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PERCEIVED EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEM AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR: MEDIATING ROLE OF PSYCHOLOGICAL CONTRACT

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ABSTRACT

Effectiveness of performance management system has been a long-driven research for practitioners to explore ways of measuring it. It is crucial for organizations to understand how employees perceive the effectiveness of PMS for positive work outcomes such as OCB. Data of the study have been gathered from 251 employees by using questionnaires as a tool of data collection. Empirical results indicate that worker's association to their organization is conceptualized as social exchange relationships. Employees will be more willing to participate in OCB, when they perceive the PMS framework as fair. Employees perceptions related to effectiveness of PMS have positive influence on psychological contract, it was concluded that employees with positive psychological contract will perform extra role behaviours such as OCB in order to exchange those higher salaries and more extensive benefits. An evidence of PMSE relationship with PC and ultimately with OCB may help the organization to ensure the effectiveness of their PMS and in turn improve their productivity and performance.

Key words: Performance Management system, Citizenship Behaviour, Psychological contract, Organizational justice, Positive work outcomes, Social exchange relationship

INTRODUCTION

“Performance management is a continuous process of identifying, measuring and developing the performance of individuals and aligning the performance with the strategic goals of the organization” (Mone & London, 2018, p. 12) Performance management system effectiveness (PMSE) is influenced not only by the system but the favorable perceptions of the employees who are affected by the system. Success and failure of HR practices are highly dependent on worker’s perceptions regarding the fairness /unfairness of Performance management practices (O’Donnell & Shields, 2002a). Employee’s productivity would be high in the case when they perceive the PMS practices as fair, consistent, consensual and distinctive in nature. Human resource managers play a significant part in creating positive perceptions of PMS. If inequitable procedures are used in the performance evaluation, employees will feel injustice towards management; trust will be low and eventually low commitment and cooperation towards the organization (Phago & Munzhedzi, 2014). Two most credible benchmarks of PMSE are appraisal accuracy and fairness are the (Dickinson, 1993). PMS model given by Murphy and DeNISI (2008) suggested that acknowledgement of Performance management system by workers critically an important aspect for its success and successful system is the one that workers consider as fair and accurate.

Linkage between PMS and positive work outcomes has been shown in many research studies (Gong, Chang, & Cheung, 2010; MacKenzie, Podsakoff, & Fetter, 1993; Werner, 2000). “Organizational citizenship behavior” can be explained as “performance that supports the social and psychological environment in which task performance takes place” (Organ, 1997, p. 95). Workers connection with their superiors is termed as “social exchange relationships”. In this relationship, both employer and employee anticipate that their commitments and endeavors are going to be exchanged by the other person (Shore, Tetrick, Lynch, & Barksdale, 2006). When employees are treated fairly by higher management it gives them a sign that they are valuable. In this particular situation workers would behave in more altruistic way such as OCB (Greenberg, 1987).

Workers repay their organizations through OCB (Blakely, Andrews, & Moorman, 2005). Positive, helpful activities by the organization for employees makes an addition to the foundation of top quality social exchange relationships that make commitments for workers to respond in an effective manner (Settoon, Bennett, & Liden, 1996). This exchange relationship can be termed as employer-employee relationship or psychological contract.

The term psychological contract (PC) can be explained as an eccentric perception of expectations and equal obligations between employer and worker, it consists of individual perceptions about the exchanges between employer and employee (Rousseau, 1989). Fairness perceptions and organizational justice are key elements of psychological contract. Psychological contract includes unwritten beliefs, such as fairness of incentives and bonuses and good career opportunities, etc., in the reciprocation of positive work attitudes (Rousseau, 1995). Effective PMS is possible only if employers are trying to meet workers’ perceptions and expectations, in this manner performance appraisals could be better overseen while taking the perceptions underlying psychological contracts in consideration (Davila & Elvira, 2007). PMS practices play a critical part in the evolution of psychological contracts through communication of future promises to workforce. When employees perceive the remuneration and reward packages in consonance with their believes, it motivates them to serve beyond

their job description, and motivates them to involve in positive behaviours and work attitudes such as OCB (Hiltrop, 1995). Fulfillment of promises by employers motivate employees to contribute extra role performance for the prosperity of their boss (Organ, 1990). A study by Arefin, Arif, and Raquib (2015) revealed that positive perceptions of employees regarding HR practices influence psychological contract that in turn impact employees OCB, but the linkage between perceived effectiveness of PMS and worker's OCB with the mediating effects of psychological contract has mostly been unraveled; therefore the current study fills the gap in existing research. Furthermore, extensive research is required to perceive the intended meaning of the effectiveness of PMS in organizations, particularly from workers point of view.

Even though specialists and human resource managers always try to plan the best performance management system, but employees do not perceive it effective because it is based from the organizational perspective. Insufficient knowledge regarding the explicit deficiencies related with various facets of PM frequently influences an organization to expect that the framework is inadequate and thus unnecessary. Old PM systems are supplanted by new ones without investigating the underlying drivers lying behind its collapse (Thurston Jr & McNall, 2010). This is particularly needed to reduce workers' distrust towards PM. Therefore, it is substantially important to develop PMS that can create positivity in employees and create benefits for an organization.

Theoretically, in the domain of performance management, advanced theory building is entailed (Den Hartog, Boselie, & Paauwe, 2004), the present research may create an further insight to explain the already established theories regarding three main areas: performance management, citizenship behavior and psychological contract in the context of "Pakistan".

LITERATURE REVIEW

Performance Management system

Performance management system (PMS) is a kind of completed and coherent series of performance management (Zhang, 2012). PMS involves diverse kinds of developmental activities with appraisals as a focal point (DeNisi, 2000). PMS and appraisals both terms are often used replaceable (Furnham, 2004; Gosselin, Werner, & Hallé, 1997), however PMS is comprehensive approach that includes performance appraisal and is utilized for controlling organizational performance through employee performance. Distinctive terms are used for PM initiatives such as: "performance based budgeting, pay for performance, planning, programming and budgeting, and MBO's" (Heinrich, 2002, p. 38). From the perspective of Lawler (2003), PM frequently incorporates rousing execution, assisting people, developing their aptitudes, constructing a fair performance culture, finding out who needs to be promoted, eradicating people who are not making any favourable addition with their performance and helping to commence business plan of action.

Performance Management System Effectiveness (PMSE)

PMS Effectiveness (PMSE) is a term used extensively by practitioners. Perceived effectiveness of PMS is defined as employee's perceptions in regard to the effectiveness of their PMS in realizing expedient organizational and worker outcomes. Vlăsceanu, Grünberg, and Pârlea (2005) elaborated "effectiveness" as a tool to accomplish a system by achieving explicit objectives. There is a need of PMS that gets everybody cooperating in the quest for the benefit of organizational goals in an appropriate way (Engler, 2014). It can not be

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anticipated to be successful unless workers react in a manner it is intended. PMSE is critical for organizations to be successful (Sharma, Sharma, & Agarwal, 2016). It is exceptionally hard to gauge performance management effectiveness as it concerns to the dimension at which PMS meets its intended objectives (Boland & Fowler, 2000). Lawler III, Benson, and McDermott (2012) characterized PMSE as its capacity to impact worker's performances and its' differentiation among high and low performers. It is evident from various research studies that PMSE may leads to long term outcomes in return, such as: employee loyalty, participation, retention and citizenship behavior (Gruman & Saks, 2011; Gupta & Kumar, 2012; Selden & Sowa, 2011)

Equity Theory developed by Adams (1963) has been perfect in understanding the system people experience while thinking about the effectiveness of PMS. Inputs and outputs are included in this theory. Something that workers contribute in the organization are inputs, for example, time, struggle, experience, aptitudes, abilities, trust, patience, penance and devotion, and things which workers hope to get back in remuneration of their contributions are termed as outputs, a secure job, stipends, feeling of accomplishments, acknowledgment, and notoriety (Adams, 1963).

Psychological contract

The psychological contract is an informal agreement and speaks to the common convictions, discernments, and unofficial tasks centers around a connection between workers and their organization (Sims, 1994). A psychological contract (PC) is a structure of persuasion that envelops the practices workers accept are expected from them and what reaction they presume in return from their managers. It was contended that workers may aim to be dealt by their employers with fairness as humans, those tasks should be given to them that utilizes their capabilities, equal compensation with regard to their contributions, to be capable to show competence, to have chances for more enhancements and to realize what is expected of them (Herriot, Manning, & Kidd, 1997).

Social exchange theory can help to build up the understanding of psychological contract. As per Gouldner (1960), this theory is based on reciprocity that commits people to respond in a positive manner to a supportive treatment got from others in which a worker assess the cost and benefit analysis (Blau, 1964). Social exchange scholars have viewed the employment relationship as an exchange of devotion and exertion in return of organizational inducements (Rhoades & Eisenberger, 2002). According to Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001), in the light of norm of reciprocity that workers are spurred to remunerate favourable treatment given by an employer by acting in ways that can advantage the organization.

Types of psychological contract

Rousseau, Schalk, and Schalk (2000) divides psychological contract into two categories: Transactional and Relational contracts. Transactional contracts are like formal legitimate contracts, which are described by formal regulations and an expounded term for the contractual agreement (Montes & Irving, 2008). On the contrary, Relational contract depends on the satisfaction of social fondness of the two sides, for example, organizational support and loyalty. In these sorts of contracts, there is less attention on legalities and more on achieving shared comprehension concerning the importance of the relationship and the advantages to be picked up from the contractual agreement being referred to (Macneil & Gudel, 2001). Employees' with relational contracts will in general be more ready to work extra time whether paid or not, to help colleagues at work, and to help organizational changes that their manager esteems necessary (Cavanaugh & Noe, 1999).

Organizational citizenship Behaviour (OCB)

Organ (1988, p. 4) initially expounded organizational citizenship behavior (OCB) as: "Individual behavior 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, By discretionary, it means that the behavior is not an enforceable requirement of the role or the job description, that is the clearly specifiable terms of the person's employment contract with the organization; the behavior is rather a matter of personal choice such that its omission is not generally understood as punishable."

OCB includes practices that are not expressly required by the organization; they are behaviors performed at the discretion of an employee without desire for rewards and benefits. OCBs also accelerate relational associations among workers and their peers and managers since they are often acts that show affectability to the necessities of fellow workers and a familiarity with the relationships that exist in the work environment (Agustiniingsih, Thoyib, Djumilah, & Noermijati, 2016). Worker shows OCB beyond the formal employment necessities that are identified with worker errand execution and with having no expectation to gain any recompense from the organization. Despite of the fact that employees' are not sure to be benefited straightforwardly from showing discretionary conduct, it is clear the organization is profited. Podsakoff, MacKenzie, Paine, and Bachrach (2000) noted in their study that there is an absence of solidarity among scholars about the OCB dimensions.

Hypothesis Development

PMSE and OCB

"Workers' associations to their organization can be conceptualized as social exchange relationships, in which the two parties expect that their endeavors and commitments will be reciprocated by the other party" (Shore et al., 2006, p. 56). The social exchange process itself, and the way it is utilized, have a great impact on employee behaviours towards their boss, the work itself and the performance management process. It has been studied by Gong et al. (2010) the linkage between employee perceptions of appraisal and employee citizenship behavior. They evidently proved that the positive perceptions about the fair development of appraisals by highlighting both the strengths and weak points and the satisfaction with the appraiser, could bring positive vibes in employee citizenship behaviour..

Treating workers fairly and in an equitable manner by the organization, signs to them that they are esteemed. In this circumstances workers may in return participate into wide: voluntary generous practices, for example, OCB (Greenberg, 1987; Moorman, 1991) .This implies that workers will be more willing to participate in OCB, when they perceive the PMS framework as accurate and fair.

Hypothesis 1: Employee perception of PMSE is positively related with OCB among employees.

PMSE and Psychological contract

Success and failure of various HR practices such as performance management relies on the fairness of employer and worker relationship (Psychological contract) and the stability between people's convictions and company's desires of worker's conduct. However, Human Resource supervisors' seldom outline HR practices with regard to psychological contract, i.e. coping with oaths or responsibilities from both groups – employer and employee. PM practice is considered a "contract maker" since workers know that their work will be assessed

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and outcomes compensated. In this way, promises for good performance and bonuses improvements emerge in the performance evaluation framework. Workers are mostly guaranteed that positive audits will be trailed by corresponding bonuses and also by feedback for enhancing work execution. This promise could be broken, for instance, if reviews are unsuccessful to acknowledge worker commitments, or if managers support amicable organizational culture and intentionally abstain from standing up to workers with critical feedback (Rousseau & Greller, 1994).

Positive responses to the evaluation process incorporate perceptions of fairness, justice and accuracy. Favourable reactions to the structure or configuration of the process will in general be related with behavioral perception scales of employees such as citizenship behavior (Levy & Williams, 2004). Worker's perceptions about the fairness or unfairness of PM practices will have a significant impact on how workers react to that activity and furthermore how it is related to the organization overall.

Hypothesis 2: Employee perception of PMSE is positively related with PC of employees.

Psychological Contract and OCB

In a business relationship, workers will lessen their contributions including extra role behaviours to the organization, if they observe the disparity between what they were guaranteed and what they get. Similarly, they would endeavor to expand their commitments, including citizenship behaviour to the organization to accomplish stability in connection with their organization if they observe that their organization gives more than it guaranteed (Turnley, Bolino, Lester, & Bloodgood, 2003). In pragmatic research by Malhotra and Murnighan (2002), the psychological contract has been appeared to affect worker's conduct and summon norms of reciprocity, which is the social desire that individuals react to one another by returning advantages for advantages and responding with either lack of interest or aggression toward harms (Gouldner, 1960).

Researchers have investigated the impact of two types of psychological contract (transactional and relational) on employee OCB (Hui, Lee, & Rousseau, 2004). At the point, when employee believe their boss is exceptionally committed to yield extensive range of commitments (Relational psychological contract) they will be more inclined to provide advantages to their employer by engaging themselves in more extensive scope of citizenship behaviors (Turnley & Feldman, 2000). On contrary, when workers' feel that their manager is only bound with a temporary remuneration packages (Transactional contract), they might start believing that voluntary activities will not bring them exceptional incentives and appreciation (Liu, Cho, & Seo, 2011).

Hypothesis 3a: Transactional psychological contracts will not influence OCB of employees.

Hypothesis 3b: Relational psychological contracts will influence OCB of employees.

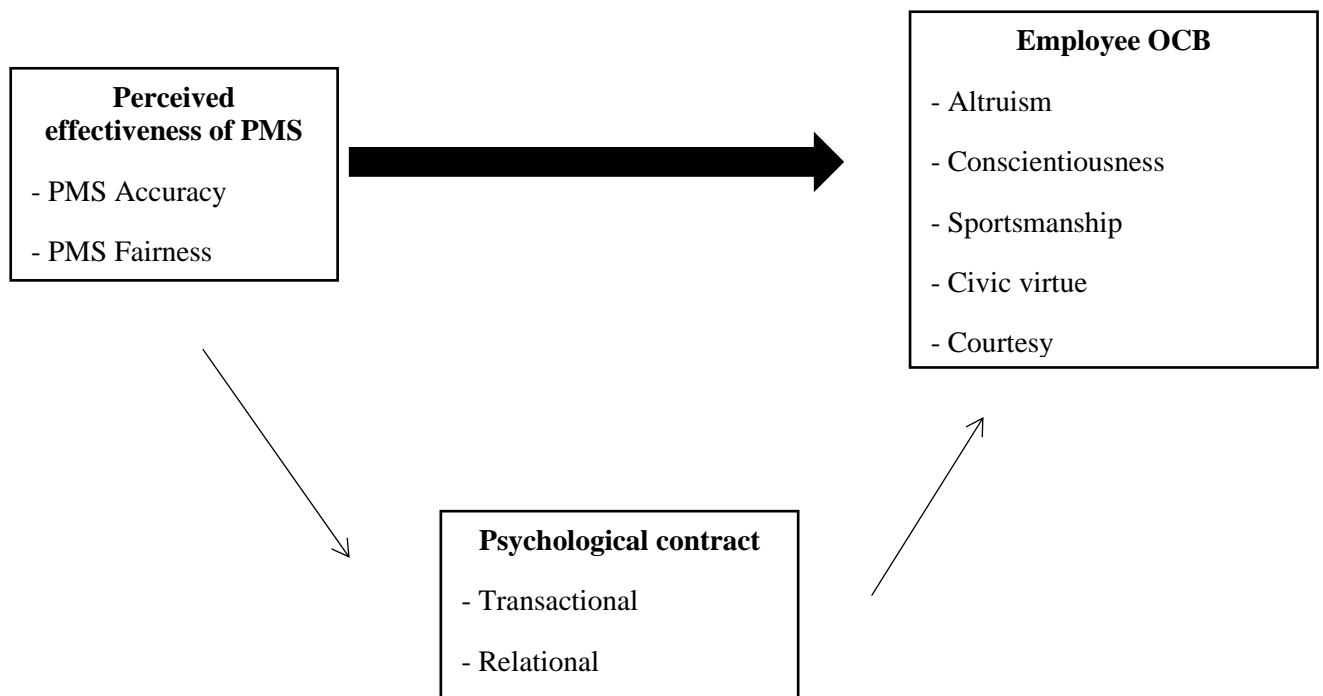
PMSE, PC and OCB

Performance management system develop and bolster relationships between employer and an employee (Lepak & Snell, 1999). Therefore, PC can be served as worker's convictions originating from the PMS (Wright & Boswell, 2002). Worker's Psychological contract with their employer is influenced by how they decipher and make sense of PMS practices (Guzzo & Noonan, 1994). When an employer offers the inducements such as: extensive skills training, higher pay rates and more extensive benefits, workers will discern the organization's obligation as steady and long lasting and in the interest of themselves and their families. These recognitions will shape employee's transactional and relational psychological contracts

in a positive manner. Hence employee's perceptions related to effectiveness of PMS are assumed to have positive impact on PC (Rousseau et al., 2000).

Previous studies on PC provide an evidence that that workers exchange the equitable treatment provided by their boss in terms of citizenship behaviour (Ma & Qu, 2011). Violation of psychological contracts have a negative impact on role behaviours of workers while fulfillment of psychological contracts by an employer have positive impact (Coyle-Shapiro & Conway, 2005). Psychological contracts provide a linkage between perceptions of workers about PMS fairness and their behaviours (Wright & Boswell, 2002). On the basis of actions taken by organizations, such as accurate and fair appraisal systems, employee perceptions will be generated, and eventually their positive perceptions will determine the role behaviours in exchange to their organization's devotions. In other words, employee's discernments related to this reciprocate contract between employees and their boss mediate the relationship between PMSE and employee's OCB (Settoon et al., 1996; Wayne, Shore, & Liden, 1997).

Hypothesis 4: "Psychological contract mediates the relationship between perceived effectiveness of PMS and employee OCB".



Conceptual framework

METHODOLOGY

Procedures and sample

Quantitative survey through questionnaires has been used in this study to get the opinions, thoughts and views of the respondents. Academia was scrutinized as a relevant population for this study as the higher education staff/faculty is much familiar with the terms of PMSE, OCB and PC and preferably has some knowledge of the subject. The largest public sector University of Pakistan, "The University of Punjab", and "Lahore College for Women University Lahore" was considered as the population of the research. The current research has adopted the probability sampling technique where 2 stage sampling has been used. Firstly

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a sample of the departments of Punjab University and Lahore College for Women University was taken on the basis of simple random sampling. In the second stage, stratified random sampling was adopted for the selection of employees from each department to ensure the representation of teachers with different designations. In this study, population of university of the Punjab and LCWU was divided into groups such as: employees with job duration of more than 1 year and according to designation: professors, assistant professors, associate professors, research officers, faculty members and administrative staff. Individual elements are randomly selected from each stratum by considering it as an independent sub population out of which to make sure the representation of each stratum in the final sample. Only permanent employees have been included in the final sample and contractual employees have been excluded because they do not undergo with the PMS of the university. Sample size has been decided as $42 \times 5 = 210$ according to 1:5 (Hair, Black, Babin, Anderson, & Tatham, 2006). However in order to get more accurate results 251 responses were gathered. Data was analyzed through SPSS software and processed by applying bivariate and multivariate tests such as correlation, regression analysis and ANOVA. Mediation was checked through process plug-in developed by Andre F.Hayes.

Out of 251 respondents almost equal number of males 123 (49.0%) and females 127 (50.6 %) participated in the survey. 32.3%, of the population was consisted of Assistant professors, second highest respondents belong to a non-teaching staff followed by 31.5% ,13.5% are Associate Professors, while 22.7% were all young entrants to the position of Lecturers. 21.5% employees participated in the survey had a length of service ranging from 1-5 years, 30.3% reported a job length between 6 -10 years and almost 48% are working since more than 10 years in the respective university with the highest job length (Table 1).

Table 1
Frequency and percentage of demographic variables

Variable Name	Frequency	%
Gender		
Male	124	49.0
Female	127	50.6
Designation		
Assistant professor	81	32.3
Associate professor	34	13.5
Lecturer	57	22.7
Administrative/non-teaching staff	79	31.5
Employee Tenure		
1-5 years	54	21.5
6-10 years	76	30.3
More than 10 years	121	48.2

Measures

Employee perceptions regarding PMSE in the university was measured using a scale designed by Schultz, Jordaan, and Ramulumisi (2015). The Cronbach's alpha coefficient was above 0.70 for all the factors identified. Respondents were presented with a list of 15 statements. Sample items are "The performance management development policy is fair".

OCB was measured through the operationalization of Podsakoff, MacKenzie, Moorman, and Fetter (1990), including 5 dimensions of OCB; "conscientiousness, sportsmanship, civic virtue, courtesy and altruism". Alpha reliability for the construct was more than 0.70. The sample items included, "I help my colleagues if they fall behind in their work".

Employee psychological contract was measured with a 14-item scale used by Raja, Johns, and Ntalianis (2004) which is an abbreviated version of Millward and Hopkins (1998) 33-item Psychological Contract Scale. First 6 items are related to transactional contract and the remaining are about relational. Cronbach alpha for transactional was 0.72 and 0.79 for relational contract. Sample items included “I work only hours set out in my contract and no more”. Personal details of the respondents regarding their gender, designation, department and tenure were also added.

Results and discussion

Table 2

Hypothesis results

Sr.No	Hypothesis	Relationship	β	P-values	Decision
1	H1	PMSE \rightarrow OCB	0.353	0.000	Supported
2	H2	PMSE \rightarrow PC	0.362	0.000	Supported
3	H3a	TC \rightarrow OCB	0.340	0.000	Not supported
4	H3b	RC \rightarrow OCB	0.490	0.000	Supported

Performance management system effectiveness and Organizational citizenship behaviour

The relationship between PMSE and OCB is highly significant as ($\beta=0.353$, $p < .05$). This implies to acceptance of research Hypothesis-1 that there is a positive relationship between PMSE and OCB.

Performance management system effectiveness and Psychological contract

Performance management system effectiveness and psychological contract also correlate positively with each other with ($\beta =0.363$, $p < .05$). This implies to acceptance of research Hypothesis-2 that there is a positive relationship between PMSE and PC.

Transactional contract/Relational contract and organizational citizenship behaviour

The beta value of mediating variable of transactional psychological contract ($\beta= .340$, $p < .05$) and Relational psychological contract ($\beta= .490$, $p < .05$) delineates that change in OCB accounts significantly due to PC. This implies to rejection of research Hypothesis-3a that transactional psychological contracts will not influence OCB of employees and acceptance of Hypothesis-3b that Relational psychological contract will influence OCB of employees.

Mediation Analysis

Table 3 portrays the findings for the paths or relationship between predictor, mediating variable and the outcome variable. Path A shows that there exists a significant relation between PMSE and PC (Figure 2). The significance value depicts that the independent variable predicts the mediating variable, it also illustrates that about 12 % change in psychological contract is due to PMSE. Similarly, $R^2= .4110$, $p < .001$ depicts a significant relation between PC and OCB (Path B). Apparently, 41% of variance in OCB of employees is caused by PC. Path C represents the significant relationship between PMSE and OCB with $R^2= .1247$, $p < .001$. This means that if the perception of employees about PMSE is positive, there OCB also increases.

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Table 3

Coefficients and Significance Values for Mediation Analysis

Paths	Outcome Variable	R	R²	p	Coefficients	
Path A	Psychological Contract	.3425	.1173	.0000	(Constant)	2.8513
					(Avg_PMSE)	.2561
Path B	Organizational citizenship behaviour (in the presence of PC)	.6411	.4110	.0000	(Constant)	1.3721
					(Avg_PMSE)	.1190
					(Avg_PC)	.5737
Path C	Organizational citizenship behaviour (in the absence of PC)	.3531	.1247	.0000	(Constant)	2.8529
					(Avg_PMSE)	.2659

Table 4 depicts the total effect model. It shows the impact of independent variable on the outcome variable in the absence of the mediator. In the above table, $b = .2659$ which shows significant ($p < .001$) positive relationship between PMSE and OCB of the respondents of university of the Punjab and Lahore college for women university.

The indirect effect of PMSE on OCB through PC has been presented statistically. The direct effect has also been calculated as $b = .1190$, $p < .001$. This direct effect shows the impact of PMSE on OCB while including PC as another predictor. The value of b ($b = .2659$, $p < .001$) in total effect model has been reduced to ($b = .1469$, $p < .001$), thus satisfying the third condition of mediation. This is the major indication of the presence of indirect effect of PMSE on OCB with the intervention of PC. In this regard, bootstrapped confidence intervals have also been reported as Boot LLCI = .0840 and Boot ULCI = .2257. As no zero lies between these values, this indicates the existence of the indirect effect.

Table 4

Determining the Mediating Effect of Psychological Contract

Paths	Effect	Coeff	Effect Size	p	LLCI	ULCI
X→Y	Total Effect	0.2659	-	0.0000	-	-
X+M→Y	Direct Effect	0.1190	-	0.0000	-	-
X→M→Y	Indirect Effect		0.1469	-	0.0840	0.2257

The mediation analysis (Figure 2) proves that the indirect effect of PMSE on OCB exists due to the indulgence of PC as a mediating variable. These results prove the proposed hypothesis that Psychological contract mediates the relationship between perceived effectiveness of PMS and employee OCB.

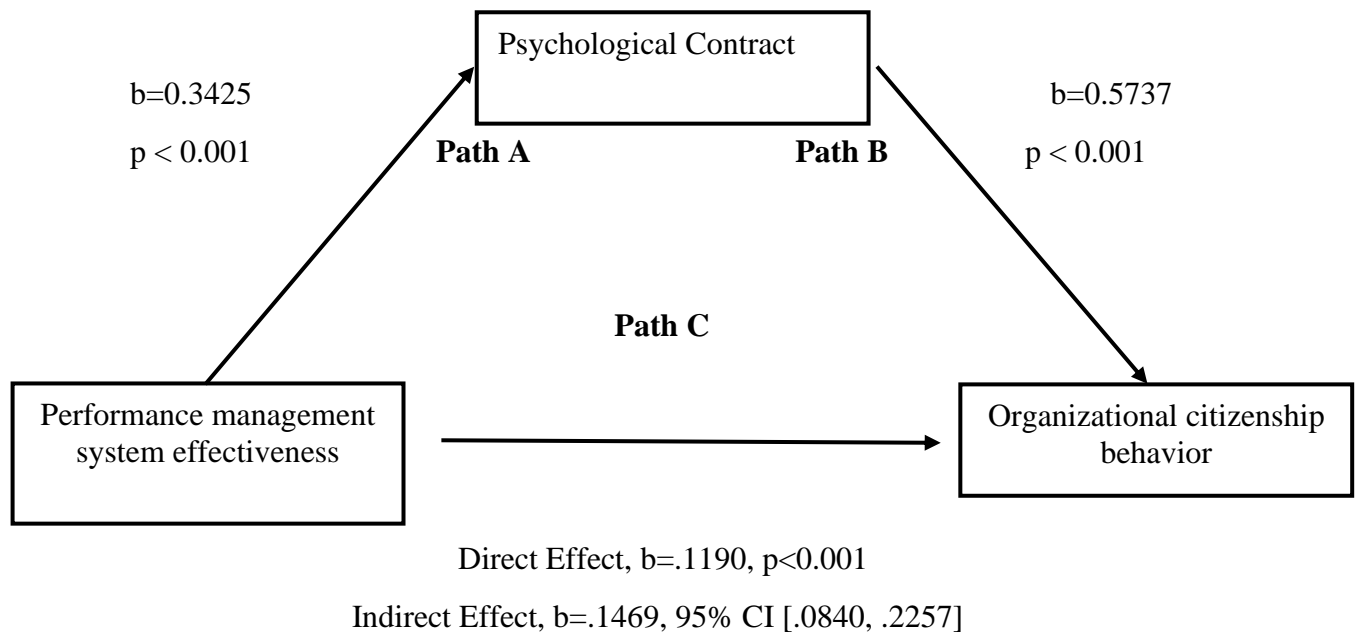


Figure 2. Regression Model for Mediation Analysis Using PC as A mediator

Discussion

All the past studies taken in consideration for this research, broadly declare that PMS will not be successful if workers have doubt about its trustworthiness. Strength of PMS is highly dependent on perceived perceptions of employees regarding its accuracy and fairness. When employees are fairly treated by top management, such inspiration will be converted into favorable work conduct and attitude (OCB). The study has proved a direct and positive linkage between PMSE and OCB. The findings of the current study are in line with the existing literature that workers will be willing to participate in OCB when they perceive the PMS framework as fair. For example, in the light of perceived fair incentives, a worker can choose to do unpaid extra time to complete an essential assignment. This can be termed as “social exchange relationship” Greenberg (1987); Moorman (1991).

The study has also proved a significant association between psychological contract and OCB, the literature also reveals the association of respective variables(Turnley et al., 2003). It is evident from the findings of the study; workers are less inclined to participate in OCB, when they believe that the organization was unable to fulfill the responsibilities of employment contract. In the present study statistical inferences have proved that transactional and relational psychological contracts both are positively connected with OCB of employees. However findings of the literature exhibit that workers are less inclined to behave extra role contributions when the employer is only committed to them with a temporary remunerative reciprocity (Transactional contract)(Liu et al., 2011).

The study found that the indirect effect of PMSE on OCB exists due to the indulgence of psychological contract as a mediator. The literature also reveals that direct relationship exists between PMSE and PC. For effective performance management, it is crucial to recognize and cope with workers expectations. Appraisals can be managed effectively if employers consider worker's perceptions of psychological contracts. Workers believe that an honest relationship with the employer can leads to good appraisal system. Performance management activities create a framework to determine a psychological contract between an employer and a worker (O'Donnell & Shields, 2002b). Workers will assume the organization's PM system to be fair when an employer offers higher stipends and more substantial benefits, These beliefs will create employees psychological contracts which are at the same time concentrated on financial and psychic labels in their reciprocate connections with the boss (Uen, Chien, & Yen, 2009).

Conclusion and Practical Implications

The above-mentioned findings of the study, suggest that the employee's adherence to their organization in terms of extra role behavior is influenced by their perceptions about performance management system. When organizations treat its employees fairly in terms of fair rewards, it signs to the employees that they are esteemed. In such circumstances workers may in return engage in more voluntary generous practices such as OCB. If workers discern that their employer gives more than they promised, they would endeavor to expand their commitments, including citizenship behaviour. Perceptions related to effectiveness of PMS have positive influence on psychological contract. Employees with positive psychological contract will execute positive work behaviours to reciprocate those higher stipends and benefits. When employees perceive the reward and compensation packages in harmony with their desires, it persuades them to provide services beyond their working responsibilities and influences them to involve in extra role behaviours and attitudes like OCB.

Hence the findings have leded the researcher to conclude the debate as; PMS is an important factor for controlling performance of workers as well as for their improvement and advancement. In the case universities, employees may feel the results of the Performance management framework to be accurate and fair if their publications are converted into job advancement. When academic workers get a courteous treatment and adequate information from their boss in regard to the appraisal system, they are slanted to perceive the system as more pleasant which would lead to fulfillment of their psychological contract and positive contributions towards organization.

Practically, the findings of the study may be utilized by the top management or HR department to match perceptions of workers with their own. It can help in outlining and implementing performance management system that is plausible for both the organization and its workers. Particularly, it can encourage organizations to include the traits in PMS that can make it successful to escalate worker's outcomes such as OCB and PC. This study may be potentially important in identifying, whether organizations are using the tool of Performance Management effectively and meeting employees' expectations. Findings of the study may provide managers with a more comprehensive point of view on the implications of performance management practices on employee extra role behaviours. Employees are important assets; organizations are dependent on employees for productivity and competitiveness, therefore it is highly important that workers are contented with the performance management practices of their organization. An extensive requirement is to develop an effective PMS to get the competitive edge in the market. An evidence of its relationship with PC and ultimately with OCB may assist the organization to ensure the effectiveness of their PMS and in turn improve their productivity and performance

Limitations and scope for Future Research

The study has focused on Educational sector only; differences may exist in different sectors for example: Banking sector and software houses etc in terms of performance management practices. A Comparative study could be a better option to be conducted across multiple contexts or sectors. For instance, a comparative study between public and private universities to scrutinize the possible differences in the perceptions of public and private workers regarding the effectiveness of PMS. This would also result in some interesting comparison about the strategies and policies regarding PMS practices adopted by public and private organizations. The data have been collected only from the city of Lahore therefore the findings may not be best applicable to the whole country. Employee's perceptions working in the educational sector of different cities might have different viewpoints about the variables in consideration. Hence, the recommendations might not be applicable on them. Therefore, future studies should incorporate a research that takes representatives from the major cities with a bigger sample size.

The significant relationship between employees' perceptions of PMSE and OCB has major inferences for future practitioners to determine the linkage between PMSE and the firm's performance. Theoretically it has proved that OCB and organizational performance are positively related to each other (Podsakoff & MacKenzie, 1997) . However, it is required to investigate the linkage between PMSE, OCB and firm performance in a systematic manner to scrutinize the relationship between PMSE and organizational performance. It would be ideal if future researchers explore measure of Perceived PMSE in various cultural and national settings. It can also be utilized to identify why even fastidiously designed PMS are viable in one organization however not in another. Future studies may also explore the impact of worker's Perceptions regarding PMSE on workers outcomes other than OCB and PC (for example motivation, commitment, performance and loyalty) can leads to important bits of knowledge for future researches.

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