



The Impact of Performance Assessment System on Employee Commitment: A Study among Executive Officers of State-Owned Commercial Banks in Sri Lanka

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ABSTRACT

Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programs and rewarding achievements. Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework, and establishing achievable benchmarks. As end results, the performance appraisal positively affects to the employee commitment and it will lead to achieving corporate objectives. However, there is a public opinion about a poor performance management system in public sector organizations. Accordingly, some researchers argue that performance management of public sector commercial banks is poorer than private sector commercial banks in the Sri Lankan context.

Hence, this paper focuses on the assessment of the influence of the current performance management system adopted by major state-owned commercial banks on job commitment of their executive employees. The sample for this study was drawn from executive grade employees who are working at Peoples Bank and Bank of Ceylon and data were collected by using self-administrated questionnaire. Altogether 350 questionnaires were distributed by email and 208 completed questionnaires were taken in for final analysis. The PLS based SEM was employed to measure the impact of the exogenous variable on the endogenous variable based on the Smart PLS-3. The results revealed that among the set of determinants, career development, is the most significant determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further, it was revealed that, alignment with organizational goals, is the least significant determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka.

Keywords: *Altruistic Values, Brand Trust, Consumer-Brand Relationship, Factor analysis, Hedonic Values*

1. INTRODUCTION:

Many scholars argue that employee performance and employee commitment have a very close relationship. According to Chan and Lynn (1991), profitability, productivity, efficiency, client satisfaction and employee morale are the main criteria of organizational performance in any business sector. Further, Gungor (2011) argues that organizations want to develop, motivate, and improve employee performance in the multiplicity of HR applications as it directly affects individual commitments as well as corporate goals. However, Stevers, and Joyce, (2000) further noted that the effect of HR practices on employee engagement and performances is dependent on employee perception on performance measurement practices. Therefore, performance appraisal systems (PAS) play a critical role in achieving organizational productivity targets (Gungor, 2011). Further, Pickette (2003) explore that the objective of the PAS is supported by both managers and employees to continually improve and eliminate barriers to career success and the link of the PAS process to the organization's objectives, performance standards and evaluation, performance review; or where a performance appraisal is often applied. However, Performance Management (PM) is a slightly different approach than conventional PAS systems. The PM is a strategic and integrated approach to improving positive results by improving the performance and new capabilities of teams and individuals (Armstrong and Baron, 1998). Further, Armstrong and Baron (1998) noted that the term performance management gained popularity in the early 1980s, when total quality management programs were given the highest prominence in achieving performance and quality. Tools such as job design, leadership development, training and the reward system have received equal impetus to the traditional performance assessment process in the new and much broader framework.

However, many scholars have discussed the association between PAS and organizational commitment in different contexts. For instance, Mackey & Johnson (2000) mentioned that the importance of the PAS is continuously improving organizational performance. Further, Drejer & Riis, (1999) noted that as the environment is becoming increasingly uncertain and dynamic to survive and sustain many organizations adopt effective performance management practices and among them show greater concern in developing human competence. They also noted that PAS plays an important role in achieving success and has competitive advantages over competitors by enhancing skills, knowledge and positive attitudes among employees. Although PM is an important element in improving professional performance, most governmental

organizations in Sri Lanka are not applied to sophisticated PM systems (Dhammika, 2013). In particular, Ramani (2015) noted that state-owned commercial banks are not applied to the complete PM system in place of the traditional PAS. Further PAS applied in public sector commercial banks are not actively focused as the PAS systems adopted by private sector commercial banks in Sri Lanka (Ramani, 2015). However, Dissanayake and Robinson (2008) argue that there is no significant difference in employment commitments between executives of public sector commercial banks and those of private sector commercial banks. Further, most of the previous researchers argue that as government sector employees have high job security, they should have a more committed towards their organizations than private sector employees (Krishnanathan & Mangaleswaran, 2018). In addition, Velnampy and Aravinthan (2013) argue that employees of private sector commercial banks are kept at a high level of employment commitments vi's-à-vi's employees of state commercial banks. Some researchers argue that (Samarakoone, 2010; Shrivastava & Purang, 2011) performance appraisal systems of the banking organizations are processed as a rooting works and it is not making a considerable impact on the employee commitment and the organization goals. A further degree of job commitments can be varied among the executive officers and non-executive officers in the government organizations in Sri Lanka (Andrew, 2017). Further, Karunaratne and Wanninayake (2018), argue the commitments of Sri Lankans become a part of their ethnocentrism levels. However, the role of performance management in fostering employee engagement in the state sector has received less attention from researchers in the local context. Further, behavior of local individuals and foreign individuals have significant differences and it can be applied in both customers and the employees (Wanninayake and Chovancova, 2012). Further some researchers argue that commitment of individuals can be varied in the cross cultural perspectives Chovancova, Asamoah, and Wanninayake, 2012). In particular, there is insufficient evidence of the association between PAS and employment engagements of public sector employees in the banking sector. Consequently, it is questionable whether the PAS directly affects the employment engagement of public sector bank executives in the Sri Lankan context.

Accordingly, the purpose of this study is to explore the relationship between the PAS and employee commitment in the form of affective, continuance, and normative commitment in executive officers in public sector commercial banks in Sri Lanka. In addition, the study also examines the relative impact of identifying training needs, career development, alignment of PAS with goal achievement and motivation etc. On the employee commitment in the given

context. This research is important to many parties on many fronts. First, the findings will be immensely useful to the top management of state banks for understanding the perception of the employees of prevailing PAS in their organizations and revising the PAS for enhancing more employee commitment. Further, policymakers can develop and implement effective PAS to state-owned financial services organizations in Sri Lanka to successfully compete with private sector organizations. Future researchers will be able to investigate this issue from new perspectives to understand individual responses to the PAS based on organizational background and employee hierarchy. In the paper, the researcher will first discuss the background of related concepts as an introduction. Then will continue by presenting the literature review, hypotheses and methodology. Research findings and discussion will be presented in section four, followed by the conclusion in the final section.

2. LITERATURE REVIEW:

Since the early 1960, study of commitment of employees to their organization has tried to understand its antecedent and outcomes (e.g. Mathew & Zajac, 1990). The organizational commitment is defined as the relative strength of an individual's identification with and involvement in a particular organization. (Mowday, Streers & Porter, 1982). Panggabean (2001) argue that when employees have strong belief, values and goals of the organization they will strongly commit to the organization and they have great interest in the organization and have a strong desire to remain within the organization. According to the model developed by Alan & Meyer (1990), organizational commitment has three dimensions: emotional commitment, continuous commitment and normative commitment are linked to the effective commitment of the team in the organizations. Those dimensions are same as view point of porter creates (Panggabean, 2001).

On the other hand, Lynch & Cross (1991) noted that the traditional performance appraisals have been focused on financial measures, but in present different performance appraisal systems are introduced as performance pyramid. For instance, the balanced scorecard (BSC) (Kaplan & Norton, 1992) and the performance prism system (Neely and Adams, 2000). Many researchers' studies on overall performance of organizations in different perspectives (E.g. Hoque, & James, 2000; Davis, & Albright, 2004). Hamilton and Chervany, (1981) argue that performance evaluations affect the indirect effect of performance on the delivery of organizational activities. Further, organization objectives such as revenue, net profit and customer satisfaction will not be realized without achieving specific organization objectives

such as motivating performance, developing individual's skills and knowledge, providing useful feedback to employees, and providing an accurate assessment of business unit performance (Hamilton and Chervany, 1981). Furthermore, Chan (2004) says explore that traditional performance appraisal has been mainly focused on profit, cash flow and return on investment to evaluate the performance of employees and therefore, a multidimensional performance appraisal measure contributes to the effectiveness of performance appraisal system.

Many researches have been scrutinized the effectiveness of performance appraisal from the perspective of their contribution to the financial performance. As an example Davis and Albright (2004), has done a research in US Banking sector to examine the relationship between the BSC implementation and the financial achievement of the branch network and study could be verifying that the BSC theory can be used to improve financial performance with the implementing of BSC outperforming better indicators on key financial measures. The BSC usage, which is aligned to company strategy, positively influences overall company performance. (Braam, and Nijssen, 2004). In addition to that, Malina & Selto (2001) and Whorter (2003) have argued that the effectiveness of performance appraisal based on organizational process such as communicating strategic objectives, creating strategic alignment, motivating employees and serving as a management control device as opposed to financial performance. Moreover, the BSC helpful to do performance feedback to employees and support in the accurate assessment of employee performance and it will lead to the employee commitment (Whorter, 2003).

According to Balfour and Wechsler (1991) noted high level of performance and productivity is achieved whenever workers are committed to their organization and proud of the organization and believe organization values and goals. Further, Kuvass (2008) found that employees obtain benefits from the organization and they feel to pay back for it and will effort to compensate for the benefits get from the organization. For example, the link between HR practices, turnover intention and work performance can be mediated by affective commitment of employees (Kuvaas, 2008). Further Kuvaas, (2008) explored that HR practices such as training and development, performance evaluation and career development have significant correlation with normative and affective commitment, although there has no meaningful relationship between continuance commitment and training and development. There is a positive correlation between identification, internalized commitment and in role behaviors. And many researches show that developmental performance appraisal, both directly and

through some attitudinal variables influence on organizational commitment and task performance (Balfour & Wechsler 1991).

Performance appraisal has been studied and different researchers and the effectiveness of the PAS was measured by four variables such as identify the training needs, career development, alignment with goal achievement and employee motivation which are whether lead for better employee commitment (e.g. Muma et al., 2014; Janice et al., 1996) Those dimensions are important for establishing a proper performance appraisal system for achieving organization sustainability. According to Armstrong (2012) training need analysis is an ongoing management process to get and analyze information on performance to make better decisions about where and when to use training. It exists, where is a gap between an individual knowledge and skills in task execution and satisfactory performance (Armstrong, 2012). Further Muma et.al., (2014), argue that the analysis of the skills, knowledge and attitudes in the performance review process help to identify their impact to the commitment, productivity, absenteeism, tardiness and potential. Further Janice et.al, (1996), found that training needs assessment in PAS will lead to improve the productivity of organizations and facilitate to develop quality products and services for achieving organizational goals and objectives. According to the aforesaid arguments, identify the training need can be taken as a dimension of evaluating the PAS in state owned banks in Sri Lanka.

In addition to that Cardy (1998), noted that the performance appraisal is support for administrative decisions, get feedback for the employee development and decision about rewards and promotion etc. Further, Dorfman, Stephan & Loveland, 1986 pointed out PAS enables to provide feedback, assistance, and counseling to employees with the purpose of improving individual performance. Further effectiveness of PAS can be measured its contribution on career planning and preparation of organizational employees (Dorfman et. al, (1996). Therefore, the contribution of PAS to the career development of executive officers of state owned commercial bank can be considered as an important dimension of the present research model.

Further, there are many empirical evidences to argue that the effective PAS should be aligned with organizational objectives. (E.g. Locke, & Latham, 1990). Further management by objectives is adopted by many organizations as one of the key appraisal methods and therefore it should be aligned with the organizational goals (Choon & Embi, 2012). The effective PAS should be aligned with the organizational strategic directions and corrective actions should be

taken in situations where PAS is deviating from the organizational goals (Sillup & Klimberg, 2010). In the effective PAS, the employees can set the short-term performance to meet the organizational goals in the long term (Stein, 2010). Based on the above arguments, alignment of the PAS of state owned banks with their goal achievement can be considered as a key dimension to represent the exogenous variable in the present research model.

Many general theories on PAS evolved out motivation (Steers et al., 1996). PAS can be adopted as organizational behavior literature as a potential predictor of employee turnover (Mowday, et al., 1982). Further Emmerik, Schreurs, Cuyper, and Peters, (2012) argue that the performance appraisals can be used to motivate employees through rewards such as promotions and salary increases. Furthermore, the rewards are in the form of extrinsic rewards which can be used to boost performance (Bassett-Jones & Lloyd, 2005). On the other hand, as internal promotions are taking place as a result of the PAS, it leads to motivate employees as intrinsic motivators (Kumar, 2012). Further performance feedback could serve as an important motivational source for workers if it is conducted effectively (Peterson, 2007). Furthermore, Maana (2008) argues that promotions are not only serve as a reward for the employee 's past performance, but also perform a crucial role in sending a message to co-workers that their future hard work will indeed pay off. Based on the aforesaid arguments, employee motivation can be adopted as a dimension of the success of PAS adopted by state owned commercial banks in Sri Lanka.

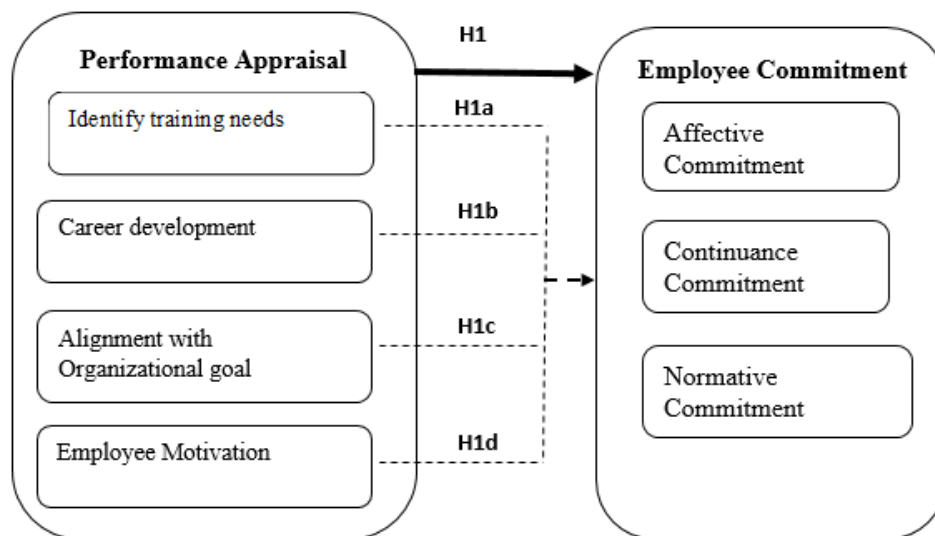
Allen and Mayer (1991), has suggested three dimensions of commitment as affective, continuance and normative. Further Allen and Mayer (1991) argue that “affective commitment is the emotional attachment or involvement of employees in the organization. The affective commitment is a willingness to help to organization objectives and desire with the organization in the future (Porter et.al, 1974) and normative commitment is feel a sense of guilt about the possibility of leaving from the organizations (Gaertner, & Nollen, 1989). Accordingly, the relevant measurement indicators of the above components of the organizational commitment were adopted to measure the dependent variable of the present research model.

3. METHODOLOGY:

3.1. Conceptual Framework:

Based on the empirical evidence and arguments from the previous literature, the researcher developed a conceptual framework for the current study in Figure 01.

Figure 01: Conceptual Framework



Source: Researcher developed based on the previous Literature

3.2. Hypotheses:

Base on the main objective of the study researcher formulated main hypothesis to test the relationship between performance appraisal and employee commitments. Therefore, main hypothesis:

H1: *there is a positive influence of PAS on employee commitment of executive employees at state owned commercial banks.*

While considering four dimensions of the performance appraisal as identify the training needs, career development, alignment with goal achievement, and employee motivation, the researcher formulated sub-hypotheses to examine the most significant dimension of PAS for employee commitment.

Previous researchers have identified training needs as one dimension for expected to a performance appraisal system of organization. The knowledge, experience and skills of the employees will effect for the future innovations and job commitment (Folan, 2005). These competences identified by the PA evaluation in the hierarchical levels of organization, and it is very important aspects concerning the success of the organization competitive strategy (Ubeda and Santos, 2007). Lee, and Whitford, (2007) mentioned that PAS has potential to increase employees' perception of being valued by an organization which is central affective organization's commitment. Further, training and development, career development and motivation affect for the perception of employees towards the PAS (Levey and Williams,

2004). According to Kuvaas, (2008) employees will probably show higher affective commitment to the organization if they perceive that PAS activities reflect employee's development. The satisfaction towards PAS may be positively related to affective commitment due to the enhance employee perception and perceived clarity of goals within the appraisal process (Rowland & Hall, 2012). According to these arguments identifying training needs through the PAS can be considered as a significant influencing factor for the employees' job commitment of present research context. Therefore, researcher reasonably assumed that there is positive impact of identification of training needs in PAS towards employee commitment in current presented context. Therefore, the researcher developed H1a as follows.

***H1a** – There is a positive influence of identifying training needs of employees by PAS on organizational commitment of executive employees of state-owned commercial banks in Sri Lanka.*

According to Appelbaum, Roy, and Gilliland (2011) perceived investment in employee development will be represented by the applications of PAS. Further, Drucker, (2013) noted that career development of the employees through performance evaluation may lead to high level of psychological obligations of the workforce towards the organizations. And also effective PAS helps to identify the organization's expectations on employees' activities, actions and results through that it is possible to equip employees with knowledge and skills (Anthony, and Govindarajan, 2007). Accordingly, training and development support for of PAS enhance the employee commitment, behavior and attitudes towards their jobs and organizations (Pettijohn, et. al., 2001). Based on the above discussion, the researcher develops H1b.

***H1b** – There is a positive influence of career development opportunities obtain from PAS on organizational commitment of executive employees of state-owned commercial banks in Sri Lanka.*

Rizzo et. al., (1970) argued that employees may increase their commitments in the situation where they have awareness about the evaluation system and organizational goals. Further Kuvaas (2008) emphasis that says that the performance appraisal is s best mechanism to communicate the organizational strategies, goals and vision to their employees. Employees may become more effectively committed to the organization by the PAS activities when it coordinates the organizational strategies, goals and vision (Sillup & Klimberg, 2010). In the PA process employee's participation in the organization seems to be necessary as employees and managers have to discuss on company objectives together (Huang et al., 2011). Those

arguments implied that when PAS align with the organizational goal achievement, employees may increase their commitment to their jobs. Accordingly, H1c was developed as follows.

***H1c** - There is a positive influence of alignment with organizational goals with the PAS on organizational commitment of executive employees of state-owned commercial banks in Sri Lanka.*

Mowday et.al., (1982) emphasis that motivation has been an important forecaster of commitment of employees by expending the time and energy to the organization. Further Spector (2006) emphasis that motivation of employees induces a person to engage in particular behaviors and positive attitudes towards the jobs. According to Miao, Evans and Shaoming, (2007), PAS becomes an intrinsic motivator when an organization uses it to recognize the superior performances of the employee. Further effective PAS use for increasing the rewards and benefits of the employees and it can be a strong extrinsic motivator (Woods, 2012). Further, Maley (2013) emphasis that there is a relationship between the motivation and commitment and they have developed a framework by considering a cross-fertilization of motivation and commitment to integrate the concept at a complex level by combining the theories of motivation and commitment. Based on aforesaid arguments, the researcher developed H1d as given below.

***H1d** - There is a positive influence of employee motivation through the PAS on organizational commitment of executive employees of state-owned commercial banks in Sri Lanka.*

The present research was designed as quantitative study based on the positivist research paradigm. Accordingly, survey method was selected for primary data collection by using self-administrated questionnaire. All the measurement indicators were selected by the validated scales of previous literature and five-point Likert scale were employed as the response format of latent variables ranging from strongly agree to strongly disagree. The target population of the study was defined as all the executive grade employees who are working with Bank of Ceylon or Peoples Bank. As both banks, more than 40% of total employees are serving as executive grade officers, the target population was estimated as 1978 and the sample size was decided as 350 based on the sample estimating formula introduced by Krejcie & Morgan in 1970. The sample was selected based on stratified sampling method by using each geographical district as the strata. Accordingly, the questionnaire was distributed among the proportionately selected employees by emails and data collecting was completed during the last quarter of 2020. Altogether 350 questionnaires were distributed by email and received only 240

questionnaires after two reminders. After considering missing values and extreme cases, 208 questionnaires were taken into the data analysis. According to the sample profile, 52% of the sample were represented by females, and most of them represent the age category of 35 to 50 years. The majority of respondents represent the executive employees with 52% from the total sample. Other respondents were represented manager and junior executive categories. Therefore, the demographic profile of the sample was reasonably representing the target population of the given study and it is sufficient to analyze the research issue of the given context.

4. FINDINGS AND DISCUSSIONS:

As per the nature of the study several statistical techniques were adapted for the data analysis. Initially the frequency counts as well as percentage adapted in order to summaries the sample results. In the descriptive statistics mainly mean value and standard deviation were calculated in order to determine the characteristic of the sample.

The IBM SPSS 22 package was employed for initial data analysis. Initially, a reliability and validity analysis were conducted to determine the internal consistencies of each scale adapted to measure the concept through Cronbach’s Alpha Coefficients. Further validity of the measurements was estimated by using AVE and composite reliability. The indicators relating to goodness of measurement together with descriptive statistics relating to the dimensions of PAS and job commitment of the executive grade employees are given in the following table.

Table 1: Reliability and Validity

Variable	Reliability		Validity		Descriptive Statistics	
	No. of items	Cronbach's Alpha	AVE	Composite Reliability	Mean	SD
Identify the training needs (ITN)	05	0.715	0.656156	0.883906	2.67	0.58663
Career development of employee (CD)	05	0.722	0.591725	0.851161	2.96	0.83448
Align with goal achievement (OGA)	05	0.619	0.491425	0.824302	3.34	0.70168
Employee Motivation	05	0.729	0.565005	0.838262	3.68	0.62577

(EM)						
Employee Commitment (Emp Com)	14	0.809	0.582803	0.950701	3.53	0.52363

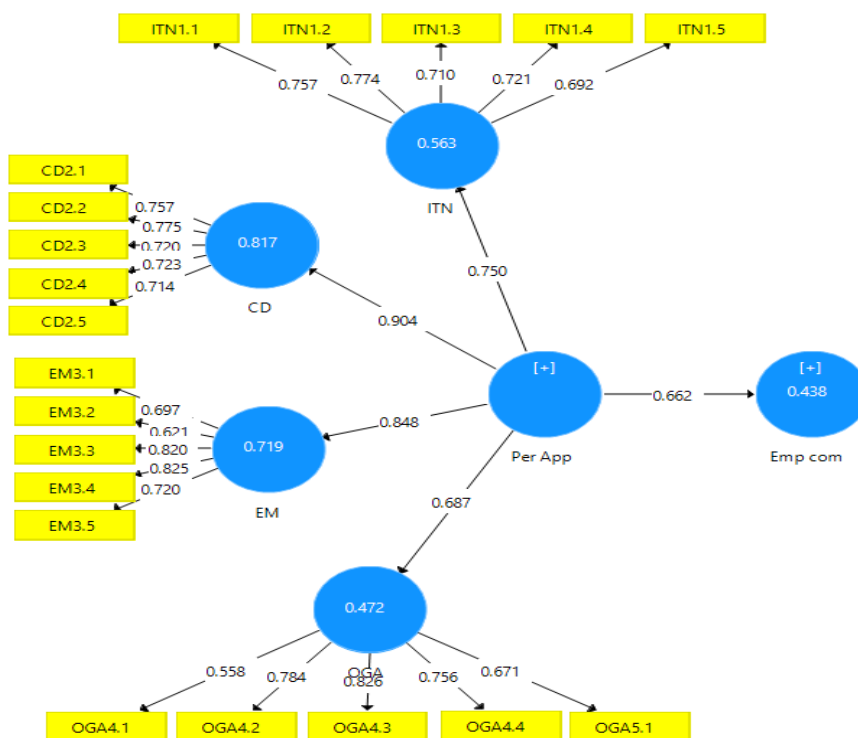
Source: Survey data, 2020

According to findings in table 01, all the responses received for the relevant variables are highly reliable according to the values of Cronbach alpha, because Cronbach alpha value is more significant the 0.700 after adjusting some questions of the questionnaire. Further findings revealed that Average Variance Extracted (AVE) is almost higher than 0.5, and it means the responses explain more than 50 percent average variance. As well as composite reliability also higher than 0.8, and it achieved the expected level of reliability. Therefore, selected questions of the questionnaire are achieved the standard requirements relating to the goodness of the measurements.

Further findings revealed that the mean values of the independent variables are varied around 3.0, which means the overall responses for dimensions of PAS and related variables are neither disagree nor agree. However, the descriptive statistics revealed that the employee motivation and alignment of PAS with organizational goals are relatively high compared to other two dimensions. It indicates that PAS of state banks are not focused on the identifying training needs and career development of the executive officers. The mean of job commitment falls into the medium score range and it implied that executives of state banks maintain the moderate level of commitments towards their jobs.

In addition to that, structural equation model employed to testing the hypothesis apart from other relevant calculations to achieve the objectives. Data analysis purpose Smart PLS 3 was adapted as the facilitator software all scales determine, based on a five-point scale. According to five-point scale strongly agree point were 5 and strongly disagree point is 1 accordingly author's calculation was done.

Figure 2: Relationship between performance appraisal and employee commitments



Source: Smart PLS output results

Table 2: Significance of the Relationship between performance appraisal and employee commitments

	Original Sample (β)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	2.5 0%	97.5 0%
Per App -> Emp com (H1)	0.662	0.665	0.026	25.108	0	0.603	0.707
Per App -> ITN (H1a)	0.750	0.75	0.036	21.137	0	0.668	0.807
Per App -> CD (H1b)	0.904	0.904	0.014	66.44	0	0.871	0.925
Per App -> OGA (H1c)	0.687	0.689	0.033	20.767	0	0.61	0.742
Per App -> EM (H1d)	0.848	0.848	0.016	53.543	0	0.814	0.875

Source: Smart PLS output results

The path coefficient represents the exogenous latent variables’ combined effect on the endogenous latent variable (Ringle et al, 2018). The researchers should assess the R^2 values of all the endogenous constructs as a measure of the model’s in-sample predictive power. According to Hair et al. (2017), when R^2 values become 0.25, 0.50, and 0.75, it implied that the respective endogenous variables are weak, moderate, and strong respectively. Therefore, one of the main parts of the structural model evaluation is the assessment of coefficient of determination (R^2). In the present research, employee commitment is the main construct of

interest (dependent variable). As per the estimated structural model given in figure 2, the overall R^2 is found to be a moderate level. In this case, it suggests that the three dimensions of performance appraisal i.e. identify training needs, career development, employee motivation and organization goal achievement, can jointly explain 43.8% of the variance of the endogenous construct (employee commitment). The R^2 value is 43.8%; it is shown inside the blue circle of the employee commitment construct in the PLS diagram (see Figure 2).

The structural model will have denoted the relationships among the main constructs in the conceptual framework by using path coefficients. Accordingly, the path coefficients represent the hypothesized relationships among the constructs in the model (Ringle et al., in 2018; Hair et al., 2018). The value for path coefficient should fall in between -1 and +1. When it tends towards +1, it is interpreted as strong positive relationship which is statistically significant and vice versa. However, whether Path coefficient is significant or not depends on its standard error which can be obtained by considering two types of criteria. As bootstrap standard error enables to compute the t values and p values for all structural path coefficients, p value can be considered to assess significant level of path coefficients (Hair et al., 2017). Generally, 5% significant level can be considered as the threshold level of p value, accordingly, p value must be smaller than 0.05 to demonstrate the significant relationship among constructs. Further, respective t value should be fall in the range of - 1.96 to +1.96 to assure the significant level of path coefficients. Therefore, said condition can be considered as criteria 01. Moreover, Hair et al., (2018) suggest that researchers should check the bootstrap confidence intervals under BCa approach in order to further test the significant levels of path coefficients, in the case of 1st criterion is not satisfied. Accordingly, if bootstrap confidence interval does not have a zero value, the path coefficient is still significant. It can be considered as criterion 02. The path diagram is given in the figure 02 and the summary of the statistics taken by bootstrapping techniques are given in table 02.

Based on the Smart PLS output, hypotheses were tested and results summarized according to the respective hypotheses. The individual path coefficients in the structural model and the table 2 represents the standardized Beta (β) coefficients in an OLS regression which express a one unit change of the exogenous construct changes the endogenous construct by the size of the path coefficient while everything remain constant. However, whether path coefficients are significant or not should be determined by testing statistical criteria.

The main hypothesis H1 considered, hypothesis formulated to test the influence made by performance appraisal on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. According to table 2, It explained that path coefficient ($\beta = 0.662$) was reported as a strong positive impact of performance appraisal on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further, in terms of the other statistical values as: $p = 0.000$; $t = 25.108$; and Bca (Bias Corrected) confidence intervals lower = 0.603 and upper = 0.707, revealed that the determinant taken strong significance on the level of employee commitments, the impact made by the performance appraisal on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Therefore, H1 was accepted.

Except to the main hypothesis, researcher needed to identify the most significant determinant from performance appraisal on employee commitments among executive officers of state-owned commercial banks in Sri Lanka. As per this purpose, sub- hypotheses were formulated. Accordingly, first sub-hypothesis was indicated as (H1a), it was tested the influence made by identify training needs on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. According to the output results, it explained as: slandered $\beta = 0.750$, it revealed that there is a positive influence made by performance appraisal on employee commitments among executive officers of state-owned commercial banks in Sri Lanka; $p = 0.000$ means, probability value is below the threshold value (0.05) and indicated significant; $t = 21.137$ explained strong t value which is higher than 1.96; and Bca (Bias Corrected) confidence intervals lower = 0.668 and upper = 0.807 (there is no zero laid between two confidence intervals), it confirmed that, the identify training needs and employee commitments insignificantly effects on the level of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. While considering the significant variables of adoption of employee commitments among executive officers of state-owned commercial banks, identify training needs is the highly influential determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Therefore, H1a was accepted.

As a second sub-hypothesis, highest path coefficient ($\beta = 0.904$), career development has a positive impact on employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further it was confirmed with the other statistical tests as well as: $p = 0.000$; $t = 66.44$ explained strong t value higher than 1.96; and Bca (Bias Corrected) confidential intervals lower = 0.871 and upper = 0.925 (there is no zero laid between two

confidence intervals), it further confirmed that, there is a strong positive insignificant influence made by the career development on employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further, it was revealed that, among the set of determinants, career development, is the most significant determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Hence, H1b was accepted.

According to the third sub- hypothesis (H1c) path coefficient ($\beta = 0.687$), alignment with organizational goals have a positive influence on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Significance was, further, revealed by the other statistical tests as well as: $p = 0.000$; $t = 20.767$; and Bca (Bias Corrected) confidential intervals lower = 0.61 and upper = 0.742 (no zero laid between two confidence intervals). Therefore, it concludes that there is a positive significant influence of alignment with organizational goals with employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further, it was revealed that, among the set of determinants, alignment with organizational goals, is the least significant determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Hence, H1c was accepted.

Further, when it considers the last sub-hypothesis (H1d), the path coefficient ($\beta = 0.848$) was reported in the path of employee motivation. That means there is a positive significant influence of employee motivation on the employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Further, in terms of the other statistical values as: $p = 0.000$; $t = 53.543$; and BCa (Bias Corrected) confidential intervals lower = 0.814 and upper = 0.875, the results further verified that there is a zero laid between lower confident interval and upper confidence interval revealed that there is a positive significant influence made by the compatibility and it also was the significant determinant of employee commitments among executive officers of state-owned commercial banks in Sri Lanka. Therefore, H1d was accepted.

According to the above discussion, many important findings are revealed in the structural model. The intensity of the relationships among constructs and their significant levels can be compared and contrasted based on the path coefficients and related statistics. Therefore, it is noted that both direct and indirect relationships can be examined through the path coefficients

analysis. As indirect relationships are represented in moderating and mediating variables, further analyses are needed to evaluate the indirect relationships in the structural model.

5. CONCLUSION AND RECOMANDATIONS:

The purpose of the research was to examine the impact on PAS on employee commitment of executive officers in the state-owned commercial banks in Sri Lanka. This was carried out of a sample of 350 executive officers in the state-owned commercial banks. The primary conclusion of this research is that there is a positive influence of the PAS on employee engagement in the current context. According to the reported value of the coefficient of determination (R^2), the PAS has moderate influence of on employee commitment. Therefore, main hypothesis was accepted. In addition, four sub-hypotheses were formulated to test the dimensional influence of the PAS of public commercial banks on employee involvement. According to the output results all the sub hypotheses were accepted. Based on the results of the hypothesis testing, the researchers noted that PAS systems adopted by both state-owned banks have significant impact on the commitment of the executive officers towards their organizations.

The conceptual model was developed based on the critical review of the literature and 04 most appropriate dimensions were selected to measure the effectiveness of PAS of the present research context. As a result, identify training needs, career development, alignment with objectives achieved and the use of motivation as dimensions of the performance assessment system currently adopted by the respective banks. As per the findings given in the above section, the usage of PAS for career development becomes most significant factor of the organizational commitment of executive officers in government commercial banks. Employee motivation and the identification of training needs become the second and third important factors in the PAS to increase employee engagement. Finally, it is concluded that the overall impact of PAS systems of present context is significantly influenced on the job commitment of the executive officers of state-owned commercial banks in Sri Lanka. Further, it is concluded that human resource practitioners in the government, commercial banks should seriously consider to develop their PAS by focusing carrier development and the motivation of the executive officers in the present research context.

The results of the study provide numerous practical contributions. As most of government owned organization in the country develop their PAS for completing the legal requirement

only, most researchers argue that PAS of those firms may not have a contribution to the organizational development. However, the present study has revealed that PAS has become the most significant antecedent of creating job commitment of government servants. Therefore, human resource managers at banks and other government organizations should design the PAS with particular attention to the professional development, motivation, and training needs of their employees. Further, top management of government firms should develop the image of their PAS system as an important tool to develop their career progression and the satisfactions. In addition, they should take immediate action to provide salary increases, promotions and training based on the results of their employees' performance reviews. Then, the employees may show their genuine performances and become more committed to the organizations beyond the conventional job security factor associated with higher job retention of government servants in Sri Lanka.

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