

Impact of Performance Appraisal on Employee Motivation. A Case Study of Bank in Pakistan

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ABSTRACT

Appraisal is unique and significant equipment with in the organization; the management conducts its process properly and should follow the rules regarding appraisal system. I study and learn the methods of assessment for performance of employee in companies. Especially in banking industry appraisal process have major effects to increase or down the motivation of employees. The organization which directly link to banking system & its operation frequently attract the importance of human resource professional & researchers in the last three decades. The banking industry & its multiple digitalized operations has change the world with its unique characteristics and financial operations, which finally contribute in economy of Pakistan, global and swift transaction increase the growth of gross domestic product, increase business financial operations by giving advances to the borrowers corporate, & commercial clients. The banks are different from other manufacturing, textile sectors, by frequently use of digitalized technology, better financial products and global clients which include foreign investors, corporate & retail clients. The success of banking industry is extremely depends on its trained & developed workers. That's why, the check & balance for performance of workers, team and the whole organization could be requisite. This research describes the behavior and attitude of workers of the banks in Pakistan towards performance appraisal. Data analyze using correlation, regression, anova, Pearson's correlation analysis to find out the applications of appraisal system of banks in Pakistan, which follows the implication on worker's motivation. This research find the characteristics & role of managers with in the professional & technical knowledge of appraisal process which review different methods of appraisal practice & issues of employees counting in organization. The method of appraisers and its proper intimation also different in several banks.

The reason of this paper is to judge the effects of performance appraisal and its importance on worker motivation which further search the unique relation of employer & employee with in the bank.

KEYWORDS

Performance appraisal, trained appraiser, continuous open communication, fairness of PAS, employee motivation, rewarding performance.

1- Introduction:

The worker appraisal technique is a unique & very precious method of every bank's in the world. The financial banks in Pakistan are one of the biggest, highest, ancient & extreme developing financial industry which has great marvelous progress and development.

The arrival of new comers digitalized banks, boost domestic growth of economy. The banks are the assets of the Pakistan, ascent of our country commercial organization transformation of technology into digitalized modern field, & increase general household incomes have major number of the characteristics which participate in development & growth. The management of banks in Pakistan, gain competitive advantage by talent hunting, recruitment of highly skilled & technical workforce & also retained their experts workers which make best & efficient financial institute in the country. There are numerous and different challenges face by financial institutions in our country.

Armstrong (2006) assessed the role of performance appraisal as a tool to meet new challenges in the organization.

The Pakistan industry has often specifically characterized by commercial, Islamic, industrial, micro finance, retail & agricultural banks. Major banks are often generally characterized into government and personal banks and foreign financial institutes. From the start of economic growth, major changes are checked between government & personal banks on multiple dimensions.

Danielle (1998) indicated that performance appraisal system measures usually include both behaviors (what an employee does) and results (the outcomes of an employee's behavior). In order to realize the purpose of performance appraisal, organizations should carefully design appraisal system and implement accordingly.

Before visiting make an idea of appraisal technique classify its important to own describe the summary of performance appraisal system.

Desirable performance of employees which an organization needs, however, is dependent on positive job attitudes like job satisfaction and commitment. Thus, negative job attitudes pose a threat to the attainment of organizational goals (Moorhead & Griffin, 1992).

The system which follows by bank to calculate annual performance of workers may be an existing review practice of assessment of workers that how employees are developing on duty. The technique, check & balance, scrutiny for major training & development needs & characterized the motivation of workers on job.

The most efficient term which uses for appraisal technique at organization are to bring up systematic judgmental decision & develop department. It's significant specific tool which and minister full skills & increase motivational behavior of workers to perform by their best outcomes & result, also motivate weak learners, weak performer to try their best at job. It's a for worker to efficiently better their works. This given golden chance to workers to fulfill top management in bank which debate their professional past experience and deliver great practice of check & balance with in how many fields they require to hide by training. Performance appraisal is additionally unique method for workers to shield themselves against biasness events deliver rewards accordingly.

In contrast to the above positives of Performance appraisal, it is described as one of HR management's most problematic aspects. Smith (1996) argues that all parties concerned with the appraisal process - including employees, their supervisors and HR managers are collectively dissatisfied with appraisal systems in their organization. Appraisal systems are also described to be full of errors (Cardy, 1998).

The highest top management of organization should maintain best bonding between employer & employee to meet continual different specific needs of two clients. (i.e. organization & workers) management expect workers to obedient the principals & instruction, work in keeping with efficient way, & therefore workers hope & want clean & safe working environment, excellent pay, fair treatment, job security, stake holder & autonomy in judgmental decisions. Both clients vary from bank to banks.

According to Kuvaas, (2006); performance appraisal or employee appraisal is a method by which the job performance of an employee is evaluated generally in terms of quality, quantity, cost and time typically by the immediate line manager or supervisor. A performance appraisal is a part of the process of guiding and managing career development in both private and public sectors. It involves the task of obtaining, analyzing and recording information about the relative worth of an employee to the organization.

The motivation of workers has ceremonial been recorded that major & specific focus by HR professional & business partners. At the same time, best practices of appraisal techniques over the period of time establish performance of workers. In the present day modern time, the use of appraisal technique has been stretching out level for the performance of workers. Specifically this research finds effectiveness of system that follow in appraisal process & its impact on worker motivation. The main objective of this research to develop unique relation between workers motivation as well as potential problems.

2- Research Problem Statement:

What consequences appraisal system may have on worker motivation, performance & work commitment?

Appraisal of workers is crucial personal HR equipment which delivers details to several significant management plans & final decision like safety and health issues, recruitment & selection, hiring and firing, layoffs, compensation issues, industrial labor issues, collective bargaining issues. Appraisal of companies has been observed frequently studied from the period of three decades, researchers and students still say about the check and balance, reliability & merits, demerits of this system.

In general, this research establish to look at the great major impact of performance appraisal system implemented in banks in terms of fairness, interpretation & notion of workers towards PA, objectives / purposes of PA, feedback richness, motivation, honest, answering & committed of government address system, which has not assessed before since its implementation by research and development, sub process of the bank.

3- Questions of Research:

The research have following specific & general questions which concern appraisal technique & its process follow by bank in Pakistan.

- 1) How many reasons & justification for performance appraisal of worker give out?
- 2) What procedure & course of action of appraisal system executed?
- 3) What are perceptions of employees towards PAS in banks which affect for the system effectiveness?
- 4) Does PAS implemented in banks carry out with open communication between supervisors & sub ordinates?
- 5) How the performance appraisal system implemented in banks which are useful to motivate workers to work harder?

4- Objectives of the Study:

- 1) To Compare & analyze the results of bank workers in one research.
- 2) To compute & estimate the impact of independent variable on worker motivation.
- 3) To develop a research which consists important factors that play the role influencing DV (employee motivation).
- 4) To analyze the relationship between Independent variable (trained appraisers, continuous open communication, fairness of PAS, rewarding performance) on worker motivation.
- 5) To examine the performance appraisal system by diagnosing the strength & weakness of the system.
- 6) To recognize & spot what characters PAS setout & how workers look on the system.
- 7) To examine whether evaluator, provide timely response & estimation of post assessment discussion with workers.

5- Novelty of this Research - (Newness)

- 1- This Research initiate in Pakistan & all the factors have not examined in Pakistan to the best of my knowledge.
- 2- The Newness of this research is a comparative analysis of performance appraisal method of bank.
- 3- The Novelty of this research is to develop a significance relationship of IV (trained appraisers, continuous open communication, fairness of performance appraisal system, rewarding performance) on DV (employee motivation).

6- Literature Review:

The major concept of appraisal technique (PAS) is the fulfillment of the assignment that produces worker's job, its manifest how worker is seen to accomplish his / her work. For instance, an employee could make a beside oneself struggle in doing his job at workplace. Performance be contingent on components such as struggle, enthusiasm, smart work & response.

Daoanis (2012) discussed the importance of performance evaluation's role in the organization in ensuring that employees perform their assigned work according to the required standards.

PAS is generally a golden opportunity for worker, employees and human beings who anxious & worried with their execution of work, typically HR business partners and professionals, to have interlink during tasks about each worker execution and development. In addition, the help required from the supervisors, while PAS is climacteric and critical part of HRM.

The perceived accuracy of an appraisal system is based on the evaluation process used by managers to recall and document performance information (Landy, Barnes, & Murphy, 1978; Landy, Barnes-Farrell, & Cleveland, 1980)

PAS and its technique should be automatically done in routine, & its need to be associated with the worker's performance on work. It should be delivering and statistics of duty & assist the worker maintain his / her prospective and probable for the good thing about the organization.

According to Smith and Rupp (2003) performance appraisals can be a critical part of a company's success because they allow the company to retain and reward high performers and offer guidance and improvement to poor performers.

Many concepts are proposed so as to elucidate the factors that have a way on worker's motivation. The review of related & existing literature cover large type of such conceptual work, the 1st foremost & primary goal of this part going to be focal point and center of attention on the renewal of ancient research scholars.

It is also described as a formal process of employee monitoring which usually involves the evaluation of performance based on the judgments and opinions of subordinates, peers, supervisors, other managers and even workers themselves. (Jackson & Schuler, 2002).

The performance appraisal is the life blood of every company. Both government & private organization assess the overall annual performance efficient, smart with hard work through this significant process. Most of the organizations use it twice a year for better feedback and motivation for workers. Through this judgmental technique and method companies highlight the strength & weakness of their workers & provide them necessary on job & off job, classroom training & learning. In this way workers motivate to achieve their goal, which align with the bank's mission & vision.

Cook and Crossman, (2004), highlight that an employee whose performance is under review often become defensive. Whenever employee performance is rated as less than the best or less than the level at which employee personally perceives his/her contribution, the manager is viewed as being biased.

Although in most of place at organization the appraiser may be biased towards rating of their favorite worker. This injustice should be restricted by HR division in every firm to control turnover & retention among workers. Every firm and banks wants best competitive advantage in this modern digitalized economy, customers are very busy & every human being wants to save their time in most effective manner. In this way the financial firms wants to acquire best talented & trained worker to achieve organization's objective in smart way. The most authentic thing in this period of time banks and other institute provide service, to increase their portfolio. Nurse, (2005) states that negative feedback from PAP not only fail to motivate the typical employee, but can also cause employees to perform worse.

In this way the HR business partner, played strategic focus role in formulating and implement best strategies from the use of minimum resource to get deliver highly appreciated potential in every stage of organization. The banks have major suitable digital technology for every fast and global financial transaction in a minute.

The bank's appraisal technique is forced bell curve mostly follow by banking firms in all our country. Pakistan's bank has great talent and delivers most better services in financial industry to overcome the problem faced by the customers.

The elements of performance appraisal method have very significance & major impact on human being's behavior. The PA directly affects the emotions of worker. In constructive & destructive manner. If the rating is good or worker get 'A' grade in annual review performance method so he get more motivate, he work hard with heart & soul. He becomes efficient and loyal, honest, humble with their bosses and organization.

Benson (2000) state that it is important that the appraiser be well informed and credible, as employees are more likely to view the PAP as accurate and fair. Employees are likely to feel more satisfied with their PA results if they have the opportunity to talk freely and discuss their performance.

He will not to switch in any organization or bank, because he is satisfied with their performance and his boss, further he also create a good environment among workers, he tell them work hard and always be happy with their boss, his attitude & behavior in the organization create result or performance oriented environment. In this way banks get their best talented people to retch with in the company.

Tyson & York (2000) state that when employees understand how their individual roles function within the framework of a team, they can more effectively contribute to the entire organization. Right decision on what performance appraisal technique to use is essential for the rest of the process.

But, if the approval was not good in favor of worker, because his poor, weak performance the employee wants to change the job because he / she is never satisfied with their immediate boss that he / she feels. In today's global world the workers are smart and energetic to gain competitive advantage in terms of wealth, designation, financial stability, luxuries, and other charming resources. Every human being have special characteristics in nature sometimes people learn very fast and overcomes the situation but some workers have difficulties in learning & development due to lack of communication, lack of behavioral & motivational feeling. The workers motivate when they have a respect, good salary, medical, house, allowances from their company. Most of the employees work with their organization from the 40 years and resigned with their company without any switch in their career. I think it also depend upon the level of satisfaction what I practice & what they want to their banks. Some workers wants freedom, some worker wants power, some employee wants position, some worker wants power, some employee need autonomy or rotational task of job. But if the worker get emotional once time with their appraisal due to poor rating, bad grading they loss their hopes, motivation and many things from the bank.

Ngui Thomas Katua etal (2014) in his article "Effect of Reward and Compensation Strategies on the Performance of Commercial Banks in Kenya", explained that human resources are one of the most critical components of strategic success across all organizations. For one to objectively judge the human resources management practices as effective, they must contribute to the organization's bottom line. Reward and compensation strategies have a greater role in influencing the performance of bank employees hence contribute heavily to the performance of commercial banks. Human resources managers must therefore pay attention to compensation systems that motivate bank employees to productivity and innovation.

Most of the banks, have democratic in their method of annual review process. The company follows strategic path to motivate the employee to retain them. Because human assets are unique in their presence & nature. Every one knows the fact of talent skills worker, they do their with in stipulated time period. HRBP & banking professional have major pressure to record so many transaction and overdue of non performing loans of all corporate, commercial, retail, Islamic, SE, ME customers. Especially in banking sector the HR professionals wants the most talented worker to remain with in the bank.

The major concept of appraisal is to develop mutual understanding & bonding between supervisors & employee to achieve bank's goal. If there goals are not in same direction, they misbehave in the team & department watch the show. So it necessary for organization stakeholders and employee with their immediate reporting manager to earn, learn respect & be happy, specific about their works.

Human being and firm work together with their own goals in terms of people wants & need of wealth, food, luxuries and organization main reason to operate is to maximize their wealth employee of the banks are generally have in major pressure day to day due to multiple tasking in branch banking as well in bank office.

Performance appraisal develop their workers and performance of overall department by boost and inject in their system multiple rewards & benefits. In addition HRBP & senior management of bank look into matter to resolve issues related to worker's development & learning for major richness of the system. PAS judge employee level of work, training need assessment, weak areas of employees and overall major roles & deficiencies of system. The core integrator HR activities through formal & indirect function on actual performance of worker should be broad in policy terms & conditions.

The overall standards of assessment of work commitment through continuous open communication, feedback system is outstanding.

7- Types of Variables in Research.

Independent Variables

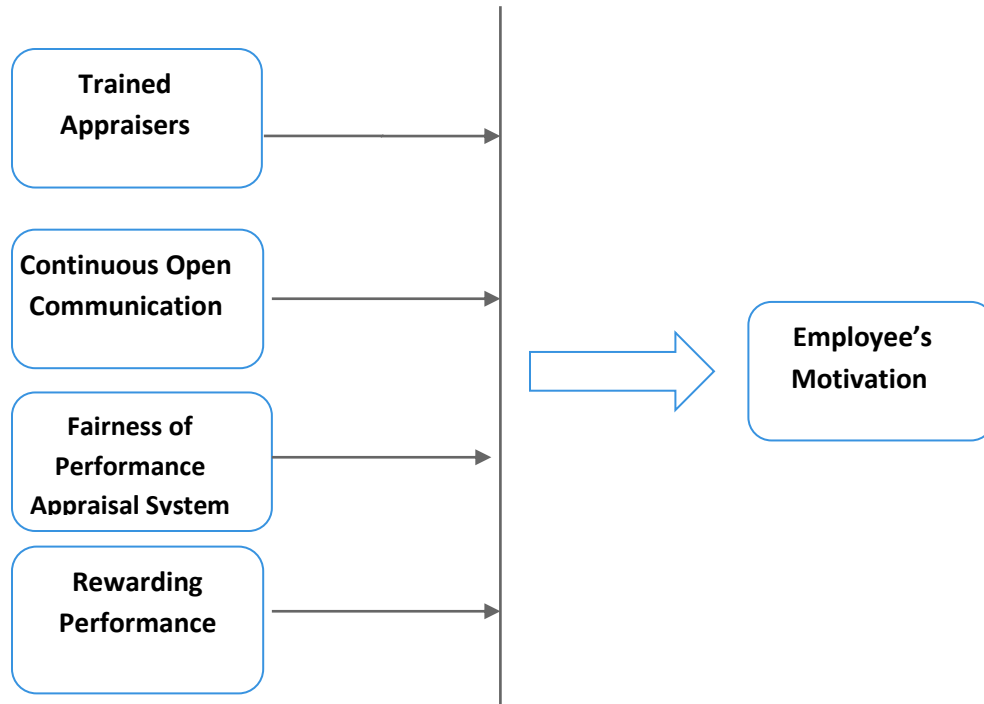
1. Trained Appraisers
2. Continuous Open Communication.
3. Fairness of Performance Appraisal System.
4. Rewarding Performance.

Dependent Variables

1. Employee Motivation

8 - Conceptual Frame Work of Research.

The research framework consists of independent variables, and dependent variable. The independent variables of the study are effective performance appraisal system which divided into four variables i.e. trained appraisers, continuous open communication, fairness of performance appraisal system and rewarding Performance dependent variable is employee's motivation.



9- Items of Variables.

Trained Appraisers:

- Performance Review of Employee.
- Responsible Appraisers.
- Knowledge of Performance Appraisal system.
- How to improve appraise performance.

Continuous Open Communication:

- Communication with Supervisors.
- Two-way communication
- Work issues
- Business & Plans.

Fairness of Performance Appraisal System:

- Rational & Fair.
- Unbiased.
- Fair Feedback.
- Standards of Evaluation.

Rewarding Performance:

- Increment in Salary.
- Promotion.
- Annual Bonus.
- Hard work.

Employee's Motivation:

- Satisfaction with current appraisal system.
- Motivation with appraisal process.
- Feedback enhances motivation.
- Motivation by communication with management.
- Satisfaction with current appraiser.

9- Hypothesis:

H1: There is impact of trained appraisers on employee motivation.

H0: There is no impact of trained appraisers on employee motivation.

H2: There is a significant impact of continuous open communication on employee motivation.

H0: There is no significant impact of continuous open communication on employee motivation.

H3: There is impact of fairness of performance appraisal system on employee's motivation.

H0: There is no impact of fairness of performance appraisal system on employee's motivation.

H4: There is impact of rewarding performance on employee's motivation.

H0: There is no impact of rewarding performance on employee's motivation.

10- Research Prospective Methodology

To assess worker's motivation stages on performance appraisal and its effect on employee's motivation through trained appraisers, supervisors, feedback & fairness of PAS, rewarding performance and continuous open communication which determine the relationship between them.

1- The primary quantitative method will use in this research paper.

2- To measure relationship we use Correlation Analysis in research.

3- To check the impact of variables we use Regression Analysis.

4- To prepare comparative analysis between private sector bank & public sector bank. We use t - Test method in Research.

5- To develop research model we emphasis and collect literature review from twenty years latest published research papers.

This research has significance importance which have influencing factors that measure the magnitude of Performance Appraisal.

11- Sample:

The data of research will collect from bank. General sampling technique process use to choose two departments of bank.

The main strategic role of this research is to plan how many ways the scholar will judge the problem under multiple questions. The choose of strategy entertain the researcher to gather objectives of this study.

12- Participants:

The data & sample depends of accumulated of 140 bank workers (100 Male & 40 Female) from bank situated in Karachi.

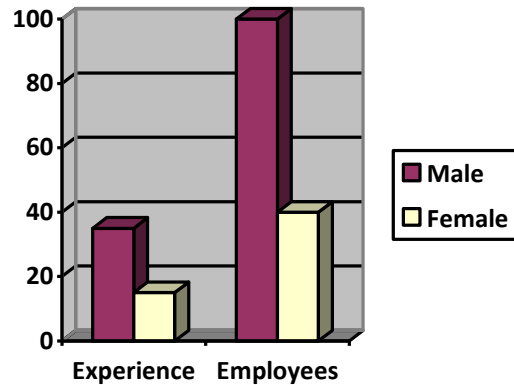


Figure 1.2 Table of Participants

Serial No.	Employees	Experience
MALE	100	35 years
FEMALE	40	15 years

13- Data Collection Instrument:

Our main data instrument is specific questionnaires, which include general significant questions. This process is selected, because easy access. This covers the meeting & personal detail interview.

The study was used questionnaire in order to collect data from employees to be select randomly that satisfy the requirements. The questionnaires judge the quantitative analysis to help out the situation & problems from each participant. In this way the contribution of each participant has put valuable feedback regarding their own perspective of PAS in their bank & how many problem they bear annually due to torture system of appraisal. Some times things are very easy but in achievement they require a lot of time. The respondent of this research tells me about their problems they faced before & after appraisal process. The questionnaire use because they enable the scholars to fill out the information easily in their thesis.

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