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THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM ON ORGANIZATIONAL COMMITMENT: CASE STUDY GAZA ELECTRICITY DISTRIBUTION CORPORATION

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Abstract

This study aims to investigate the effect of performance appraisal system on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO). In total, 221 employees from the Gaza Electricity Distribution Company's six branches took part in the study, with a response rate of 82.16%. The analysis was conducted using a quantitative research methodology. To analyse the structural equation model and look at the study hypotheses, the (AMOS) tool was utilized. The study found that there is a direct, weak, positive significant effect for performance appraisal system on organizational commitment. The results also denote that the dimensions (appraisal method (AM) and (appraisal feedback (AF) have the most impact on organizational commitment. The dimension (appraisal process (AP) was the least influential on organizational commitment. The practical implications in this study indicated that dimensions of performance appraisal system represented by process, methods and feedback can be effective factors for increasing the level of organizational commitment in Gaza Electricity Distribution Corporation.

Keywords: Performance Appraisal System; Organizational Commitment; (GEDCO).

INTRODUCTION

Organizational commitment is very important during a time where the organization doesn't provide appropriate incentives to push individuals to achieve better levels of success. In other words, low organizational commitment is a sign of low loyalty and low performance for a corporation. Hence, successful businesses strive to improve

their staff in order to maintain a high degree of commitment from them. According to earlier studies (Suliman & Junaibi, 2010; Mohsan et al , 2011), organizational commitment is seen as a key factor that affects a company's success. According to Sukandani & Istikhoroh (2016), organizational commitment can also be defined as a worker's preference for a company and desire to continue working there, as well as the qualified power of a worker's person ability and engagement in a company (Estiningtyas & Darmanto, 2018). Organizational commitment is a measure of how devoted employees achieve and support the organization's vision, mission, and strategic goals, or how likely they tend to leave the business (Phillips et al, 2013). Organizational commitment is one of the most important incentives for staff members to join, contribute, engage, and enjoy their membership in a company (Hosseini & Talebian, 2015). Organizational commitment in organizations has been studied for more than 50 years by teams of scientists and experts (Keshavarzi & Ghasemi, 2014). On the other hand, a lack of committed employees can result in deterioration in the organization's performance and the quality of its products and services. Committed individuals can promote growth and quality inside an organization (Rafiee et al, 2015).

Gaza Electricity Distribution Corporation is an economic service organization owned by partnership of both the Palestinian National Authority and local authorities including municipalities, local and village councils. It enjoys legal personality, financial and administrative independence, and works with economic foundations to implement the policies set by the Ministry of Energy and Natural Resources (GEDCO, 2020).

STATEMENT OF THE PROBLEM

Organizations are struggling with the problem of organizational commitment. According to Dyk & Coetzee “giving employees opportunities for career advancement might increase their loyalty to the firm” (Dyk & Coetzee, 2012). Without being given the opportunity to fairly engage their talents and skills in the company, employees could find it challenging to demonstrate high levels of organizational commitment (Kehoe and Wright, 2013). In the current study, the researcher spoke with the director of Gaza Electricity Distribution Corporation's (GEDCO) all branches control department and the heads of auditing departments to learn more about the actual rate of employees' organizational commitment level. According to their quarterly reports, employees' organizational commitment appears to be on the low side overall, hovering about 45%, and has not yet risen to the average of the desired level. Therefore, this study will focus on performance appraisal system as an independent variable and closely analyze the underlying causes of such a low and undesired degree of organizational commitment as a

dependent variable. Therefore, by addressing the following key question: "What is the impact of performance appraisal system on organizational commitment in Gaza Electricity Distribution Corporation GEDCO?" the problem remains regarding how significant the effect of performance appraisal system dimensions (appraisal process, appraisal method, appraisal feedback) on organizational commitment dimensions (affective, normative, and continuance).

RESEARCH QUESTIONS

1. What is the effect of performance appraisal system (process) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO)?
2. What is the effect performance appraisal system (method) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO)?
3. What is the influence of performance appraisal system (feedback) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO)?

OBJECTIVES OF THE STUDY

This study aims to achieve the following objectives:

1. To examine the effect of performance appraisal (process) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO).
2. To investigate effect performance appraisal (method) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO).
3. To evaluate the influence of performance appraisal (feedback) on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO).

LITERATURE REVIEW

Employee commitment can improve an organization's growth and quality; while on the other hand, a lack of commitment can lower an organization's performance and the quality of its goods and services (Rafiee et al., 2015). According to (Farzaneh et al., 2014; Permarupan et al., 2013; Marescaux et al., 2012; Dhar, 2015), organizational commitment (OC) is linked to three ideas: the identification of organizational goals, the costs of staying in the organization or even leaving it, and people's feelings of engagement with the organization. Each idea is related to a certain organizational commitment construct.

As reported by many researchers (Meyer, et al., 2012; Zehir, et al., 2012; Ismail & Abdullah 2016; Rusu, 2013; Aydogdu & Asikgil, 2011), organizational commitment

comprises three main components: normative, affective, and continuance commitment. According to (Shane & Glinow, 2015; Rusu 2013; Cestulli, 2012) affective commitment is often described as an employee's emotional linkage for involvement and attachment in and psychological identification with an organization. As indicated by (Kaul & Singh, 2017; Shane & Glinow, 2015) normative commitment is described as the employees' desire to continue as members in an organization due to their feelings that they should stay in the organization because their existence is important for the organization. Continuance commitment is indicated as a behavioral bond generated by the lost sunk cost associated with leaving an organization (Lambert et al, 2017). In other words, continuance commitment means that employees who are committed to the company are doing it because they believe they must, not because they want to (Lambert et al, 2014).

Dimensions of Organizational Commitment

Organizational commitment has three primary components: normative, affective, and continuance commitment (Meyer et al., 2012; Zehir et al., 2012; Ismail & Abdullah 2016, Rusu, 2013, Aydogdu & Asikgil, 2011).

Figure 1: Dimensions of Organizational Commitment



Meyer & Allen (1991)

Affective Commitment (AC)

According to Shane & Glinow (2015); Rusu (2013); Cestulli (2012), affective commitment is often described as an employee's emotional linkage for involvement and attachment in and psychological identification with an organization. This dimension means individuals' contentment with the organization and satisfaction for being a membership of the organization. This type of commitment expresses the employees' loyalty to the organization and desire to stay and remain in organization (Cho & Huang, 2012). As indicated by Mabaso (2017), employees' emotional attachment to their company is referred to as affective commitment.

Normative Commitment (NC)

Affective commitment has received less attention in academic research than normative commitment (Cakmak & Unsal, 2015). Normative organizational commitment is defined as a responsibility to stay with the organization and is based on an employee's perception of their obligation to the organization (Rafiee et al., 2014). According to Betanzos & Rodriguez (2017), normative commitment is linked to employee organizational values and standards identification, relationship reciprocity, and obligation compliance or loyalty. As indicated by Kaul & Singh (2017) and Shane & Glinow (2015), normative commitment is described as the employees' desire to continue as members in an organization due to their feelings that they should stay in the organization because their existence is important for the organization. In other words, Abdullah (2012); Anwar & Sidin (2016), said that employees take the organizational work as responsibility so keep staying in the organization for a prolonged period.

Continuance Commitment (CC)

Continuance commitment is described as the individuals' feelings towards their organization when taking into consideration the cost of organization leaving (Anari, 2012), and usually when individuals feel a need to remain at organization (Suma & Lesha, 2013). Continuance commitment is indicated as a behavioral bond generated by the lost sunk cost associated with leaving an organization (Lambert et al, 2017). In other words, continuous commitment means that employees who are committed to the company are doing it because they believe they must, not because they want to (Lambert et al, 2014). Continuous commitment is calculative and two-dimensional. Employees make sacrifices to stay with their companies in one dimension, while their job options are represented in the other (Devece et al, 2016). As indicated by Moin (2018), the basis of continuance commitment is the exchange mechanism between employees and companies, and any item that raises a worker's cost of disassociation can be regarded as a predictor of continuance commitment.

Concepts of Performance Appraisal System

Performance appraisal system refers to the processes and methods used by organizations to measure and assess the performance level of their staff and to provide them with feedback as well. This process can be used for both developmental and administrative purposes. Even though performance appraisal is a crucial and important method for handling labors, it is rarely well-received by managers and employees. Consequently, clearly stating the purpose of the performance appraisal and responding to the employees' reactions are critical to the performance appraisal's success (Dijk & Schodl, 2015).

Dijk and Schodl, (2015) indicated that performance appraisal system focuses on ways and procedures applied by organizations to determine the performance level of employees and to provide feedback. On the other hand, a formal performance appraisal system must play a prominent role in the establishment, implementation, and maintenance of most public-sector institutions.

Wisely, identification and selecting the relevant performance criteria are of the most important roles of management that lead to achieving organizational goals and objectives. Hence, performance appraisal systems should involve key performance indicators (KPI) or criteria which are directly related to a particular occupation (Rusu et al, 2016).

Kromrei, (2015) defines performance appraisal as an important tool for evaluating an individual's performance, improvement, expansion of their competencies, developing their performance, and rewards distribution. In addition, performance appraisal system aims to assist supervisors and managers to make wise decisions concerning incomes, wages and rewards systems, training, and promotions, and to encourage individuals by providing constructive and useful feedback (Baharom & Ameen, 2019).

As indicated by Mihai et al., (2017), organizations usually employ mechanisms including performance appraisal system as a tool for the purpose of enhancement communication for an employee and organizational goals, appreciation of distinctive employees, individual retention, simplifying promotion, recognition of weak and inferior performance, decisions making about lay off.

Shrivastava & Purang, (2011) indicated that performance evaluation process is debatably an essential matter among human resources management practices that have been investigated and seems to be a significant and basic part of any HRM system.

DIMENSIONS OF PERFORMANCE APPRAISAL SYSTEM

Performance Appraisal Process

As reported by Dijk & Schodl (2015), to produce positive employee reactions, the performance appraisal process should allow employees to participate in the process and express their voices. Furthermore, the performance appraisal process entails assessing employees' performance and providing them with feedback on their performance level and quality. This process facilitates the employee and organization toward developmental and administrative purposes.

According to Mathis & Jackson (2011), for carrying out the PA process systematically, the main purpose of this system should affirm that employees

perform their tasks effectively. Although the process is concerned, some debate that performance standard or criteria should be first established by the top management, and then communicated to the employees, actual employees' performance should then be measured and further comparison of performance with the established standards and lastly, corrective actions should be taken if needed. Although there is no hard procedure to be followed, many authors (Mamoria & Rao, 2012; Daoanis, 2012) agree that the process of performance appraisal generally comprises basic steps involving: job analysis steps; creating performance standards; communicating standards to individuals; measuring the real performance; comparing actual performance with these standards; and finally, initiating corrective action, if required.

Performance Appraisal Methods

Dijk & Schodl, (2015), focused on five types of common performance appraisal methods including (assessment center method, behavioural anchored scale, critical incident technique, essay evaluation, and paired comparison method.

In the literature, various methods have emerged and developed for creating an efficient and effective appraisal system in organizations. Urbancova et al., (2017) categorized these methods into two types: past methods and future ones. Past methods are concerned with the performance evaluation process after passing the time. Future methods are concerned with appraising predicted performances. On the other hand, past methods are beneficial in defining accomplished everyday duties and tasks which might possibly be measured but not changed; future methods focus on the assessment of future performance.

Turgut & Mert (2014), classified appraising techniques as absolute, comparative, behavioural, relative, and outcomes-based subject to steps and procedures used in the assessment process. This classification demonstrates that any situation cannot be defined by using method but based on priority over the features of the appraisal methods.

It was reported by some researchers (Turgut & Mert, 2014; Urbancova et al., 2017; Joseph, 2014; Majid, 2016) that among the most common methods related to past performance are: graphic rating sales, critical incidents, behavioural anchor rating scale (BARS), and confidential reports. In contrast, others (e.g. Turgut & Mert, 2014; Hageman et al, 2015; Chopra, 2017; Chianchana & Wichian, 2016) mentioned that other methods are related with future performance involving feedback methods, 360-degree, and management by objectives (MBO). These techniques are commonly with the adoption of a specific type based on organizational needs.

Performance Appraisal Feedback

As indicated by Dijk & Schodl (2015), feedback is an information or knowledge provided to employees to make them aware of the level of their work outcomes. Furthermore, staff is interested in performance feedback so as to know how close they are to fulfilling their job assignments. However, the task of providing (and getting) feedback appears to be difficult. Effective feedback should assist the recipient concentrate on the degree of task performance, specifically the precise ways to improve that performance (Dijk & Schodl, 2015). Consequently, feedback often moves the receiver's attention from the higher level of the self to a lower level (e.g., what this feedback says about me), or to a lower level of the task details (e.g., how I am holding my hands while teaching). On the other hand, given the obstacles and challenges of the feedback process, it is evident that providing feedback necessitates a high level of competence and understanding. Mastering interpersonal or communication skills, on the other hand, is merely one component of a successful evaluation system (Dijk & Schodl, 2015).

PERFORMANCE APPRAISAL AND ORGANIZATIONAL COMMITMENT RELATIONSHIP

Performance appraisal system allows managers to lead organizational performance in order to reach the organizational goals with the influence of boosting employee's organizational commitment. The more satisfied employees are with their organizations' performance appraisal processes, the more committed they are to their organizations (Neha & Himanshu, 2015).

On the other hand, fairness and transparency of performance appraisal system affect how employees show commitment towards their organization. Employees' experience of performance appraisal is a core component that impacts their level of commitment (Farndale et al, 2011). Performance appraisal system could be linked to affective commitment from the employees' side. Employees can affect the growing of the organization by increasing commitment through effective relations between individuals including supervisor-subordinate relationships (Jonsson & Jeppesen , 2012).

It was also discovered that employee perceptions of organizational justice are strongly linked to performance appraisal, and that perceptions of organizational justice are intricately linked to organizational commitment levels. This implies a direct link between performance appraisal and organizational commitment, which is mediated in part by perceptions of organizational justice (Cheng, 2014). In addition, to improve organizational outcomes, firms are focusing more on performance appraisal.

According to Lim & Ling (2012), organizations use performance appraisal to assess the employees' performance in order to determine their rewards and promotions, and appraisal has become extremely necessary in organizations. Performance appraisal system aims to evaluate the performance of those people who work in organizations. Mostly, supervisors are responsible for the process of evaluation. It is a tool that measures and analyzes to what extent there are differences among employees related to their career's standards (Manmohan, 2013). In Mbaire (2017), findings revealed with a percentage (61%) that employees' commitment is influenced by performance appraisal.

One of the most effective human resources management methods is performance appraisal, which stimulates employees and keeps them satisfied with their jobs and committed to their companies. Results revealed that employees who were satisfied with their organization's performance appraisal system were likewise satisfied with their jobs and committed to their employer (Neha & Himanshu, 2015).

Moreover, Shikha & Rana (2015) found that performance appraisal significantly affected organizational commitment of bank employees. The results also revealed that bank employees' organizational commitment was highly influenced by their understanding of performance appraisal, fairness in appraisals, and performance-based rewards methods. Salleh et al, (2013) revealed that through the mediating component of satisfaction, the perceived fairness of performance appraisal has a positive impact on employee commitment to the organization.

In related, some studies have been conducted to examine how performance appraisal may affect the employees' intention to stay; however, few studies examined the justice perception of the performance appraisal. For instance, Brown et al (2010), investigated the role of low quality performance appraisals on intention to quit. Most researchers examined the effect to human resources management practices on intention to stay, including performance appraisal as one these practices. However, this performance construct did not include the various dimensions and justice perception of performance appraisal. For example, Min et al (2019), explored the effect of highly performance work systems on intention to stay in Chinese indigenous firms. Jyoti & Rani, (2019) examined the role of high-performance job system and leaving intention.

Phuong (2018), studied the effect of participative performance appraisal, training of appraisal system, trust in rater and the adoption of obligatory distribution ranking system on intention to quit and job performance through the distributive justice and justice of perceived procedural performance appraisal in Vietnamese companies.

Brown et al, (2010) examined the role of low-quality performance appraisals (PA) on intention to quit through job satisfaction, organizational commitment.

HYPOTHESES DEVELOPMENT

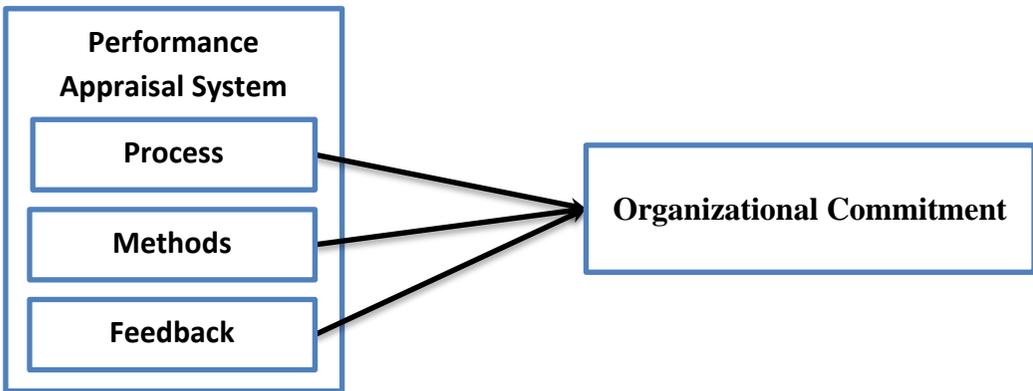
The current study tends to test the following hypotheses:

H1: *performance appraisal process significantly influences organizational commitment in GEDCO.*

H2: *performance appraisal method significantly influences organizational commitment in GEDCO.*

H3: *performance appraisal feedback significantly influences organizational commitment in GEDCO.*

Figure 2: Research Conceptual Model



METHODOLOGY

Population and Sampling

A number of (269) respondents in all branches of GEDCO will be selected based on the sample size corresponding with the size of the population (N=900). The chosen size is based on the sampling table by Krejcie and Morgan (1970) where a population comprising 900 members should be represented by sample with 269 respondents.

TABLE1: SAMPLE SIZE

N	S
10	10
50	44
100	80
150	108
200	132
250	152
300	169
400	196
500	217
1000	278

Source: (Krejcie & Morgan, 1970)

Response Rate

Throughout the questionnaire distribution, the researcher tried to achieve the highest response rate feasible. Six branches received the questionnaires at the outset, for a total of 269 distributed questionnaires. Nevertheless, all branches returned the questionnaires at the end of the survey session. Of the 269 returned questionnaires, 34 were judged to be incomplete and were therefore unsuitable for analysis. 14 were discovered to be outliers. Accordingly, 221 completed questionnaires were finally considered relevant for this study. Therefore, this study's response rate was (82.16%)

DATA ANALYSIS AND STATISTICAL TECHNIQUES

The study employed two distinctive statistical software tools (SPSS version 24.0 for the preliminary data analysis) and (AMOS version 23.0) for Structural Equation Modelling (SEM) to analyse and measure the model as structural model in order to test the study hypothesis. Establishing of questionnaire in the current study will depend on the instruments and scales of the survey confirmed by previous works. Structural equation modelling (SEM) will be employed for testing the conceptual model through (AMOS) software.

Instrumentation

In this study, data collection will depend on choosing a survey method using a questionnaire as an instrument. As stated by Sekaran (2010), survey is a highly effective method. For questionnaire to be utilized, data will be gained from the chosen sample in GEDCO.

Hence, when the researcher has precise awareness and knowledge of what is required and how the variables should be measured, a convenient and proper method of data collection could be based on structured questionnaire (Sekaran, 2010).

Reliability of The Study Instrument

The value of Cronbach’s Alpha denotes the reliability of the scales. The reliability of each variable was highlighted in the current study. Reliability of research is an ability to obtain the same results if the same study were to be repeated (Morse, 2015). To verify the reliability of the instrument, the Cronbach's Alpha was calculated in SPSS for three variables and their dimensions.

Table 2: The Reliability of Organizational Commitment and its Dimensions

Dimension	Cronbach's Alpha	Corrected Item-Total Correlation
Affective Commitment	0.896	From 0.619 to 0.783
Normative Commitment	0.850	From 0.490 to 0.773
Continuance Commitment	0.852	From 0.545 to 0.707
Organizational Commitment	0.909	From 0.269 to 0.749

The alpha Cronbach’s coefficient value of the organizational commitment was (0.909), affective commitment (AC) was (0.896), normative commitment (NC) was (0.850) and continuance commitment (CC) was (0.852). This showed a high degree of trustworthiness and consistency with regard to the three dimensions included in the questionnaire. All the values of the corrected item total correlation in table (3.24) were above (0.2) and ranged between 0.269 to 0.783. This indicates good relationship of statements with the construct.

Table 3: Reliability of Performance Appraisal System and its Dimensions

Dimension	Cronbach's Alpha	Corrected Item-Total Correlation
Performance Appraisal Process	0.869	From 0.606 to 0.759
Performance Appraisal Method	0.818	From 0.401 to 0.696
Performance Appraisal Feedback	0.866	From 0.631 to 0.756
Performance Appraisal System	0.936	From 0.390 to 0.797

As indicated in table (3.25), performance appraisal system and its dimensions have high stability, as it ranged between (0.818 - 0.936). The discriminatory ability of the variable's items and its dimensions ranged between (0.390-0.797), and was

explained by the values of corrected item-Total Correlation. All the values of the corrected item total correlation were above (0.2). This indicates good relationship of items with the construct.

A total of 269 questionnaires were distributed for the respondents and 269 were returned whereas 34 were not completed and 14 were outliers. Only 221 questionnaires were useable, indicating an 82.16% response rate, 173 of the respondents were male (78.3%) and 48 (21.7%) were female. This research employed SPSS for primary analysis and descriptive statistics and (AMOS) to assess the measurement model and hypothesis and generating scores for the interactions among all variables.

Table 4: Correlation Matrix of Study Variables Dimensions

	AC	NC	CC	AP	AM	AF
(AC)	1					
(NC)	.759**	1				
(CC)	.254**	.354**	1			
(AP)	.473**	.486**	.040	1		
(AM)	.345**	.394**	.049	.748**	1	
(AF)	.449**	.511**	.070	.746**	.775**	1

**Correlation is significant at the 0.01 level

*Correlation is significant at the 0.05 level

Reliability and Validity of Structural Regression Model

According to Hair et al (2020), the composite reliability of construct scores should range from 0.7 to 0.95. From the table below, it can be clearly noted the stability of the factorial structure of the model, where the value of the composite reliability coefficient (CR) for each dimension exceeded 0.70, and ranged between (0.841-0.967). This is an indication of the existence of a high reliability of the factorial structure of the model, through the comparisons that were made based on the results of Table (2), it was confirmed that the factors of the constructivist model had convergent validity because the average variance extracted (AVE) for each dimension exceeded 0.50, where the AVE values ranged between (0.757- 0.870), It is smaller than the composite reliability (CR).

The diagonal values in Table (5) represent the square root of average variance extracted (AVE), and it could be noted through these results that the diagonal values for each factor are greater than the values of the correlation coefficients in the rows and columns related to the same factor, meaning that each variable is distinguished from the other variables. This means that its discriminant validity has been verified.

Table 5: Reliability and Validity of Structural Regression Model

Variable	CR	AVE	Organizational Commitment	Performance Appraisal System
Organizational Commitment	0.841	0.757	0.870	
Performance Appraisal System	0.967	0.870	0.562	0.976

Measurement Model Analysis

There are several steps involved in the model measurement process. In order to get good model fit to the measurement model, some items were deleted. This section outlines the procedures and relevant information.

Confirmatory Factor Analysis for Organizational Commitment

The results in figure (3) and table (6) indicate that the model was achieved the constructivist for all of the indicators of good fit after deleting the inappropriate statement (AC6) and used the modifications index. The values of NF I= 0.903, IFI = 0.949, CFI = 0.948, TLI = 0.936 and GFI = 0.900, which are greater than (0.90). The value of RMSEA = 0.068 is less than (0.08) and χ^2/df ratio = 2.022 is less than (5). The results indicate an acceptable fit of the data. The results for the remaining statements indicate that the regression weights of the remaining statements on their factors are statistically significant at the level of (0.05) as shown in table (6).

Figure 3: The Measurement Model for Organizational Commitment

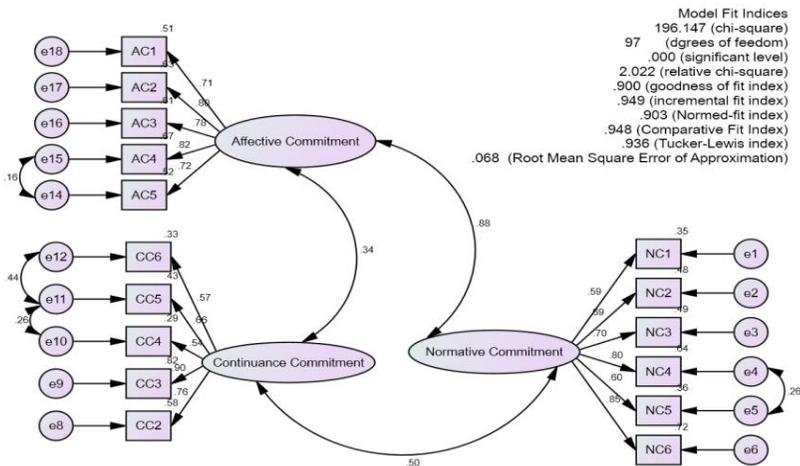


Table 6: Fit Measurement Criteria of Organizational Commitment Model

Measure	Name	Level of Acceptance	Value
χ^2	Chi- square	p-value>0.05	Chi-square = 196.147 p-value=0.000<0.05
CMINDF	relative chi-square	CMINDF < 5	2.022
RMSEA	Root mean square error of	RMSEA < 0.08	0.068
GFI	Goodness of fit	GFI ≥ 0.90	0.900
NFI	Normed-fit index	NFI ≥ 0.90	0.903
CFI	Comparative fit index	CFI ≥ 0.90	0.948
IFI	Incremental fit indices	IFI ≥ 0.90	0.949
TLI	Tucker Lewis index	TLI ≥ 0.90	0.936

Confirmatory Factor Analysis Performance Appraisal System

The results in figure (4) and table (7) indicated that the model was achieved the constructivist for all of the indicators of good fit after deleting the inappropriate statements (AP1), (AP3), (AM1), (AM5), (AF4) and (AF5). The values of NFI = 0.942, IFI = 0.967, CFI = 0.967, TLI = 0.950 and GFI = 0.950, which are greater than (0.90). The value of RMSEA = 0.076 is less than (0.08) and χ^2/df ratio = 2.257 is less than (5). The results indicate an acceptable fit of the data. The results for the remaining statements of performance appraisal system dimensions indicate that the regression weights of the remaining statements on their factors are statistically significant at the level of (0.05) as shown in table (7).

Figure 4: The Measurement Model for Performance Appraisal System

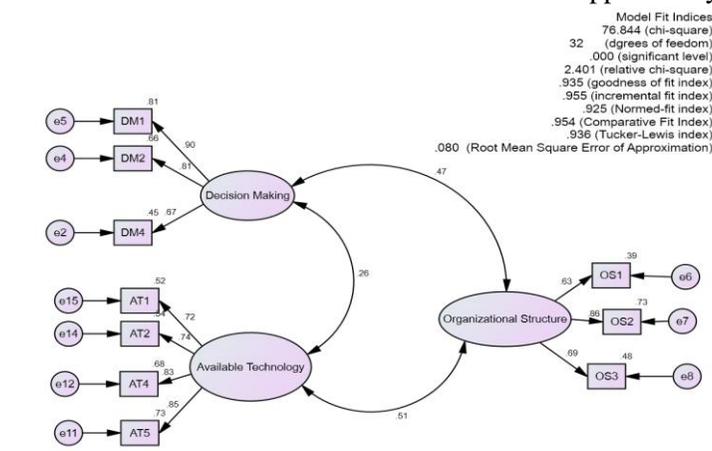


Table 7: Fit Measurement Criteria of Performance Appraisal System Model

Measure	Name	Level of Acceptance	Value
χ^2	Chi- square	p-value>0.05	Chi-square = 54.178 p-value=0.000<0.05
CMINDF	relative chi-square	CMINDF < 5	2.257
RMSEA	Root mean square error	RMSEA < 0.08	0.076
GFI	Goodness of fit	GFI \geq 0.90	0.950
NFI	Normed-fit index	NFI \geq 0.90	0.942
CFI	Comparative fit index	CFI \geq 90	0.967
IFI	Incremental fit indices	IFI \geq 90	0.967
TLI	Tucker Lewis index	TLI \geq 0.90	0.950

DISCUSSION AND RESULTS

The resultant outcomes demonstrate a direct, weak, positive, significant effect (at the level of significance $P \leq 0.05$) for the independent variable (performance appraisal system) on the dependent variable (organizational commitment), where the value of the standard regression coefficient is equal to 0.354, the standard error is 0.118, with critical ratio of 2.904, and P value of 0.004, which is below the value of 0.05. As such, hypothesis H1 is accepted, confirming a significant relationship between IV and DV.

Table (8) shows the values of the standard and non-standard regression coefficients and the critical values with the p-value of the tests (statistical significance). The regression coefficients were statistically significant, and they indicate the presence of a direct, weak, positive, statistically significant effect (at the level of significance $P \leq 0.05$) for the performance appraisal system on the organizational commitment, where the value of the standard regression coefficient is equal to (0.354). The value of the squared multiple correlations indicates that (35.0%) of the variance in the organizational commitment is explained by (performance appraisal system), and the rest of the variance is explained by other variables.

As can be observed in table (9), the results indicate that the dimensions (appraisal method (AM) and (appraisal feedback (AF) have the most impact on organizational commitment. The values of the standard regression weight were the highest and equal (0.877) and (0.870) respectively. The dimension (appraisal process (AP) was the least influential on organizational commitment. The value of the standard regression weight was (0.863).

Table 8: Values of Regression Coefficients for Causal Paths with Standard and non- standard Values of the Relationship between Performance Appraisal System and Organizational Commitment

Causal Path			Regression Weights	Standardized Regression Weights	S.E.	C.R.	P	Squared Multiple Correlations
Organizational Commitment	<---	Performance Appraisal System	0.341	0.354	0.118	2.904	0.004**	0.350
Appraisal Method (AM)	<---	Performance Appraisal System	0.895	0.870	0.055	16.252	0.000**	0.758
Appraisal Feedback (AF)	<---	Performance Appraisal System	0.960	0.877	0.059	16.291	0.000**	0.769
Appraisal Process (AP)	<---	Performance Appraisal System	1.000	0.863				0.769

The correlation coefficients in table (9) show that there is a positive, medium significant relationship between performance appraisal system and normative commitment (NC). There are also weak, positive, statistically significant relationship between performance appraisal system and (affective commitment (AC) and continuance commitment (CC). Previous studies affirmed the influence of performance appraisal system on normative commitment either through predicting it or lead to it (Bolarinwa, 2017). In Hasnain & Jisun (2019), normative and affective commitment was found to be influenced by performance appraisal.

The effect of performance appraisal system on affective commitment (AC) was also indicated in literature review (e.g Rana & Singh, 2021; Raya et al., 2019; Bolarinwa, 2017; Morrow, 2011; Iqbal et al., 2015; Fakhimi & Raisy, 2013). They all confirmed that employees' attitudes and behaviours, such as affective commitment, might change thanks to the performance appraisal process. Moreover, performance appraisal system is likely to positively improve affective commitment. A study conducted by Uchenna et al., (2018) and Bolarinwa, (2017), also confirmed that performance appraisal system has a weak relationship with employee continuance commitment and positively affects affective commitment.

Table 9: Correlation Coefficient between Performance Appraisal System Dimensions and Organizational Commitment

	Affective Commitment (AC)	Normative Commitment (NC)	Continuance Commitment (CC)
Performance Appraisal System	0.449**	0.535*	0.200**

**Correlation is significant at the 0.01 level

*Correlation is significant at the 0.05 level

To achieve study objectives, this study examined the main hypotheses which predict the significant influence of performance appraisal system on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO). The researcher found that the hypothesis was accepted, denoting a direct, weak, positive, statistically significant effect of the performance appraisal system on the organizational commitment.

The P value of performance appraisal system on organizational commitment is 0.004, and this value is lower than 0.05. This result confirms the significant effect of performance appraisal system on organizational commitment in Gaza Electricity Distribution Corporation (GEDCO).

On the other hand, the result denotes acceptance of the prediction of this study that there is a significant relationship between the independent variable (performance appraisal system), the dependent variable (organizational commitment). Performance appraisal system is a significant direct variable to organizational commitment, where the value of the standard regression coefficient is equal to (0.354). This means if the performance appraisal system increases by one unit, the organizational commitment will increase by (0.354) unit.

The results also denote that the dimensions (appraisal method (AM) and (appraisal feedback (AF) have the most impact on organizational commitment. The values of the standard regression weight were the highest and equal (0.877) and (0.870) respectively. As indicated in past work Kuar et al.,(2018), that a change of organizational commitment has 73.8% level of significance, which is driven by the performance appraisal methods. The effect of performance appraisal feedback on organizational commitment was also reported in (Hussain, 2017). It was also confirmed in previous studies that performance appraisal feedback has strong

positive impact on organizational commitment (Tersoo et al., 2018). In (Lodesso & Sorsa, 2016), the results of performance appraisals and employee commitment have a positive and significant relationship. Furthermore, Macky & Johnson, (2000) also affirmed the effect of appraisal feedback on organizational commitment.

Moreover, Rana & Singh (2013) reported that performance appraisal has a significant and positive impact on the organizational commitment of employees. Accordingly, it could be said that providing regular and accurate feedback and apply an appropriate appraisal method would increase the level of employees' organizational commitment in GEDCO.

The effect of performance appraisal system on organizational commitment was also reported and confirmed in previous studies (Muhammad, 2022; Setiawati & Ariani, 2019; Obona & Sampson, 2021; Ahuja et al., 2018; Uchenna et al., 2018; Krishnan et al, 2018; Ackah & Yornu, 2019; Omusebe et al., 2013; Wahjono et al., 2016; Neha & Himanshu 2015; Iqbal et al., 2015; Arogundade et al., 2015; Farndale et al., 2011; Kuvaas, 2011; Jonsson & Jeppesen, 2012).

CONCLUSION

The current study mainly investigated the impact of performance appraisal system on organizational commitment. This study targeted the employees among six branches of Gaza Electricity Distribution Corporation (GEDCO) in Palestine. The response rate was approximately 82.16% as only 221 completed questionnaires were used in analysis. Statistically, SPSS Version 21.0 was utilized to perform the initial data screening, and AMOS was employed to conduct the hypothesis testing. The study found that there is a direct, weak, positive significant effect for performance appraisal system on organizational commitment. The results also denote that the dimensions (appraisal method (AM) and (appraisal feedback (AF) have the most impact on organizational commitment. The dimension (appraisal process (AP) was the least influential on organizational commitment.

Islamic Integrated Elements in GEDCO

Islam is a crucial element to strengthen the organizational commitment to the business (Eze et al., 2020 & Samara, 2021). The contract that was reached between employer and employees governs the connection between them in terms of renting, therefore each of them is required to follow by the terms it contains and be committed to doing so. As stated in the holy Quran "O you who have believed, carry out the agreements" [Al-Ma'idah: 1]. Therefore, all individuals must have a strong level of commitment to their organizations.

GEDCo as one of most important companies being led by Islamic management in Gaza strip; it tries to provide an appropriate performance appraisal system and also a suitable organizational climate which enhance the level of employees' organizational commitment. The results of the study show a strong relationship between Islamic management and the three components of job commitment (Qurratul, 2020). The results of Caniago and Mustoko (2020), Salem and Agil (2012), and Salahudin et al., (2016) demonstrate a favorable correlation between Islamic ethics and the three commitment aspects of continuation, affective, and normative commitment. The result of this study indicated that using fair and appropriate performance appraisal system can positively enhance the employees' commitment level. This result is supported by the Islamic point of view which in turn confirms the integration of naqli and aqli knowledge.

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