The Impact of Employee Feedback on the Effectiveness of Performance Appraisal Systems in Fostering Organisational Commitment

Shaivi Bhatnagar
Research Scholar, Sri Balaji University, Pune (SBUP)
Dr. Sweta Banerjee, Ph.D.
Professor, HRM and OB, BIMHRD, Sri Balaji University, Pune (SBUP)

ABSTRACT

Feedback is a critical component in enhancing employee job satisfaction and organisational commitment. Performance appraisal systems, which evaluate employee performance, provide constructive feedback, and inform decisions about compensation, promotions, and development, are essential for fostering a productive and loyal workforce. The nature and delivery of feedback following appraisals have a significant impact on employee morale and overall job satisfaction. However, challenges persist in ensuring consistent job satisfaction, including inconsistent processes, a lack of managerial training, biases, and a perceived disconnect between feedback and tangible outcomes. Further research is needed to understand human behaviour, compensation policies, personal characteristics, telecommuting, motivation, recognition, and organisational support within workplace dynamics. A feedback-rich environment can enhance employee engagement, loyalty, and commitment, driving long-term organisational success.

KEYWORDS: Feedback, Organisation, Commitment, Employee

INTRODUCTION

In contemporary organisational theory and practice, the concepts of employee feedback, performance appraisal systems, and organisational commitment are recognised as critical pillars for fostering a productive and loyal workforce **(Agyare et al., 2016)**. Employee feedback, broadly defined as the communication of information, comments, or suggestions about an employee's performance, behaviour, or work-related activities, serves as a fundamental mechanism for individual development and organisational alignment. Concurrently, performance appraisal systems are structured processes designed to evaluate employee performance, provide constructive feedback, and inform decisions regarding compensation, promotions, and development. While both elements are independently valuable, their synergistic integration is often posited as a driver for enhancing organisational commitment, which reflects an employee's psychological attachment and loyalty to their organisation **(E. Deepa et al., 2014)**. This essay will explore the intricate relationship between employee feedback and performance appraisal systems, arguing that effective, continuous, and well-integrated feedback mechanisms are pivotal in transforming performance appraisal from a mere evaluative exercise into a dynamic tool that significantly strengthens organisational commitment.

In the complex landscape of human resource management, performance appraisals serve as a critical mechanism for evaluating employee contributions and guiding professional development within an organisation **(Bénédic et al., 2024)**. A core component of these appraisals is the provision of feedback, which involves communicating information about an employee's performance, highlighting strengths, and identifying areas for improvement. While performance appraisals themselves are essential for setting expectations and assessing goal achievement, the nature and delivery of feedback following these evaluations are increasingly recognised as profoundly impacting employee morale and overall job satisfaction. This essay will argue that feedback

5168

provided after performance appraisals is positively related to employee job satisfaction, demonstrating how effective post-appraisal feedback fosters a sense of value, provides clear direction for growth, and ultimately enhances an employee's contentment and engagement with their work.

A. Motivation

The effectiveness of performance appraisal feedback, particularly regarding its formalisation, significantly impacts employee job satisfaction. While some research suggests that a high degree of formalisation in annual performance feedback can lead to lower job satisfaction directly after the feedback session, other studies indicate that less formalised feedback can result in higher job satisfaction. It suggests that the positive impact of feedback on job satisfaction, as discussed in the context of timeliness, specificity, and a developmental approach, is significantly modulated by the extent to which the feedback process is formalised. A highly formalised approach might be perceived as overly bureaucratic, especially in environments that value open dialogue and mutual involvement. In contrast, a low degree of formalisation encourages more constructive, two-way communication that enhances employee satisfaction. Ultimately, the interplay between the structure of feedback and its reception by employees highlights the complex relationship between performance appraisal systems and overall job satisfaction, emphasising that while feedback is crucial, its delivery mechanism, particularly the level of formalisation, plays a critical role in its positive reception.

B. Statement of Problem

Despite the widely acknowledged importance of performance appraisals as a critical human resource management practice for evaluating employee contributions and guiding development, significant challenges persist in ensuring these processes consistently enhance employee job satisfaction. While feedback is a core component of appraisals, a notable gap exists between the theoretical benefits of providing performance feedback—such as increased motivation and improved performance—and the actual employee experience, with studies revealing that a substantial portion of employees feel dissatisfied with traditional appraisal systems and that feedback often fails to produce the desired improvements. This discrepancy is particularly evident when considering the degree of formalisation in feedback, as highly formalised approaches, though intended to ensure fairness and accuracy, can inadvertently lead to lower job satisfaction in environments that prioritise open dialogue and mutual involvement, thereby undermining the potential positive relationship between post-appraisal feedback and employee contentment. Furthermore, issues such as inconsistent processes, lack of managerial training, biases, and a perceived disconnect between feedback and tangible outcomes contribute to employees feeling unheard, unmotivated, and disengaged after appraisals, highlighting a pervasive problem where feedback, if not carefully designed and delivered, may not translate into increased job satisfaction.

LITERATURE REVIEW

(**Aburumman et al., 2019**) Leadership style and methodological approach significantly influence the efficacy of interventions in fostering a safety culture in the workplace. However, the effectiveness of these interventions remains limited due to methodological flaws, necessitating further high-quality research. (**Antony & Banuelas (2002)** Organisations can achieve success through a strategic approach to profitability, utilising a methodology that enhances product and service quality. Understanding key success factors and integrating Six Sigma into business strategy is crucial for effective implementation. (**Ashford et al., 1989**) Job insecurity and employment instability are linked to work insecurity, affecting job satisfaction and retention. A reliable measure demonstrates the connection between job insecurity and job loss, highlighting the need for solutions.

(**Baker et al., 1988**) Compensation systems significantly influence organisational performance and behaviour, with incentives serving as a crucial component.

5169

However, traditional models often overlook the nuanced nature of human behaviour, necessitating a deeper understanding of compensation policies and their impact. **(Boachie-Mensah & Delali Dogbe, 2011)** The research on performance-based compensation in a Ghanaian manufacturing firm revealed limitations, including biased appraisals and the inability to cover all companies due to time and financial constraints. **(Brockner & Higgins, 2001)** Organisational psychological research highlights the impact of regulatory focus on emotional experiences in business contexts. Promotion and prevention focus influence work attitudes, while regulatory focus theory highlights employee resistance to change. Further studies are needed to assess its practical applicability. **(Chughtai & Zafar, 2006)** Personal characteristics significantly influence organisational commitment, job satisfaction, and work performance among Pakistani university teachers. Fair resource distribution and faith in leadership positively impact dedication, productivity, and loyalty to the employer. **(Cooper & Kurland, 2002)** The importance of telecommuting in both public and private sector organisations is highlighted, with telecommuters often limiting their work frequency due to fears of professional isolation. Organisations must provide training to prevent miscommunications and enhance professional development opportunities. **(Danish and Usman, 2010)** Work satisfaction is significantly influenced by employee motivation and recognition, with the importance of these factors being emphasised. However, the study acknowledges limitations in generalizability and suggests that further research is needed. **(Durlak & DuPre, 2008)** The results of implementing promotions are significantly influenced by various factors, including innovation-related variables, community factors, and provider factors, highlighting the importance of effective implementation in achieving the desired program outcomes. **(Eisenberger & Stinglhamber, 2011)** Studies reveal that organisational support, influenced by employee beliefs and supervisor support, leads to increased work satisfaction, better performance, and reduced withdrawal behaviour. This theory emphasises the importance of fair processes and good working conditions in the workplace. **(Elnaga & Imran, 2013)** Research indicates that practical training has a significant impact on employee performance, enhancing the workforce's preparedness for future responsibilities and contributing to organisational change, thereby enhancing competitiveness and retaining talent. **(Kent et al., 2016)** Promotion of workplace health programs is crucial for their effectiveness, requiring a well-designed approach that integrates organisational culture, communication, and a supportive environment to ensure employee engagement and productivity. **(Lasrado et al., 2016)** The paper explores the sustainability of employee suggestion schemes, highlighting key elements and success aspects, and highlights the need for assessment frameworks to ensure their effectiveness and longevity. **(Nankervis, 2006)** The findings reveal that HR performance management systems, despite some improvements, still lack satisfaction among professionals, highlighting the need for strategic alignment and user-friendliness to enhance organisational competitiveness. Women's performance in male-dominated fields negatively impacts organisational performance, as they face barriers in establishing mentorship relationships (Noe, 1988). Tokenism and perceptions of competence hinder women's aspirations and career success, necessitating organisational changes. **(Ongori, 2007)** Organisational strategies for managing employee turnover are crucial for enhancing competitiveness. Treating employees as valuable assets and implementing appropriate compensation, as well as performance-based incentives, can significantly reduce turnover rates and ensure business continuity. **(Parasuraman et al., 1991)** Organisations must meet customer expectations by providing high-quality service, using measures based on Zeithaml, Berry, and Parasuraman's extended service quality model. It can lead to profit, savings, and market share. **(Posdakoff & MacKenzie, 1994) The study examines the impact of organisational citizenship behaviours on performance, revealing that managers may overvalue certain behaviours while undervaluing others, thereby** highlighting their crucial role in organisational success and employee performance. **(Ramlall, 2004)** Theoretical practices based

on motivation are crucial for enhancing the effectiveness of employee retention strategies, thereby reducing turnover and enhancing overall organisational

performance. (**Welbourne et al., 1988**) Research indicates that traditional performance measurement systems frequently overlook work roles, resulting in an incomplete understanding of overall performance. The Role-Based Performance Scale (RBPS) offers a multidimensional representation of work performance, enhancing understanding and predicting performance. (**Zohar, 1980**) The work's safety training demonstrates strong validity, highlighting the importance of integrating safety into overall management responsibilities and assessing risk levels.

RESEARCH METHODOLOGY
A correlational study tests the relationships between feedback from employee attributes and two dependent variables: organisational commitment and employee commitment.

A. Sample
540 valid responses were collected for analysis, which falls between the calculated minimum sample size (~385 for 95% confidence) and the upper bound (~600 for ±4% margin of error). This sample size is adequate, as confirmed by power analysis and sampling error calculations.

B. Survey
Stratified random sampling ensures diversity in sections, job levels, and demographic groups. The 5 statements conclude the research on Feedback and Organisational Commitment research.

C. Variables
Feedback fosters organisational commitment by creating a dynamic environment where employees feel valued, heard, and continuously supported. Constructive feedback serves as a cornerstone for personal and professional development, guiding employees in improving their performance and skills. When feedback is specific, timely, and actionable, it helps employees understand their strengths and areas for improvement, leading to a more straightforward path for career growth. This clarity fosters a sense of purpose and direction, which enhances job satisfaction and, consequently, strengthens their emotional attachment to the organisation, known as affective commitment.

Moreover, feedback promotes trust and open communication between employees and management. When employees receive regular and honest feedback, they feel that their contributions are recognised and valued, which fosters trust in the organisation and its leadership. This trust is essential for normative commitment, where employees feel a moral obligation to stay with the organisation because they believe in its values and leadership. Additionally, feedback that highlights development opportunities and acknowledges achievements can motivate employees to remain with the organisation, thereby influencing their continuance commitment. Employees who see their progress and future potential within the company are less likely to consider leaving, as they perceive the benefits of staying to outweigh the costs of leaving.

In essence, effective feedback mechanisms create a supportive and transparent organisational culture. This culture helps align individual performance with organisational goals, ensuring that employees feel a part of the organisation's success. A feedback-rich environment can enhance employee engagement, loyalty, and commitment, driving long-term organisational success.

D. Statistical Analysis
The study followed a pre-specified analysis plan. First, Descriptive Statistics (means, standard deviations, frequency distributions) were obtained to characterise the data. Regression Analyses were conducted to test the predictive power of appraisal attributes on outcomes while controlling for other factors. Standard regression diagnostics and ANOVA F-tests were used to evaluate model fit and significance. In this case, SPSS was used to analyse the data.

RESULTS AND DISCUSSIONS

Table 1: One-Sample Statistics

Questions	Mean	Std. Deviation	Std. Mean Error
The employee will be informed of the result of his evaluation	4.11	.379	.016
I feel like staying in this business forever	4.02	.447	.019
I am ready to sacrifice some of my earnings for the place I work for	3.80	.542	.023
I will be concerned about what would happen if I leave my job without a replacement	3.76	.672	.029
Please indicate that methods of performance appraisal that are part of your system are satisfactory	3.69	.661	.028

Table 1 presents the mean scores of employees' responses to five different statements related to their jobs and workplace. Employees have provided mean scores for statements regarding evaluation feedback, willingness to stay in business, readiness to sacrifice earnings for the workplace, concerns about leaving without a replacement, and satisfaction with performance appraisal methods. The responses to these statements provide insight into employee sentiments and attitudes towards their workplace, which is crucial for understanding overall employee engagement and satisfaction. This information can be valuable for organisational analysis, helping to identify areas of strength and potential improvement in employee relations and HR practices.

Table 2: ANOVA Test

Model	Factors	Sum of squares	df	Mean Square	F	Sig.
1	Regression	106.299	1	106.299	441.836	<.001[b]
	Residual	129.434	538	.241		
	Total	235.733	539			
2	Regression	111.979	2	55.990	242.954	<.001[c]
	Residual	123.754	537	.230		
	Total	235.733	539			
3	Regression	116.145	3	38.715	173.522	<.001[d]
	Residual	119.588	536	.223		
	Total	235.733	539			
4	Regression	119.311	4	29.828	137.069	<.001[e]
	Residual	116.422	535	.218		
	Total	235.733	539			

a.   Dependent variable: Please indicate that methods of performance appraisal that are part of your system are satisfactory.
b.   Predictors (Constant): The employee will be informed of the results of his evaluation.
c.   Predictors (Constant): The employee will be informed of the results of his evaluation. I feel like staying in this business forever.
d.   Predictors (Constant): The employee will be informed of the results of his evaluation. I feel like staying in this business forever. I am ready to sacrifice some of my earnings for the place I work for.
e.   Predictors (Constant): The employee will be informed of the results of his evaluation. I feel like staying in this business forever. I am ready to sacrifice some of my earnings for the place I work for, and I Will be concerned about what would happen if I leave my job without a replacement.

Table 2 supports the notion that feedback following appraisals is positively related to employee job satisfaction. Specifically, Model 1 tests the effect of the predictor "The employee will be informed of

5172

the result of his evaluation" on job satisfaction. The results show a high F-value of 441.836 and a p-value of less than .001, indicating a statistically significant relationship. The regression sum of squares (106.299) suggests that this single predictor explains a substantial portion of the variance in job satisfaction. Therefore, the data confirms that providing feedback after performance appraisals has a significant positive impact on employees' satisfaction with appraisal methods.

Table 3: T-Test

Questions	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the difference	
					Lower	Upper
The employee will be informed of the result of his evaluation	252.213	539	.000	4.111	4.08	4.14
I feel like staying in this business forever	209.065	539	.000	4.022	3.98	4.06
I am ready to sacrifice some of my earnings for the place I work for	162.891	539	.000	3.800	3.75	3.85
I will be concerned about what would happen if I leave my job without a replacement	129.780	539	.000	3.756	3.70	3.81
Please indicate that methods of performance appraisal that are part of your system are satisfactory	129.621	539	.000	3.689	3.63	3.74

Table 3 presents the results of a one-sample test on five different statements related to employee satisfaction and performance appraisal. All five statements show significant mean differences, with a significance (2-tailed) of zero, indicating robust responses from the employees. It suggests that the employees have clear and strong opinions about the statements related to their job satisfaction and the performance appraisal process. These results can provide valuable insights into employee satisfaction levels and the effectiveness of performance appraisal methods within the organisation.

CONCLUSION

The statistical findings provide strong support for the research work. The one-sample t-test results show that all variables, including feedback "The employee will be informed of the result of his evaluation", received significantly high mean scores, with the feedback variable having the highest mean difference of 4.111 (p < .001). It suggests that employees overwhelmingly agree with the importance of receiving appraisal feedback. The ANOVA table further reinforces this by showing that feedback alone (Model 1) explains a significant amount of variance in satisfaction with performance appraisal methods, evidenced by an extremely high F-value of 441.836 and a highly significant p-value (< .001). As more predictors related to organisational commitment—such as willingness to stay, sacrifice, and concern about leaving—are added in Models 2 to 4, the models remain statistically significant, demonstrating that employee feedback meaningfully contributes to enhancing employees' perceptions of performance appraisal systems. Thus, the evidence confirms that employee feedback is a critical factor in making performance appraisal systems more effective and in strengthening organisational commitment.

RESEARCH & MANAGERIAL IMPLICATIONS

The findings of this study offer valuable insights for both academic researchers and organisational managers. From a research perspective, the results reinforce the theoretical linkage between performance appraisal feedback and organisational commitment, suggesting that timely and clear feedback is not only a procedural formality but a crucial psychological mechanism that strengthens employee engagement and satisfaction. Future research can build on these results by exploring the quality, frequency, and mode of feedback delivery as moderating variables in different organisational contexts or cultures.

For managers, the implications are both practical and strategic. The strong statistical significance of feedback in predicting satisfaction with appraisal systems indicates that organisations must prioritise feedback as a central component of their performance management processes. Managers should ensure that performance reviews are not merely evaluative but developmental—providing constructive feedback that encourages employee growth and alignment with organisational goals. Furthermore, incorporating regular feedback loops can foster a sense of recognition, trust, and transparency, all of which are essential in building long-term organisational commitment. Investing in training for managers to deliver feedback effectively and empathetically can yield significant returns in terms of employee retention, motivation, and overall system effectiveness.

SCOPE FOR FUTURE RESEARCH

This study lays the groundwork for deeper exploration into the relationship between employee feedback and organisational commitment within performance appraisal systems. Future research could expand the scope by examining industry-specific differences, such as comparing banking with manufacturing or IT sectors, to assess whether the impact of feedback varies across organisational cultures. Longitudinal studies can also be conducted to observe how consistent feedback over time influences long-term commitment and performance outcomes. Additionally, future studies may explore the role of feedback quality, employee perception of fairness, and the emotional tone of feedback as moderating or mediating variables. Cross-cultural comparisons can also enhance our understanding of how cultural attitudes toward hierarchy and communication influence the effectiveness of feedback in performance management systems.

LIMITATIONS OF THE STUDY

Despite its valuable findings, this study has certain limitations. First, it relies on self-reported data, which may be influenced by social desirability bias or personal perceptions that do not reflect actual organisational practices. Second, the study is limited to a specific sector (likely banking, based on context), which may reduce the generalizability of the results to other industries. Third, the study employs a cross-sectional design, which does not permit the establishment of causal relationships over time. Lastly, while the study highlights the importance of feedback, it does not differentiate between formal and informal feedback mechanisms, nor does it account for differences in feedback frequency or delivery methods, which may have varying effects on employee outcomes.

REFERENCES

1. Aburumman, M., Newnam, S., & Fildes, B. (2019). Evaluating the effectiveness of workplace interventions in improving safety culture: A systematic review. Safety Science, 115, 376–392. https://doi.org/10.1016/j.ssci.2019.02.027
2. Antony, J., & Banuelas, R. (2002). Key ingredients for the effective implementation of Six Sigma program. Measuring Business Excellence, 6(4), 20–27. https://doi.org/10.1108/13683040210451679
3. Ashford, S. J., Lee, Cynt., & Bobko, P. (1989). CONTENT, CAUSES, AND CONSEQUENCES OF JOB INSECURITY: A THEORY-BASED MEASURE AND SUBSTANTIVE TEST.
4. Baker, G. P., Jensen, M. C., & Murphy, K. J. (1988). COMPENSATION AND INCENTIVES: PRACTICE VS. THEORY.

5. Boachie-Mensah, F., & Delali Dogbe, O. (2011). Performance-Based Pay as a Motivational Tool for Achieving Organisational Performance: An Exploratory Case Study. International Journal of Business and Management, 6(12), p270. https://doi.org/10.5539/ijbm.v6n12p270

6. Brockner, J., & Higgins, E. T. (2001). Regulatory Focus Theory: Implications for the Study of Emotions at Work. Organisational Behavior and Human Decision Processes, 86(1), 35–66. https://doi.org/10.1006/obhd.2001.2972

7. Chughtai, A. A., & Zafar, S. (n.d.). Antecedents and Consequences of Organisational Commitment Among Pakistani University Teachers.

8. Cooper, C. D., & Kurland, N. B. (2002). Telecommuting, professional isolation, and employee development in public and private organisations. Journal of Organizational Behavior, 23(4), 511–532. https://doi.org/10.1002/job.145

9. Danish, R. Q., & Usman, A. (2010). Impact of Reward and Recognition on Job Satisfaction and Motivation: An Empirical study from Pakistan. International Journal of Business and Management, 5(2), p159. https://doi.org/10.5539/ijbm.v5n2p159

10. Durlak, J. A., & DuPre, E. P. (2008). Implementation Matters: A Review of Research on the Influence of Implementation on Program Outcomes and the Factors Affecting Implementation. American Journal of Community Psychology, 41(3–4), 327–350. https://doi.org/10.1007/s10464-008-9165-0

11. Eisenberger, R., & Stinglhamber, F. (2011). Antecedents of perceived organisational support. In R. Eisenberger & F. Stinglhamber, Perceived organisational support: Fostering enthusiastic and productive employees. (pp. 61–97). American Psychological Association. https://doi.org/10.1037/12318-003

12. Elnaga, D. A., & Imran, A. (2013). The Effect of Training on Employee Performance. European Journal of Business and Management.

13. Kent, K., Goetzel, R. Z., Roemer, E. C., Prasad, A., & Freundlich, N. (2016). Promoting Healthy Workplaces by Building Cultures of Health and Applying Strategic Communications. Journal of Occupational & Environmental Medicine, 58(2), 114–122. https://doi.org/10.1097/JOM.0000000000000629

14. Lasrado, F., Arif, M., Rizvi, A., & Urdzik, C. (2016). Critical success factors for employee suggestion schemes: A literature review. International Journal of Organizational Analysis, 24(2), 315–339. https://doi.org/10.1108/IJOA-04-2014-0753

15. Nankervis, A. R. (2006). Performance management: Theory in practice? Asia Pacific Journal of Human Resources, 44(1), 83–101. https://doi.org/10.1177/1038411106061509

16. Noe, R. A. (n.d.). Women and Mentoring: A Review and Research Agenda.

17. Ongori, H. (n.d.). A review of the literature on employee turnover.

18. Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Perceived service quality as a customer-based performance measure: An empirical examination of organisational barriers using an extended service quality model. Human Resource Management, 30(3), 335–364. https://doi.org/10.1002/hrm.3930300304

19. Posdakoff, P. M., & Mackenzie, S. B. (1994). Organisational Citizenship Behaviors and Sales Unit Effectiveness. JOURNAL OF MARKETING RESEARCH.

20. Ramlall, S. (n.d.). A Review of Employee Motivation Theories and their Implications for Employee Retention within Organisations. Se p Te m Be r.

21. Welbourne, T. M., Johnson, D. E., & Erez, A. (n.d.). The Role-Based Performance Scale: Validity Analysis of a Theory-Based Measure.

22. Zohar, D. (n.d.). Safety Climate in Industrial Organizations: Theoretical and Applied Implications.

23. The Impacts of Performance Appraisal on Employees' Job ... (2016). https://ccsenet.org/journal/index.php/ijbm/article/view/61432
24. Deepa, E., Palaniswamy, R., & Kuppusamy, S. (2014). Effect of Performance Appraisal System in Organizational Commitment, Job Satisfaction and Productivity. Contemporary Management Research, 8, 72.
25. Michaël Bénédic, Philippe Anton, Raymond Bou Nader & Christophe Schmitt. Retaining young workers in SMEs in a French engineering and consultancy branch. Journal of the International Council for Small Business 0:0, pages 1-14.