals.

For the analysis of the proposed research model, Structural Equation Model (SEM) test analysis was used with the help of the Analysis of Moment Structure (AMOS) statistical software. Before the analysis of the hypothesized model, various test and analysis were conducted for descriptive statistics, missing values analysis, normality test, outliers,

linearity and homoscedasticity. Multicollinearity analysis was performed in order to judge the nature, reliability, validity and integrity of the data. SPSS was used to carry out the primary operations and analysis of the data. Each operation carried forth meaningful conclusions.

### 3.4. Reliability of Scale

Nunnally and Bernstein (1994) suggested that reliability refers to the fact that the scale will always lead to the same conclusion subjected under different circumstances, conditions, places, time as well as population etc. Reliability also means that repeated analysis of the data has no effect on the results of the analysis. Nunnally and Bernstein (1994) evaluated the internal consistency of the reliability of scale and expressed that internal reliability of the scale will persist if there is correlation between the items of the scale or instrument. Nunnally and Bernstein (1994) also interpreted that Cronbach's Alpha is widely used for the analysis of internal consistency. The scale will be considered reliable if the value of Cronbach's Alpha is equal to 0.70 or greater. The reliable scale also leads to significant results in research. Table 1 shows the reliability for job satisfaction (.722), commitment (.701), job performance politics (.832), TRI (.798) and intrinsic motivation (.734), respectively.

**Table 1**  
*Reliability Statistics*

Construct	No of Items	No of Items deleted	Cronbach Alpha
<b>Job Satisfaction</b>	6	0	0.722
<b>Commitment</b>	6	1	0.701
<b>PAPL</b>	8	1	0.832
<b>Turnover Intention</b>	5	0	0.798
<b>Intrinsic Motivation</b>	6	0	0.734

## 4. Result and Discussion

### 4.1 Exploratory Factor Analysis

Five separate and different EFA tests were run for Job Performance Politics (JPP), Employees' Commitment (EC), Job Satisfaction (JS), and Intrinsic Motivation (IM) to measure appropriate factorability and all the factors have correlation. Several statistical techniques favored by (Tabachnick & Fidell, 1996; Hair, Anderson, Tatham, & Black, 1998) were applied. For favorable results, correlation must be higher than

0.30. The inspection of correlation matrices for all the five variables were favorable.

In the second stage, Barlet’s test of a statistical nature was applied. It provided evidence that some variables had a positive correlation with the rest of the variables. For this purpose, correlation among dependent, independent and mediating variables was checked for overall construct. Results are presented in table for EFA (see Table 2).

**Table 2**  
*Barlet’s Test for EFA*

Variables	No. Of items	Chi-square	Significance
<b>PAPL</b>	7	712.782	.000
<b>TOI</b>	5	272.792	.000
<b>JBS</b>	6	334.472	.000
<b>OCM</b>	6	371.972	.000
<b>INM</b>	7	433.522	.000

The test is sensitive and it favors the result of non-zero correlation. I also conducted a partial correlation among variables. From the results, it is indicated that correlation among few variables had high but the overall results were satisfactory. Kaiser measure of sampling advocacy was also applied to check the correlation among variables and factor analysis. The overall MSA values of various constructs was higher than 0.60 (see table 4).

**Table 3**  
*Inter Item Correlation*

Variables	1	2	3	4	5
<b>Performance Appraisal Politics</b>	-----	-.676**	.402	.542*	.383*
<b>Employees Commitment</b>		-----	.645**	.421	.562**
<b>Job Satisfaction</b>			-----	.654	.688*
<b>Turnover Intention</b>				-----	.489
<b>Intrinsic Motivation</b>					-----

\*p<.05; \*\*p<.01; \*\*\*p<.001.

Finally, I inspected the communality in which dependent variable is the square of multiple correlation on one hand and predictor as a

factor on the other hand. Communality of variables may be measured as the reliability of factors. Only PAP-6 and JS-3 was removed because of loading on separate factors. After calculating values through the square of multiple correlation; the next statistical procedure titled (Minimum Partial Average) proposed by (Velicer, 1976) was applied. For this purpose, orthogonal rotation was performed and the values for each contrasting dimension are presented in Table 4.

**Table 4**  
*Kaiser Measure of Sampling Advocacy Test*

Scale	Items	KMSA
PAPL	PAPL 1	.632
	PAPL 2	.682
	PAPL 3	.711
	PAPL 4	.702
	PAPL 5	.609
	PAPL 6	.613
	PAPL 7	.653
TRO	TRO 1	.712
	TRO 2	.803
	TRO 3	.801
	TRO 4	.683
	TRO 5	.622
JSAT	JAST 1	.712
	JAST 2	.699
	JAST 3	.632
	JAST 4	.788
	JAST 5	.743
OCT	OCT 1	.631
	OCT 2	.692
	OCT 3	.674
	OCT 4	.663
	OCT 5	.712
	OCT 6	.763
IMT	IMT 1	.722
	IMT 2	.719
	IMT 3	.619
	IMT 4	.624

IMT 5	.684
IMT 6	.634

**Note:** PAPL= Performance Appraisal Politics; IMT= Intrinsic Motivation. OCT=Organization Commitment; TRO= Turnover Intention. JSAT=Job Satisfaction

For confirmation of factors, CFA was run on each construct. A uni-dimensional structure of each of the seven construct predicts positive results for further analysis. Results were discussed on the basis of various limits forwarded by (Shomaker & Lomax, 2004; Saif, 2015). On the basis of CFI, NFI, AFI, and RMSEA, model fit for different constructs was checked. Most of the values were higher than 0.80, while RMSEA values was below than 0.80. It was concluded that all the constructs internally possess uni-dimensionality (see Table 5).

**Table 5**  
*Fit Indices for CFA of Different Constructs*

Scale	CMIN/DF	GFI	AGFI	TLI	CFI
PAPL	13.721	.861	.802	.731	.804
TRO	4.417	.921	.887	.891	.932
JSAT	4.833	.939	.859	.877	.901
OCT	3.744	.959	.909	.809	.921
IMT	4.322	.909	.901	.833	.903

**Table 6**  
*Discriminate Validity of Five Different Scales*

	PAPL	TRO	JSAT	OCT	IMT
PAPL	.68				
TRO	-.56	.63			
JSAT	.61	.60	.67		
OCT	.53	.59	.61	.70	
IMT	.54	.56	.86	.61	.69

Table 6 clearly indicates discriminate validity of different constructs against the rule. The inter correlation among IMT (Intrinsic Motivation) and JSAT (Job Satisfaction) of employees is greater than the square root of convergent value. Hence, in our case, the discriminate validity of constructs cannot be measured effectively for the two most important measurement constructs. According to the above table, GFI (Global Fit Indices) of

different variable constructs are in the prescribed limit as expressed by (Shomaker & Lomax, 2004; Saif, 2015). CFI and TLI values also show that construct values are according to the rule of thumb and it may be used for further analysis. Chi-square values (CMIN/DF) also show the model fit and hence on the basis of the above value we can conclude that all the five constructs are ready to run SEM to check the hypothetical results (Table.7).

**Table. 7(a)**

**Result of Regression Analysis for Direct and Mediation Path**  
**Outcome variable: Job Satisfaction**

	Model 1	Model 2		Hyp
Predictor	$\beta$	B	95% CI LL, UL	
(Constant)	17.56*	---	(5.02; 7.34)	
PAPL	.22	---	(.03,.11)	H1
R <sup>2</sup>	.09	---	---	
F	53.09	---	---	
$\Delta R^2$	.04	---	---	

\*p<.05; \*\*p<.01; \*\*\*p<.001

*Note: H1=Reject*

**Table 7(b)**

**Result of Regression Analysis for Direct and Mediation Path**  
**Outcome Variable: Turnover Intention**

	Model 1		Model 2		Hyp
Predictor	$\beta$		B	95% CI LL, UL	
(Const)	15.22**	---	14.09**	(11.02; 15.34)	
PAPL	.33**	---	.29**	(.04,.12)	H2
J. S	.19**	---	.23**	(.24,.45)	H3
R <sup>2</sup>	.21	---	.30	---	
F	72.88**	---	68.33**	---	
$\Delta R^2$	---	.08	---	---	H4

$\Delta F$	---	64.22**	---	---
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\*p<.05; \*\*p<.01; \*\*\*p<.001  
 Note: H2= Accept; H3= Accept; H4= Med-Rej

**Table. 7(c)**  
*Result of Regression Analysis for Direct and Mediation Path*  
*Outcome variable: Employees' Commitment*

	Model 1		Model 2		Hyp
Predictor	$\beta$		B	95% CI LL, UL	
(Const)	17.672**	----	9.34***	(6.02;9.34)	
PAPL	-.53*	----	-.66**	(.05,.17)	H8
I. M	----	----	.22**	(.15,.29)	H7
R <sup>2</sup>	.11	----	.19	----	
F	71.22**	----	62.33**	----	
$\Delta R^2$	----	.08	----	----	H6
$\Delta F$	----	48.76**	----	----	

\*p<.05; \*\*p<.01; \*\*\*p<.001  
 Note: H8= Accept; H7= Accept; H6= M-Accept

**Table. 7(d)**  
*Result of Regression Analysis for Direct and Mediation Path*  
*Outcome variable: Intrinsic Motivation*

	Model 1	Model 2		Hyp
Predictor	$\beta$	B	95% CI LL, UL	
(Constant)	15.56*	---	(7.66; 11.34)	
PAPL	-.58***	---	(.07,.19)	H5
R <sup>2</sup>	.31	---	---	
F	71.22**	---	---	
$\Delta R^2$	.24	---	---	
(Constant)	15.56*	---	(7.66; 11.34)	

\*p<.05; \*\*p<.01; \*\*\*p<.001  
 Note: H5= Accept



## 4.2 Testing of Hypothesis

In order to check the hypothetical relationship between the entire dependent, independent and mediating variables, SEM analysis was applied. Regressed values of all the constructs, attributes and interrelations between variables are clearly shown. The relationship between Performance Appraisal Politics (PALP) and Employees' Commitment (EC) level is negative and significant ( $\beta = -.53$ ,  $P < .05$ ). Hence, our hypothesis number five (**H5**) is supported. Earlier, same results were found by (Javed et al., 2013). PALP is positively and significantly associated with TRI. On the basis of results ( $\beta = .33$  and  $P$  value  $= < .05$ ), our hypothesis **H2** is also supported. Interestingly, our hypothesis **H1** that show positive relationship between PALP and JS is rejected as its affect is insignificant ( $\beta = .22$  and  $P > .05$ ), while **H3** is supported by results ( $\beta = -0.23$  and  $p < .05$ ).

The model fit was checked by different important indices that indicated that results are not too promising. Although the data did not support model fit but the overall factor loading of the respective construct was higher than .04 and the values of different indices were in acceptable range, that is, (CFI=0.801, GFI=0.973, AGFI=0.692 and CHI/DF=6.3). The value of squared multiple correlation for endogenous variable was= 0.59, that shows that fifty nine percent variation in the variance turnover intention was explained by exogenous and mediating variables.

In order to check the relationship for mediating variables' impact, one of the important statistical methods recommended by (Baron & Kenny, 1986) was applied. This method has three important assumptions, that is, the relationship between independent and dependent variables may be significant, followed by the significant relationship among independent, mediating and dependent variables. If we check our results, the first assumption of our study violates the rules. Since the relationship between PAPL and JS is insignificant .hence, we can conclude that job satisfaction cannot mediate the relationship between PAPL and TRI.

In the second step, the relationship between PAPL and employees' intrinsic motivation was checked. The results indicate that direct path has a negative and significant relationship, that is, ( $\beta = -.58$ ,  $P > .05$ ). Hence, hypothesis **H8** is accepted. It also proves the hypothesis **H** of the current research. Finally, the meditational role of intrinsic motivation was checked through 'path c' and the results show that **H6** is accepted since intrinsic motivation mediates the relationship between PAPL and EC. Since it is

common human psychology that once employees are satisfied from the appraisal system. Then there will be lower turnover feelings among them. In the current era of competition, most of the organizations try to attract effective HR on the basis of promotions and other financial rewards. Especially banking sector employees try to change their job status on the basis of available opportunities. It creates problems for HR managers in retaining their potential employees.

## **5. Discussion, Conclusion and Recommendations**

### **5.1 Discussion**

The findings of the current study indicate that JPP and employees' job satisfaction is positively associated with employee's job satisfaction, although our hypothesis states a negative and significant relationship. The findings of (Poon, 2004; Sajid, 2016) also exemplified the same results. Based on the literature, it is evident that employees may perceive Performance appraisal PAPL as a negative sign because of their terms with the top level management. Generally, in Pakistani work context, the leader or immediate boss finalizes the performance of employees in the form of Annual Confidential Report (ACR). Hence, performance appraisal is used as a political tactic of to modify the behavior of employees in accordance with the will and wishes of their immediate boss. On the other hand, employees perceive PAPL as a threat to their voice and it reduces their job satisfaction. Hence, Hypothesis 1 is rejected.

The results for Hypothesis 2 indicate that PAPL leads to a higher turnover intention. This is proved in the current study. Similar results were quoted by Sajid (2016) for the banking sector of Pakistan, while the findings of Javed et al. (2013) also depict that PAPL reduces employees' satisfaction and enhances their intention to leave the organization. Poon (2004) also concluded the same results in Malaysian work context. It is a general phenomenon once the employees perceive that their performance indicators (appraisal) are manipulated by the top crest for the purpose of punishment or on the grounds of personal liking. It enhances the feelings of TRI and reduces employees' trust on their employers. The strength of relationship is based on the theoretical underpinning of the concept of Person-Organization Fit. When employees perceive injustice to their performance, they deem that organization is not a fit place to work.

Hypothesis 3 formulated a negative relationship between employee's satisfaction and TRI. Our results also conform the previous findings of

(O'Connor, 2018; Pitt et al., 2013; Ali et al., 2018; Reukauf, 2018). It is human tendency that employees perform better in a situation where they are satisfied. The inner satisfaction of employees is based upon the concept of intrinsic motivation. Hence, if employees feel less satisfied with their work culture/organization, the feelings of leaving the organization will be higher.

Hypothesis 4 of the current study posited that employees' satisfaction will mediate the relationship between PAPL and employees' TRI. Our H1 was rejected as the 'direct path (a)' between PAPL and satisfaction was negative. Hence, no support for the mediational role of satisfaction between PAPL and TRI was recorded. Similar results were quoted by Sajid (2016) for the banking sector of Pakistan. In contrast, the findings of Poon (2004) manifested that employees' satisfaction strongly mediates the relationship between PAPL and TRI.

Poon (2004) described and analyzed the relation between PAPL, job satisfaction and TRI taking intrinsic motivation as a mediator in the natural context of Malaysia. According to Poon (2004), performance appraisal process leads to an increase in employees' satisfaction which will precedes favorable results.

Hypothesis 5 depicted the relationship between PAPL and EC. The findings of Kuvaas (2006) are in line with the findings of the current study. Saif (2015) stated that the performance of employees is tied with the individual capabilities, potential, and skills.

According to the political perspective of the performance appraisal, employees will use either power or politics in order to exploit the organizational resources (Vignaswaran, 2008). This is a biased method which does not reflect a fair approach for evaluating the employees' performance, and generally leads to employees' dissatisfaction which reduces the EC (Munyua, 2017) with the organization and usually results in high TRI (Kuvass, 2007; Javed et al., 2013).

Hypothesis 6 posited that intrinsic motivation mediates the relationship between PAPL and EC. Similar results were quoted by Sajid (2016), while the findings of Robert & Reed (1996) show that performance appraisal process ultimately affects the employees' performance. It has been proved that intrinsic motivation acts as a perfect mediator between the performance appraisal system and work performance. The concept of employees' intrinsic motivation, which leads to high performance and lower TRI, as well as high level of commitment based upon a fair system of justice, is

aligned with the Adam theory of Equality (1963). In this theory, one evaluates his/her input to output ratio with his/her colleagues' input to output ratio. The comparison of this kind of effort is termed as performance rating.

Kuvaas (2006) described that there are many factors which are present either in the natural context of an organization or outside of its physical environment which show a significant relation with the performance appraisal process, such as, the locus of control, need for independence, autonomy orientation, and internal ability.

Hypothesis 7 is related to employees' intrinsic motivation and commitment. Our results state that positive relationship between these two indicates that once employees are intrinsically motivated, they will exhibit commitment toward their organization. The justification is also based on Blau's (1964) theory of social exchange. Earlier studies (Fakhimi & Raisy, 2013; Sajid, 2016) also found similar results.

Hypothesis 8 depicts that PAPL is negatively associated with employees IM. Similar results were found by Idowu (2017). In contrast, the findings of Janssen (2016) showed that employees' performance appraisal is positively associated with their intrinsic motivation. Our study results related to H8 are in line with Brehm's (1996) theory of reactance as well as cognitive evaluation theory of Ryan (1982). These theories suggest that PAPL decreases intrinsic motivation of the employees. In view of cognitive evaluation theory, it is known to the employees that some kind of external factors may contribute in evaluating their performance. During this process, if employees remain motivated to perform their duties, the result will be positive. Hence, it can be concluded that in Pakistani work context, sometimes employees have to portray positive behavior (OCB) in front of their leaders, so that their appraisal may not be affected.

## **5.2 Conclusion**

The researcher as an interpreter derived the following facts and conclusions from the research. IM plays the role of a good mediator between the relationship of PAPL and work performance of the employees. Performance appraisal has little impact upon those which need proper training and development. IM plays the role of a perfect mediator between the indicators of performance appraisal system and work performance (employees' commitment). The conclusion of the study are affected by certain limitations which are as follows,

1. The generalization of the research is limited because it has been implemented in the natural context of a small number of organizations.
2. The study uses cross-sectional data. Therefore, the trends and analysis of the statistical data can be evaluated only for the current period of time.
3. The participants of the current research comprised only male individuals. Therefore, the results of the research are not applicable for female participants.
4. The participants of the research comprise of full-time employees and the conclusions cannot be implemented for part-time employees.
5. The current research stresses the impact of employees' performance appraisal on 3 major indicators.

### **5.3 Recommendation for Future Research**

In order to enhance the generalization of the current research future research should be conducted in the physical environment of a large number of organizations. In order to evaluate the trends and analysis from time to time, longitudinal quantitative data should be used. Future research will be more attractive if female participants as well as part-time employees are included. Future researchers can also conducted research by evaluating PAPL based on the indicators I such as life satisfaction, absenteeism, objective performance and counterproductive behaviors.

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