Perceptions of Performance Appraisal System, Climate of Innovation and Commitment

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Managerial perceptions of innovation supportive climate (IC) is suggested to be positively related with the levels of organizational commitment (OC) of its members, with the moderating effect of variable, perceived effectiveness of performance appraisal system (EPAS). Earlier studies have shown different determinants of innovative behavior but ignored the moderator effect of EPAS on relationship between IC and OC. Present study aims to examine the suggested relationships empirically. Data was collected from 100 managerial personnel belonging to a privately owned manufacturing organization in N. India. Besides establishing the suggested relationships, results unearthed that among the factors of IC, the positive dimensions, recognition and novelty affected the OC adversely. This study establishes relationship between IC and OC at dimensional level.

Keywords: Innovation Supportive Climate, Performance Appraisal System, Organizational Commitment

1. Introduction

1.1 Innovation

Innovation is a key ingredient in building high performance organizations (Damanpur and Evan, 1984).The emergence of the knowledge economy, intense globalization and technological advances have increased the innovative efforts of organization to achieve a competitive edge. There exists a strong relationship between performance and innovation as is evident from research literature (Garcia-Morales, Liorens-Montes & Verdú-Jover, 2006). There exists a broad area of research that focuses on organizational factors that promote innovation. However, studies on the subject of the variables associated with innovation are still scarce. The present review of the literature allows formulation of a set of propositions about the nature of these relationships.

Cano and Quevedo (2006) hypothesized that certain management practices in this area (goal recognition and reward for achievement, team work organization, the creation of a common language and the sharing of experiences amongst R&D workers, inter alia) will have a positive effect on innovation and performance in the firm. The influence of industrial sector to which a firm belongs and the combined applications of these politics are also considered. Nieves, Inmaculada and Saá-pérez, (2006) studied the influence of technological knowledge assets with different levels

of codification on innovation capability from the resource- and knowledge-based view of the firm. Their results show that technological knowledge assets exert different levels of influence depending on their character. Thus, tacit assets exert more influence on firm innovation than other technological knowledge assets. Specifically, technological knowledge capabilities are the most significant.

Carmen, Antonio, and Ramôn (2006) made a theoretical revision concerning the possible connections between several contextual, strategic and organizational characteristics and the kinds of innovation concerned. Research literature on innovation in established firms has identified the organizational features associated with various dimensions of innovation. An important factor that enhances the impact of innovations is that organizations should have a deliberate innovation strategy and corresponding organizational structures and processes. Coupled with the innovation strategy, organizations should also develop and implement a value appropriation strategy. (Mathew, Jose, Thomas and Raju, 2005).

Research literature embodies adequate evidence to infer that for high corporate performance, innovation is much more important today than it was in the past and that it forms a core competency for the 21st century organizations (Ekanem, 2001). Accordingly, high performance organizations are engaged worldwide in exciting experiments to reinvent the way they create future. Recent research literature shows that innovation is a double- edged sword (Hall and Vredenburgh, 2003). It is influenced by market forces as well as involves risks of failure and obsolescence and societal turmoil.

Innovation not only encourages competition, it becomes a source of risk as well. Organizations should be very careful while taking such risks, in order to prevent failure. Both scholars and practitioners recognize that for today's organizations to attain a competitive advantage, a skilled work force, cutting edge technological proficiency, exemplary customer service and higher quality product and services are needed (O' Reilly & Pfeffer, 2000). Researches have also examined the utmost relevance of HRM practices on the organizational climate, in order to promote innovation. Those organizations with greater innovation will achieve a better response from the environment, obtaining more easily the capabilities needed to increase organizational performance and consolidate a sustainable competitive advantage (Hurley & Hult, 1998). Not promoting innovative projects and activities will have a negative effect on organizational performance (Lööf &Heshmati, 2002). The organizational innovation literature includes both empirical studies supporting this relationship (Hurley & Hult, 1998) and studies that use econometric methods to demonstrate it (Lööf & Heshmati, 2002).

Das (1984) highlights the forces of innovation in managerial role performance while analyzing its determinants and consequences for organizational performance. Huselid, Jackson, & Schuler (1997) showed that HRM effectiveness is associated with increased financial performance as indexed by productivity, cash flow, and market value. Youndt, Snell, Dean, and Lepak (1996) showed that, particularly in context of a quality manufacturing strategy, employee productivity is higher in manufacturing plants where the HRM system is focused on enhancing human capital. Patterson and West (1998) found significant influences of job design and employee skill development on productivity and profitability of small and medium

sized U.K. manufacturing companies. Ostroff and Bowen (2000) proposed that climate is a mediating link between HRM and performance. The conjecture here is that progressive HRM practices foster a positive work climate, which increases employee well being and motivation, and this in turn, leads to enhanced performance of the decision making unit (DMU) level. Johnson, Donohue, Atkin and Johnson (2001) found that communication variables have both direct and indirect effects on perceived innovativeness, although the pattern of individual paths appears to be contingent on the type of innovation. The results suggested that contrary to recent trends in the literature, mediated channels can play a critical role in implementing management-initiated innovations. Owing to the above literature review on climate for innovation, it can be concluded that there are rare arguments concerning the relationship between organizational *climate of innovative support* and *organizational commitment* (OC). Honoring this argument with respect to *innovation supportive climate* and *OC*, it should be worthwhile investigating the relationship dimensions of *innovation supportive climate* and *OC*.

1.2 Organizational Commitment (OC)

Organizational commitment is a state in which an employee identifies himself/herself with a particular organization and its goals, and wishes to maintain membership in the organization. It has been defined as a work attitude that is directly related to employee participation and intention to remain with the organization and is clearly linked to job performance (Mathieu & Zajac, 1990). Individuals who are committed to the organization may intend to stay, exert great effort and perform well. Several researchers have examined the relationship between *organizational commitment* and certain organizational characteristics or HRM practices (Varona, 2002). Organizational rewards have been found to be positively associated with commitment (Wallace, 1995). Caldwell, Chatman and O' Reilly (1990) have reported that rigorous recruitment and selection procedures and a strong, clear organizational value system were positively associated with employee commitment. Some other researchers have also found organizational values to be positively related to commitment (Chhokar, 1995). The present study proposes that, the relationship between perceptions of an *innovation supportive climate* and *organizational commitment* might be influenced by the *perceived effectiveness of the performance appraisal system* of the organization. *Organizational commitment* has been described as consisting of three constructs – *affective*, *normative* and *continuance* (Allen & Meyer, 1990). As defined by Mowday, Porter, and Steers (1982, p.27), *affective organizational commitment* is "a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization." The counterpart to *affective organizational commitment* is *continuance organizational commitment*, which considers the idea that individuals do not leave a company for fear of losing their benefits, taking a pay cut, and not being able to find another job (Murray, Gregoire, & Downey, 1991). *Affective commitment* refers to an employee's emotional attachment to an organization. Normative commitment refers to an employee's sense of obligation to an organization. Employees high in normative commitment believe they should stay with an organization out of moral obligation, even if they do not want or need to stay (Meyer & Allen, 1991). Meyer

and Allen (1991) found that the three forms of commitment are related yet distinguishable from one another. However, *affective* and *continuance commitment* generally correlated as expected with their hypothesized antecedent variables; no unique antecedents of normative commitment were identified. Meyer**,** Stanley, Herscovitch and Topolnytsky (2002) also found that normative commitment was, although associated with desirable outcomes, albeit not as strongly as the other two constructs. Studies therefore have not shown stronger impact of variables on normative commitment and due to this reason we have not used the items of our normative commitment in our study.

1.3 Perceptions of the Effectiveness of Performance Appraisal System (EPAS)
Performance management is an important HRD mechanism. Performance appraisal system is an important activity of performance management system, which is designed and practiced for the all round development and growth of employees and to evaluate whether employees at different levels perform their assigned jobs the way their organizations expect them to perform. It ensures that the members of the organization are committed towards the goal of the organizations, under the work climate dimensions provided to them. Studies show that the members' perceptions of the performance appraisal system may affect the work climate dimensions of the organizations.

Managerial perceptions of various dimensions of an effective 'performance appraisal system' (PAS) were investigated through a survey conducted in a North Indian synthetic yarn producing organization by Agarwal (2001). The data revealed that managers' perception and expectation of issues related to the nature of appraisal process, guidance and counseling sessions, assessment of performance appraisal in key-result areas, and ratings by supervisors and feedback presentation. These varied greatly at all levels, thereby posing challenges for the HRD department in designing an effective performance appraisal system. Managers also perceived the existing performance appraisal system to be only moderately effective. Findings suggested that the managers should take into consideration the hierarchical differences in power distribution, while designing the performance appraisal system.

2. A Proposed Model

Meyer and Allen (1991) argue that the nature of the psychological state for each construct or levels of commitment (emphasizing affective and continuance) is different and hence, may produce different outcomes. While both the levels of commitment are consistently negatively related to turnover (Meyer**,** et. al., 2002), the relationship between each of these constructs and various on-the-job behaviors has been shown to be less consistent. Commitment has been a core variable of interest in management/organizational studies for quite some time with a plethora of studies seeking to explicate its causal antecedents (Clugston, 2000). Among the possible antecedents of commitment, organizational climate dimension of innovative support, has received relatively low levels of empirical investigation. For example, in a comprehensive meta-analysis and review of the antecedents and correlates of commitment, dimensions of innovative support were not mentioned (Mathieu, & Zajac, 1990). It has been widely argued that organizational climate exerts a

considerable influence on organizational behavior, particularly in areas such as performance and commitment (van Vianen, 2000). There is also some evidence from the health sector that organizational climate and culture affects organizational performance and effectiveness (Mannion, Davis & Marshall, 2004). There is also some research pointing to the importance of organizational culture for the successful implementation of change initiatives or innovation in organizations (Huq & Martin, 2000) and that, dynamically, such interventions may bring about a culture change (Gerowitz, 1998). It is presumed that strategies of innovation influences employees' sense of engagement, identification and belonging as well as performance (Hurley & Hult, 1998**;** Lööf &Heshmati, 2002**).** Such sentiments might reasonably be expected to have an impact on commitment. However, the lack of research attention given to the effect of innovation supportive climate on commitment in previous studies highlights a significant research gap that requires further investigation. The present study therefore tries to narrow the gap by empirically investigating the causal effect of certain dimensions of organizational climate on commitment.

Figure 1 presents a summary diagram of our proposed causal model for the prediction of *employees' commitment* from its antecedents: *innovation supportive climate*, perceived *effectiveness of performance appraisal system* (EPAS) and certain *demographic characteristics*. It also suggests that *EPAS* is a causal antecedent of *organizational commitment* (OC) and a moderator of the effects of the other antecedents on *organizational commitment*. *Demographic variables* were treated as control variables while observing the moderator effects of *EPAS* on the relationship between dimensions of *innovation supportive climate and* members' levels of *OC* .In this section, we present the basis of the proposed model, and develop hypotheses regarding specific causal paths between the variables specified in the model:

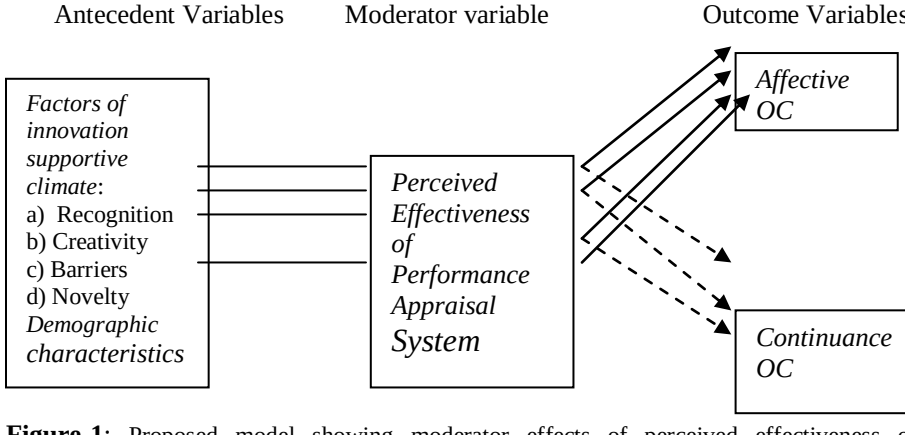


Figure-1: Proposed model showing moderator effects of perceived effectiveness of performance appraisal system on the relationship between factors of innovation supportive climate and organizational commitment.

The above model thus, proposes that:

1. The antecedent variables will be directly related with (a) the *perceived effectiveness of the performance appraisal system* and (b) two dimensions of

organizational commitment, namely, the *affective and continuance* dimensions (Meyer & Allen, 1991).

2. The *perceived effectiveness of the performance appraisal system* shall be directly related with the two dimensions of organizational commitment.

3. The *perceived effectiveness of the performance appraisal system* is likely to moderate the relationship between the antecedent variables and the two dimensions of *organizational commitment*.

The study examined the relationships depicted in the model (Figure1) at the managerial levels in a private sector Indian organization.

3. Objectives and Hypotheses

The present study proposes that, a relationship might exist between members' perception of the climate for innovation, the perceived effectiveness of their performance appraisal system and their '*affective*' as well as '*continuance*' *commitment* towards their organization. In order to investigate the patterns of relationship between these variables, the present study was conducted with the following objectives:

1. To examine the relationship between certain dimensions of innovation supportive climate and the members' level of '*affective*' and '*continuance*' *organizational commitment* (OC) among the managerial personnel in a manufacturing organization.
2. To examine the relationship between certain dimensions of *innovation supportive climate* and the *members' perception of the performance appraisal system* in a manufacturing organization.
3. Thirdly, to examine the moderator effects of the *perceived effectiveness of the performance appraisal system* on the relationship between certain dimensions of *innovation supportive climate* and the '*affective*' and '*continuance*' *OC* among the managerial personnel in a manufacturing organization.
4. Finally, to examine the relationship between the *demographic characteristics* of the employees and the '*affective*' and '*continuance*' *OC* among the managerial personnel in a manufacturing organization.

Based on the above objectives, the following relationships were hypothesized:

1. Firstly, it was hypothesized that, the managerial perceptions of innovation supportive climate will be positively related with the 'affective' and 'continuance' organizational commitment.
2. Secondly, it was proposed that, the managerial perceptions of innovation supportive climate will be positively related with the managerial perceptions of the performance appraisal system (EPAS).
3. Thirdly, the managerial perceptions of the performance appraisal system will positively moderate the relationship between the dimensions of innovative support climate and the 'affective' and 'continuance' organizational commitment.
4. Finally, it was proposed that the individual demographic variables such as, age, number of promotions received, salary and durations of service would be positively related with the members' 'affective' and 'continuance' organizational commitment.

4. Method

The sample for the study consisted of 100 managerial level participants drawn from a large scale private sector manufacturing organization, situated in North India. All the participants were personnel serving above the first line of supervision in their organizations. It is a well-established private company and the largest aluminum and its products producing organization in the country. It is a reputed unit of Aditya Birla Group. It has a workforce of approximately 12, 000 personnel. The first impressive thing about the company is the quality of products made here. It holds the cream position in the companies making alumina powder, aluminum beam and angle, channels, and aluminum sheets. This company has a modern and well decorated building. In the administrative building, personnel-related assignments are undertaken. The workers maintain high standards in the organization. The Chairman is the head of the organization. This organization has an efficient factory. There are many huge, modern and imported machines. Machines do most of the jobs. But the workers need to be very concentrated and devoted to their jobs as the machines are fast and need to be operated accurately. The supervisor is the head of his work team. As the workers need very calm and peaceful working conditions for performing their job, outsiders are not allowed on the factory premises during working hours. The management gives several types of financial and non- financial rewards and incentives to the workers for efficient work.

4.1 Measures and Procedure

Measures consisted of scales related to members' perception of the climate for innovation scale (Scott and Bruce, 1994) which consisted of 17 items adapted from the original scale. Responses were taken on Likert-type five point scales. The Cronbach reliability coefficient of the scale was .82. Out of the 17 items, 6 items measured the degree of 'recognition' to innovative ideas of the employees, 5 items measured the extent to which 'creativity' of members of the organization were encouraged, 4 items measured 'barriers' to innovative ideas of the members in the organization and 2 items measured the degree of 'novelty' or originality in ideas of the members of organization being recognized. The perceived effectiveness of performance appraisal system scale (Agarwal, 2001) consisted of 6 items which measured the extent to which the performance appraisal system is perceived as effective by the appraisees. Responses were taken on Likert-type five point scales. The reliability coefficient of the scale was .78. Following Meyer and Allen (1991), the organizational commitment scale (OC) contained 16 items adapted from the original scale of 24 items (items measuring normative commitment were ignored), out of which 8 items measured employees' 'affective' OC and 8 items measured employees' 'continuance' OC organizational commitment on five-point scales. The reliability coefficient of the scale was .90. The items measuring the third dimension-normative OC (Meyer and Allen, 1991) were ignored because no unique antecedents of normative commitment have been identified (Meyer et. al., 2002). A four items scale measured demographic characteristics of the participants consisting of length of service, salary, number of promotions received and age.

The study was conducted on the premises of the organization under study. The HRM department in the organization was approached for its co-operation in obtaining the responses of the participants.

5. Results

Based on the objectives of the study and the hypothesized relationships, the analyses of the data were conducted in two sections, accordingly. In the first section of the analysis, comparisons were made of the relationship between the antecedent factors (dimensions of innovation supportive climate; perceptions of the performance appraisal system; demographic variables) and the outcome variable – organizational commitment (OC), at the managerial level, through a series of comparative correlation and stepwise regression analysis. The analyses showed that the demographic variables were related and were also partially predicting OC, so it was controlled in the second section to see an unbiased effect of moderation of EPAS on the relationship between antecedent and out come variables. In the second section, the direct and the moderator effects of the moderator variable - perceived effectiveness of PAS, on the proposed relationships between the managerial perceptions of the organization's climate dimensions, individual-related variables and organizational commitment were analyzed through a series of hierarchical regression analyses. It was assumed that, if the perceived effectiveness of the performance appraisal system significantly predicts the dimensions of the climate of innovation, then, it will positively moderate the relationship between the climate of innovation and commitment in the organization under study.

Section I

Data were analyzed for measuring the effect of *demographic variables* and organizational climate dimensions, namely, *climate for innovative support*, *EPAS* and *OC*. The means and correlation coefficients of variables with *affective* and *continuance* OC are shown Table 1. The mean value of the participants' *perceived effectiveness of the PAS* (M=16.03), *affective OC* (M= 24.51) and *continuance OC* (M=26.02) on the five point scale indicated moderately high level of the perceptions of the PAS and commitment in the managerial sample of the organizations.

The results of the correlation analysis were supporting the hypotheses partially. It was observed that, among the dimensions of innovation, creativity and barriers were positively related with affective OC; while, a negative relationship was observed between novelty and affective OC. Further, creativity was positively related with the continuance OC, while, novelty was negatively related with continuance OC. Perceived effectiveness of the performance appraisal system (EPAS) was positively related with both the levels of the organizational commitment.

Analysis of demographic variables showed that the mean age of the participants was 44.50, while the average length of service was 17.39 years. Their average salary was Rs.21, 600, while the mean of the number of promotions received was 2.22 (Refer Appendix, Table1). Correlational analysis of the data revealed that among the demographic variables, durations of service was positively related with the affective OC and the age of the members was positively related with the continuance OC.

Further, the stepwise regression analyses were also predicting the hypothesized relationships partially. It was observed that, among the dimensions of *innovation supportive climate* (Table 2), *creativity* predicted 18% variance in the *affective OC* with a beta of .54, while, *novelty* negatively predicted 15% variance in the *affective OC* with a beta value of -.47.

Table 1
Correlations of the Managerial Sample (*N*=100)

Variables	Means	SD	EPAS	Affec. OC (r)
Demographic variables				
Duration of service	17.39	3.80	-.04	.37***
Salary	2.16	.83	.14	-.09
Promotion	2.22	.85	.23***	.15
Age of members	44.50	3.80	.07	.12
Innovation				
Recognition	17.10	2.75	.24***	-.09
Creativity	14.38	4.35	.48***	.42**
Barriers	10.59	2.58	.05	.23**
Novelty	5.53	1.29	.03	-.21**
Perceived Effectiveness of Performance Appraisal System (EPAS)	16.03	4.53	1.00	.26***
Organizational Commitment(OC)				
Affective	24.51	4.85	.26***	1.00
Continuance	26.02	4.50	.28***	.73***

*p <.05, ** p <.01, *** p <.001

Table 2
Stepwise Regression Analysis of the Dimensions of the Climate for Innovation with the Affective OC among the Managerial Samples (*N*=100)

Variables	R	Rsq.	Rsq.Ch.	% Variance	Beta Coefficient	t ratio
Creativity	.18	.17	.18	18%	.54	7.06***
Novelty	.34	.32	.15	15%	-.47	-6.01***

*p<.05, **P<.01, ***p<.001

Table 3
Stepwise Regression Analysis of the Dimensions of the Climate for Innovation with the Continuance OC among the Managerial Samples (*N*=100)

Variables	R	Rsq.	Rsq.Ch.	% Variance	Beta Coefficient	t ratio
Creativity	.14	.13	.14	14%	.55	5.90***
Novelty	.26	.24	.11	11%	-.38	-4.18***
Recognition	.29	.27	.03	3%	-.17	-2.01*

*p<.05, **P<.01, ***p<.001

The stepwise regression analysis of the dimensions of the *climate for innovation* with the *continuance OC* (Table 3) showed that, *creativity* positively predicted 14% variance in the *continuance OC* with a beta value of .55. On the contrary, *novelty* and *recognition* negatively predicted 11% and 3% variances in *continuance OC* with their respective beta values of -.38 and -.17.

Table 4
Stepwise Regression Analysis of the Dimensions of the Climate for Innovation with the EPAS among the Managerial Samples (*N*=100)

Variables	R	Rsq.	Rsq.Ch.	% Variance	Beta Coefficient	t ratio
Creativity	.23	.22	.23	23%	.43	5.09***
Recognition	.34	.32	.05	5%	.25	2.99***

*p<.05, **P<.01, ***p<.001

The stepwise regression analysis of the dimensions of the *climate for innovation* with the *EPAS* (Table 4), showed that, *creativity* and *recognition* predicted 23% and 5% variances in the *EPAS* with beta values of .43 and .25 respectively.

Table 5
Stepwise Regression Analysis of the Demographic variables with the Affective OC among the Managerial Samples (N=100*)*

Variables	R	Rsq.	Rsq.Ch.	% Variance	Beta Coefficient	t ratio
Duration	.42	.40	.08	8 %	.30	4.12***
Salary	.48	.46	.06	6%	-.42	-4.54***
Promotion	.52	.50	.03	3%	.25	2.79***

*p<.05, **P<.01, ***p<.001

Stepwise Regression Analysis (Table 5) showed that the *durations of service* and the *number of promotions received* significantly predicted 8% and 3% variance in the *affective OC* with the beta values of .30 and .25, while, *amount of salary received* negatively predicted 6% variance in the *affective OC* with a beta value of -.42. However, none of the *demographic variables* predicted the *continuance OC* significantly.

Section II

In this section, hierarchical regression analysis was used to observe the moderator effects of the EPAS on the relationship between the innovative support climate and both the levels of organizational commitment. In the present section of hierarchical regression analysis, the demographic variables have been entered into each equation as the control variables mainly due to the fact that they predict a significant amount of variance in the dependent variable, that is, organizational commitment. Hence, these have been entered in the same sequence in step 1 and step 2 of the regression analyses so as to eliminate the variance accounted for by them in the dependent variable. In Step 1 of each regression equation, the entry of these control variables is followed serially by the independent variable under consideration. In Step 2 of the regression equation, the moderator variable, that is, the EPAS was entered into the equation as the last variable in the series. Moderator effects of EPAS were determined by comparing the variance predicted by the independent variable prior to the entry of EPAS in Step 1 and after the EPAS in Step 2. After the variance accounted for by the moderator variable is eliminated in step 2, the variance predicted by the independent variable should either decrease or increase. A decrement in the variance predicted by the independent variable implies 'full

mediation' by perceptions of the overall effectiveness of the PAS only when a significant beta value of the independent variable in Step 1 becomes insignificant in Step 2 and 'partial mediation' when the beta value of the independent variable reduces considerably and is lesser than the beta value of EPAS. However, an increase in the beta value after the entry of EPAS in Step 2 implies suppressor effects of the moderator variable on the prediction of variance by the independent variable.

Table 6 and Table 7 show that the moderator variable did not significantly moderate the relationship between the element, recognition and the affective as well as continuance OC. Even after the variance accounted for by the 'control' variables was eliminated in step 2 'recognition' did not significantly predict both the levels of organizational commitment. This indicates that EPAS did not exercise a moderator effect on the prediction of OC by recognition.

Further, Table 8 shows that, the moderator variable did not significantly moderate the relationship between the element, creativity and affective OC. Even after the variance accounted for by the 'control' variables was eliminated in step 2 'creativity' did not significantly predict the affective OC. Thereby indicating that EPAS did not exercise a moderator effect on the prediction of affective OC by creativity.

However, a partial moderator effect of EPAS was observed on the relationship between creativity and the continuance OC (Table 9). In step 1, creativity significantly predicted variance in continuance OC with a beta of .35 ($p<.001$). In step 2, when the variance predicted by the perceived effectiveness of the PAS with a beta of .14 was eliminated from the equation, it started predicting a variance in continuance OC at a decreased level of significance, with a beta value of .28 ($p < .01$). This decrease in variance shows a partial moderator effect of the EPAS. Hence, it can be surmised that, creativity is more likely to predict continuance OC if the members of the organization, perceive that their overall performance appraisal system is effective.

Table 6

Comparison of Regression Analysis of Moderator Effects of Perceived Effectiveness of PAS on the Relationship between Recognition and Affective Commitment among the Managerial Samples (*N*=100)

	Step-1	**Step-2**
Variables	**B**	**B**
Control Variables:		
1.Duration	.360***	.380***
2.Salary	-.355***	-.330***
3.Promotion	.286**	.169
4.Age	.059	.040
I.V.:		
Recognition	.046	-.060
Moderator		
EPAS		.304***
Rsquare	.172	.290
Rsq.Ch.	.213	.244
F	5.102***	6.319***

*p<.05, **P<.01, ***p<.001

Table 7

Comparison of Regression Analysis of Moderator Effects of Perceived Effectiveness of PAS on the Relationship between Recognition and Continuance Commitment among the Managerial Samples (*N*=100)

	Step-1	Step-2
Variables	**B**	**B**
Control Variables:		
1.Duration	.106	.127
2.Salary	-.076	-.049
3.Promotion	.095	-.032
4.Age	.124	.104
I.V.:		
Recognition	-.003	-.118
Moderator		
EPAS		.328***
Rsquare	.044	.133
Rsq.Ch.	-.007	.077
F	.866	2.379*

*p<.05, **P<.01, ***p<.001

Table 8

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Creativity and Affective Commitment among the Managerial Samples (N=100)

	Step-1	Step-2
VARIABLES	B	B
Control Variables:		
1.Duration	.325***	.343***
2.Salary	-.300***	-.306***
3.Promotion	.252*	.222*
4.Age	-.002	.005
I.V.:		
Creativity	.371***	.309***
Moderator		
EPAS		.123
Rsquare	.310	.355
Rsq.Ch.	.344	.313
F	9.875***	8.526***

*p<.05, **P<.01, ***p<.001

Tables 10 and 11 show that the moderator variable did not significantly moderate the relationship between the element, barriers and the affective as well as continuance OC. Even after the variance accounted for by the 'control' variables were eliminated in step 2 barriers did not significantly predict both the levels of OC. This indicates that EPAS did not exercise a moderator effect on the prediction of OC by barriers. However, a significant suppressor effect of EPAS was observed on the relationship between novelty and affective OC (Table 12). In step 1, novelty

negatively predicted variance in affective OC with a beta of -.29 (p<.001). In step 2, when the variance predicted by the perceived effectiveness of the PAS with a beta of .30 (p<.001) was eliminated from the equation, novelty predicted an increased variance in affective OC with a beta value of -.31 (p < .001). This increase in variance shows a suppressor effect of the EPAS. Hence, it can be surmised that, novelty is more likely to predict affective OC, less negatively, if the members of the organization, perceive that their overall performance appraisal system is effective.

Table 9

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Creativity and Continuance Commitment among the Managerial Samples (*N*=100)

	Step-1	**Step-2**
Variables	**B**	**B**
Control Variables:		
1.Duration	.078	.098
2.Salary	-.032	-.039
3.Promotion	.079	.045
4.Age	.072	.079
I.V.:		
Creativity	.359***	.289**
Moderator		
EPAS		.140
Rsquare	.168	.182
Rsq.Ch.	.124	.129
F	3.808***	3.446***

*p<.05, **P<.01, ***p<.001

Table 10

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Barriers and Affective Commitment among the Managerial Samples (*N*=100)

	Step-1	**Step-2**
Variables	**B**	**B**
Control Variables:		
1.Duration	.327***	.360***
2.Salary	-.330***	-.328***
3.Promotion	.262*	.190
4.Age	.057	.052
I.V.:		
Barriers	.161	.141
Moderator		
EPAS		.274***
Rsquare	.237	.306
Rsq.Ch.	.196	.261
F	5.826***	6.832***

*p<.05, **P<.01, ***p<.001

Table 11

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Barriers and Continuance Commitment among the Managerial Samples (*N*=100)

	Step-1	Step-2
Variables	**B**	**B**
Control Variables:		
1.Duration	.090	.124
2.Salary	-.067	-.065
3.Promotion	.091	.017
4.Age	.127	.122
I.V.:		
Barriers	.096	.076
Moderator		
EPAS		-.284***
Rsquare	.053	.128
Rsq.Ch.	.003	.072
F	1.052	2.273***

*p<.05, **P<.01, ***p<.001

Table 12

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Novelty and Affective Commitment among the Managerial Samples (*N*=100)

	Step-1	Step-2
Variables	**B**	**B**
Control Variables:		
1.Duration	.336***	.367***
2.Salary	-.453***	-.456***
3.Promotion	.269**	.188
4.Age	.132	.132
I.V.:		
Novelty	-.295***	-.316***
Moderator		
EPAS		.305***
Rsquare	.287	.374
Rsq.Ch.	.250	.333
F	7.585***	9.244***

*p<.05, **P<.01, ***p<.001

Finally, a significant suppressor effect of EPAS was observed on the relationship between novelty and continuance OC (Table 13). In step 1, creativity negatively predicted variance in continuance OC with a beta of -.22 (p<.05). In step 2, when the variance predicted by the perceived effectiveness of the PAS with a beta of -.30 (p<.001) was eliminated from the equation, novelty predicted an increased variance in continuance OC with a beta value of -.24 (p < .01). This increase in variance shows a suppressor effect of the EPAS. Hence, it can be surmised that, novelty is more likely to predict continuance OC, less negatively, if the members of the organization, perceive that their overall performance appraisal system is effective.

Table 13

Comparison of Regression Analysis of moderator effects of Perceived effectiveness of PAS on the relationship between Novelty and Continuance Commitment among the Managerial Samples (*N*=100)

	Step-1	**Step-2**
Variables	**B**	**B**
Control Variables:		
1.Duration	.092	.124
2.Salary	-.157	-.160
3.Promotion	.096	.015
4.Age	.184	.184
I.V.:		
Novelty	-.221*	-.242**
Moderator		
EPAS		-.306***
Rsquare	.087	.174
Rsq.Ch.	.038	.120
F	1.787	3.254***

*p<.05, **P<.01, ***p<.001

6. Discussion

The present study examined the patterns of relationships between the dimensions of innovation supportive, perceived effectiveness of the performance appraisal system and the levels of organizational commitment in a private sector organization in India. It was hypothesized that the managerial perceptions of support for innovation and perceived effectiveness of the performance appraisal system will be positively related with the affective and continuance organizational commitment. It was also hypothesized that, the perceptions of performance appraisal system will positively moderate the relationship between the dimensions of innovative support and both the levels of organizational commitment. It was further hypothesized that, the individual demographic variables would be positively related with the members' affective and continuance organizational commitment.

The analysis of dimensions of innovative support in the organization revealed that creativity was a strong positive predictor of the affective and continuance organizational commitment. Surprisingly, novelty was a negative predictor of affective as well as continuance organizational commitment, and recognition was a negative predictor of continuance OC. It is clear from the results that, if the creativity of the employees is attended by the organization, they duly feel more emotionally attached with the organization and its goals. Contradictorily, novelty and recognition of innovative ideas were negatively predicting OC, most probably due to the tendency of "resistance to change" which might take place if ever the new ideas of the members are adopted by the organization. The trends of the results indicate that in spite of the encouragement of creativity of the employees, the members do not accept changes in their work life, even if it is based on their own ideas. In such conditions, the organization should duly encourage the tendency to unlearn previous norms and relearn the innovative changes brought about in their work life. Firms align with their environment so as to remain competitive and innovative. This alignment should contain the potential to learn/unlearn/relearn/innovate (Garcia-

Morales, et al. 2006). The manager's perception of personal growth is fundamental, since he will use his own personal development to guide others on their professional road and will support them in their organizational growth, acting as a mentor/master (Senge, Roberts, Ross, Smith & Kleiner, 1994) and this might probably help the members to readily accept novelty and recognition in their organization and therefore, have a positive effect on their commitment.

Turning to the joint relationships between the HRM climate for innovative support and commitment, the findings suggest that, there exists a significant association between the dimensions of innovative support and the organizational commitment, after filtering out the common effects of HRM. Mishra (1996) has found organizational commitment to be significantly related to climate dimensions such as, scope for advancement, monetary benefits, objectivity and rationality, recognition and appreciation, training and education, welfare facilities. March and Simon (1958) emphasized the importance of the inducements offered by and the contributions made by the members of an organization. According to March and Simon (1958), when individuals feel that the inducements put forth by an organization equal or exceed their contributions, they are likely to remain committed.

It was further observed that, among the dimensions of the innovation supportive climate, recognition and creativity positively predicted the perceived effectiveness of the performance appraisal system. This shows that, if the employees perceive their appraisal system to be effective, then they are more likely to accept recognition and creativity in their organization. Several studies have indicated that perceived organizational support interact with organizational actions (including human resource practices) in affecting employee commitment (Miceli & Mulvey, 2000).

Further results also showed that, the perceptions of performance appraisal system moderated the relationship between few of the dimensions of innovation supportive climate and levels of organizational commitment.

Finally, the results demonstrated that among the demographic variables, number of promotions received significantly predicted the affective OC. The findings highlight the importance of human resource practices regarding compensation, promotions etc in influencing the members' attitude to attach themselves with the goals of the organization. Based on a review of previous researches in this context, Turnley and Feldman (2000) have suggested that when managers receive considerably fewer promotional opportunities than they have been promised, the perceived discrepancy may lead to feelings of inequity and ultimately to heightened job dissatisfaction. Durations of service positively predicted the affective OC. As it is likely that demographic variables in this study are also related to job satisfaction in organizations, the results suggest that the perceptions of the organizational climate for innovative support, perceptions of performance appraisal system and organizational commitment may have strong connections with job satisfaction, too. Surprisingly, 'salary' was negatively predicting affective OC. Most probably, this might have occurred due to the 'disengagement stage' from their current place of employment, as the tendency of job switching has tremendously increased in India. According to Ramchandran (2006), the reason behind the increasing tendency of switching job in India is that 'sooner or later the itch begins, one feels it's time to make that job switch. The reasons could be varied: monetary, job satisfaction, responsibility or even a lousy boss.'

7. Implications

Despite a growing body of work in this area, researches have provided a limited view of the moderator effects of the perceptions of performance appraisal system on the relationship between the organizational climate for innovative support and organizational commitment. This study takes a step toward addressing that gap, by providing insight into more challenging forms of perceptions of performance appraisal system, which may lead to an increase in organizational commitment.

Our study proposes considering the organizational climate dimension of innovative support jointly to promote organizational commitment and to increase competitive advantages. First, organizations must innovate as a necessary requisite to obtaining high performance levels. Understanding and managing the innovation supportive climate becomes a vital capability that an organization must learn. Second, innovation supportive climate must be such that firms with a series of mechanisms achieve advantages that the competition finds difficult to imitate; generating higher performance and ultimately more organizational commitment. The study also shows certain contradictory results (positive dimensions like 'novelty' and 'recognition' were negatively related with OC) which can have important implications especially in R & D intensive industries. The mentioned dimensions of innovation supportive climate, therefore needs to be taken care of in such organizations.

We empirically reflect the need to strengthen different strategic factors of innovation to achieve an adequate level of organizational commitment and thus improve performance and encourage entrepreneurship in a large scale private sector organization.

Thus, organizations must know and manage practically the factors (needs, perceptions, anxieties of individuals) that might affect OC and that ultimately influencing organizational performance. The essence of successful organizations is their ability not only to make themselves competitive but also to maintain their competitive position through innovation and learning. An organization that promotes entrepreneurship will learn and innovate, encouraged by the presence of key preexisting internal/external attributes that enable it to change, renew and reinvent itself (García-Morales, et al., 2006). If the organization does not take into account the needs, perceptions and anxieties of individuals, then there is a strong possibility that employees will redefine and reinterpret the organizational climate to satisfy their needs and reduce their anxiety. The results of the present study make an important contribution to literature of support for innovative climate.

The study also demonstrates that by bringing modifications in the procedures of the performance appraisal system, commitment can be increased. The results suggest that the climate for innovative support is likely to increase the members' commitment towards their organization, if they perceive their performance appraisal system to be effective. Under such circumstances the organizations must strive for a system which can be perceived to be effective by its members. The findings of the study have important implications for the Indian organization, which is working in uncertain external environment. Several Indian organizations are placing high value on human resource development programs; they must also try to increase the commitment of their members by providing them an effective performance appraisal

system. Without an effective implementation of the changes, achieving total commitment of members of the organization would be impossible.

Based on the findings of the study, it can be summarized that the climate for innovative support and perceptions of performance appraisal system are important indicators of the organizational commitment in an Indian large scale private firm. The factors that can strengthen the bond between the organization and its members' are, degree of affective and continuance commitment, within the employees towards their organization. The study shows that promotion is an important predictor of the affective as well as continuance organizational commitment. Thus, the organization should be more promotion based. The organization may have an active involvement of employees by increasing their organizational commitment.

This study has certain limitations. The managerial sample surveyed belonged to a single manufacturing industry. Perhaps we could have obtained additional information from various organizations' members in several firms in context of the effect of organizational climate dimension and OC. We have therefore generalized our conclusions for that particular or similar kind of firm. Secondly, other variables related to the subject studied here (e.g. creativity-flexibility-culture) could provide material for additional research and discussion. Likewise, it would be interesting to analyze other strategic activities for enhancing organizational commitment (e.g. climate of trust, performance appraisal facets). Futures studies should be based on a larger sample. Finally, the study should also try to explore the relationship for a longer time period. Yet, our conclusions provide several contradictory results which equally encourages more research and severe attention.

8. References

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