



United International University

**PROJECT REPORT
ON
Performance Appraisal on
Banking Industry of
Bangladesh**

COURSE CODE- INT 4399

SUBMITTED TO

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Letter of Transmittal

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Sub: Letter of Transmittal

Dear Ma'am

With best regards and great pleasure, I am submitting my HRM project report on **“Performance Appraisal on Banking Industry of Bangladesh”** that has been assigned by you as an important requisite of the BBA Program. I have worked very hard with utmost sincerity and dedication to make this effective, informative and a credible report. The information of this report is mainly based on survey; other details were gathered from internet and HR personnel's of various banks.

At each stage, I gave my hundred percent to make this report fruitful and worthy of a good read. I would like to express my gratitude for your support and guidance throughout in preparing this report. I hope my contributions will be evaluated in your sharp scale of acceptance. I wholeheartedly welcome all your queries and give the clarifications if required. Hope you will appreciate the hard work and overlook minor errors. Thank you.

Sincerely,
Protibha Hossain
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Acknowledgement

I express my heartfelt gratitude on record to Shah Azizul Islam (Executive Vice President) from Dhaka Bank, Md. Ashraful Alam Joy (Business Development Manager) from Brac Bank, Rizwana Sultana (HRM Dept) from UCBL Bank, Hasan Md. Lablu (Head of HR Operations) from City Bank Ltd, and Syed Aziz Ahmed (General Manager, HRM Division) from Pubali Bank respectively.

This report would not be possible without their cooperation about the “**Performance Appraisal on Banking Industry of Bangladesh**” project. They have helped me throughout and showed how the work processes are being carried out. Secondly, I would want to express my gratitude to **Ms. Piana Monsur Mindia**, without her constant invigilation, guidance and extraordinary support this report would never windup as per my expectation. Lastly, I would like to thank all my friends and family who have helped me to complete this project report.

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Executive Summary

This report is assigned for the project course taken by me. I am very much delighted for the great opportunity given my respected supervisor. The making of this project gave me an occasion to learn a lot of facts that enhanced my knowledge and experience. Therefore practical guidance is more favorable rather than explanations from the courses that I've learnt throughout the undergrad studies.

This project report is based on '**Performance Appraisal of Banking Industry in Bangladesh**' in both private and public banks. In order to prepare this report I have visited several private and public banks of our country and organized a survey that gave an opportunity to gather practical experience. Performance Appraisal in banking industry initiates specified job analysis, description and planning of employee performance that includes KPI (Key Performance Indicator) and KRA (Key Result Area). This system aids to identify the right people in the right place through conducting an appropriate selection and recruitment process. It is a policy established to fill up the job specifications to relate between the benchmark of measuring job performance that results in a greater output than the previous outcomes and continue thereafter.

An effective performance appraisal process enhances appropriate steps to improve ongoing mentoring and coaching for betterment of performance within a particular span of time (quarterly, semi-annually or annually). It also helps to undermine proper training and development needs to receive certain outcomes and enhance career development for employees. It allows analysis and evaluation to compare employee performances and appraise based on the performance strategy. It is a guideline for managers or supervisors to supervise their subordinates ensuring accurate results through employee performance which correspond company goals and objectives to achieve advantage in the industry over other competitors.

An ethical and conventional performance appraisal procedure ensures fortified system of compensation and rewards to identify the talented and dedicated employees who sets a benchmark of performance for others to follow. It endeavor guidance, development, support, promote or reward employees to unleash employee dissatisfaction for the growth of the organization.

CHAPTER-1

INTRODUCTION

1.1 Introduction of the Study

Human resource has always been one of the essential parts from the very beginning. In this global competitive market, across the business world where the strategic decisions, productive designs and business policies are focusing more on making their organizations a sustainably strong position holders in the market. The more the realization is becoming stronger, the necessity of expanding human resource as capital investment is getting bigger. As per the researchers, any organization that will utilize and mobilize their human resource as a competitive advantage will be most successful firms in the twenty first century. According to an American author and businessman Lawrence Bossidy, *“Nothing we do is more important than hiring people. At the end of the day, you bet on people not strategies.”* Human resource management focuses upon the strategic approach to the effective management of people in any organization such that they help businesses gain a competitive advantage. It is originated to maximize employee performance to achieve an employer’s strategic objectives. As we know, human resource management comprises of various segments like recruitment and selection, training and development, human resource planning, industrial legislations, performance appraisal, compensation management and change management. Among all other functions performance appraisal is the most note worthy. Performance appraisal is directly associated with examining, evaluating or analyzing employee performances. This generally compares employee performances with standard bar of performance. This generates the feedbacks of employee targets that has been achieved or needs to be achieved strategically and on that basis best employee is rewarded identifying the need of training and development.

1.2 Background of the Study

This is a project report for the completion of under graduate program of Bachelors of Business Administration (BBA). It is a compulsory obligation for every student that contains three hours credit course. Subsequently, I have selected the topic entitled as **“Project Report on Performance Appraisal on Banking Industry of Bangladesh”**. This report is the result of

three months tremendous hard work and constant cooperation of my supervisor **Piana Monsur Mindia** Assistant Professor of **United International University**. In every step of betterment and improvement of this report, I am very much obliged to my honorable supervisor for her constant, support help and appreciation.

1.3 Scope of the study

The purpose of this study is to obtain a practical inclination of Performance Appraisal system of numerous banks of Bangladesh. By administering this report I will experience and learn the practical knowledge of the Performance Appraisal process, functions, activities and system of several banks that they regularly follow. This study has helped me to strengthen my knowledge in depth and enlightened me to relate with the theoretical detail in regard with practical experiences to the aspect of Performance Appraisal system.

1.4 Objective of the study

The main purpose of this report is to find out the relation between Performance Appraisal system and employee performance and stimulation. Some other particular objectives are as follows:

- To identify the distinction between Performance Appraisal system of Private and Public banks of Bangladesh.
- To find out employees opinion regarding Performance Appraisal and viewpoints towards their work.
- To give an accumulation on performance appraisal system of banking sector in Bangladesh.
- To understand the effect of performance appraisal system on employees performances.

1.5 Methodology of the study

i. Type of data

To prepare this report I have collected data from two sources:

- **Primary sources of data:** I have been to several private and public banks and came in to direct contact with the branch manager, junior and senior level operating employees. The types of data have been collected in the form of survey questionnaire.
- **Secondary sources of data:** For the advance growth of the study, I have assembled information from previous research articles, the website of those banks, journals, books and lecture notes.

ii. Data Collection Process: For the progress of this project report a five point Likert scale questionnaire was prepared. All the questions were structured and appropriate. The only tool used was the questionnaire. This Likert Scale questionnaire was formed to help the respondents to respond quickly.

iii. Sample size: The number of respondents for this survey is 100 people in total (20 respondents from five different banks each).

iv. Sampling techniques: The only technique that has been applied to generate data was to visit several banks in person to fill up specifically prepared Likert scale questionnaire for the bank employees.

v. Area and Time of research: The survey was conducted via personal visit in different locations inside Dhaka. The survey has been conducted in several banks situated in various locations like Shantinagar, Dhanmondi, Malibagh etc within the time slot of 11:00 am to 5:00 pm during the working days.

Project Hypothesis

Hypothesis-1: There is a positive relation with employees' performance and motivation.

Hypothesis-2: There is a distinction between performance appraisal systems of private and public banks.

Hypothesis-3: The formal performance appraisal method helps to improve employee performances.

1.6 Limitations

1. As we all know, there is a pandemic (COVID-19) going on worldwide for almost a year now. Bangladesh has also been hit by the corona attacks ever since. Thus, the primary data collection has been tremendously difficult. Many of the banks didn't allow easy access for safety and health standards strictly imposed by the government and that lead to delay of data collection for several days and sometimes weeks.
2. Accuracy of the data entirely depends upon the sources accuracy as cross checking was not at all possible.
3. There was inadequacy of data for the study.
4. The standard practice is different from field practice and that caused problem to some extent.

CHAPTER-2

LITERATURE REVIEW

2. LITERATURE REVIEW

Employee performance is an essential factor in an organization. Our study aims to find out the effect of performance appraisal in employees' performances and also examines the affects of relationship between employees' performance and motivation. This study will further connect with the significance of banking industry and usage of different performance appraisal system. By aligning with employee job satisfaction, loyalty and support that will contribute in the organizational success and suggest for improving job performance appraisal system.

Performance Appraisal is a systematic evaluation of the employee performances to understand individual abilities for further growth and development. Performance management is a source of getting better results as teams and individuals by understanding and managing performance within the set framework of planned goals, standards and attributes competence requirements (*Armstrong, 1994*). Performance means both behaviors and results. Behaviors emanate from the performers and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right-the product of mental and physical effort applied to tasks-and can be judged apart from results (*Brumbrach, 1998*). Performance management is a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved; an approach to managing people which increases the probability of achieving job-related success (*Weiss and Hartle, 1997*).

Performance Appraisal is a regular practice for reviewing an employee's job performance and overall contribution to the organization. This is also known as a performance review or evaluation or employee appraisal of an employee's achievements, skills and growth or lack thereof. It is used to give employee feedback in order to utilize in a larger picture.

Performance Appraisal also helps to justify pay increases and bonuses along with termination decisions. It can be conducted at any given time but generally takes place quarterly, semi-annually or annually. Organizations mostly use this to reward high achieving workers who contributed in company growth and progress.

Since the organizations have a particular amount of funds that they have to allocate accordingly. Performance appraisal also aids to managers to make a plan with employees for development through various training sessions, additional responsibilities and identify shortcomings so that it can be dissolved. This appraisal is an important process with a broader management system that connects:

- Organizational goals
- Day-to-day performance
- Individual professional development
- Incentives and rewards

Assessment should not be only concerned with past performance and potentials of future employees should also be assessed.

History of Performance Appraisal: The history of performance appraisal is kind of short. It came into practice in the early 20s. In 1914 FW Taylor introduced the performance appraisal system on current worker productivity and find ways to improve them overtime. His appraisals emphasized more on individual knowledge, punctuality, loyalty etc apart from achieving organizational goals and job performance standards.

In 1930s Walter D Scott (WD Scott & Co.-one of the largest consultancy firms in Australia) discovered the concept of rating employees using ‘man-to-man comparison’ scale encouraged by Taylor.

In early 1960s performance appraisal were based on employee service records that were evaluated annually. The contents were kept confidential from employees. This was highly practiced among government organizations.

During 1970s employees were conveyed about their negative remarks from those reports and so that they can rectify themselves and assist the employees to work upon correct action plan. Even though there are certain changes but this method is still practice in today’s world since then.

Modern Appraisal: Performance appraisal perhaps is defined as a structural formal interaction between the supervisors and subordinates that usually takes place as a periodic interview, where the job performances is been discussed, evaluated and examined to identify opportunities,

strengths, possibilities for improvement and skill development as well as weaknesses or rectifications if required.

In many organizations appraisal results are directly or indirectly used to accommodate rewards as per the outcomes. This means, the appraisal helps to identify high performers who should get the majority increase of available merits or incentives in the form of bonuses or promotion. Similarly, appraisal results also used to detect poor performers who may require counseling, demotion or dismissal or decrease in payment in extreme cases. This is an appropriate use of performance appraisal that can provide justification for assigned rewards and penalties.

Types or techniques of Performance Appraisal:

- ♣ Assessment method
- ♣ Behaviorally anchored rating scales (BARS)
- ♣ 360 degree performance appraisal
- ♣ Human resource accounting method
- ♣ Management by objectives (MBO)

Assessment methods include the informal events, projects or assignments that are assigned to team or group employees to analyze their competencies for particular time period. Behaviorally anchored rating scales (BARS) stands for evaluating critical predetermined areas that consist of a set of behavior statements that define determined job qualities what is good or what is bad (*Dargham, 2000*) 360 degree is one of the reliable methods that consists of employee feedback by both the superior, subordinates or peers who are in contact with the employee in organization. It also includes self-appraisal. Human resource accounting method evaluates the performance of employee in terms of contribution and cost of employees (*Ijbm, 2012*) (*Sharma, 2012*). The methods are less structured compared to traditional methods that have less focus on the rankings and ratings and more importance in arranging meetings between supervisors and employees (*Sharma, 2012*).

Employees who tend to get an accurate performance appraisal over the period of time the rewards associated with that appraisal is most motivated employee among all of them and

similarly he is more satisfied with job and more loyal to the organization. Therefore, the process should be fair enough as this is the critical way to motivate, satisfy employees with their job and creates the loyalty (*Storey & Sisson, 1993*).

Objectives of Performance Appraisal: There are certain objectives that the performance of appraisal follows; some of which includes salary increase that plays a vital role in decision making. Then promotion that plays a significant role which is either based upon merit and seniority. Training and development is equally vital that prepares employees to cover up their shortcomings or weaknesses. Feedback is what performance of appraisal is based upon. An individual performs better when he/she knows how they have been working. This also helps to relate with organizational objectives. Performance appraisal also puts a sort of pressure on the employees for better job performance. If the employees are aware of their appraisal, this will lead to empower bigger possibilities.

Performance appraisal can help the organizations to:

- Find and manage issues that may impact on retention.
- Reward and develop effective teamwork.
- Identify, reward and support effective performance.
- Monitor and support employee's well being.

Importance of Performance Appraisal: Motivation acts as driving force that leads employees towards its goals (*Grant, 2008*). Motivated employees are highly involved and engaged in their job and try to make their performance best (*Guay, 2000; Vansteenkiste, 2007*).

Performance appraisal is ideally not only about the communication between managers and employee's contributions. But it's more about keeping everyone in the same page that will develop stronger relationships and make the reviews less stressful.

Every individual performance influences on how team or the organization will be performing.

Employee role and status gets clarified through the performance appraisal. This helps the employees know where they individually stands in their job performance.

Self development is the most important key to performance appraisal. This allows employees to be positive as well as identify the areas for improvement. An employee can discuss a development plan this way with the manager to improve skills.

Merit-based compensation system motivates employees to become best performers to generate best pay and better benefit packages. Similarly, the employees who lag behind can be identified easily.

Approach the management becomes easier cause of the structured process that leads to discussion, identifying problems, plan for the future and clarify expectations for both managers and employees to determine long term and short term goals.

Monitor success of organizations improvement can be done using the performance appraisal statistics of each employee. This can further help in recruiting and selection process also.

Identifying promotions, transfers and rewards can be easily generalized by the management.

Identifying the under performers helps to decide whether the organization wants to keep them for further improvement or not.

Performance Appraisal records can easily determine the company growth overall and retrospectively verify the changes needed to be done in the near future.

Ensure the significance of a balanced lifestyle to help them maintain a work-life balance. So that, the employees give full focus in accomplishing the assigned tasks on the job. Thus the organization should provide the required support and resources needed for the job.

CHAPTER-3
ORGANIZATIONAL BACKGROUND / INDUSTRY
PERSPECTIVE

3.1 Industry Scenario

In the ancient times, merchants gave grain loans to farmers and traders carrying goods between cities. The concept of banking began spreading in the 15th and 16th century from northern Italy through the Holy Roman Empire to northern Europe developed by the merchants of the world.

In the global scenario, most extensive trend in the banking industry is the digital shift to be specific in mobile and online banking. In the current era where convenient speed is the significant key as the consumers don't prefer to pay a visit to physical bank branch for transaction. Banking in the modern times consists of a network of financial institutions that comply of principle services related to storing, extending credit against, transferring or managing the risks that comes with holding various forms of wealth. This digital transformation has caused increased competition in tech startups also collaboration of small banks and startups. Mobile banking is also playing a vital role in the banking industry these days. Most of the people now prefer to research for mobile banking service while opening a bank account and also would change banks if fail to provide proper mobile banking service. But at this point of time, simply having a mobile app is not enough for banks to engage customers. Additional features are also required such as temporary holds on cards or finger print scanning are equally necessary. Banking has digitalized in many other ways apart from online banking such as investment banking has widened more than ever with emerging discovery of open banking that introduced 'fire hose' of data where any third party can easily access standardized data.

The banking industry in Bangladesh officially established as the first modern bank based headquarter in Dhaka during 1846. Though, this bank did a very limited business and did not issue bank notes. Officially the banking industry emerged after the independence where 'State Bank of Pakistan' was renamed as 'Bangladesh Bank' The bank had the responsibilities of regulating currency, administering exchange control, controlling credit and monetary policy and the official foreign exchange reserves.

Currently the banking sector of Bangladesh is yet to be impoverished as a developing country. The banking industry mainly comprises of four categories: state-owned commercial banks (SCBs), state-owned development financial institutions (DFIs), private commercial banks

(PCBs) and foreign commercial banks. Presently there are 60 scheduled banks in Bangladesh. Private banks are trying to imitate the banking structure following developed countries. Although this attempt is often obstructed because of inexperienced or politically motivated government policies under the supervision of the central bank of Bangladesh, fostering corruption or illegal activities. With the interference of the Central bank, there have been several attempts to put the banking institutions on the right track yet, the predominance of public sector management banks did leave some negative effects. But now the scenario is completely changing day to day. Bangladesh Bank has taken strong initiatives to develop the banking sector. Besides, the banks are also taking smart decisions and applying smart techniques to reduce bad loans and invest in more secured places to modify and digitalize the platform that will play a significant role in the growth of the economy.

3.2 Organizations to be included in the research

In this project analysis, for research purpose the survey has been conducted in five banks among 100 employees altogether. The banks that have participated in making of this report are:

- Pubali Bank
- Dhaka Bank Limited (DBL)
- Brac Bank Limited (BBL)
- United Commercial Bank (UCB)
- City Bank

3.3 Broad descriptions of the selected organizations

To prepare this project report survey data were collected from one Public Bank and four Private Banks. In the following there are short bios about these banks.

Public Bank: Under the criterion of public bank, I've gathered survey data from Pubali Bank.

- ♣ **Pubali Bank:** Pubali Bank emerged as per government policy in 1972. Later, under certain circumstantial changes this bank was denationalized in the year 1983 as a private bank cum public bank and renamed as Pubali Bank Limited. Since inauguration this bank has made a vital contribution in socio-economic, industrial and agricultural developments and also in the overall economic development of the country through investment of funds and savings mobilization. Currently, Pubali Bank is having 482 branches and having the largest real time centralized online banking network.

Private Bank: The rest of the following reviews are regarding the Private Banks that have been surveyed.

- ♣ **Dhaka Bank Limited:** The bank has officially started its journey on July 5, 1995. The bank has 100 branches including 2 Islamic Banking Branches, 3 SME Service Centers, 56 ATMs, 20 ADMs, 2 Offshore Banking Units, 1 Kiosk and 6 branches under Dhaka Bank Securities Limited across the country and a wide network of correspondents all over the world. The bank has planned to open more branches in future to expand their services.
- ♣ **Brac Bank Limited (BBL):** Brac bank is a performance driven dynamic organization that was founded in the year 2001. It started its journey with the visionary to lead the previously neglected Small and Medium Enterprises (SME) sector that has an important role in generating growth and creating employment in the country. It is the only member of the Global Alliance for banking on Values (GABV) from Bangladesh. Today Brac bank has 187 branches, 457 SME unit offices, 447 ATMs, 90 CDMs and many more.
- ♣ **United Commercial Bank (UCB):** UCB was established in the mid 1983 and is known as one of the largest first generation banks of the country. It has a vast network of 189 branches. It has expanded in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking and Remittance etc. UCB also has 40000 card holders. It has made significant contribution until now in the overall economy through increased earnings of foreign exchange. UCB is aiming to play a leading role in various significant economic activities of the country, being **firmly** engaged in the development of trade, commerce and industry via investing in network expansion and technological adoption to gain competitive advantage.

- ♣ **City Bank:** The bank was found in the year 1983 and has set an evolution ever since. It has transformed overtime from being a traditional organization to critically acclaimed multi-faceted institution. The bank has embraced global best practices and chose to be at the forefront of technological initiatives. It has secured one of the leading positions of private banks in Bangladesh today. City Bank claims to be the most complete bank in the country. Currently City Bank has 132 branches, 369 ATMs and CDMs, 7 Priority Centers, 2 Airport Lounges and over 13000 Merchants on board and many more.

CHAPTER-4
PERFORMANCE APPRAISAL PROCESS OF
BANGLADESH BANKING SECTOR

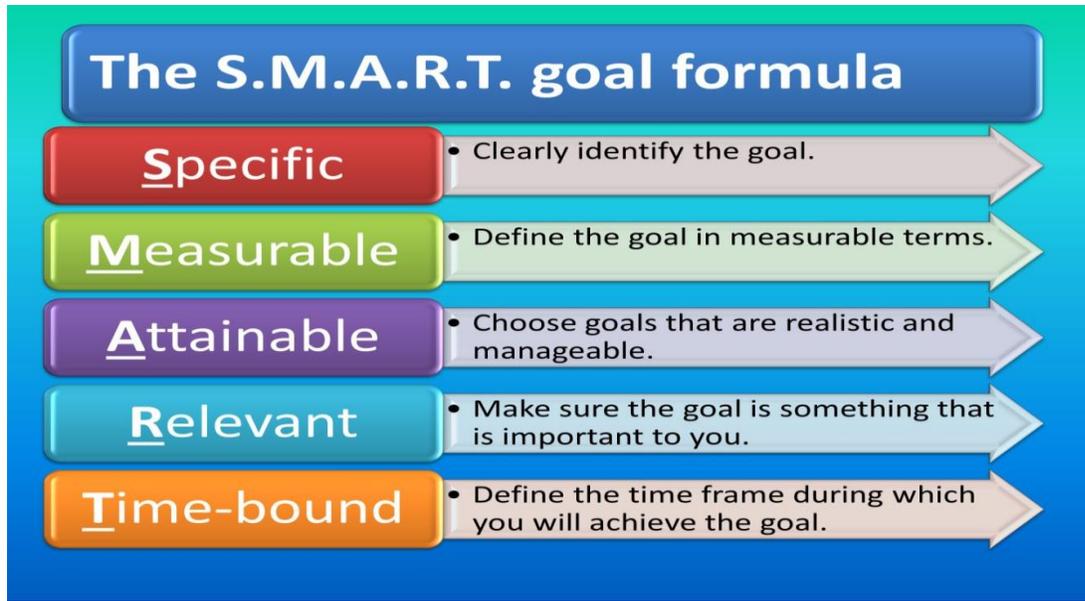
In Bangladesh, performance appraisal holds a certain significance as it is widely practiced in both public and private banks with equal importance. In order to conduct and regulate appropriate performance appraisal management, banks formulate several methods and strategies that help the system to become more systematic, logical and comprehend accurate delivery of results to the employees. The steps of performance appraisal that are persistently followed are discussed below:

4.1 Prepare a plan/set performance goals

This is the initial step before performance where it shows the outcome of the cooperation between management and employees. In other words, performance is achieved on the basis of setting goals for the employees to ascertain them. This is mainly the base of performance appraisal. Planning consists of various components like behavior, competencies, result and development plan of the employee. These set objectives are instructed to the employees by their supervisors or managers which have to be achievable, relevant and realistic at the same time performance goals.

4.2 Set a standard for performance

In the next stage, managers require to identify the vital area of the set objectives or goals that has to be clearly understandable such that the employees can attain those set goals following a basic track. Employees get to decide on which area to focus upon or how to work on to achieve the targets throughout their performance and communicate with the supervisor on mutual agreement within this period of time. The set objective must be followed via SMART technique. This helps the employees to understand the standard bar of the performance.



4.3 Execute the performance

In this step performance is being executed that consist of two role plays-

Responsibility as manager: Managers need to perform various duties that include monitoring the employees regularly and maintain a record, mentor or coach them constantly, provide them accurate feedbacks or suggestions and prepare them for upcoming goals to achieve.

Responsibility as employee: Employees must identify the needs to perform better, understand and comprehend the purpose of the objectives and give their best effort to attain them and communicate with their supervisors or managers time to time.

4.4 Measure performance with standard

Employee's performance will now be compared with the predetermined standard to scrutinize their given effort. This is the comparison made to understand the gap between the actual performance and the set yardstick of performance. This is step helps the management to recognize whether the employee has met the standard.

4.5 Provide feedback or suggestions

This is the last and final step of the performance appraisal. Here, the employees who have met their goals will be rewarded by the management in return and those who have failed to achieve the goals will be punished. Rewards for the employees could be promotion, increase in increment, bonus and so on. Similarly, employees who may not be able to outshine may get deprived of such facilities. On the other hand, employees who have made to the target will perceive self esteem, be more motivated, be loyal and practice ethical behavior that in turn will benefit the organization and thus the cycle goes on.



CHAPTER-5
PROJECT FINDINGS AND ANALYSIS
RECOMMENDATIONS AND CONCLUSION

Finding & Analysis

I conducted the survey upon six banks among which one was a public bank others were private bank. In this survey the number of participants was 100 in total. Following that, I'll be discussing about the results that I perceived on personal demographic characters.

In this survey, the participants were both male and female of different ages and tenures. A total of 40% respondents were female and 60% respondents were male. The respondents of different ages who have been working in these banking organizations helped to understand the working process and various systems in a better way. Precisely, the performance appraisal systems which the respective banks conduct have different impacts upon their employees. Since each of them have various beliefs, experiences and perception.

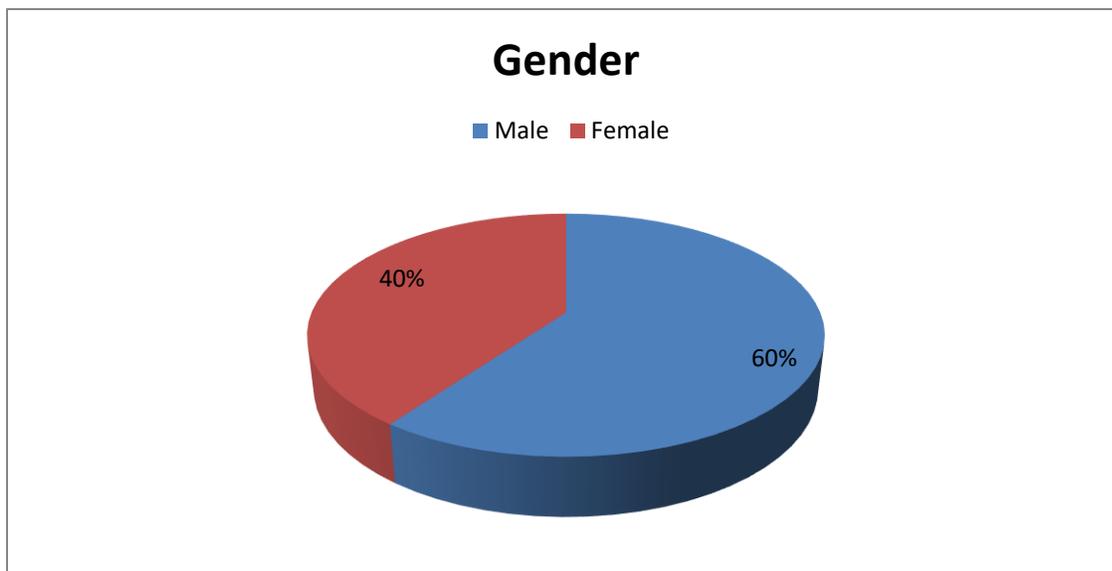


Fig 1: Gender of the Respondents

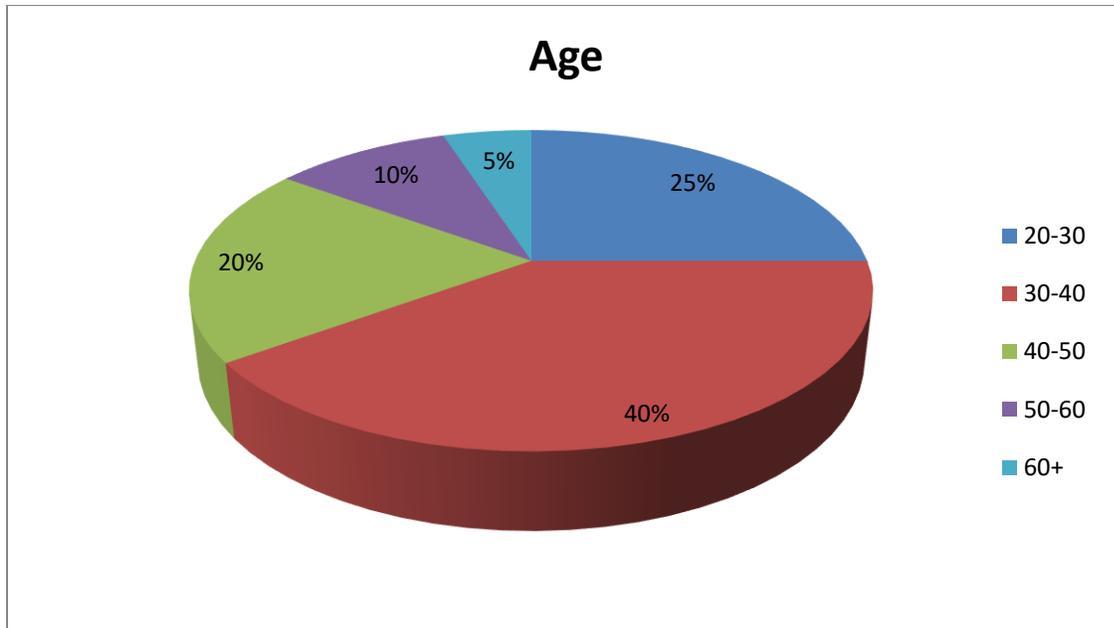


Fig 2: Age of the Respondents

Next I'll be discussing about the project hypothesis part that was esteemed for the findings and analysis from the hundred survey data.

5.1 Evaluating the Hypothesis-1: “There is a positive relation with employees’ performance and motivation.” In this hypothetical test, I have selected the variables in the following

Dependent Variable is “An effective system of performance appraisal keeps the employees motivated.”

Independent Variable is “The financial benefit is related with the performance.”

Table 01: Pearson's Correspondence

	Effective PA system keeps the employee motivated	Financial benefit is related with the performance
Effective PA system keeps the employees motivated	1.05	0.5553601
Financial benefit is related with the performance	0.5553601	1.05

****Key word Performance Appraisal (PA)**

Table 02: Regression Coefficient

Model	R	R²	Adjusted R²	SE of the approximate
01	0.555	0.286	0.2891	0.6068

Table 03: ANOVA (Analysis of Variance)

Models	Sum of square	df	F	Significance F
Regression	12.238	1	30.554	3.93564E-09
Residual	30.439	100	-	-
Total	42.677	101	-	-

Analysis: According to **Table 01**, Pearson's Correspondence is 0.555. This states that it is a positive value that specifies a comparatively positive relationship subsist between two of the variables. If one variable's value increase, the second variable's value rises also. This specifies the change in one variable is comparatively parallel with another variable's change. Thus, it can be said that comparatively there's a strong link within an effective performance appraisal system keeps the employees motivated and the financial benefit is related with the performance in performance appraisal system. An individual's interrelationship suggests there is linear link

between two variables as one variable increases then the second variable too increasing in a rational quantity and it emulates a straight line.

According to **Table 02**, R^2 imitates as a numerical tool that shows data that are nearly equipped to the regression line. This number also adds up to the part of variance liable for the independent variable. In this table, we can identify that near to 28% of variability in financial interest for the importance in employees’ motivation. Larger the value of R^2 better the data fits in the model.

Hypothesis-1 of the project is equally supported by **Table 03** ANOVA (Analysis of Variance) where the value of F is 30.554 and Significance F is 3.935.

From the discussion above, it can be concluded that the first hypothesis **“There is a positive relation with employees’ performance and motivation.”**

5.2 Evaluating the Hypothesis-2: “There is a distinction between performance appraisal systems of private and public banks” In order to analyze this hypothesis I have chosen the following as variables.

Dependent Variable is **“The classification of the organization.”**

Independent Variables are

- **“Bank has an appropriate PA system”.**
- **“Appraisal is conducted on a regular basis”.**
- **“Organizations evaluate the performances formally”.**

Table 04: Pearson’s Correspondence

Variables (Pearson’s Correspondence)	Classification of organization	Bank has an appropriate PA system	Appraisal is conducted regularly	Performances evaluated formally
Classification of organization	1	0.740	0.610	0.556
Banks has an appropriate PA system	0.740	1	0.677	0.520

Appraisal is conducted regularly	0.610	0.677	1	0.695
Performances evaluated formally	0.556	0.520	0.695	1

Table 05: Regression Coefficient

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.765	0.595	0.570	0.588

Table 06: ANOVA (Analysis of Variance)

Model	Sum of square	dF	F	Significance F
Regression	36.774	4	37.950	1.307E-20
Residual	29.195	80	-	-
Total	65.969	84	-	-

Analysis: According to Pearson’s Correlation, the independent variables are 0.740, 0.610 and 0.556 is near to 1. This specifies that the variables are positively linked together. This value indicates that if one value rises the second value will also rise. Thus, change in one variable is corresponded to other. There is a direct and comparatively strong bonding between the two variables. Therefore the second hypothesis “**There is a distinction between performance appraisal systems of private and public banks**” is agreed.

Regarding the portion of appropriate performance analysis and regular performance is considered to be around 59.5% of variance for the distinction in the kinds of bank. On that contrary, second hypothesis was conducted to determine whether there’s a difference between performance appraisal system of private and public banks.

5.3 Evaluating the Hypothesis-3: “The formal performance appraisal method helps to improve employee performances”. In order to analyze the hypothesis I have selected the following as variables.

Dependent Variable is “Supervisor’s judgment helps to improve performance”.

Independent Variables are

- “Supervisors evaluate employees’ performance”.
- “Recognition of my contribution to the department”.
- “PA has an effect on employee performance”.
- “PA outcome is conveyed”.

Table 07: Pearson’s Correspondence

Descriptions	Supervisors judgment helps to improve performance	Supervisors evaluate employees performance	Recognition of my contribution to the dept.	PA has an impact on performance	PA result is conveyed
Supervisors judgment helps to improve performance	1.00	0.570	0.295	0.490	0.390
Supervisors evaluate employees performance	0.570	1.00	0.518	0.498	0.490
Recognition of my contribution to the dept.	0.295	0.518	1.00	0.290	0.229
PA has an impact on performance	0.490	0.498	0.290	1.00	0.420
PA result is conveyed	0.390	0.490	0.229	0.420	1.00

Table 08: Regression Coefficient

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.619	0.390	0.355	0.620

Table 09: ANOVA (Analysis of Variance)

Models	Sum of square	dF	F	Significance F
Regression	18.705	4	12.878	1.57982E-07
Residual	29.895	75	-	-
Total	48.60	79	-	-

Analysis: According to **Table 07** it can be seen that all the independent variables are positive. In Pearson's Correspondence first independent variable is 0.570 that specifies that there is a comparatively strong relationship between two of the variables, If the value of independent variable rises then the value of the dependent variable rises too. Likewise value of independent variable declines then value of dependent variable also declines. This specifies the change in one variable comparatively parallel with another variable's change. The remaining of the independent variables corresponded value is 0.295, 0.490 and 0.390. This specifies that there's been a weak yet positive link between the variables. If value of one variable rises, value of other variable will rise too. Similarly, if value of variable declines then value of another variable will decline too.

According to **Table 08** the value of R² 0.390. This specifies near about 39% of variability is in the judgment that formal appraisal aids employees in improving their performance. In **Table 09** the ANOVA table strengthen the objective too where the value of F is 12.878 and Significance F is 1.579. Therefore the third hypothesis **“The formal performance appraisal method helps to improve employee performance”** is agreed.

Recommendations

There are certain recommendations for enhancing the Performance Appraisal system of Bangladesh banking sector which are discussed in the following.

1. It is obvious that there is irresistible difference between the two classifications of banks both public and private. This also indicates that employees are not highly satisfied with the existing performance appraisal system in the public banks. The management must show necessary concerns regarding this sector of public banks.
2. Although it's proven that performance appraisal system do work as motivation for the employees as it enhances job satisfaction, work performance, self esteem and loyalty. Therefore, management should encourage and take more steps in motivating their employees for the future of the banking sector.
3. Most of the employees have become monotonous cause of the similarly repetitive performance appraisal system. Therefore, management should introduce employees with new appraisal system or make some frequent changes to keep the stamina alive in employees to excel like-360 degree evaluation method and many more.
4. Even though feedback is conveyed to the employees, yet it seems that many of the times employees are not given the importance of commenting regarding their own perspective about their performance. This practice many of the times seem like a pile on upon the employees; where the evaluation should be like a mutual consent rather than one sided,
5. In most of the banks it's seen that the performance appraisal is done only once in a year. This practice should be omitted as it doesn't let the deserving candidates to outshine and prove own capabilities throughout.
6. In order to strengthen the knowledge of employees the banking organizations can create a learning environment specifically in the public banks where the employees require a competitive environment.
7. Performance appraisals should be able to measure the potential of employees in future for career development. There must be appropriate balance between the rewards and performance which will make the employees feel valued.

8. A bank's effectiveness should be ensured by letting the employees to rightfully do their jobs independently.
9. If the performance appraisal system is designed effectively, implemented and administered thoroughly can make the employees committed in achieving organizational goals.

Conclusion

Performance appraisal has always been the most significant part of human resource. As we know how much vital role it plays in shaping up the employees to perform better and bring the best out of them. On that contrary a well designed performance appraisal system favors the integrated human resource strategy that enables to attain organizational goals both in short run and long run. Employee performance appraisal not only brings the best result but also ensures a competitive environment where the supervisors evaluate and observe the work performance of other employees or subordinates. This is one of most commonly practiced system that helps to utilize resources creating competitive advantage. A performance appraisal system that is effectively designed, implemented and administered can provide superior benefits for both the organization and employees. Performance appraisal shall be perceived by the organizations in such a way where it allows the employee to work independently, evolve career opportunity and growth with efficiency and effectiveness.

From the project research I discovered that, Bangladesh's banking sector has flourished a lot more than the previous times and in this time of technological advancement the banks have also equipped themselves to get along with raging globalization. Hypothetically it's proven positively that the employee performance and motivation is correlated. The formal performance appraisal process also aids the employee in improving their work performance; build self esteem, confidence and loyalty. Thus, it is obvious that an effectively designed performance appraisal system is an important tool that aligns employee performance with organizational growth. This helps the management in determining the best performers, understand the importance of improvement in other operations, recruitment, training and development, compensation, employee recognition, promotion, transfer, provide proper rewards or pay increase and

termination. An effective performance appraisal system can smooth the banking sector of Bangladesh to run with efficiency to emerge in various possibilities for future of the country.

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Appendix: Survey Questionnaire

Survey Questionnaire on Performance Appraisal on Banking Industry

Name (Optional):	
Bank:	Position:

1. Age:
 - a. 20-30
 - b. 30-40
 - c. 40-50
 - d. 50-60
 - e. 60+
2. Gender:
 - a. Male
 - b. Female
 - c. Other
3. How many years have you been working with this organization?
 - 0-5 years
 - 5-10 years
 - 10-15 years
 - More than 15 year
4. What are the techniques that are used in your organization for assessing performance?
 - Observation
 - Assessment and Development Centers
 - Checklists
 - Others (Specify) _____
5. Are the following processes a part of your performance management system?
 - Coaching
 - Training & Development
 - Career Management & Development Plans
 - Succession Planning
6. Who sets the performance goals for individuals?

- Senior managers
- Line managers/Team
- HR Professionals
- Others (Specify) _____

Please tick/circle below:

Statements (SD =Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA = Strongly Agree)	SD	D	N	A	SA
7. The organization takes performance evaluation seriously					
8. Appraisal is done on a regular basis (yearly, half-yearly, quarterly, monthly)					
9. My performance is evaluated formally by the organization					
10. Performance goals are set for each individual					
11. Performance goals and standards are communicated to me					
12. My supervisor discusses with me in case of setting performance objective					
13. My colleagues' opinions are taken into consideration to evaluate my performance					
14. The Appraisal process has an impact on employee performance					
15. The result of the Appraisal is communicated to the employees					
16. An effective appraisal system keeps the employees motivated					
17. Bankers are getting increment based on the annual performance review					
18. Promotion is dependent on the performance of individual employee					
19. The opinion of the supervisor is taken into consideration for appraisal of the employees					

20. The evaluation of the supervisor helps me to improve my performance					
21. I have positive attitude towards Performance Appraisal process					
22. I think the Appraisal system of my organization is fair and ethical.					
23. The Appraisal system of my organization is only for maintaining a formality.					
24. The Appraisal system of my organization helps me to adapt in new situations.					
25. The Appraisal system has helped me to handle criticism in my work.					
26. My seniors provide enough mentoring to polish my performance.					
27. My organization makes sure that every employee feels productive.					
28. I feel more training is required for evaluating the Appraisal system,					
29. I feel favoritism/biasness is not practiced in my organization.					
30. The quality of my work improves throughout cause of the Appraisal system.					

What can the management do to help improve work performance?

Comment briefly below: