

Factors Influencing Employees' Performance Appraisal Fairness And Organizational Commitment Towards Employees' Turnover Intention In Selected Multi-Speciality Hospitals In Northern Tamilnadu

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Abstract

Human resources management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organisational development, safety, wellness, benefits, employees motivation, organizational commitment, communication, administration and training. Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does in the work. It is a powerful tool to celebrate, refine and reward the performance of the employee. It helps to analysis his achievements and evaluates his contribution towards the achievements of the overall organisational goals. By focusing attention on performance, performance appraisal goes to the heart of personal management and reflects the management's interest in the progress of the employees. To analyses performance in employee will provide incentive to an employee. To know whether the training given to employees has been really effective. "Research comprises defining and redefining problems, formulating hypothesis or suggested solution; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at least carefully testing the conclusion to determine whether they fit the formulating hypothesis".

Keywords: Performance Appraisal, Performance Management, Organizational Development

INTRODUCTION

Since human capital is the key element that drives the growth of an organization, the ability of an organization in sustaining its human resources will bring greater rewards and success to the organization itself. High performers are very much sought after by all organizations to meet their goals, deliver the specialized products and services and eventually to gain competitive edge to be the leading organization in the industry. It is worth mentioning here that most organizations are fully aware of the high cost of turnover and expect even higher costs to skilled-performers turnover. For example, the inescapable nursing shortage and nurses' high turnover rate have become a critical issue (Kingma, 2001). Globally, nurse turnover rate ranges from 10–21% per year across the countries (El-Jardali, Dimassi, Dumit, Jamal, & Mouro, 2009). These nursing shortages and high turnover are symptoms of the health care problems of many hospitals across the globe (Rahman et al., 2010; Hayes et al., 2006). Therefore, research that focuses on the nurses turnover intention has the potential to produce a more comprehensive and

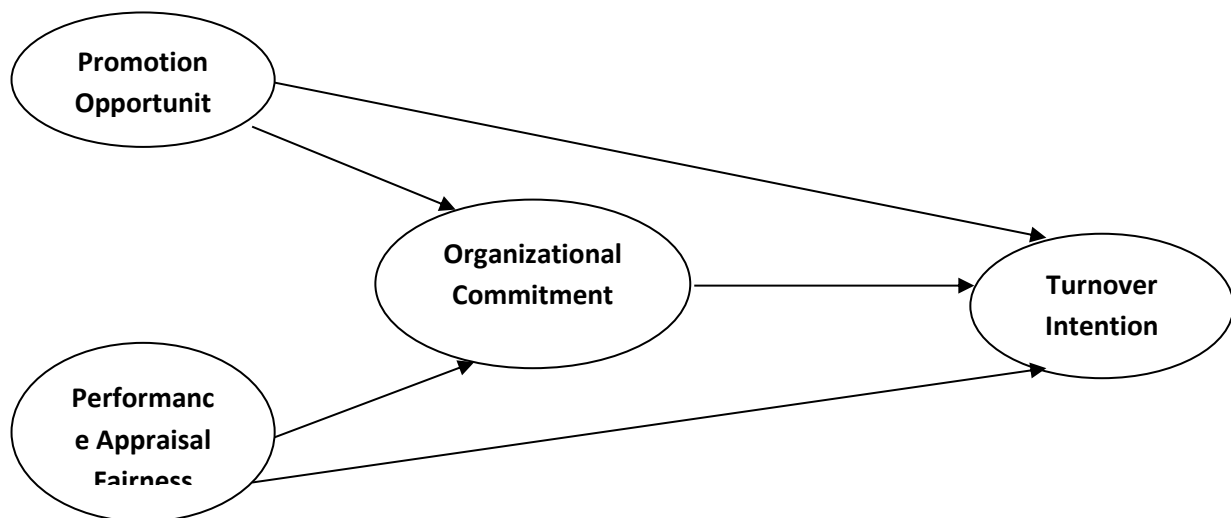
realistic understanding of nurses turnover. The dearth of qualified health workers, specifically in low-income countries like Bangladesh has drawn consideration in recent times as it seriously pressurizes the achievement of the millennium development goals (Global Health Watch, 2005). Only 0.18 million nurses are available to serve 140 million people, which is a high potential threat to quality services for the patients in Bangladesh (Bangladesh Bureau of Statistics, 2012). Hospitals in Bangladesh have been suffering from high nurse turnover (Alam & Shasi, 2012). Nurses' absenteeism rate reported is 27% (Chaudhury, Hammer, Kremer, Muralidharan, & Rogers, 2006) but Ministry of health and family welfare of government republic of Bangladesh only reveals that nurse turnover rate is approximately 15% (Bangladesh Bureau of Statistics, 2012). High turnover rates are reflective of low organizational commitment and possible indicator of an unhappy workforce in the hospitals. High turnover rates eventually lead to a broader issue. It also means that the hospitals do not have their best staff available. An overall shortage of health care employees, especially nurses and their turnover rates are alarming for the hospitals to provide better services to the patients (Ahmed, Hossain, Raja Chowdhury, & Bhuiya, 2011). Hence we propose that adoption of proper human resource management (HRM) practices is a key determinant for organization success in the industry (Rubel & Kee, 2013). Keeping a pool of valuable human resources via positive human resource practices is a critical issue today. In Bangladesh, Hossain (2008) finds 63% nurses are dissatisfied with their jobs which results low attachment to the organization and frequent job search behavior. Huge nurse shortage with elevated dissatisfaction is marked for their quitting intention and actual turnover in Bangladesh by the local researchers (Hossain, 2008; Alam & Shasi, 2012). These researchers recommend hospitals should identify the strategies to reduce nurse turnover behavior as well as to minimize the shortage by attracting new nurses as they are valuable human resources for hospitals. Local hospitals should give due attention on attracting and retaining their valuable nurses to make up nurses' talent shortages and the increasing demand for nurses. Keeping this urge in mind, we focus the present study on nurses' quitting intention in Bangladesh. Previous research found the most common predictor of nurses' quitting intention are job dissatisfaction (Liu et al., 2012; Morrell, 2005); low organizational commitment (Chang, 2007), demographic characteristics (Nogueras, 2005), unethical climate (Hwang & Chang, 2009) and lack of empowerment (Cai & Zhou, 2009). In this study, we attempt to link the HRM practices with nurses' turnover intention and provide hospitals some new insights to retain these valuable talents. Bartram et al. (2012) in their research, suggest that future research should examine the impact of HRM practices on organizational outcome such as organizational commitment and quitting intention. In this paper, we build upon this line of research and focus on two main HRM practices namely, performance appraisal fairness and promotion opportunity. Relatively few studies were conducted to investigate the relationship between specific HRM practice and employee outcomes (Haines et al., 2010) rather than investigating bundles of practices (Yalabik, Chen, Lawler, & Kim, 2008). Prior researches have not devoted much attention to specific HRM practice in the context of nurses' turnover study particularly in large private hospitals. We assume that specific HRM practices would have a different predicting mechanism on nurses quitting intention. In addition, little was done specifically to integrate both organizational justice and HRM practices and their outcomes in the organization. This paper attempts to examine performance appraisal fairness in the light of organizational justice and its impact on turnover intention. Specifically we assume that perceived fairness of performance appraisal and promotion opportunity will have a negative impact on nurse quitting intention through the mediating effect of organizational commitment.

THEORETICAL BASIS

Social Exchange Theory (SET) provides a theoretical ground towards the understanding and prediction of the relationship between perceived fairness of performance appraisal, promotion opportunity and organizational commitment on nurses quitting intention. The fundamental premise of SET is that, human behavior is an exchange of rewards between actors (Zafirovski, 2005) and exchange characterizes all human interactions (Homans, 1958). In other words, individuals cooperate to each other based on a self-interested analysis of the costs and benefits. Blau (1964) defines social exchange as the voluntary actions of individuals driven by the expected returns they will receive as a result of their voluntarily-initiated behaviors. As the objective of the present study is to examine the relationship between perceived fairness of performance appraisal, promotion opportunity and organizational commitment on nurses quitting intention, SET is applicable in this context. Employing psychological contract context, Kee, Ansari and Aafaqi (2004) suggest fairness in HRM practices indicate the nature of the relationship that employees can expect to get from their organization. They further argue reciprocity norms between management and employees is indicative of an investment in the organization on behalf of employees is a fair

trade for an investment in employees on behalf of the organization. Building on SET, we suggest employees' perception of fairness of HRM practices leads individuals to be more inclined to attach with the organization. We therefore expect that organizational commitment is a channel through which employees may reciprocate or return the favor rendered through HRM practices by employers who well-treat their employees. These favors on the part of employer cause an obligation on the part of employees to reciprocate through organizational commitment towards the organization and thus reduce their thought of quitting.

FRAMEWORK



LITERATURE REVIEW

Performance Appraisal Fairness HRM practices are practices used by the organization to attract, motivate and retain its employees to achieve its goals and operational objectives (Lepak & Gowan, 2010). HRM practice is the primary mean by which organizations can control the attitudes and behavior of their employees to perform their own responsibility and thus, achieve organizational goals (Collins & Clark, 2003). In this paper, we focus on performance appraisal fairness and promotion opportunity. One key reason performance appraisal is chosen because it is one of the main HRM practices to measure the effectiveness and efficiency of employee performance (Redman, Snape, Thompson, & Yan, 2000). Performance appraisal as a component of HRM practices acknowledges the contribution of individual employee and makes each employee more committed to the organization (Armstrong-Stassen & Schlosser, 2010). Performance appraisal enables both the organization and the employees to recognize, evaluate and develop an individual's standard of performance (Ikramullah, Shah, Khan, Hassan, & Zaman, 2012) and to encourage poor performer to improve (Scott & Einstein, 2001). Thus, it is vital for the organization to make performance appraisal to be more accurate, accepted and fair for the employee improvement. Still, researchers argue individual performance appraisal presume a questionable issue based on the measurement accuracy and fairness (Boxall & Purcell, 2003; Swiercz, Bryan, Eagle, Bizzotto, & Renn, 2012). Very little evidences have been found on performance appraisal fairness (Swiercz et al., 2012). Most of these deliberate the influences of either procedural or distributive fairness perceptions of employees or rarely both (Korsgaard & Roberson, 1995). Moreover, in nursing area performance appraisal fairness was ignored in the previous literature. Therefore, performance appraisal fairness, considering procedural and interactional fairness and influencing nursing quitting intention is the research gap in the previous studies. We conceptualize performance appraisal fairness as the extent to which employees perceive their organization conducts appraisal in a fair manner that emphasizes the delivery of their skills and work behaviors. Employee perceived performance appraisal fairness has also considerable impact on employee attitude and behavior (Boxall & Purcell, 2003). Fairness of performance appraisal is highly emphasized by different authors who asserted that fairness in performance appraisal strengthens the feeling of employee about the organization and pursue them to be more productive (Korsgaard & Roberson, 1995).

DISCUSSION

In this paper, we aim to advance our understanding of the effect of perceived fairness of performance appraisal and promotion opportunity on nurses quitting intention. Taken together, our results make few theoretical contributions. First, the relationship of performance appraisal fairness, promotion opportunity and turnover intention provide support for a negative relationship among them. Second, our study investigates the relationship among performance appraisal fairness, promotional opportunity and nurse quitting intention as mediated by organizational commitment. The results support the projected relationship. The results demonstrate both performance appraisal fairness and promotion opportunity are negatively related to nurse commitment to the organization and quitting intention. These results highlight the importance of fairness in performance appraisal system and adequate promotion opportunity as a career development opportunity to get positive employee outcomes.

CONCLUSION

The empirical findings obtained in this paper can be helpful to improve the employers' and practitioners' understanding of the effects of specific HRM practices on turnover intention in resolving the pressing phenomenon of high labor turnover rate in the workplaces. Our studies indicate how performance appraisal fairness and promotion opportunity influence nurses commitment and in turn it affects their thought of quitting. Managers in the hospitals must be aware, that stimulating a positive HRM practice leads to better scenario. Under such conditions, fairness perception of HRM practices has an even more positive influence on nurses' attitude (such as organizational commitment) and behavior (intention to quit). Fairness perception in HRM practices should be increased, as doing so positively impact their level of commitment and reduce their intent to quit the organization. For example, when nurses feel they are appraised fairly and they have career advancement scope through internal promotion policies, they are less likely to leave the organization. Thus, this study provides an evidence of the particular effect of specific component of HRM practices and its application on analyzing employee attitudinal and behavioral intention. Understanding so should give hospital management an insight about retaining nurses, and relieve them from turnover costs through taking steps before nurses with quitting intention become actual leaving nurses. The results from our studies should be interpreted in light of potential limitations. First, in this paper we decided to include two major HRM practices-performance appraisal and promotion opportunity. Future research in exploring other HRM practices is required. Future, research should also focus on other factors such as, participation, suitable compensation, job security, support both from supervisor and organization and up-dated training and development that influence nurse level of commitment and intent to leave. Because HRM practices may be relevant for all employees in the hospitals, this population includes doctors constitute a reasonable sample for further testing hypotheses. Further, it is recommended to the future researchers to focus on other HRM practices and their implications on employee attitudes and behavior. Further, this study will give an insight to the future researches in other developing countries to assess the influence of both performance appraisal fairness and promotion opportunity on nurse commitment and turnover intention. Moreover, future researchers are also suggested to give their concentration on specific dimension of HRM practices and to analyze its impact, because individual dimension will provide information on their specific influence rather than investigating bundle HRM practices. Ensuring performance appraisal fairness and promotion opportunity are effective strategies for increasing nurse commitment and reducing their quitting intentions. Thus, the study argues in favor of the application of specific HRM practice and its application to enhance the level of commitment as well as minimize turnover intention of nurses from the hospital organization.

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