

The effect of performance appraisal on organizational citizenship behaviour (OCB): a study on the Islamic Banks in Bangladesh

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Abstract

The current study examines the impact of performance appraisal (PA) on organizational citizenship behaviour (OCB) comprising of OCB directed toward organization (OCBO) and OCB directed toward individuals (OCBI) in the Islamic banks operating in Bangladesh. Using the convenience sampling method, data were collected through a structured questionnaire from the managerial and non-managerial employees working at the branch level of these banks. The study explored that PA had a significant positive impact on OCB. Moreover, implications for human resource professionals and managers were discussed. Finally, the study mentioned the relevant limitations for context generalization and recommended scope for future investigations.

Key Words: Organization, individuals, human resource, professionals, generalization

Introduction

The concept of organizational citizenship behaviour (OCB) has received growing consideration over the last three decades from both scholars and professionals. The relevant research drives to a huge body of investigation specifically in the ground of organizational behaviour (OB) (Organ, Podsakoff and MacKenzie, 2006; Marinova, Moon and Van Dyne, 2010; Nielsen *et al.*, 2012; Takeuchi, Bolino and Lin, 2015; Rose, 2016; Arda *et al.*, 2017). OCB refers to voluntary actions that go above and beyond the prescribed requirements (Mallick *et al.*, 2014; Jain and Rizvi, 2018), and therefore, promote the efficient as well as effective operations of the organization or its individuals (Podsakoff *et al.*, 2000; Wombacher and Felfe, 2017; Yadav and Kumar, 2017; Griep and Vantilborgh, 2018; Jain and Rizvi, 2018). Since the domains of works are getting uncertain- organizations' constraints to deal with new challenges (Tai, 2006; Elnaga and Imran, 2013), employees have to complete more tasks than assigned (Grant, Parker and Collins, 2009). Therefore, the success and survival of organizations largely depend on anticipatory and proactive actions from employees that ultimately have an impact on the organization or the environment (Ong *et al.*, 2018). Moreover, indicators of individual, unit and organizational performance are positively associated with OCB (Mallick *et al.*, 2014; Bizri, 2018), and, OCBs have been presented to be positively connected to organizational success (Organ,

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Podsakoff and MacKenzie, 2006). Indeed, greater levels of OCB considerably forecast organizational productivity, efficiency, customer satisfaction (Miao, Humphrey, & Qian, 2018; Ong et al., 2018; N. P. Podsakoff, Whiting, Podsakoff, & Blume, 2009; Wombacher & Felfe, 2017), and enhance employees' performance (Chelagat, Chepkwony and Kemboi, 2015), through which, excellence in organizational performance can be accomplished (Chattopadhyay, 2017). Scholars have emphasized that implementation of improved HRM practices stimulates employees to prompt more OCB (Ahmed, 2016; Alfes, Shantz, Truss, & Soane, 2013; Lam, Chen, & Takeuchi, 2009; Sun, Aryee, & Law, 2007). However, performance appraisal as an HRM practice influences OCB most (Ahmed, 2016) and is considered as the probable justification of OCB (Chattopadhyay, 2017).

Human Resource Management (HRM) includes "the policies, practices and systems that influence employees' behaviour, attitude and performance" (Noe *et al.*, 2016, p. 3), and is defined as a process of managing human talents to attain an organization's objectives (Snell and Bohlander, 2013, p. 4; Cesário and Magalhães, 2017), which allow maximum utilization of people in an organization in order to accomplishing the goals of the organization (Fong *et al.*, 2011; Gope, Elia and Passiante, 2018). Indeed, HRM practices enhance job satisfaction (Cesário and Magalhães, 2017), and positively influence the multiple dimensions of employee performance (Khoreva and Wechtler, 2018), thus positively relate to the enhancements in productivity (Chen and Huang, 2009) and in accomplishing the organization's strategic objectives (Kim and Ko, 2014). However, HRM functions include an organization's workflow and job designs, its efforts to legal compliance, and the recruitment and selection, training and development, performance appraisal, and compensation of employees (Snell and Bohlander, 2013).

HRM is related to employee engagement and the development of OCB (Cesário and Magalhães, 2017). Firms where views of employees concerning HRM practices are positive, decreased turnover and enhanced OCB are noticed (Alfes *et al.*, 2013; Cesário and Magalhães, 2017), thus employee perceived HRM practices are positively related to demonstration of OCB (Lam, Chen and Takeuchi, 2009; Lin, Chen and Chen, 2016).

PA programs are revealed as a control tool for management in attaining organizational goals and driving performance (Ayers, 2015). Out of all human resource practices, the PA system is seen as most critical (Sharma and Sharma, 2017) and consistently related to an organization's performance (Tzabbar, Tzafrir and Baruch, 2017) therefore, influences organizational performance (Ayers, 2015; Sharma and Sharma, 2017). Besides, PA is increasingly viewed as a device for effectively managing employee performance (Buchner, 2007; Selvarajan, Singh and Solansky, 2018) and has generally been considered as establishing a link between individual performance improvement and firm performance improvement (Cho & Lee, 2012; DeNisi & Murphy, 2017; DeNisi & Smith, 2014; Kinicki, Jacobson, Peterson, & Prussia, 2013). In addition, a key consequence of PA is employee motivation to develop future performance (Pichler, 2012; Selvarajan, Singh and Solansky, 2018). Further, a noteworthy feature of PA is to provide feedback that aims to improve, direct, and emphasize effective behaviour within organizations (Schaerer *et al.*, 2018).

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Performance appraisals and individual rewards are the sources of distinctive behaviours that are related to OCBs (Arda et al., 2017; N. P. Podsakoff et al., 2009). Besides, OCB has been related to positive organizational outcomes as well as higher managerial rankings of employee performance (Deery *et al.*, 2017). Moreover, PA indicates employees that the firm is conscious of their performance, which results in an increase of OCB since employees may feel that they have been valued by the management (Cesário and Magalhães, 2017). Islamic banking is expanding globally (Zins and Weill, 2017). Though Islamic banking activities are experiencing a current surge in demand owing to the growing Muslims in Africa, Asia, South America and Middle East (Al-Malkawi and Pillai, 2018), Islamic banks have an ineffective performance compared to other conventional banks in Bangladesh (Miah and Sharmeen, 2015; Hassan and Aliyu, 2018). Consequently, the banking system in Bangladesh is still dominated by conventional banks which operate along with Islamic banks (Hassan, 1999). Besides, the market competitiveness of Islamic banks is still noticeably lower compared to the conventional banks (Risfandy, Husa and Asrihapsari, 2016; Sulistyo, 2017). Though, Islamic banking industry is growing, the progress will be stuck after a certain spell of time, or the growth will not be of anticipated quality (Rashid and Hassan, 2009). Besides, in terms of commitment to economy and community, efficiency and productivity indicate that the performance of interest-free Islamic banks is not as good as interest-based conventional banks (Safiullah, 2010).

Since Islamic banking system has incredible possibility and prospect in Bangladesh, many conventional commercial banks are trying to capture the opportunity to offer Islamic financial services (Hassan, 1999). Consequently, the existence and viability of Islamic banks depend on the superiority of the services offered to clients. Therefore, the failure of Islamic banks in providing high-quality services will certainly result in mass switching of clients to conventional banks (Ahmad and Hassan, 2007). Research finds the employees who are willing to perform extra roles (OCB) for their organization will lead to improvement in both their performance and performance of the organization (Sulistyo, 2017).

Empirically, when employees receive supportive HRM practices, they have a tendency to exhibit higher levels of OCB (Narang and Singh, 2012; Sivapragasam and Raya, 2018). Since fairness in PA is related OCB (Ahmed, 2016; Chattopadhyay, 2017; Findley, Giles, & Mossholder, 2000; Norris-Watts & Levy, 2004), in the banking sector, a practice has noteworthy impact on OCB and enhances organizational performance and effectiveness (Ahmed, 2016). Moreover, effective performance feedback heightens OCB engagement through developing the perception of supportiveness (Shim, Park and Jeong, 2017). In addition, to date, there are very limited studies on PA in relation to OCB (Chattopadhyay, 2017). Besides, Begum, Zehou, & Sarker (2014), and Rahman & Chowdhuri (2018) have suggested to investigate into the relationship between PA and OCB, specifically in South Asia and South East Asia. Since Islamic banking is still lagging behind in terms of market share compared with conventional banks, it has

appeared as a big challenge for them to improve their performance and competitive advantage (Sulistyo, 2017). Therefore, the objective of the present research is to investigate the relationship between PA practice and OCB in context of the Islamic banks operating in Bangladesh. Besides, the study intends to provide implications for managers and HR professional and policy makers to design effective PA practice to enhance OCB in the banking sector. Moreover, the study is expected to contribute to enriching the existing body of knowledge related to PA and OCB fields.

Literature Review

Performance Appraisal (PA)

PA is often considered as one of the most important developmental HR practices and being used widespread (Levy and Williams, 2004). Besides, it has been recognized that PA bears numerous benefits to employees and their organizations (Evans and Tourish, 2017). These consist of the opportunity for i) making sure that employees achieve organizational goals and objectives set by the top management; ii) providing employees with objective evaluation and continuous feedback to improve learning; iii) enhancing employee motivation and commitment; identifying training and development needs for successful career management; iv) providing with legal documentation for settlement of discrimination, grievance and wrongful dismissal; v) improving organizational performance in relation to pay by linking appraisal to performance-related pay; and vi) finally, an overall growth in performance (Nikols, 2007; Evans and Tourish, 2017).

PA refers to an infrequent but formal process through which employees are assessed by organizations, supervisors assess employee's performance based on predetermined dimensions and assign a score based on assessment (DeNisi & Murphy, 2017), and then communicate to employees about their formal rating (DeNisi & Murphy, 2017; Ishizaka & Pereira, 2016). In addition, PA measures how well employees accomplish job-relevant tasks and help in identifying the more efficient employees (Ishizaka and Pereira, 2016). Buchner (2007) and Selvarajan et al. (2018) mention that PA is increasingly regarded as a device to manage employees' performance effectively. Besides, the critical aim of PA is to motivate employees that ultimately develop their performance (DeNisi & Pritchard, 2006; Selvarajan et al., 2018). However, the PA system functions as a key instrument for ensuring individual employees' accountability in the public, private, and nonprofit sectors (Rubin and Edwards, 2018).

PA is perceived as particularly significant for the inspiration and development of the highly skilled knowledge workers require for an effective as well as competitive banking sector (Gu and Nolan, 2017). Moreover, learning capabilities are enriched when employees participate in designing and reviewing the quality of their work, for instance, with the execution of PA systems (Felstead, Gallie, Green, & Zhou, 2010; Para-González, Jimenez-Jimenez, & Martínez-Lorente, 2018). Even, PA motivates employees to develop their skills as well as to accomplish their goals when compensations and rewards are conditional on performance (Ma et al., 2017).

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To summarize, PA involves a comprehensive set of activities to link recruitment and selection, performance feedback, inducements and incentives, and supervision with the strategic goals of organizations instead of just referring to techniques in which organizations use PA information to develop performance (DeNisi & Murphy, 2017; DeNisi & Smith, 2014; Kinicki, Jacobson, Peterson, & Prussia, 2013). In addition, appraisals repeatedly serve several purposes: delivering records and justification, motivating employees, ascertaining areas where professional development is required, and communicating priorities (Levy and Williams, 2004; Rubin and Edwards, 2018). However, political, cultural and institutional contextual issues could influence performance appraisal practices (Wang *et al.*, 2017).

Organizational Citizenship Behaviour (OCB)

Organizations are relentlessly searching ways for improving performance, and frequently considering OCB to be a significant means of increasing efficiency in productivity (Hart, Gilstrap and Bolino, 2016; Shin, Kim and Lee, 2016; Yang *et al.*, 2016; Bizri, 2018).

Organ (1988) defines OCB as "individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" (p.4). Employees who engage in OCBs are frequently mentioned as "good soldiers" due to demonstrating enthusiasm to go above and beyond the formal job requirements (Hart, Gilstrap, & Bolino, 2016; Organ, 1988; Rahman & Chowdhuri, 2018). Chelagat, Chepkwony, & Kemboi (2015) considered OCB to be an important factor that enhances the performance of employees (Rahman & Chowdhuri, 2018). However, OCB activities are discretionary, and few of such behaviours are rewarded to improve the efficient functioning of organizations (Hart *et al.*, 2016; Organ, Podsakoff, & MacKenzie, 2006). For instance, OCB includes: providing spontaneous assistance to colleagues, performing additional duties when necessary, enduring minor inconveniences and maintaining a positive attitude to enhance institutional performance (Organ, 1988b; Farris, 2018).

Though OCB is regarded as crucial component for sustainability of an organization, Specify & clarify these activities are not mentioned in job description (Jain & Rizvi, 2018; Rahman & Chowdhuri, 2018). Besides, as OCBs are the demonstration of personal choice of employees; therefore, exclusion of such behaviours is not worth to punishment (Paul, Bamel and Garg, 2016), and thus these cannot be made compulsory (Pickford and Joy, 2016). Therefore, both organizational aspects and individual personal characteristics perform a critical role in modeling OCBs (Chen, Hu, & King, 2018).

OCB works as a determinant for overall performance, and therefore, is comparatively greater than task performance for an organization (Chiaburu, Oh, Wang, & Stoverink, 2017; Rahman & Chowdhuri, 2018). Hence, when employees carry out activities beyond their formal job requirements and show OCB, performance excellence can easily be achieved for organizations (Chattopadhyay, 2017). Besides, Turek & Wojtczuk-Turek (2015) mention

that OCB works as a dominant factor to develop effectiveness of the organization.

The OCB dimensions, which are hypothesized in most studies, recommend two different dimensions of OCB which are distinguished by the anticipated target of the behaviour these are (a) OCB directed toward individuals (OCBI)—pro-social behaviours that are directed at specific people and/or groups within the organization, and (b) OCB directed toward organization (OCBO)—these behaviours are directed toward the organization (Finkelstein & Penner, 2004; Jain & Rizvi, 2018; Williams & Anderson, 1991). OCBO is predominantly motivated by concern for the organization (Finkelstein & Penner, 2004).

OCBOs comprise those OCBs that influence the organization entirely (Memon *et al.*, 2017), and would consist of demonstration of behaviours such as *Civic Virtue*, *Sportsmanship* and *Conscientiousness* (Norris-Watts and Levy, 2004; Sesen and Basim, 2012; Memon *et al.*, 2017; Donia, O'Neill and Brutus, 2018; Jain and Rizvi, 2018).

Behaviours that are directed toward benefiting individuals within the organization are called OCBI (Memon *et al.*, 2017). In OCBI, helping behaviours are demonstrated toward individual co-workers (Lee, Woo, & Kim, 2017). In fact, OCBI is those behaviours directed toward other individuals within the organizational setting, and include the *altruism* and *courtesy* dimensions (Norris-Watts and Levy, 2004; Sesen and Basim, 2012; Donia, O'Neill and Brutus, 2018; Jain and Rizvi, 2018).

Islamic Banking

Islamic banks provide opportunities to satisfy the needs of the Muslim customers. Islamic banks are not religious institutions. Similar to other banks, they focus on profit maximization (Imam and Kpodar, 2013). Attentiveness in Islamic banking has been rising higher in recent years and has spread not only emerging economies, but also rest of the parts of the world (Hassan and Aliyu, 2018). However, based on key principles of *Shari'a*- Islamic law that prescribes prohibition of *Riba*- usually known as interest, Islamic banks have offered Islamic financial services since 1960s (Abedifar *et al.*, 2015). In order to avoid use of interest, the financing products of Islamic banking are centered on the principle of profit sharing consisting of *al-musharaka*- where partners share in the profits and losses and *al-mudaraba*- where one party ensures finance and another party provides skills and labors (Medyawati and Yunanto, 2018). Actually, the system convicts exploitation and emphasizes on genuine economic undertakings grounded on the principle of sharing both rewards and risk which results from businesses among the parties involved (Hassan and Aliyu, 2018). Besides, prohibition on *Riba*, *Shari'a* has several other restrictions which have to be considered. For example, in line with *Sharia* all agreements should be free of 'Gharar', which is closely referred to excessive uncertainty (Abedifar *et al.*, 2015). Scholars claim the Islamic banking system emphasizes on Islamic financial transactions which are relatively more complex than conventional banking, and are more asset-based than debt-based (Hassan and Aliyu, 2018). Likewise, reward and risk-sharing are the fundamental pillars that differentiate the system from interest-based

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systems and mark to be an proficient means of wealth distribution and social justice (Schoon, 2008). Therefore, Islamic banking practices are similar to conventional banking except having certain constraints on interest imposed by Sharia (Hanif, 2011).

Islamic Banking in Bangladesh

Islamic banking has been practiced in the Muslim nations since the Middle Ages (Asmild, Kronborg, Mahbub, & Matthews, 2018; Zaher & Hassan, 2001). However, emergence of world-wide Islamic banking as an applied banking system has been recognized from the middle of the 20th century (Asmild *et al.*, 2018). In Bangladesh Islamic banking emerged in 1983 through the formation of the Islami Bank Bangladesh Ltd. (Hassan, 1999; Asmild *et al.*, 2018). At present, there are eight Islami Shariah based Private Commercial Banks (PCBs) in Bangladesh having 1126 branches which execute their activities based on principles of Islamic Shariah.

Though Islamic banking is an important part of the banking sector in Bangladesh, it has no separate Islamic banking law (Ullah, 2014) or Islamic banking regulations (Ahmad and Hassan, 2007; Hassan and Aliyu, 2018). Further, Islamic banking has grown speedily in line with privatized banks in terms of size, branches, employees as well as capturing market share. However, in sense of being a Muslim country, Islamic banking remains in a minority position in terms of total asset share (Asmild *et al.*, 2018).

Performance Appraisal (PA) and OCB

OCB has been acknowledged as modeling the social as well as psychological context where fundamental job requirements are achieved and which distinctively contributes to overall performance of an organization (Zheng, Zhang and Li, 2012). Researchers and scholars discovered several insightful findings relating PA and OCB (Chattopadhyay, 2017). Ahmed (2016) recommended that PA and OCB relationship was complicated, Rephrase & clarify Appraisal of one's job may motivate employees to convey effort beyond their prescribed job responsibilities (Mitonga-Monga, Flotman and Cilliers, 2016). Besides, PA influences the behaviours of the employees providing that they are pleased to the management regarding PA process (Jawahar, 2007; Husin, Chelladurai and Musa, 2012). Further, fairness in the appraisal process is linked with OCB (Findley, Giles and Mossholder, 2000; Chattopadhyay, 2017). Consequently, when employees perceived that their organization had fair and equitable appraisal, they demonstrated more OCB and enhanced organizational performance and effectiveness

(Ahmed, 2016). Moreover, performance feedback is connected to OCB through effective commitment (Norris-Watts and Levy, 2004; Chattopadhyay, 2017) ;and delivery of performance feedback has been specifically found to influence how the feedback recipient will behave toward other employees of the organization (Norris-Watts and Levy, 2004).

However, OCB works as an important factor in evaluating employees' job performance. Therefore, employees are prone to exhibit OCB to obtain more managerial rewards, for example, salary increases or promotion (Fu, 2013).

Employees' perceptions of a favorable feedback from the management may lead them to believe that their contributions are valued in the organization and so they feel delighted with their accomplishments and to conduct job obligations more confidently. Rephrase & clarify.

OCBs engagement (Norris-Watts and Levy, 2004; Gyekye and Haybatollahi, 2015; Nasurdin, Ahmad and Ling, 2015). Moreover, PA which provides an effective feedback system eventually develops a congenial work setting and enables employees to express their ideas and perform OCB like knowledge sharing (Karim and Majid, 2017; Ma *et al.*, 2017).

Further, the relationship between PA and OCB is somewhat mediated by effective commitment as well as by perceived rating reward linkage (Zheng, Zhang and Li, 2012; Chattopadhyay, 2017). Furthermore, effective performance feedback escalates employee perceptions of supportiveness, therefore increasing OCB engagement (Shim, Park and Jeong, 2017). Finally, the positive relationship between PA and OCBs has been confirmed in many different contexts (Ahmed, 2016; Norris-Watts & Levy, 2004; Podsakoff, MacKenzie, Paine, & Bachrach, 2000) as well as positive associations between performance feedback and OCB have been reported in most of the studies on private sector organizations (Shim, Park and Jeong, 2017).

Hypothesis 1 (H₁): PA has a positive relationship with OCB directed toward the organization (OCBO).

Hypothesis 2 (H₂): PA has a positive relationship with OCB directed toward individuals (OCBI).

Methodology

Population and Sampling

The target population of the current research was all employees working in eight Islamic banks in Bangladesh. Therefore, both employees and managers irrespective of their positions in these banks were considered as the sampling frame of this study. As per the latest Annual Reports (up to 2017) of Islamic banks, the number of employees currently working in these banks was about 29482. The current study collected data from all eight Islamic banks operating in Bangladesh. However, the research collected data from employees from the branch level which were conveniently selected irrespective of size and number of branches of these banks. Finally, this study drew its findings on 149 fully filled out questionnaires of which the response rate was 67.35%, therefore, the sample size N=149.

Table 1: Number of Employees in the Islamic banks in Bangladesh in 2017

Sl.	Name of Bank	No of Employees	Annual Report	Sample
01	ICB Islamic Bank Ltd.	476	2017	09
02	Islami Bank Bangladesh Ltd.	13,760	2017	33
03	Shahjalal Islami Bank Ltd.	2,402	2017	19

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04	First Security Islami Bank Ltd.	2993	2017	22
05	EXIM Bank Ltd.	2,791	2017	21
6	Al-Arafah Islami Bank Ltd.	3,446	2017	25
7	Social Islami Bank Ltd.	2,599	2017	14
08	Union Bank Ltd.	1,050	2017	06
	Total	29,482		149

Source: Compiled by the authors

Research Instrument

Measurement for Performance Appraisal (PA)

To measure PA function of HRM practices, four items (available in appendix section) were adopted from the study of Woods & Mayer (2005). A sample item from the scale was “*Employees regularly (at least once a year) receive a formal evaluation of their performance*”. All the items of this section require response on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). To ensure the clarity of the instruments to the respondents, little modification was made by the researcher. However, the scale was fairly reliable as the Cronbach alpha value was 0.73 for the current study.

Measurement for organizational citizenship Behaviour

To measure the existence of OCB, this study adapted the OCB Scale (OCBS) having sixteen items (available in appendix section) developed by Lee & Allen (2002). This scale is one of the most extensively used mechanisms used to measure OCB and constructed to find OCB toward individuals (OCBI) and OCB toward organization (OCBO). Sample items of the scale are “*Help others who have been absent*”, “*Give up time to help others who have work or non-work problems*”, “*Keep up with developments in the organization*” and “*Take action to protect the organization from potential problems*”.

This scale is used in many prominent studies (Piccolo and Colquitt, 2006; Saks, 2006; Lavy and Littman-Ovadia, 2017; Harris, Lavelle and McMahan, 2018; Jain and Rizvi, 2018; Jin, McDonald and Park, 2018; Ong *et al.*, 2018). Using these items requires response on a five-point Likert scale that ranges (1 = strongly disagree to 5 = strongly agree). To ensure the clarity and make it more understandable to the respondents, several modifications were made to rewrite the items by the researcher. In the study of Lee and Allen (2002), reliability was .83 (OCBI) and .88 (OCBO). However, the current study found Cronbach alpha value of .78 for OCBI and .81 for OCBO.

Unit of Analysis

The unit of analysis is the major entity that is being analyzed in a study. The unit of analysis of this study was an individual employee who works in Islamic banks in Bangladesh scheduled under Bangladesh Bank.

Data Normality and Linearity of Data

Since the sample size was above 50, the Kolmogorov-Smirnov test has been applied to test the normality of data. For both OCBO and OCBI, the sig. values of the Kolmogorov-Smirnov were smaller than 0.05, provided that the data were not normal.

Table 2: Test of Normality of Data

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
OCBO	.111	149	.000	.973	149	.005
OCBI	.099	149	.001	.975	149	.008

a. Lilliefors Significance Correction

Based on the ANOVA Table, it can be concluded that there is a linear relationship between the variables of OCBO and performance appraisal because the significance level of Deviation from Linearity is $0.186 > p = 0.05$. Similarly, there is a linear relationship between the variables of OCBI and performance appraisal because the significance level of Deviation from Linearity is $0.151 > p = 0.05$.

Table 3: Test for Linearity

			ANOVA Table				
			Sum of Squares	df	Mean Square	F	Sig.
OCBO * Performance Appraisal	Between Groups	(Combined)	24.494	9	2.722	17.940	.000
		Linearity	22.748	1	22.748	149.949	.000
		Deviation from Linearity	1.746	8	.218	1.439	.186
	Within Groups		21.087	139	.152		
	Total		45.581	148			
OCBI * Performance Appraisal	Between Groups	(Combined)	7.782	9	.865	5.119	.000
		Linearity	5.709	1	5.709	33.797	.000
		Deviation from Linearity	2.073	8	.259	1.534	.151
	Within Groups		23.480	139	.169		
	Total		31.262	148			

Data Preparation and Data Analysis Techniques

The data were subjected to data preparation using SPSS 23.0 version. To find the nature of relation between PA and OCB, correlation analysis between PA and OCBI as well as PA and OCBO is conducted. Besides, t- test

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was conducted to test the research hypotheses. Finally, Linear Equation models were developed to find out the effect of PA on OCB (both OCBI and OCBO).

Results

Descriptive Statistics of the Latent Constructs

The mean score for PA was 3.831. Besides, the SD=0.514 indicated that there was a decent PA practice in the Islamic banks operating in Bangladesh. In contrast, the mean score of OCBO was 3.778 and SD = 0.555 and therefore, clearly supported the idea that employees in the Islamic banks in Bangladesh exhibit OCBO, and the extent was nearly fair. However, OCBI had a mean rating of 4.071 relatively higher than OCBO. Besides SD =0.459 which was relatively inferior to OCBO. Thus, employees working in the Islamic banks in Bangladesh exhibit relatively higher OCBI than OCBO.

Table 4: Descriptive Statistics for Constructs

SL	Variables	Mean	Standard Deviation (SD)
1	Performance Appraisal (PA)	3.831	0.514
2	OCBO	3.778	0.555
3	OCBI	4.071	0.459

Correlation Analysis

Correlation between PA and OCB dimensions

The research found a positive as well as strong relationship ($r=.706$) between OCBO and PA practice. Additionally, the relationship was significant at $p < 0.01$ significant level. Moreover, PA and OCBI were positively correlated. However, the strength of the relationship was moderate ($r=.427$). In addition, the association was significant at $p < 0.01$ significant level.

Table 5: Correlation Analysis Aong PA, OCBO & OCBI

		Correlations		
		Performance Appraisal	OCBO	OCBI
Performance Appraisal	Pearson Correlation	1	.706**	.427**
	Sig. (1-tailed)		.000	.000
	N	149	149	149

** . Correlation is significant at the 0.01 level (1-tailed).

Regression Analysis:

Performance Appraisal (PA) and OCBO

The study found that the adjusted $R^2 = 0.496$ with the $R^2 = 0.499$ illustrating that predictor variable PA (X) can explain near about 50% of the total variability of the dependent variable OCBO (Y). Therefore, there must be one or more influential variables which influence OCBO. Here, $F (1, 147) = 146.453$, which is greater than the critical value $F (1, 147) = 3.91$ besides corresponding significant level $p < .05$. This signifies that explanatory variable PA (X) predicts the dependent variable OCBO (Y). Further, for PA (X) calculated value of $t (=12.102) >$ tabular value of $t (=1.655)$, corresponding value of $(p = 0.000) < (p = 0.05)$. Therefore, the null hypothesis is rejected and alternative hypothesis (H_1) is accepted, besides a positive value of the coefficient for PA ($b = .763$) implies that there is a significant positive linear relationship between PA and OCBO.

Table 6: Elements of Regression Analysis of PA & OCBO

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	.854	.244		3.501	.001
Performance Appraisal	.763	.063	.706	12.102	.000
R Square	Adjusted R Square		F	Sig.	
.499	.496		146.453	.000	

- a. Predictors: (Constant), Performance Appraisal
- b. Dependent Variable: OCB directed towards Organization (OCBO)
- c. Model is significant at the 0.05 level.

The Y intercept ($a = .854$) specifies the expected OCBO (Y) when there is no PA (X). Alternatively, this is the OCBO (Y) when PA (X) is equal to zero as well as other variables remain constant. Contrariwise,, ($b = .763$) represents that a unit proliferation in PA (X) would result in an increase of .763 times in OCBO.

Thus, the Linear Regression Model would be as follows:

$$Y = .854 + (.763 \times \text{Performance Appraisal})$$

Performance Appraisal (PA) and OCBI

Here, adjusted R^2 of the model is 0.177 with the $R^2 = 0.183$, clarifying that predictor variable PA can explain near about 18.30% of the variances of the outcome variable OCBI. Here, the model is significant as indicated by F-Statistics where, $F (1, 147) = 32.843$, which is greater than the critical value $F (1, 147) = 3.91$ and $p < .05$. Therefore, denotes the predictor variable PA has the capacity to predict OCBI.

Table 7: Elements of Regression Analysis of PA & OCBI

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Model	Coefficients ^a		t	Sig.	
	Unstandardized				Standardized
	Coefficients	Std. Error			Coefficients
B		Beta			
(Constant)	2.607	.258		10.108	.000
1 Performance Appraisal	.382	.067	.427	5.731	.000
R Square	Adjusted R Square		F	Sig.	
.183	.177		32.843	.000 ^b	

- a. Predictors: (Constant), Performance Appraisal
- b. Dependent Variable: OCB directed towards Individuals (OCBI)
- c. Model is significant at the 0.05 level.

Additionally, calculated value of $t (=5.731) >$ critical value of $t (=1.655)$, besides, $(p= 0.000) < (p=0.05)$. Thus, the null hypothesis is rejected and alternative hypothesis (**H₂**) is accepted. Further, a positive value of the $b = .382$ implies that there is a significant positive linear relationship between PA and OCBI. The intercept of OCBI ($a=2.607$) directs the expected level of OCBI when there is no PA. Alternatively, this is the OCBI when PA is equal to zero (0) and other related factors are constant. Besides, coefficient of PA ($b= .382$) represents that a unit increase in PA (X) would result in an increase of .382 times in OCBI. Therefore, the Regression Model would be as follows:

$$Y = 2.607 + (.382 \times \text{Performance Appraisal})$$

Discussion

PA is positively correlated to OCBO ($r=.706$, In addition, the relationship was significant as $p < 0.01$ and the strength of association is strong. Even the linear regression model for dependent variable OCBO, $Y=.854+(.493 \times \text{Performance Appraisal})$ indicates there is a significant effect of PA on OCBO. Besides, hypothesis testing confirms a significant positive relationship between PA and OCBO.

Besides, PA is positively and significantly correlated to OCBI ($r=.427, p = 0.000, <0.01$); however, the strength of relationship between them is moderate. Further, linear regression model for dependent variable OCBI is found as $Y=2.607 + (.382 \times \text{Performance Appraisal})$, which ensures a positive effect of PA on OCBI. Even the hypothesis testing certifies that a significant positive relationship between PA and OCBI. Hence, the research can conclude that there presents a significant effect of PA practices of HRM on OCB and the nature of relationship between them is positive. The similar findings were found in the previous studies of Chattopadhyay (2017), Shim, Park, & Jeong (2017), Ahmed (2016), Poursafar, Rajaeepour, Seyadat, & Oreizi (2014), Norris-Watts & Levy (2004), Bolino & Turnley (2003) and Podsakoff, MacKenzie, Paine, & Bachrach (2000).

Chattopadhyay (2017) identified that PA was connected with employees' perception of the organizational practice and OCB while conducting a relevant study on Kolkata based MNCs. The supervisory feedback environment was not strongly interrelated to OCB; however, it was related to OCBI within the organization (Norris-Watts and Levy, 2004). Besides, Ahmed (2016) a positive significant correlation among PA and OCB was noted while investigating the HRM practices and OCB relationship in the banking sector of Sudan. Further, positive association was found between performance feedback and OCB among the government employee in the USA, however the relationship was moderate (Shim, Park, & Jeong, 2017). In addition, while summarizing the empirical findings of both the antecedents and consequences of OCBs, Podsakoff et al. (2000) concluded that PA was significantly related to OCB. Moreover, during an investigation into the employees working at a Gas company in Gilan, Iran, Poursafar, Rajaeepour, Seyadat, & Oreizi (2014) suggested that the policy-makers should implement PA in such a way that it can increase employees' organizational commitment since organizational commitment mediates the relationship between PA and OCB. Finally, while discussing the influential factors that produce citizenship behaviour, Bolino & Turnley (2003) mentioned organizations might be able to engender additional citizenship in their organizations by establishing PA systems of HRM. Relating to previous studies, the current study found that there was a significant influence of performance appraisal on OCB in Islamic banks of Bangladesh. Therefore, if Islamic banks implement an effective PA system, it will have greater contribution to enhancing performance of these banks through demonstration of OCB by employees.

Implications for HR and Managerial Professionals

Organizational citizenship behaviours contribute to the organizational performance and accomplishment of organizational goals (Chattopadhyay, 2017; L. Chelagat et al., 2015; D. Organ et al., 2006; N. P. Podsakoff, Whiting, Podsakoff, & Blume, 2009; Tremblay, 2017). In addition, Podsakoff, Whiting, Podsakoff, & Blume (2009) and Organ, Podsakoff, & MacKenzie (2006) conveyed proof that OCBs were significantly and positively related to organizational effectiveness in terms of productivity, efficiency, and profitability. Besides, organizational performance and effectiveness can be enhanced through OCB when the employees perceived that their organization has fair and equitable appraisal (Ahmed, 2016), and fairness in appraisal process is linked with OCB (Findley, Giles and Mossholder, 2000; Chattopadhyay, 2017).

However, the current research significantly confirms a strong influence of employee performance appraisal (PA) practice on organizational citizenship behaviour (OCB) in the Islamic banking sector in Bangladesh. Since, OCBs are considered as having greater impact on employee performance which organizations should utilize to escalate performance, efficiency and finally organizational competencies. To summarize, considering the constructive magnitudes of OCBs of organizations, HR and administrative managers should pay attention to planning PA practice so as to improve OCBs (both

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OCBO and OCBI), and therefore ensure improved organizational performance.

Limitations

This investigation has confirmed remarkable findings in the fields of PA practice and OCB. Still, there are a number of limitations which should be recognized. For instance, the respondents were only from the branch level; a convenient sampling method was used; and relatively a small sample size was employed; and the data set was not normally distributed. For these reasons, the results may not represent the whole sample population. Finally, the study was conducted only with the non-technical employees working for branch-level banking and transactional activities in the Islamic banks. Other groups of employees, such as clerical staffs, technical and mechanical personnel and IT specialists were excluded from this study. Hence, the outcomes of the investigation cannot be generalized.

Suggestions for Future Research

However, some limitations challenge the implications of the investigation. Still, this exploration can be extended to numerous directions. First of all, the study was only on the Islamic banking setting, and therefore similar studies can be conducted on conventional banks, specialized banks and other non-banking financial institutions to concentrate on the acceptability of the findings, specifically, in the neighbouring countries within South Asia and South-East Asia to cross-validate the outcomes of this investigation to determine the generalizability of the context. Secondly, longitudinal studies can be conducted to investigate the changes over the passage of time. Thirdly, other HRM practices and policies, for example, acquisition, training, development, motivation, employee relations, communication, compensation management, compliance and career management should be examined to provide a more comprehensive exploration of HRM and OCB in a more industrial setting. Fourthly, similar studies can be undertaken to inspect the relationship between PA practice and OCB in other service and manufacturing industries, not only in Bangladesh but also in other developing and developed countries. Finally, future researchers can examine the association among the demographic variables and OCB.

Conclusion

This study finds that there is a positive linkage between performance appraisal (PA) and organizational citizenship behaviour (OCB) in the Islamic banking sector of Bangladesh, therefore, this association provides a reminder to design PA practices that consider employee interests, behaviours, attitudes, even perception and thus stimulates employees to go an 'extra mile' to perform their tasks willingly as well as being cooperative to others. Finally, this study bridges the gap in organizational citizenship behaviour (OCB) and performance appraisal (PA) literature related to the Islamic banking sector of Bangladesh.

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Appendix:

A. Items of Performance Appraisal

- a) Employees regularly (at least once a year) receive a formal evaluation of their performance.
- b) Performance appraisals are based on objective results.
- c) Performance appraisals are based on quantifiable results.
- d) Employees receive performance feedback on a routine basis (at least twice a year).

B. Items for Organizational Citizenship Behaviour

1. OCBI Items

- a) Help others who have been absent.

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- b) Willingly give your time to help others who have work-related problems.
- c) Adjust your work schedule to accommodate other employees' requests for time off.
- d) Go out of the way to make newer employees feel welcome in the work group.
- e) Show genuine concern and courtesy toward co-workers, even under the most trying business or personal situations.
- f) Give up time to help others who have work or non-work problems.
- g) Assist others with their duties.
- h) Share personal property with others to help their work.

2. **OCBO Items**

- a) Attend functions that are not required but help the organizational image.
- b) Keep up with developments in the organization.
- c) Defend the organization when other employees criticize it.
- d) Show pride when representing the organization in public.
- e) Offer ideas to improve the functioning of the organization.
- f) Express loyalty toward the organization.
- g) Take action to protect the organization from potential problems.
- h) Demonstrate concern about the image of the organization.