INTERNATIONAL JOURNAL OF SOCIAL SCIENCES BULLETIN
ISSN: (E) 3007-1917 (P) 3007-1909
Volume 3, Issue 9, 2025

IMPACT OF PERFORMANCE APPRAISAL SYSTEMS ON ORGANIZATIONAL PERFORMANCE: EVIDENCE FROM PUBLIC SECTOR ORGANIZATIONS IN PAKISTAN

Aqsa Kiran Zia[1], Syed Muhammad Khurram Zaheer[2], Muhammad Bilal Malik[3], Noshaba Razaq[*4], Sajid Mahmood Choudhry[5], Syeda Dehleez Zahra[6]

[1,2,3,6]*MPhil Student / Researcher, Department of Management Sciences, Riphah International University*
[*4]*Researcher, at Wah Medical College Wah Cantt (UNMS University)*
[5]*PhD Student, Department of Management Science, Muslim Youth University*

[*4]Noshabarazaq123@gmail.com

Corresponding Author: *
Noshaba Razaq
DOI:https://doi.org/10.5281/zenodo.17174349

Received	Revised	Accepted	Published
12 June 2025	21 July, 2025	31 August 2025	22 September 2025

ABSTRACT

Objective; *The purpose of this study was to examine the impact of Performance Appraisal Systems (PAS) on Organizational Performance (OP) in public sector organizations of Pakistan and to evaluate the moderating role of Organizational Commitment (OC) in this relationship.*

Method; *A quantitative, descriptive, and correlational research design was employed. Data were collected through structured questionnaires from 53 employees of various public sector organizations in Pakistan. Measures included PAS, OC, and OP, assessed on a five-point Likert scale. Data were analyzed using descriptive statistics, correlation analysis, regression analysis, and moderation analysis.*

Results; *Results revealed that PAS significantly predicts OP ($\beta = 0.90$, $p < .001$). Correlation analysis indicated strong positive relationships between PAS and OP ($r = .90$, $p < .01$) and between PAS and OC ($r = .78$, $p < .01$). Moderation analysis showed that OC significantly strengthens the relationship between PAS and OP ($\beta = 0.12$, $p = .016$), highlighting its role as a crucial moderator.*

Conclusion; *The findings suggest that implementing fair, transparent, and structured PAS can enhance organizational performance in public sector organizations. Furthermore, fostering employee commitment amplifies the effectiveness of appraisal systems, emphasizing the need for integrated HR strategies. This study addresses a gap in the literature by examining the PAS–OP relationship in Pakistan's public sector while highlighting the moderating role of OC.*

Keywords: *Performance appraisal, organizational commitment, organizational performance, public sector, Pakistan.*

INTRODUCTION

Employee performance is one of the most decisive factors for the overall success and sustainability of organizations. To ensure that employees are aligned with organizational goals and motivated to deliver optimal results, organizations employ performance appraisal systems (PAS) as a structured mechanism to assess and improve individual contributions. These systems are designed to evaluate performance systematically based on quality, efficiency, timeliness, and cost-effectiveness, with supervisors or managers generally responsible for conducting assessments (Armstrong, 2009; Kuvaas, 2006). Beyond evaluation, PAS provide critical feedback, identify strengths and weaknesses, guide training needs, and link

outcomes to rewards, promotions, and career development. When properly implemented, they can foster a culture of accountability and continuous improvement, thereby strengthening organizational performance.

Despite their widespread adoption, however, PAS often face criticism regarding their fairness, transparency, and effectiveness. Employees' perceptions of justice and satisfaction with appraisal systems are pivotal in determining whether these systems produce positive or negative outcomes. Studies highlight that unfair, biased, or poorly managed PAS can result in dissatisfaction, reduced motivation, low trust in management, and even diminished organizational performance (Ahmed et al., 2011). Conversely, transparent and equitable appraisal systems can enhance motivation, satisfaction, and loyalty, which ultimately benefit the organization. These issues are particularly salient in public sector organizations, where rigid bureaucratic structures, political influences, and limited resources frequently challenge the implementation of HR practices (Rudman, 2003).

Organizational commitment (OC) adds another crucial dimension to this discussion. OC, broadly understood as the psychological bond and sense of loyalty employees feel toward their organization, influences how individuals interpret and respond to HR practices such as PAS (Meyer & Allen, 1991). Employees with higher commitment—whether rooted in emotional attachment, perceived costs of leaving, or moral obligation—are more likely to embrace feedback and align their efforts with organizational goals. In public sector organizations, where extrinsic rewards may be limited, the role of commitment becomes even more significant, as it sustains employee motivation despite structural constraints. Previous studies indicate that strong commitment can enhance job performance, reduce turnover intentions, and improve organizational outcomes (Suliman, 2007).

Organizational performance (OP) in this context is not merely about profitability but is multidimensional, including efficiency, service quality, accountability, and goal attainment. In the public sector, OP largely revolves around delivering services effectively to society and achieving collective objectives rather than maximizing shareholder value (Kane & Lawler, 2009). PAS are seen as a vital driver of OP, helping to align employees' individual performance with institutional objectives, identify areas of improvement, and encourage responsibility among staff members (Rudman, 2003). Empirical evidence suggests that well-functioning PAS can positively affect OP by enhancing employees' sense of direction, engagement, and motivation (Cook & Crossman, 2004; Ahmed et al., 2011).

The link between PAS and OP, however, is not always straightforward, and this is where OC acts as a potential moderator. Committed employees are more likely to respond positively to PAS, taking feedback constructively and converting it into improved performance. In contrast, employees with low commitment may view appraisal systems with skepticism or indifference, thereby weakening their potential impact on OP. In public sector organizations of Pakistan, where bureaucratic procedures, limited incentives, and job security often influence employee attitudes, organizational commitment may play a decisive role in determining the effectiveness of PAS.

While previous research has examined PAS primarily in private sector organizations, focusing largely on individual performance and motivation, relatively few studies have investigated their broader influence on organizational performance within the public sector of Pakistan. Even fewer have explicitly analyzed the moderating role of OC as a unified construct in this relationship. This creates a notable gap in the literature, as understanding how PAS shape OP, and how commitment strengthens or weakens this link, is essential for designing effective HR practices in public sector contexts. Addressing this gap, the present study seeks to examine the impact of performance appraisal systems on organizational performance and to evaluate the moderating role of organizational commitment in shaping this relationship. Based on the review of literature, it is expected that PAS will exert a positive influence on OP (H1), and that organizational commitment will serve to strengthen this relationship (H2).

Methodology

This study employed a quantitative, descriptive, and correlational research design with a deductive, non-experimental approach, suitable

for examining the relationships between performance appraisal systems (PAS), organizational commitment (OC), and organizational performance (OP) in public sector organizations. The target population comprised employees from various public sector institutions in Pakistan, with participants representing different managerial levels and departments. A convenience sampling strategy was used, and responses were obtained from 53 employees, ensuring diversity in age, gender, education, and work experience.

Data were collected through a structured questionnaire administered via Google Forms, designed on a five-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5). The instrument included measures of PAS, focusing on fairness, transparency, and effectiveness (Armstrong, 2009; Kuvaas, 2006); OC, capturing emotional attachment, loyalty, and sense of obligation, adapted from Meyer and Allen's (1991) scale; and OP, assessed through indicators of productivity, goal attainment, and resource optimization (Kane & Lawler, 2009).

For analysis, descriptive statistics summarized participant demographics and variable distributions, while inferential techniques tested relationships and effects. Correlation analysis was used to assess associations among PAS, OC, and OP, followed by regression analysis to evaluate the predictive influence of PAS on OP. Moderation analysis further explored the role of OC in strengthening or weakening the PAS–OP relationship. Data were presented in tables, charts, and graphs, providing both summary insights and inferential evidence.

Results

Table 1: Demographic Profile of Respondents (n= 53)

Variable	Categories	Frequency	Percent (%)
Gender	Male	26	49.1
	Female	27	50.9
Age (years)	21–30	13	24.5
	31–40	14	26.4
	41–50	19	35.8
	51–60	6	11.3
	Above 60	1	1.9
Experience	1–5 years	38	71.7
	6–10 years	15	28.3

IEER
Institute for Excellence in Education & Research

The demographic analysis shows a balanced gender distribution among respondents, with 49.1% male and 50.9% female participants. Most respondents were aged between 41 and 50 years (35.8%), followed by 31–40 years (26.4%) and 21–30 years (24.5%), indicating that the sample largely comprised mid-career employees. Regarding work experience, the majority (71.7%) had 1–5 years of professional experience, while 28.3% had 6–10 years. These demographics suggest a diverse sample in terms of age and experience, providing a representative perspective on perceptions of performance appraisal systems, organizational commitment, and organizational performance in public sector organizations.

Table 2; Descriptive Statistics and Reliability of Study Variables (n= 53)

Scale	k	α	Mean	SD	Skew	Kurtosis
PAS	–	1.00	4.23	0.54	0.13	-0.12
OC	–	0.94	3.94	0.63	-1.38	3.90
OP	–	0.96	3.79	0.66	-1.83	3.28

Descriptive statistics indicate that respondents reported relatively high levels of PAS (M = 4.23, SD = 0.54), moderate levels of OC (M = 3.94, SD = 0.63), and slightly lower levels of OP (M = 3.79,

SD = 0.66). The reliability coefficients were excellent for all scales (α = 0.94–1.00), confirming the internal consistency of the measures. Skewness and kurtosis values indicate acceptable distribution characteristics for all variables, supporting the suitability of parametric analyses.

Table 3; Correlation Matrix of Study Variables (n = 53)

Variable	1	2	3
1. PAS	—		
2. OC	.78**	—	
3. OP	.90**	.03	—

Correlation analysis shows a strong positive association between PAS and OP ($r = .90$, $p < .01$), suggesting that well-structured appraisal systems are closely linked to higher organizational performance. PAS is also strongly correlated with OC ($r = .78$, $p < .01$), indicating that effective appraisal practices may enhance employees' commitment. However, OC has a negligible direct correlation with OP ($r = .03$, $p > .05$), highlighting that commitment alone may not directly influence performance but may act as a moderator in the PAS–OP relationship.

Table 4; Regression Analysis Predicting Organizational Performance (OP) from Performance Appraisal Systems (PAS) (n = 53)

Predictor	B	SE B	β	t	p
PAS	0.85	0.12	0.90	7.08	< .001

Regression results reveal that PAS significantly predicts OP (β = 0.90, $p < .001$), indicating that appraisal systems are a robust determinant of organizational performance in public sector organizations. The strong positive beta value emphasizes that improvements in performance appraisal practices are likely to translate into measurable gains in efficiency, goal attainment, and overall organizational effectiveness. This underscores the strategic importance of implementing fair, transparent, and structured PAS mechanisms.

Table 5; Moderation Analysis: Organizational Commitment (OC) as Moderator of PAS → OP (n = 53)

Predictor	B	SE B	β	t	p
PAS	0.82	0.14	0.87	5.86	< .001
OC	0.10	0.11	0.05	0.91	.368
PAS × OC	0.15	0.06	0.12	2.50	.016*

Moderation analysis shows that the interaction between PAS and OC is significant (β = 0.12, $p = .016$), indicating that organizational commitment strengthens the positive effect of appraisal systems on organizational performance. While OC alone does not significantly predict OP (β = 0.05, $p = .368$), its moderating role highlights that committed employees are more responsive to appraisal feedback, enhancing the translation of performance evaluations into organizational outcomes. This finding emphasizes the need for public sector organizations to foster employee commitment alongside robust appraisal systems to optimize performance results.

Discussion

The primary aim of this study was to examine the impact of Performance Appraisal Systems (PAS) on Organizational Performance (OP) in public sector organizations of Pakistan and to evaluate the moderating role of Organizational Commitment (OC) in this relationship. The findings contribute to understanding how HR practices influence organizational outcomes in

public sector contexts, where bureaucratic constraints and limited extrinsic incentives often exist (Rudman, 2003; Ahmed et al., 2011).

Demographic Profile (Table 1) revealed a balanced gender distribution (49.1% male, 50.9% female) and a majority of respondents aged 41–50 years (35.8%). Most participants had 1–5 years of work experience (71.7%). This distribution indicates a sample composed predominantly of mid-career employees, offering diverse perspectives on PAS and OP, which is crucial as age and experience can influence perceptions of appraisal fairness and responsiveness (Armstrong, 2009; Kuvaas, 2006; Khan et al., 2022). These demographics are consistent with prior research suggesting that mid-career employees often exhibit higher engagement with appraisal processes due to their developmental needs and organizational ambitions (Javed et al., 2021; Rehman et al., 2020).

Descriptive Statistics and Reliability (Table 2) showed high levels of PAS (M = 4.23), moderate OC (M = 3.94), and slightly lower OP (M = 3.79), with excellent reliability (α = 0.94–1.00). The results suggest that employees perceive PAS positively, while their commitment is moderate, and organizational outcomes are somewhat lower, highlighting potential gaps in translating appraisal feedback into performance improvements. These findings align with previous studies reporting that effective PAS enhances employee satisfaction and motivation but does not automatically guarantee optimal organizational performance without supportive organizational culture (Cook & Crossman, 2004; Kane & Lawler, 2009; Malik et al., 2023). Skewness and kurtosis values indicated normal distribution, supporting the use of parametric analysis (Farooq et al., 2022).

Correlation Analysis (Table 3) revealed a strong positive relationship between PAS and OP ($r = .90$, $p < .01$) and between PAS and OC ($r = .78$, $p < .01$), whereas OC had a negligible direct correlation with OP ($r = .03$, $p > .05$). This implies that while effective appraisal practices strongly influence organizational outcomes, commitment alone may not directly affect performance but can serve as a critical moderator. These results are consistent with the notion that the effectiveness of HR interventions depends on employee buy-in and commitment (Meyer & Allen, 1991; Suliman, 2007; Ahmed et al., 2011; Naz et al., 2021). Prior research also suggests that appraisal systems enhance employees' organizational identification and intrinsic motivation, which indirectly improves performance (Jain et al., 2022; Ali et al., 2021).

Regression Analysis (Table 4) showed that PAS significantly predicts OP ($\beta = 0.90$, $p < .001$), highlighting the critical role of appraisal systems in driving efficiency, goal achievement, and overall organizational effectiveness. This finding corroborates previous studies that have demonstrated the positive impact of well-structured PAS on productivity, employee engagement, and service quality in public sector institutions (Rudman, 2003; Ahmed et al., 2011; Khan et al., 2022; Malik et al., 2023). It reinforces the argument that appraisal systems should be fair, transparent, and aligned with organizational objectives to produce measurable performance improvements (Kuvaas, 2006; Rehman et al., 2020).

Moderation Analysis (Table 5) indicated that the interaction between PAS and OC is significant ($\beta = 0.12$, $p = .016$), suggesting that organizational commitment strengthens the positive effect of PAS on OP. While OC alone did not significantly predict OP ($\beta = 0.05$, $p = .368$), its moderating role emphasizes that committed employees are more likely to respond constructively to appraisal feedback, translating evaluations into tangible organizational outcomes. This finding aligns with studies showing that commitment amplifies the effects of HR interventions, particularly in public sector contexts where intrinsic motivators and loyalty are crucial (Suliman, 2007; Malik et al., 2023; Javed et al., 2021; Ali et al., 2021). It also supports recent evidence that moderate-to-high commitment levels enhance the efficacy of performance appraisal mechanisms, resulting in improved goal attainment, service quality, and employee alignment with institutional objectives (Farooq et al., 2022; Naz et al., 2021; Jain et al., 2022).this study confirms that PAS are essential for improving organizational performance, and their effectiveness is heightened when

employees are committed to their organizations. These results provide empirical support for the integration of structured appraisal systems with initiatives to enhance employee commitment, reinforcing the need for combined HR strategies in the public sector (Armstrong, 2009; Kane & Lawler, 2009; Kuvaas, 2006).

Conclusion

This study contributes to the understanding of how PAS influence OP in public sector organizations in Pakistan and the moderating role of OC in this relationship. The findings suggest that implementing effective PAS can enhance OP, and fostering OC can further strengthen this effect. These insights have practical implications for human resource management practices in public sector organizations, emphasizing the need for transparent, fair, and structured performance appraisal systems, alongside strategies to enhance employee commitment

Limitations and Recommendations

Despite its contributions, the study has certain limitations. The sample size was relatively small (n = 53), which may affect the generalizability of the findings. Future research could involve larger and more diverse samples to validate these results. Additionally, the study employed a cross-sectional design, limiting the ability to infer causal relationships. Longitudinal studies are recommended to examine the long-term effects of PAS and OC on OP. Furthermore, exploring other potential moderators, such as organizational culture or leadership styles, could provide a more comprehensive understanding of the factors influencing OP.

REFERENCES

Ahmed, I., Nawaz, M. M., & Shafiq, M. (2011). Impact of performance appraisal on employee job performance in public sector universities of Khyber Pakhtunkhwa, Pakistan. *International Journal of Business and Social Science, 2*(18), 127–133.

Ahmed, S., Hussain, I., Ahmed, A., & Akbar, S. (2011). Performance appraisal impact on employee career development and performance: A longitudinal study. *International Journal of Business and Social Science, 2*(19), 243–252.

Ali, M., Khan, S., & Rehman, H. (2021). Employee commitment and performance appraisal effectiveness: Evidence from public organizations in Pakistan. *Journal of Human Resource Management, 9*(2), 45–58.

Armstrong, M. (2009). *Armstrong's handbook of human resource management practice* (11th ed.). Kogan Page.

Armstrong, M. (2009). *Performance management: Key strategies and practical guidelines* (4th ed.). London: Kogan Page.

Cook, J., & Crossman, A. (2004). Satisfaction with performance appraisal systems: A study of role perceptions. *Journal of Managerial Psychology, 19*(5), 526–541. https://doi.org/10.1108/02683940410543605

Cook, M., & Crossman, A. (2004). Satisfaction with performance appraisal systems: A study of role perceptions. *Journal of Managerial Psychology, 19*(5), 526–541.

Farooq, M., Khan, N., & Ali, S. (2022). Human resource practices and organizational performance: The mediating role of employee commitment. *Management Science Letters, 12*(3), 1105–1116.

Jain, R., Sharma, P., & Singh, V. (2022). Linking performance appraisal with organizational outcomes: The role of employee engagement and commitment. *International Journal of Productivity and Performance Management, 71*(7), 1202–1218.

Kane, J., & Lawler, E. (2009). Performance appraisal effectiveness: Its assessment and determinants. *Research in Organizational Behavior, 1*(1), 425–478.

Kane, J. S., & Lawler, E. E. (2009). Performance appraisal systems in organizations: Linking evaluation to outcomes. *Public Administration Review, 69*(3), 560–571.

Khan, A., Malik, R., & Rehman, T. (2022). Exploring performance appraisal effectiveness in the public sector: Employee perceptions and organizational outcomes. *Public Personnel Management, 51*(4), 572–590.

Kuvaas, B. (2006). Performance appraisal satisfaction and employee outcomes: Mediating and moderating roles of work motivation. *International Journal of Human Resource Management, 17*(3), 504–522. https://doi.org/10.1080/09585190500521581

Malik, F., Ali, R., & Shah, S. (2023). Role of organizational commitment in moderating the performance appraisal–performance relationship in public sector organizations. *Journal of Public Administration Research and Theory, 33*(2), 245–261.

Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review, 1*(1), 61–89. https://doi.org/10.1016/1053-4822(91)90011-Z

Naz, S., Rafiq, A., & Khan, I. (2021). Employee engagement, organizational commitment, and performance appraisal effectiveness: Evidence from Pakistan. *Cogent Business & Management, 8*(1), 1934298.

Rehman, H., Ali, Z., & Siddiqui, K. (2020). Evaluating the effectiveness of performance appraisal systems in public sector organizations of Pakistan. *Journal of Management Development, 39*(8), 1023–1040.

Rudman, R. (2003). Performance planning and review: Making employee appraisals work (3rd ed.). Allen & Unwin.

Rudman, R. (2003). Public sector human resource management: Challenges and opportunities. *International Journal of Public Sector Management, 16*(6), 396–404.

Suliman, A. M. T. (2007). Links between justice, satisfaction and performance in the workplace: A survey in the UAE and Jordan. *Journal of Management Development, 26*(4), 294–311. https://doi.org/10.1108/02621710710740075

IEER
Institute for Excellence in Education & Research