



THE IMPACT OF PERFORMANCE APPRAISAL ON EMPLOYEE SATISFACTION AND MOTIVATION IN BANKING SECTOR OF PAKISTAN

Muhammad Mustaneer Noor*¹ & Irfan Majeed²

*¹Senior Manager Training & SFE, Indus Pharma (Pvt.) Ltd, Karachi, Pakistan.

²Manager Biostatistics & Research Development, Indus Pharma (Pvt.) Ltd, Karachi, Pakistan

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ABSTRACT

Organizations consider the Performance Appraisal System as an important tool for human resource management. However its effectiveness remains a challenge for immediate supervisors and employees because of the motivational and behavioural factors. The prime objective of Performance appraisal is to motivate employees and to enhance the overall organization competence and productivity. This study investigates the performance appraisal impact on employee satisfaction and motivation in banking sector of Pakistan. It examines the importance of items under proposed appraisal factors i.e. appraisal fairness and outcome, employee participation and supervisor and subordinate relationship, among the employees of the selected bank. The results proposed that appraisal fairness is correlated with supervisor and subordinate relation and appraisal fairness is also correlated with employee participation.

The research revealed that fairness perception aids in building trust and confidence on the whole appraisal process and make the process transparent. Transparency is the essence of performance appraisal system.

Appraisal fairness leads to employee adoption of the performance appraisal process, and has strong influence on employee satisfaction. Appraisal fairness also depends on employee engagement in appraisal process and supervisor subordinate relationship. It is concluded that employee engagement in the appraisal process creates an atmosphere of mutual cooperation and support between employees which result in reducing conflict and building a positive working environment to enhance productivity.

INTRODUCTION

Performance appraisal (PA) is a process of gathering, examining and measuring data related to employee performance behaviours. It is the evaluation of potential capabilities of employee by their immediate supervisor, or a professional from outside. Jackson and Schuler (2003) suggest that performance appraisal essentially involves measuring employee performance on the basis of judgements, ideas and opinions of different people i.e. supervisor, subordinates, peers, managers and even employees themselves. The fairness in appraisal process depends on the goal setting process that involve both employee and employer. Means what is expected from employee and in return what he gets when he meet or exceed the performance expectation (Harrington & Lee 2015).

In various organizations, the performance appraisal process may be informal and in some organizations, it can be straightforward process because of the nature of technology prevailing in the organization. Organization gauge employee performance in order to find out whether suitable standards of performance are being complied or maintained. Value of performance possibly gauged on the basis of its quality, quantity, cost effectiveness and interpersonal impact. If appraisal shows that employee's performance is not at the acceptable level then organization can take certain steps to simplify job, to train and even dismiss employees while depending upon the reason of employee's bad performance.

The effects of P.A are generally used to

- Measure the overall employee's effectivity in doing particular job.
- Find strengths and weaknesses in job knowledge and skills.
- Determine whether the responsibilities of employees can be expanded.
- Identify the needs of future training and development.
- Evaluate progression towards goals and objectives.
- Determine eagerness of career advancement.
- Motivate and guide growth and development.

Types of performance appraisal



Normally two types of performance appraisal systems are used in organizations.

1. Close ended appraisal system.
2. Open ended appraisal system.

Close ended appraisal system

Close ended appraisal system is normally applied in public enterprises and government organizations. Companies and organizations used to submit confidential report on the performance of an employee in the close ended appraisal system. The concerned person is conveyed regarding the same only where an unfavourable and untoward assessment is made. The main disadvantage of this system is that employees are not informed about their strengths and weaknesses. Because of the reason employees do not have any opportunity to respond and react to the assessment made. Therefore, employees remained in state of constant uncertainty and strain that how their performance is being observed by the organization.

Open ended appraisal system

Contrasting close ended system, in an open ended appraisal system the performance of employee is also debated with the employee. And the employee is rated on a five or ten point ranged scale. The main objective of enterprise for using this tool is rewarding adequate achiever or for other contemplations as job enrichment and career advancement. The major flaw of this sort of appraisal system is that all employees are rated and rewarded on a particular scale where the good performers are being rewarded and honestly no action taken by the company to improve average performer and to motivate them in doing better in future. The objective should be to convert a non-performer into performer. Another weak area of this tool is that because of inadequate information maintained on the individual that appraisal might also emerge as greater subjective in nature. And this appraisal system also head towards the needless assessment made on individual performing the same job.

Performance appraisal is considered as one of the most important and significant tool in an organization to motivate the employees. It is more appropriate in making decision about personal aspects such as promotion and salary increment. According to Judge and Ferris (1993) performance appraisal is normally considered as one of the most important human resource function. Jackson and Shuler (2003) research results suggest that formal system of performance appraisal is the most common approach to monitor performance of the employee in organization. Organization's human resource effectiveness is based on the effective performance appraisal and management system (Guest, 1997). Researchers state that there is a wide use of Performance Appraisal System (P.A.S) in organizations all over the world. Locker and Teel (1998) found that the wide use of performance appraisal system can be credited to Human Resource experts and advisors. Academics also state that performance appraisal is an importantly needed instrument for effective and successful human resource management.

According to McCullagh & Wilson (2005), improved motivation promotes performance, learning and satisfaction along with other benefits. McCullagh (2005) found that motivation is basically the intensity and direction or path of effort. Employee perception about accuracy, fairness and fulfilment are the essential ingredients of appraisal effectiveness due to the fact employee perceived reaction can inspire them in order to enhance their performance. Employees who are not motivated would likely to pay little attention towards their jobs, put little effort in their jobs, always try to avoid workplace as much as possible and cannot be dedicated and loyal with their work (Taylor et al, 1995).

Background of the study

Pakistan banking industry is one of the major sectors to provide employment and maintain financial activities in the country. Despite the electronic developments and expansion of various bank branches across the corners of the country in the last decade, employee attrition remains high mainly because of opportunities for better salary and promotions. This research will examine the inter-relationship of performance appraisals fairness with employee participation in the appraisal process and supervisor-subordinate relationships in the banking sector context. It is also stated in studies that employee motivation is also closely related to employee perceptions of appraisal fairness. This further infers that unsatisfied employees do not perceive the applied appraisal mechanism to be fair due to the outcome in the form of promotions and salary increments. The findings of this study would like to fill the gap that occur due to non-availability of as such literature on Performance appraisal and its impact on Employee satisfaction and motivation in Pakistan and provide guidance to banking sector in Pakistan about the appraisal process.



Problem statement

How can performance appraisal practices enhance employee motivation and satisfaction in the banking industry of Pakistan?

Coens and Jenkins (2000) said that employees cannot be motivated if appraisal system or appraisal results are inaccurate and forcing them to go reading “want ads”. Similarly in Pakistani banking sector there is a trend of switching from one bank to another that is happening because here employees are not satisfied with their growth i.e. salary increment and promotion criteria. Here exist a concept of biasness, supervisor promotes biasness, facilitate their near and dear ones. Employees are very much concerned with the appraisal conducted by their supervisor or immediate boss. Employees know about their performance that’s why if the appraisal is fairly conducted and employees get the desired or true outcome then it will leads towards the job satisfaction and ultimately the employee’s motivation will be increased. If the appraisals are unfair it will not only de-motivate the employee but also force them to search jobs in other banks. Employee motivation is a central problem for banks and due to the motivation employees can change or switch the organization if there is an opportunity for them. This issue has not resolved and there is a need to tap that issue.

Objective of the study

This study has the following objectives:

- To examine the importance of appraisal fairness and its outcomes
- To examine the effect of employee participation on appraisal process
- To examine the supervisor-subordinate relationships that may affect the appraisal process.

LITERATURE REVIEW

Griffin and Ebert (2002) explained that performance appraisal is a formal process of gauging the employee’s job performance to find out the extent to which the employees are performing their job in effective manner. It is basically a prescribed method of observing and measuring employee’s performance. Performance evaluation is usually done on the basis of opinions, judgements and ideas of colleagues, supervisors, subordinates and even workers themselves (cardy & Dobbins, 1994; Murphy & Cleveland, 1991).

According to Vance et al. (1992) the reality of P.A principle was seen since early 1900s and at that time it was designed to support centralized controlling style of management. Vance (1992) noted that P.A is like a controlling system which is used by almost all organizations or companies to specify or clarify the expected behaviour that employees must perform in accordance with the organization objectives or policies. P.A enables companies to keep control over their employees, to develop them not only individually but also in terms of team and it also involve involving the employee in the goal setting for the company of organization (Vance et al. 1992). P.A exists under the umbrella of performance management process (Dowling et al, 1999). P.A is defined as a process of individual’s performance evaluation in order to reach at objective of personnel decisions (Robbins et al, 2000). P.A is a distinct and unique process normally occurring on routine basis, in fact it usually occurs once or twice a year, in which the performance evaluation scope and criteria is clearly defined. In addition, it is an assessment process in which quantitative marks are given to employees on the basis of their performance according to predefined criteria and policy.

There are three approaches of performance appraisal (Decenzo and Robbins, 1998), 1.Absolute standards, 2.Relative standards and 3.Management by objectives (MBO). The absolute standards are the valuation methods during which employee performances are compared to a standard and their assessment is not dependent of any other employee or staff in work group (Dessler, 2000). Relative standards are basically evaluation methods where performance of employees is compared with other individuals. MBO is an evaluation of individuals where employees are appraised on how well they completed a particular set of objectives that have been decided to be critical in the successful job accomplishment.

Formal and informal evaluation tools are used in different organizations in order to measures employee performance and input for organization (Carroll and Schneier, 1982). P.A phase in company contains four types of activities (Mohrman, Resnick-West and Lawler, 1989).

- 1) Defining the performance requirement.
- 2) Evaluating and measuring the performance of employees.
- 3) Providing feedback to the individual regarding the performance.



- 4) Providing the information regarding the performance to the other organizational system which uses it.

Jordan (1992) gave the idea of employee participation, he said that better and larger employee involvement creates the atmosphere of mutual cooperation and support between employees, which helps to develop the coaching and counselling relationship between employees, which reduce the conflicts between appraisers and appraise on appraisal ratings. Roberts and Reed (1996) said that if employee perceived clarity and employee participation in goal setting process then employee's P.A satisfaction would likely to be increased. They also noted that P.A satisfaction has a positive relation to the employee's affective commitment, and it is because of the reason of the employee participation and employee perception regarding the clarity of goals in the P.A process. Roberts (2003) has explained the significance of employee participation in the employee appraisal process. This study puts light on different concepts of employee participation, which includes intrinsic value of motivation and the opportunity for employee to raise his or her voice. According to the findings, employees will be more satisfied with ratings if they perceive that appraisal process is fair. And if employee believe or perceive that appraisal is not fair then the employees would not like to accept the appraisal results or outcomes.

There is a positive relationship between organizational commitment and the use of open or clear evaluation criteria and openness of discussion in the appraisal issues and has a negative relation to the role ambiguity (Babakus et al, 1996). Raters or supervisor usually like to give higher ratings to employees that are not according to the employee performance. It is because of their relationship with supervisor (Bertz and Milkovich, 1989). According to Milkovich and Boudreau (1997) research findings it is clear that the attitudes towards the supervisor or appraiser are very important, it is only because of the fact that the person conducting the P.A is often the employee's immediate superior or supervisor. Both appraiser and appraise attitude is important and critical in appraisal process. The fairness in appraisal process is dependent upon the appraiser and appraise understanding of the appraisal process (Brown et al, 2010).

The feelings that are created in minds during the P.A process may endure and affect the supervisor and subordinate relationship. Evaluation criteria may create the negative feelings for the appraiser or the immediate supervisor and it also helps in determining the supervisor and subordinate relationship (Wendy R. Boswell John W. Boudreau, 2000). Russell and Goode (1988) found that the appraisal satisfaction is positively related or associated with satisfaction with the appraisal source who is the supervisor.

Miller and Thornton (2006) said that if employees are feeling that their appraisals are accurate and unbiased then the employees are more likely to take part in the P.A process. The fairness perception of the performance review and the P.A system is the most important P.A issue faced by the organizations. It is clear that large number of employees perceive performance appraisal system of their organization is neither fair nor accurate (Bertz, Milkovich and Read, 1992). According to Skarlieki and Folger (1997) when employees perceive that the appraisal system is unfair, unjust, inequitable or irrelevant one then this appraisal or evaluation process can lead the employee toward greater disappointment and frustration. One of the key challenge faced by human resource management is demonstrating an effective and fair performance appraisal process in the mind of employees (Harrington & Lee 2015).

Greenberg (1986) has applied the organizational justice theory to performance evaluation process. Basically his study focused on the fairness and just of P.A process. He researched that if it is what one's or ratee receives i.e. appraisal results or outcome then what way should be followed to decide that either the appraisal and evaluation process is fair and just.

The organizational justice is the fairness at workplace (Byrne & Cropanzano, 2001). There can be two primary type of fairness and different researchers also proposed a third type which is less clearly defined. These types are following:

- Distributive justice
- Procedural justice
- Interactional justice

Distributive justice is defined as the equality or fairness of the outcomes which one get after a particular decision or evaluation, Procedural justice is defined as the transparency or fairness of the procedure which are involved in the evaluation process which lead towards the result or outcome. According to Bryne & Cropanzano (2001) these



two areas i.e. Distributive justice and procedural justice is the base of the large number of studies that were taken place in the field of performance appraisal in the last two decades. Distributive justice deals with the individual perception regarding fairness or result of appraisal, allocations and ratings that are assigned to the individual in the organizations (Folger and Cropanzano, 1998).

According to Folger and Cropanzano (1998) procedural justice explains the transparency and fairness of procedures or methods that are used in appraisal process to arrive at distributive justice. It explains the fairness of yardsticks, methods, tools, mechanisms, parameters and processes that are used to arrive at a certain level of outcomes. The interactional justice is basically the transparency of the interpersonal treatment or it is kind of behaviour that individual receives from authority when performing organizational procedures or processes and division of outcomes (Bies and Moag. 1986). Fairness perception have influence on the attitudes of employees toward appraisal, if the appraisal is fair then it will lead toward the satisfaction with the performance appraisal (Roberson and Stewart, 2006).

Russell and Goode (1988) found in their research that there is a relation between P.A and appraisal source that is immediate superior. Satisfaction with the P.A is positively related with satisfaction with the appraisal source i.e. the immediate supervisor. According to Erdogan (2002) in P.A individuals usually match their effort with the rating assigned to them by their supervisor and also give attention to the fairness of that rating and make perception about the attitudinal outcomes as reactions. And if the P.A process is unfair it will have a negative effect on attitudinal outcomes.

Poon (2004) research findings indicate that if the employee is not satisfied with P.A then it can influence employee to quit and it is because of dissatisfaction with the job. In P.A process employees must have to experience the positive appraisal reactions in order to positively influence employee behaviour and future learning and development towards the job. Appraisal system will be failed if the employees have negative appraisal experience (Clardy and Dobbins, 1994). Employee fairness perception regarding P.A is another important tool of measuring appraisal effectiveness and it is related to appraisal outcomes (Nathan, Mohrman and Milliman, 1991 & Taylor et al, 1995).

Workers are motivated when they realize that they are treated fairly in salary increment, compensation, promotion and when they feel that performance evaluation system is transparent. Workers reduce their effort if they have a feeling that they are being treated inequitably (Fulk, Brief and Barr, 1985 & Hyde, 2005). According to Anderfuhren et al (2010) the motivated employees are basically the foundation of any organization.

Employee motivation will lead towards organizational effectiveness and is also a predictor or forecaster of employee future performance and satisfaction about job (Ghafoor, 2011 & lather and jain, 2005). Employee react to appraisal in terms of its transparency, accuracy and satisfaction and these reactions are important for appraisal effectiveness because of the fact that these employee reactions can influence motivation to improve their performance (Taylor, Renard, Harrison, Tracy and Carroll, 1995).

METHODOLOGY

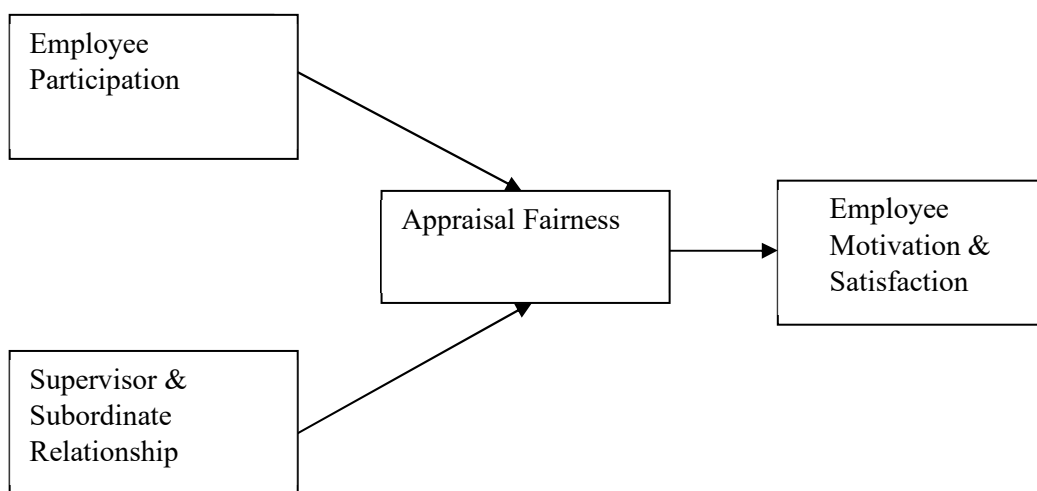
This exploratory research aimed to design and investigate the performance appraisal's influence on employee satisfaction in the banking sector of Pakistan. This research utilised surveys to collect the data from different banks in the metropolitan city of Karachi. The data was collected through email surveys as well as personal surveys from the bank employees. Employees from different private banks were chosen for data collection from the metropolitan city for the reason of proximity and convenience. The target population for the study comprised top, middle and lower level employees of branch banking.

A self-designed questionnaire comprising 24 questions used as a main instrument for data collection. The questionnaire was divided into four parts, part one contained socio-demographics details, part two contained question related to appraisal fairness and outcome, part three was related to employee participation in appraisal process and part four contained questions related to supervisor and subordinate relationship. The response of the questionnaire was measured in terms of five point likert scale ranging from 1 (Strongly Agree) to 5 (Strongly Disagree). The respondents were asked to indicate whether they strongly Agree, Agree, Not Sure (Neutral), Disagree or Strongly Disagree to the question.



All the data was entered and analysed by using SPSS version 22. Frequencies and percentages were calculated for all categorical variables like gender, marital status, designation, salary range and stratification of age while mean and standard deviation were calculated for numerical variables like score of supervisor and subordinate employee relationship, appraisal fairness and employee participation. Cronbach’s alpha was applied to check the internal consistency of performance appraisal process and Spearman’s rank correlation was used to determine the correlation among three dimensional impact of employee satisfaction and motivation. Linear regression analysis was also performed to see the predictive effect of appraisal fairness on employee participation and supervisor and subordination employee relation. A p-value of ≤ 0.05 was considered statistically significant.

(Framework of the Study).



Research hypotheses

- A- H₀: There is no relationship between appraisal fairness and employee participation in the appraisal process.
- B- H₀: There is no relationship between appraisal fairness and supervisor-subordinate relation, in the appraisal process.

RESULTS AND DISCUSSION

Total 250 respondents were registered and 230 (92%) questionnaire were carried out from different management position in banking sector having experience up to 1 – 20 years. Among the total samples 185 (80.4%) were male and 45 (19.6%) were female. 86 (37.4%) participants were ≤ 30 years, 123 (53.5%) participants were 31-40 years and 21 (9.1%) participants were > 40 years. The marital status of sixty four (27.8%) participants were reported as single and one hundred and sixty six participants were married. Most of the participants were belonged to assistant manager position 99 (43%) while officer, manager and senior manager were 54 (23.5%), 46 (20%) and 31 (13.5%) respectively (Table -1). From the study it was found that 67 participants had ≤ 5 years’ experience, 120 participants had 6-10 years’ experience and 43 participants had >10 years working experience on different banking organizations (Figure-1). According to the qualification findings, 15% of the participants were graduate, 48% were masters and 37% participants hold MBA degree (Figure – 2).

Cronbach’s alpha value was computed to check the reliability of the questionnaire which came out to be 94.9% for the performance appraisal scale which indicating reliability on questionnaire with high level of internal consistency in response. The mean score of Appraisal fairness was 2.76 ± 0.97 , the employee participation score was 2.42 ± 0.81 and supervisor subordinate relation score was 2.34 ± 0.75 . The individual result of items based on performance appraisal system were presented in table 2. The Spearman’s rank correlation analysis revealed that there was significantly moderate correlation between appraisal fairness and employee participation ($r_s = 0.717, p < 0.001$). Although, the supervisor and subordinate relation was shown significantly strong correlation with appraisal fairness ($r_s = 0.819, p < 0.001$, table 3).



Furthermore, the coefficient of determination (R^2) value of multiple linear regression analysis revealed that 78.3% of the variability in appraisal fairness. We also observed that ANOVA table shown that the overall regression model of the performance appraisal system was good fitted and it was statistically significant ($F=179.64$, $p < 0.001$). The analysis showed that the chances of employee participation in an organization was 0.31 times higher to get the appraisal fairness (OR: 0.31, 95% CI: 0.11 – 0.51). Moreover, a good relation of subordinate with the supervisor were 71.6 times more likely to have significant impact on appraisal fairness, which ultimately had positive effect on employee satisfaction and motivation (OR: 0.716, 95% CI: 0.51 – 0.93) in table 4.

Table 1: Demographic characteristics of the study

Characteristics	n (%)
Age	
≤ 30 Years	86 (37.4%)
31 - 40 Years	123 (53.5%)
> 40 Years	21 (9.1%)
Gender	
Male	185 (80.4%)
Female	45 (19.6%)
Marital Status	
Single	64 (27.8%)
Married	166 (72.2%)
Designation	
Officer	54 (23.5%)
Assistant Manager	99 (43%)
Manager	46 (20%)
Sr. Manager	31 (13.5%)
Salary Range	
< 25000 PKR	54 (23.5%)
25001 - 50000 PKR	99 (43%)
50001 - 100000 PKR	46 (20%)
> 100000 PKR	31 (13.5%)

Categorical variables were presented as Frequencies and Percentages

Table 2: Performance appraisal system according to sub-scale

Items	Questions	SA	A	N	D	DA
Appraisal Fairness						
1	I am given the opportunity to participate in the goal setting process.	76 (33%)	73 (31.7%)	21 (9.1%)	31 (13.5%)	29 (12.6%)
2	My organization provides equal opportunity for growth.	26 (11.3%)	85 (37%)	31 (13.5%)	66 (28.7%)	22 (9.6%)
3	My organization encourages diversity in gender	25 (10.9%)	79 (34.3%)	42 (18.3%)	52 (22.6%)	32 (13.9%)
4	Organization reward policy is fair and equitable.	32 (13.9%)	73 (31.7%)	52 (22.6%)	58 (25.2%)	15 (6.5%)
5	Appraisal process in my organization is very participative	27 (11.7%)	65 (28.3%)	57 (24.8%)	49 (21.3%)	32 (13.9%)



6	My appraisal outcomes are based on true ratings.	25 (10.9%)	71 (30.9%)	83 (36.1%)	29 (12.6%)	22 (9.6%)
7	I am satisfied with current appraisal process.	43 (18.7%)	68 (29.6%)	50 (21.7%)	33 (14.3%)	36 (15.7%)
8	In my appraisal process, I share my ideas equally as my supervisor	46 (20%)	79 (34.3%)	53 (23%)	29 (12.6%)	23 (10%)
Employee Participation						
9	My supervisor has a session with me before filling the appraisal form.	53 (23%)	44 (19.1%)	57 (24.8%)	63 (27.4%)	13 (5.7%)
10	My supervisor encourages me to participate in the appraisal process.	35 (15.2%)	78 (33.9%)	72 (31.3%)	40 (17.4%)	5 (2.2%)
11	My supervisor encourages me on task accomplishment.	96 (41.7%)	85 (37%)	24 (10.4%)	24 (10.4%)	1 (0.4%)
12	My supervisor helps me in making strategies to achieve objectives.	77 (33.5%)	80 (34.8%)	32 (13.9%)	40 (17.4%)	1 (0.4%)
13	I often receive feedback from my supervisor.	65 (28.3%)	87 (37.8%)	51 (22.2%)	25 (10.9%)	2 (0.9%)
14	Feedback helps me to improve my performance.	78 (33.9%)	96 (41.7%)	34 (14.8%)	21 (9.1%)	1 (0.4%)
15	My supervisor asks to sign the appraisal form before reading.	40 (17.4%)	49 (21.3%)	66 (28.7%)	52 (22.6%)	23 (10%)
16	Favoritism is not an issue to excel in organization.	29 (12.6%)	43 (18.7%)	89 (38.7%)	47 (20.4%)	22 (9.6%)
Supervisor and Subordinate Relationship						
17	My supervisor demonstrates fair and equitable treatment.	94 (40.9%)	64 (27.8%)	31 (13.5%)	22 (9.6%)	19 (8.3%)
18	My supervisor treats me in a way that increases my self-confidence.	71 (30.9%)	83 (36.1%)	55 (23.9%)	20 (8.7%)	1 (0.4%)
19	My supervisor likes having subordinates from different race, language sex, or caste.	66 (28.7%)	64 (27.8%)	77 (33.5%)	16 (7%)	7 (3%)
20	Participation in the appraisal process increases my level of satisfaction.	61 (26.5%)	120 (52.2%)	37 (16.1%)	12 (5.2%)	0 (0%)
21	I get equal opportunity to grow and this will increase my motivation level.	48 (20.9%)	82 (35.7%)	58 (25.2%)	24 (10.4%)	18 (7.8%)
22	Fair reward system motivates me to perform.	94 (40.9%)	80 (34.8%)	31 (13.5%)	3 (1.3%)	22 (9.6%)
23	After receiving my appraisal results, I do not like to work.	50 (21.7%)	42 (18.3%)	72 (31.3%)	42 (18.3%)	24 (10.4%)
24	I stay in this organization because of the fair reward system.	45 (19.6%)	45 (19.6%)	65 (28.3%)	41 (17.8%)	34 (14.8%)

Categorical variables were presented as frequencies and percentages.

SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly disagree

Table 3: Correlation of Performance appraisal system

Appraisal Process		r	p-value
Appraisal Fairness	Employee Participation	0.717	< 0.001
	Supervisor Employee Relation	0.819	< 0.001

*P-value ≤ 0.05 was considered as significant. Spearman's correlation=r

Table 4 : Effect of Appraisal fairness on Employee participation and Supervisor employee relation

Predictor	Employee Participation	p-value	Supervisor Employee Relation	p-value
	OR (95% CI)		OR (95% CI)	



Appraisal Fairness	0.305 (0.108 - 0.502)	0.003*	0.716 (0.503 - 0.930)	< 0.001*
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OR: Odds ratio; *P-value ≤ 0.05 was considered as significant

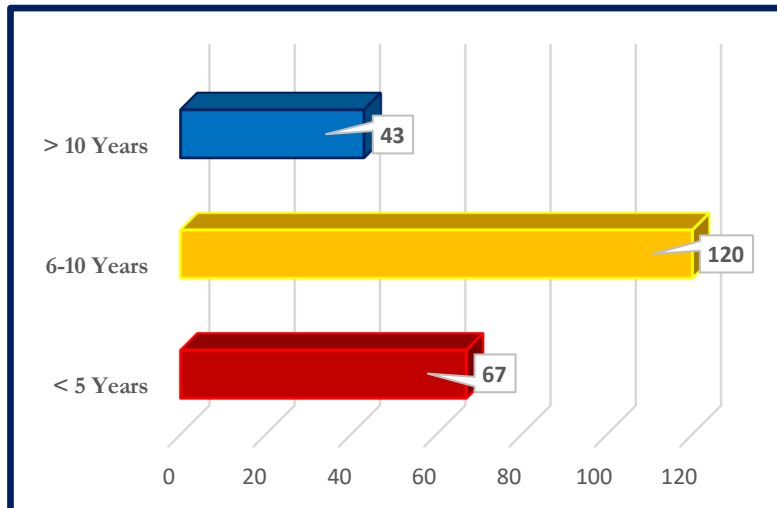


Fig. 1: Professional Experience

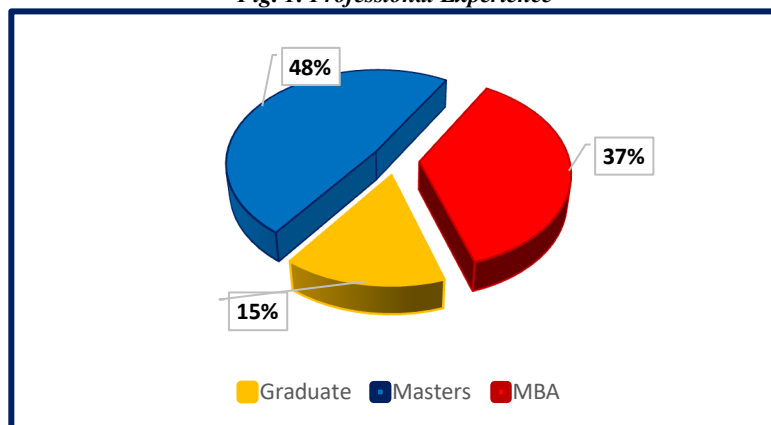


Fig. 2: Participants Qualification

CONCLUSION

Human resource is considered to be the most important resource of an organization in today’s competitive world. The basic responsibility of HR department is to attract, motivate, develop and retain the key employees. It has been observed that satisfied employees are more productive.

The research revealed that fairness perception of the performance review and the P.A system is the most important. It is observed that large number of employees perceive performance appraisal system neither fair nor accurate, employees will be more satisfied with ratings if they perceive that appraisal process is fair, moreover if employee perceive that that appraisal is not fair than employees would not like to accept the appraisal outcomes.

This study also reveals that good supervisor and subordinate relationship is necessary in maximizing employee motivation. Supervisor behaviour towards their subordinate in the appraisal process can be a source of motivation or de-motivation for employees. Therefore the culture and values of belongingness, patience and recognition on the part of supervisor or boss is essential in maximizing the benefit of appraisal process. Therefore supervisor and manager should adopt a friendly and open approach in identifying the weakness of employee who fall short to meet standards and criteria’s and give them confidence through coaching and training rather than criticism and blame.



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The appreciation and encouragement on achievement is set up to be very motivating for employees. Furthermore to giving confidence to weak employees, target achiever and good performer should be valued for their hard work through letters of recognition, oral praise and certificates. Thus yearly award ceremony organized by several companies i.e. financial institutions and pharmaceutical companies in other country to admire the hard working staff is a step in correct and right direction.

The existing result also suggest that one act, supervisor and subordinate relationship is the most important determinant of employee motivation in banking sector of Pakistan, therefore reinforcing the suggestion that banks should concentrate / put their efforts and energies on the factors perceived to be significant and important rather than focusing their efforts and energies o different attributes which they think are important and significant determinants of performance appraisal that will leads towards employee satisfaction. It is concluded that due importance should be given to all performance appraisal factors that will lead towards motivation, failure to prioritize these attributes may create negativity and a question mark on over all process.

RECOMMENDATIONS

On the basis of this research following recommendations can be made to organizations for the successful implementation of performance appraisal.

- The results of this study may facilitate to recognize the factors or dimensions of the appraisal process that have a significant effect on employee satisfaction and motivation.
- Future studies should apply the same measurement tools on other banks in order to investigate whether the results obtained are consistent and general with the findings of this study.
- The performance appraisal process must be viewed as a permanent and continuous activity rather than an event that is conducted once in a year.
- The organizations that conduct performance appraisal once in a year, it is important that actual performance and performance expectations must be discussed with employees and subordinates on often and regular basis. This ensures that employees are aware of what is expected from them during the year, which creates a positive impact on performance appraisal process and employee motivation.
- The individual or supervisor conducting the performance appraisal process should encourage the input from employee side to discover the possible barrier to their success. It is also essential to encourage the employees to shares the idea they may have in order to improve their own performance. This will help to enhance the supervisor and subordinate relationship.
- Targets and goals should be set through mutual and joint agreements with employees. These targets and goals must be easily measurable so that both supervisor and subordinate may easily be able to determine that whether the goals have been met and how much requires to be done to meet the goals.
- All the employees including supervisor and subordinates must be required to have a clear understanding of the appraisal system. There is a need that everyone understands the goal of appraisal process, without proper understanding the process will be filled with doubt and suspect

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