

**Project on**

**“An analysis of Performance Appraisal System of Public &  
Private Banking Sector of Bangladesh”**



**UNITED INTERNATIONAL UNIVERSITY**

***Submitted To***

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***Submission Date***

**3<sup>rd</sup> March, 2022**

## Letter of transmittal

Date: 3rd March, 2022

Piana Monsur Mindia

Assistant Professor

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United International University.

**Subject:** Submission of report on “*An Analysis of Performance Appraisal System of Public & Private Banking Sector of Bangladesh.*”

**Dear Madam,**

This is to inform you that I have tried my best to survey the given topic of, “*An Analysis of Performance Appraisal System of Public & Private Banking Sector of Bangladesh.*”

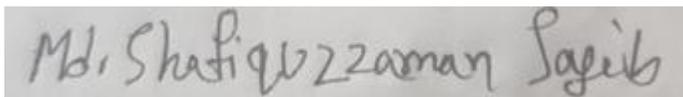
As a part of my completing the bachelor’s degree in the university, I have completed this project. I have tried my best to fulfil the aims of the project and attempted my best to fulfil the expectations of both parties. I hope that you will be generous to agree to take my project work and provide me with appropriate feedback regarding my attempt. I expect the outcome and the presentation of the overall report will feel your expectations regarding this project.

Sincerely Yours,

Md.Shafiquzzaman Sajib

Id- 111153067

Signature:



Date: 3<sup>rd</sup> Match, 2022

## Acknowledgments

It has been an honor for me to get appropriate support and encouragement from a few of the people who have helped directly or indirectly to prepare this project work.

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Thirdly, I also like to cordially thank those branch managers and the employees in different private and public banks in Bangladesh like BRAC Bank, Agrani Bank, Pubali Bank, Bangladesh Krishi Bank, NRB Bank, Eastern Bank, City Bank, Jimuna Bank, Prime Bank and Mutual Trust Bank. I have successfully conducted my survey on those banks with their special support and their hospitality has amazed me a lot.

Lastly, thanks to my family members who also have supported me morally to complete my I study project appropriately. Without their mental support, it also would have been very difficult for me to complete this particular project work.

## Executive summary

In Bangladesh, a common problem has been identified as the appraisal of the performance of the employees in the workplace. The employees in different companies get enough competition but do not get an appropriate appraisal because of their performance which ultimately results in an increased employee turnover rate. This research project has been prepared based on the theme of the performance appraisal system. The banking sector of Bangladesh both private and the public has been selected for contacting a survey and preparing this project to identify the performance appraisal system available in those organizations. A mixture of primary and secondary data collection and analysis has been conducted throughout his report for analyzing the performance appraisal systems in the public and private banking sector of Bangladesh. By setting appropriate hypotheses related to the positive and negative impact of employee performance appraisal on motivation the report has produced positive results related to the hypothesis. The analyses have found that the performance appraisal has a positive relationship with the performance of the employees and their motivation level. The research also contains original data on workers and branch managers from several Bangladeshi public and private banks. In addition, this investigation discovered that performance rating methods in the public and private sectors of banks varied. According to the findings of a survey done at both private and public banks, staff of private banks are more motivated than those of public banks since they receive more financial rewards.

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## **Chapter 1: Introduction**

## 1.1 Introduction

The level of competition has been increased in the banking sector as people have started to trust banks more than any other sector for saving their assets (Dechev, 2010). The increasing popularity of the banking sector has been not used in the 21<sup>st</sup> century in Bangladesh and that's why hundreds of branches are available in different parts of the country nowadays (Hamid, 2011). Those banks are recruiting lots of employees every year and the survey conducted in 2019 has reflected, that more than 10,000 people are recruited in different banks in Bangladesh on average every year (Rahim & Islam, 2019). But in maximum cases, it has been found that the employees are not motivated in the workplace in the banking sector because their performance is not appraised by the top management. So, the performance appraisal has been one of the key issues that have impacted not only the banking sector but also the overall corporate sector in Bangladesh. The dissatisfaction of the employees due to poor performance appraisal system in the workplace has created lots of difficulties and problems and the increasing employee turnover rate has been one of them. This research project has been completed based on the identification of performance appraisal systems in different private and public banks in Bangladesh.

## 1.2 Background of the project

As a part of my bachelor's degree in the United International University, I have asked for submitting a project report for completing my graduate program. It is one of the mandatory requirements for every student in the university that also contains a three-hour credit course. For that particular purpose, I have completed this project by selecting the topic, "*An Analysis of Performance Appraisal System of Public and Private Banking Sector of Bangladesh*". I have been allowed for the last 3 months to complete this particular project with the collaboration of the project supervisor **Piana Monsur Mindia**, Assistant Professor of United International University. This project has been completed as primary research conducted on the public and private banking sector of Bangladesh to identify the performance appraisal system available in those organizations.

## 1.3 Scope of the study

This study has scopes to identify the current internal practices of performance appraisal systems in private and public banks within Bangladesh. By completing days particular study project I have focused on identifying the level of motivation and the contribution level of the employees due to

having the distinct type of performance appraisal system in the organizations. The study has improved my research skills and also improve my existing theoretical knowledge about the topic.

## **1.4 Objectives of the project**

### **1.4.1 Broad objective**

The broad objective of the research project has been to find out the relationship between the performance appraisal system and employee motivation and performance in the workplace.

### **1.4.2 Specific objectives**

Some specific objectives for the research project are:

- To identify some of the differences between performance appraisal systems in private and public banks in Bangladesh.
- To find out the opinion of the employees in the banking sector of Bangladesh related to performance appraisal and its impact in their workplace.
- To find out some common practices of performance appraisal systems in different public and private banks of Bangladesh.
- To identify the impact of a formal performance appraisal system on the performance of the employees in the workplace within the banking sector.

## **1.5 Methodology and materials of the report**

The research project is a perfect mixture of both primary and secondary data and that's why both primary and secondary method of research has been used for completing the project. Here, for collecting data I have used different sources such as primary and secondary.

### **1.5.1 Primary source of data**

In Bangladesh, I attended in a few public and private banks and conducted face-to-face interviews with branch managers and junior and senior-level workers. To take a poll and obtain comments from employees on the research issue, I utilized Likert's 5-point scale question form.

### **1.5.2 Secondary source of data**

I have collected secondary data for the research project on different online sources like websites of banks, previous journals and articles, research papers, statistical websites, and some annual reports of those selected banks.

## 1.6 Data collection methods, tools, and sampling

The Likert's Five-point scale has been used for developing the questionnaire and conducting the survey among those selected private and public banks in Bangladesh. Here, by using the random sampling method 81 employees have been selected as the sample size in which 28 employees were from public banks and the rest 53 were from a private bank. Total 10 banks have been chosen here, 3 public bank and 7 private bank. The name of the banks is IBRAC Bank, Agrani Bank, Pubali Bank, Bangladesh Krishi Bank, NRB Bank, Eastern Bank, City Bank, Jimuna Bank, Prime Bank and Mutual Trust Bank. By using the structured questionnaire as the only tool, the respondents were given the questionnaire to collect information about the research topic.

## 1.7 Project Hypothesis

For completing the project and generating the desired outcome three hypotheses has been tested which are given below:

**H<sub>1</sub>:** Performance Appraisal has a positive relationship with the performance and motivation of the employees in the workplace.

**H<sub>2</sub>:** The performance appraisal systems in public and private banks are different from each other.

**H<sub>3</sub>:** Formal performance appraisal helps the employees to improve their performance in the workplace.

## 1.8 Limitations of the project

- As different secondary information has been collected from online sources there might be some inaccurate data that is quite impossible to cross-check related to their validity.
- Due to security reasons view of the confidential information about the bank and performance appraisal system has not been disclosed by the branch managers and the employees.
- Lots of varieties can be noticed infield practice and standard practice of completing a research project.
- Due to excessive work pressure in the post and make period the employees and branch manager could not provide a lot of time and qualitative information about their internal practices related to performance appraisal.

## **Chapter 2: Literature review**

## **2.1 Concept and history of “Performance Appraisal”**

According to Dessler, (2005), “Performance Appraisal is the systematic process of reviewing the job performance of the employees in any particular workplace and identifying the contribution level of each individual within the company.”

According to Aguinis, (2007), “Performance Appraisal is a Framework by which any company identifies is the level of contribution from each individual that is making the company profitable.”

According to Anjum & Rahman, (2021), “Performance appraisal is a process of determining the value that every individual is generating for making the full utilization of the resources of the company to achieve the assigned goals and objectives.”

Performance Appraisal is also a type of annual review or comment li review of the performance of the various type of staff and employees within the workplace to identify their skills achievement growth and lacking in the workplace (Hamid, 2011).

In the majority of the cases, performance appraisal is one of the crucial tools for the top management of the company to find out the best employees within the company and prepare effective plans for retaining them for a longer time in the company (Afroz, 2018). Performance appraisal not only is the process of identifying the performance level of the employees but also focuses on improving the skills and competencies of the employees in various activities to increase their performance level and contribution level in achieving goals and objectives of the business (Dechev, 2010). Here, the leaders and the top management of any company focus on identifying various types of actions undertaken by the employees in the workplace according to the requirement of the job and then try to find out the positive and negative factors (Hossain, et al. 2012). The lacking of employees is identified and given appropriate training from the top management to improve the skills and capabilities of the employees to become successful in the company (Hossain, et al. 2017). Performance Appraisal also works like big-picture feedback for the employees to justify their current level of contribution and improve their current skills and competencies to become more competitive in the workplace (Kabir, 2015). Performance Appraisal is a regular review system that mainly is conducted by the top management based on a certain time like annually, semi-annually, quarterly, monthly, or even weekly.

The history of performance appraisal has arrived in the early 20<sup>th</sup> century as the time and motion study is of Taylor. Though that was not the most helpful type of theory that has been developed regarding performance appraisal (Mindia, 2015). But after the second world war which was more than 60 years ago the sense of performance appraisal has arrived as it is a very ancient art. The human tendency to make judgments has been the origin of performance appraisal in the 19<sup>th</sup> century and from that particular Idea the current knowledge of the performance appraisal system has come (Rahim & Islam, 2019). The performance appraisal system has begun as a simple method of income justification in the 19<sup>th</sup> century (Robin, et al. 2018). During that period, the performance appraisal system was only focused on the salary or the wages that every individual employee was getting based on the material outcome. In that time the supervisors identified the performance according to their expectations and based on that performance they used to provide various types of benefits like increasing compensation and salary (Rahman, et al. 2020). From that period, the concept of performance appraisal has started to evolve, and that current theory of performance appraisal has just arrived which includes not only the evaluation of the performance of the employees but also focuses on providing full support to the employees to improve their level of contribution and performance in the workplace in many ways (Dechev, 2010).

## **2.2 Components of Performance Appraisal**

The designing of a performance appraisal system is done by the Human resource department of any company that focuses on developing career opportunities for every individual (Rubel & Kee, 2015). Here, the main function of the performance appraisal system used to provide appropriate feedback to every individual regarding their work performance to identify their lacking. Also, it highly focuses on the factors that the employees within the company are managing and meeting the goals and objectives which is expected from them (Rahman, et al. 2020). The leaders within any organization provide an appropriate guideline to the employees if the employees found themselves in a difficult situation to accomplish anything ask within the company.

In modern business, there are four different components available in every type of company that evaluates the performance of the employees by using the performance appraisal process (Saeed & Shah, 2016). The performance appraisal components have been discussed below with proper evidence.

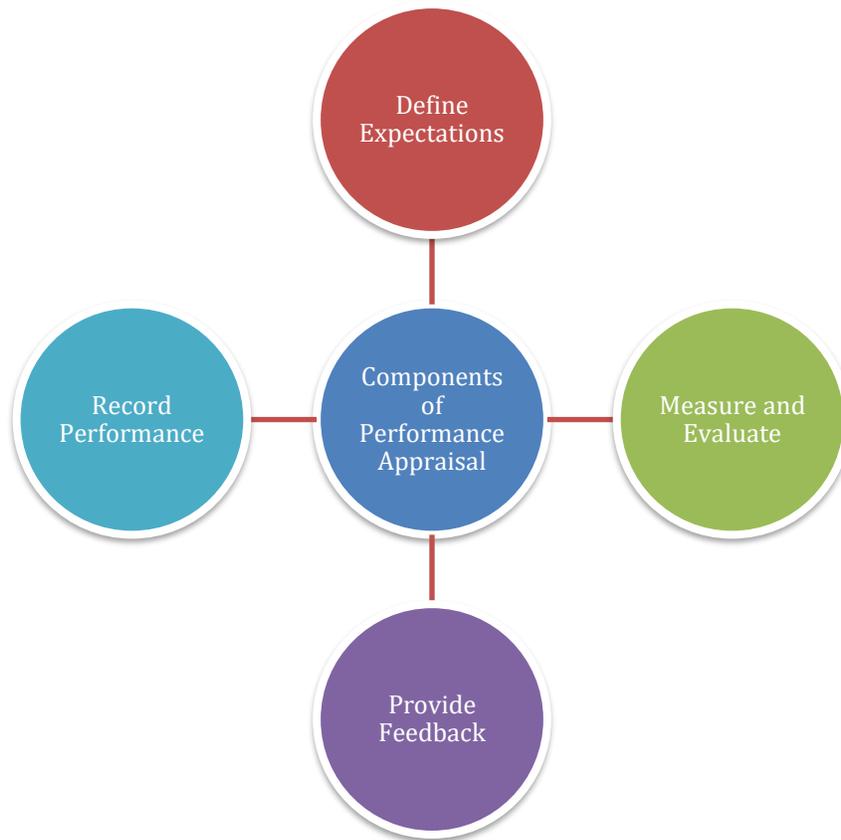


Figure 1: Components of Performance Appraisal

Source: (Saeed & Shah, 2016)

### **Define expectations**

The first component of performance appraisal is defining the expectations. In a survey in 2019 in the US, it has found that, in 35% of the cases, the performance appraisal system becomes quite effective if the expectation is well defined and shared with the employees within the company (Rahman, et al. 2020). That means, the leaders and the top management need to define effective types of expectations from the employees and they also need to consult with the employees whether they are ready to fulfill the expectation of the top management or not (Robin, et al. 2018). The defining expectation is one of the crucial components because an unrealistic expectation can decrease the morale of the employees and also can impact negatively the performance of the employees in the workplace. So, the defining stage of expectation is very crucial as the leaders and

the top management need to develop expectations based on the requirements of the job position and the capabilities of the employees (Dechev, 2010).

### **Measure and evaluate**

Then, the second component of performance appraisal is to measure and evaluate who is the leaders and the top management of the company measures and evaluate the performance of the employees according to their expectations (Robin, et al. 2018). For measuring and evaluating the performance the top management uses different types of tools like key performance indicators, set benchmarks, scorecards, and checklist strategies. In this stage, the leaders and the top management of the company identify the level of performance achieved by each of the employees and find out whether they have made the expectation of the top management or not. A recent survey in Bangladesh in 2017 has found that the leaders in Bangladesh are biased in terms of measuring and evaluating the performance and preparing compensation plans (Hossain, et al. 2017). So, biasness can be a major threat for every organisation in terms of measuring and evaluating the performance of the employees in the workplace.

### **Provide feedback**

The next component is providing feedback based on the evaluation and measurement from the top management and leaders (Mindia, 2015). Here, in 50% of the cases, it has been found that the leaders and the top management prepare a formal report based on the evaluation of the performance of the employees and provide feedback to the employees (Rahim & Islam, 2019). The report-based feedback helps the top management of any company to find out each of the components to provide feedback whether they are fulfilling the expectations of the top management or not. The positive and negative type of feedback helps the employees to identify the strength and weaknesses of their performance and they can also prepare their personal and professional development plan to overcome those problems that have been discussed (Anjum & Rahman, 2021).

### **Record performance**

Recording the performance has been another crucial component of the performance appraisal system in which the performance of the employees is recorded for further evaluation and setting some different types of expectations from them (Dechev, 2010). Here, if any employee has recorded positive feedback, then the upgraded expectation is set for them, and does the process

goes on. Also, if the employee is unable to match the current expectation, then the expectations are reduced for that particular employee in the workplace, and does the process goes on (Afroz, 2018). The recording of the performance is also very crucial in terms of evaluating the performance for the long term for any employee within any company.

### 2.3 Modern methods of performance appraisal

In the modern business sector, performance appraisal has become one of the most crucial times in the workplace. A survey in 2019 in online platforms has found 6 modern performance appraisal methods are used commonly in the global business sector (Rahman, et al. 2020). This method is discussed below in short.

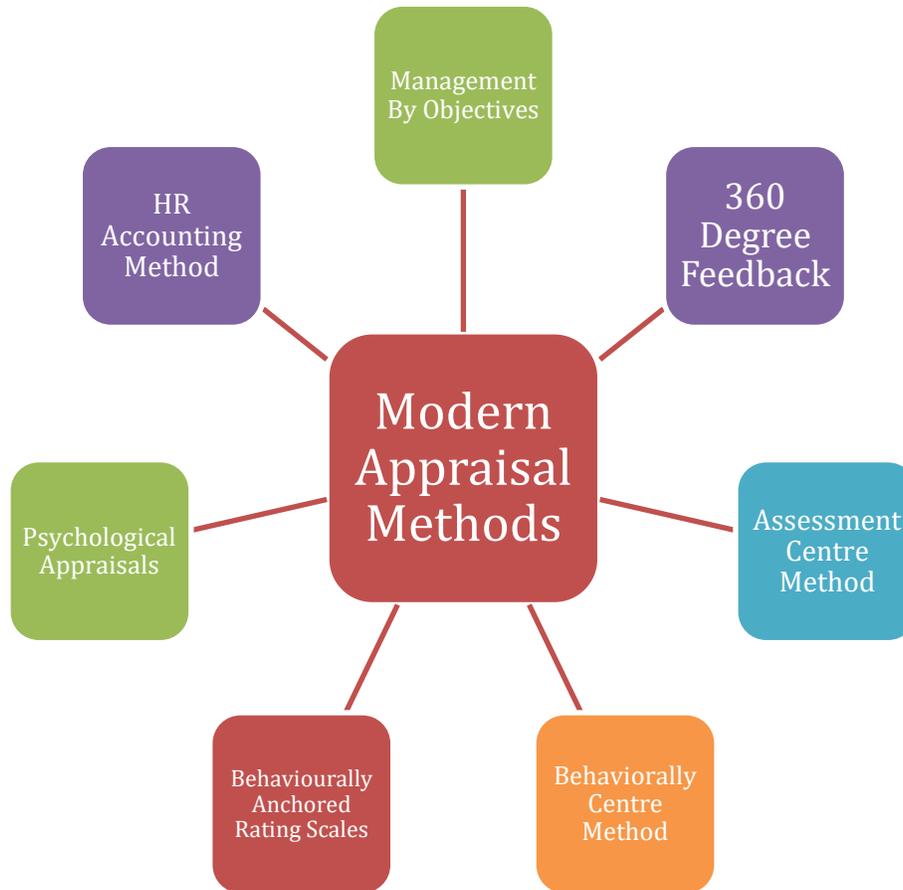


Figure 2: Modern methods of performance appraisal

Source: (Rahman, et al. 2020)

#### Management by Objectives (MBO)

The Management by Objectives (MBO) is an effective method of performance appraisal in which the managers and the employees combined to classify, prepare plan, organise and communicate few of the objectives of the business to focus on during the specific appraisal period (Hossain, et al. 2017). The combination of the thoughts of employees and managers makes the performance appraisal process much more effective and fruitful for the company. Here, both the managers and employees focus on planning the objectives and setting realistic goals and objectives, monitoring the progress of the activities, and reviewing their activities which makes the performance appraisal system more effective. The retail giants of the US market named Walmart use the MBO in their performance appraisal system internally for three levels of management (Rahman, et al. 2020).

### **360-Degree Feedback**

The 360-Degree feedback is known as a multidimensional performance appraisal method in which the managers collect feedback regarding any employee from every other individual like the peers, subordinates, supervisors, customers and then evaluate the performance of the employees (Robin, et al. 2018). For engaging so many factors in the evaluation process this particular performance appraisal method is also known as not only for reviewing the competencies of the work performance but also understanding the competency of the individual in the workplace. The 360-degree feedback method includes five different factors a self-appraisal, managerial reviews, peer reviews, subordinates appraising managers, and customers or clients' reviews (Dechev, 2010). The famous retail company in the UK named “Sainsbury” uses the 360-degree feedback appraisal system for measuring employee performance in the workplace.

### **Assessment Centre Method**

The assessment center method is a performance appraisal method that was introduced in 1930 by the German Army which has polished a bit to use in modern-day business (Afroz, 2018). This method shows a clear picture for every individual that how the other subordinates observe them and the impact it has on their performance (Hossain, et al. 2017). By using the day's appraisal method, the individuals not only identify is their existing performance of themselves but also can predict future job performance. Microsoft and Phillips are two of the most trainer on organisation and in which the assessment center practice appraisal method is used by the leaders.

### **Behaviourally Anchored Rating Scale (BARS)**

The Behaviourally Anchored Rating Scale is a unique type of performance assessment tool that offers both qualitative and quantitative advantages (Hossain, et al. 2017). Employee performance by comparing to certain particular behavioural examples that are connected to numerical evaluations in this section. Multiple BARS statements anchor each level of performance on the BAR scale, illustrating some common behaviour of employees in the workplace that contributes to the advancement of company goals (Dechev, 2010).

### **Psychological Appraisal**

A psychological appraisal is the performance appraisal method that focuses on identifying the future performance of the employees rather than focusing on past activities (Afroz, 2018). Here, the managers identify seven different types of major components on the behavior of the employees which include interpersonal skills, cognitive abilities, intellectual traits, leadership skills, personality traits, emotional quotients, and other related skills. The world-famous company Procter & Gamble uses a psychological appraisal testing system for the personality and the performance of the employees (Rahman, et al, 2020).

### **Human Resource (Cost) Accounting Method**

This is a method of performance appraisal through monetary benefits that the employee yields to the company (Hamid, 2011). Here, the managers compare the cost of retaining the employee in the workplace and the monetary benefit the company is giving to the employee and then prepare the appraisal document regarding that particular employee whether the employee is making a profit for the business or not.

## 2.4 Importance of performance appraisal



Figure 3: Importance of performance appraisal

Source: (Hamid, 2011)

### **Enhances motivation and productivity**

The productivity of the employees increases in any organisation if there is a proper performance appraisal system (Kabir, 2015). The performance appraisal system also increases the self-motivation level of the employees in the workplace that resulting in achieving dynamic tasks within the company by any individual.

### **Assists in validation studies**

The appropriate practice of performance appraisal in the workplace also assists in validation studies in the workplace from the employees (Hossain, et al. 2012). The employees are treated appropriately if the managers conduct a performance appraisal system and study the needs and demands of the employees in the workplace.

### **Detects problems**

The performance appraisal system is highly effective for detecting the problems and the area of lacking for the employees in the workplace (Hossain, et al. 2012). Thus, both the managers and

the employees can prepare a plan for overcoming that problem or lacking to increase productivity and performance in the workplace.

### **Helps evaluate change efforts**

The changing if for all the employees after getting appropriate guidelines can easily evaluate by using a performance appraisal system (Hossain, et al. 2012). That is very crucial for improving individual performance as well as teamwork within the workplace.

### **Provides a basis for making decisions**

The reports and the results of the performance appraisal system help the managers to make effective decisions based on compensation and other benefits for the employees (Hossain, et al. 2012). The performance-based compensation and benefits have been the best use of performance appraisal in the decision-making for the employees.

### **Differentiates employees in job-related areas**

The distinct skills and competencies of the employees are identified using a performance appraisal system which helps the managers to differentiate the employees in job areas (Mindia, 2015). This allows the manager to put the right people in the right place to accomplish different tasks.

### **Helps ensure legal compliance**

The performance appraisal results also ensure legal compliance to develop effective contracts between the employer and employees in the workplace. That ensures the highest level of motivation of the employees from the workplace (Dechev, 2010).

## **Chapter 3: An overview of several public and private banks of Bangladesh**

### **3.1 Public Banks**

#### **Agrani Bank**

Agrani Bank has started its journey in 1972 as a commercial bank in Bangladesh that is fully state-owned. The head office of Agrani Bank is in Motijheel, Dhaka. It has become a public limited Bank in the year 2007 and it is managed by 11 boards of directors (Mindia, 2015). Currently, Agrani Bank has more than 950 branches all over the country and it performs various activities like general banking, agriculture and rural banking, green banking, merchant, Islamic, and agent banking.

#### **Bangladesh Krishi Bank**

Bangladesh Krishi Bank has been established in the year of 1973 which is a police state on the Bank in Bangladesh. The main purpose of the Bangladesh Krishi Bank has been to ensure services to the farmers and the agricultural industry of the country (Hossain, et al. 2017). The bank currently has 1034 branches and 381 branches are operating online activities for supporting the remittance activities. Bangladesh Krishi Bank is also offering a mobile banking service under the supervision of mobile finance services named “Bangla Cash” (Afroz, 2018).

#### **Pubali Bank**

The Pubali Bank has been nationalized as a Public Bank in the year of 1972 and it currently has around 173 branches also offering an online banking system (Rahim & Islam, 2019). Public Bank is offering a different types of banking services to their clients like retail banking, corporate banking, SME finance, Islamic Banking, etc.

### **3.2 Private Banks**

#### **BRAC Bank**

BRAC Bank is a privately commercial bank that is supervised by a BRAC development organization that focuses on the country's small and medium-sized businesses (Robin, et al. 2018). BRAC Bank has 187 branches, 18 premium banking lounges, 457 SME unit offices, 481 agent banking outlets, 375 ATM booths, and 96 CDMs, with its headquarters in Dhaka. The most renowned mobile banking service in the country named “**Bkash**” is one of the most successful

moves of BRAC bank. Also, the Omnibus Shared Network system of BRAC Bank (Rubel & Kee, 2015).

### **Mutual Trust Bank**

Mutual Trust Bank is a private commercial bank of Bangladesh which has started its journey in 1999 (Rahman, et al. 2020). This bank is highly focused on providing high-quality banking services and that's why they are recruiting skilled and professional employees to provide better services in business, trade, capital market, leasing finance, and foreign exchange. The employees of Mutual Trust Bank receive a 3% pre-tax profit as a performance bonus based on their work performance.

### **NRB Bank**

The NRB Bank is one of the third-generation private banks in Bangladesh which has started its journey in 2013. NRB Bank country is having 68 branches all over the country and 46 ATM booths. The NRB Bank is well known for its technological advancement and digital services (Siddiqi, 2011). NRB Bank has been the first bank in Bangladesh that has launched a *VISA EMV* card for the 4th generation which is quite a remarkable achievement (Rahim & Islam, 2019). NRB Bank offers different types of services to the clients including corporate, SME, Retail, Green, and Digital Banking services.

### **Eastern Bank Limited**

Eastern Bank is a private commercial bank that has started its journey in Bangladesh in 1992 as a public limited company under the Bank Companies Act of 1991. In Kolkata, EBL is going to open its first branch outside of Bangladesh. EBL has 85 branches, 214 ATM booths, and more than 3000 employees working in the organisation (Rahman, et al. 2020). The bank offers various services like SME banking, corporate banking, Equity Brokerage, Asset management, etc.

### **City Bank**

City Bank began operations as a private commercial bank in 1983. It is Bangladesh's oldest and top-ranked bank. It now has 87 branches with a total of 46 ATM booth. Term deposits, wholesale, treasury, Islamic, SME, supply chain finance and agency banking, are all services offered by this bank.

### **Jimuna Bank**

Jamuna Bank is a Bangladeshi registered private commercial bank that was founded in 2001. They take steps to ensure that finance, commerce, and trade are secure. With a diversified, highly competent team and experienced, Jamuna Bank provides Conventional and Islamic banking. This bank is well-known for providing excellent service (Anjum & Rahman, 2021). Jamuna bank develops a variety of strategies to meet expected client needs, as well as to use and manage change for the education and training. They have a smart IT infrastructure that allows them to conduct real-time internet banking.

### **Prime Bank**

Prime Bank was established in 1995 by a group of successful local businessmen. It is a Bangladeshi private commercial bank with a license. Investment, Retail, Corporate, ATM, personal banking and Islami banking are all services provided by this bank (Anjum & Rahman, 2021).

# **Chapter 4: Performance Appraisal Process of Bangladesh Banking Sector**

In the context of the banking industry in Bangladesh, there are several practices of performance appraisal available. Here, the common process of performance appraisal in the banking sector in Bangladesh has been discussed with proper evidence.

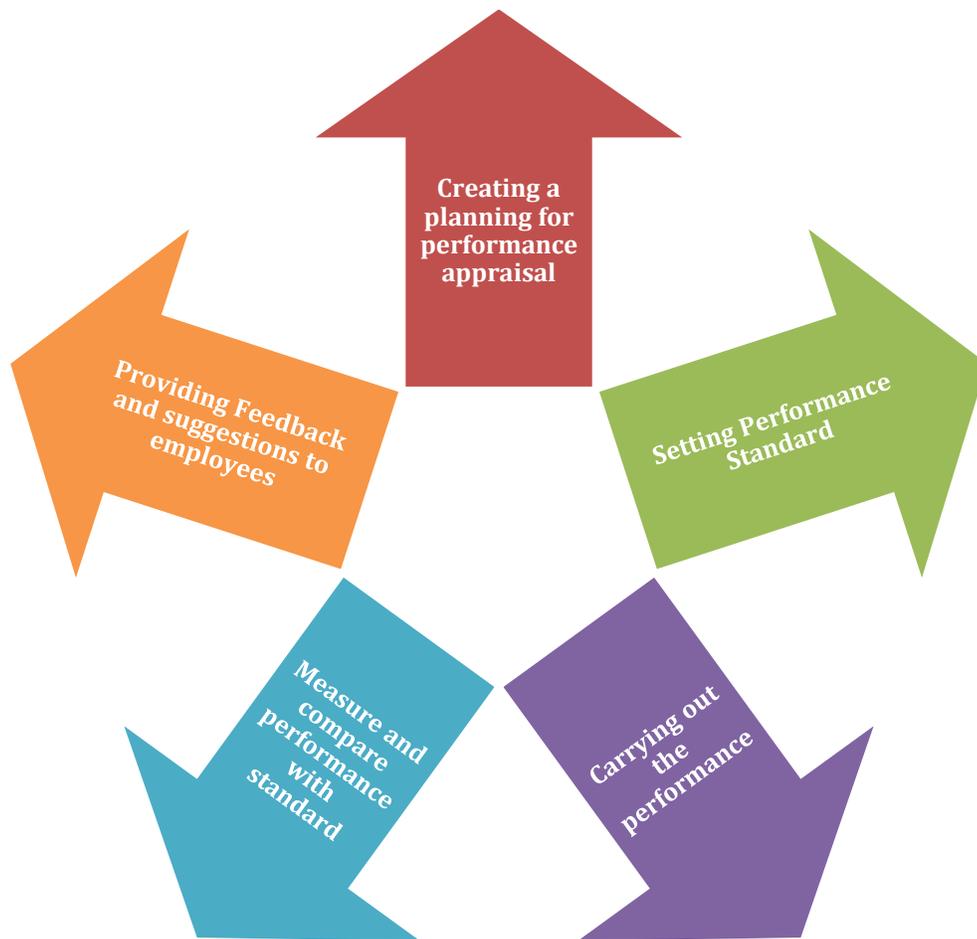


Figure 4: Performance Appraisal Process

Source: Self-made

#### **4.1 Creating planning for performance appraisal**

The first stage is preparing the plan for performance appraisal in which the managers said some goals for evaluating the performance of the employees in the workplace (Saeed & Shah, 2016). The goals are developed in the banking sector based on the capabilities of the employees to achieve realistic targets within the given period.

## 4.2 Setting Performance Standard

In the banking sector of Bangladesh, the SMART objectives are developed by the managers which helps the individual employees to find out the actual performance level of the employees (Saeed & Shah, 2016). The standard in the banking sector generally is said by the managers based on the company culture as well as their competitiveness in the market in various situations. For example, in the banking sector during the Ramadan and EID period, the sales target is comparatively high for all the employees.

## 4.3 Carrying out the performance

Here, the execution of the performance appraisal activity is performed in two sets of responsibilities such as:

**Managers' Responsibility:** The main responsibilities of the managers in the performance process include the recording of data of the employees, coaching and mentoring employees, providing feedback and suggestions to the employees, and updating the goals and objectives according to the situational demand (Anjum & Rahman, 2021).

**Employees' Responsibility:** Here, the responsibilities of the employees include the understanding of the purpose of performance objectives, giving their full effort and concentration to achieve the objectives, and sharing information with the supervisors regarding their progress and area of confusion or lacking (Dechev, 2010).

## 4.4 Measure and compare performance with standard

Then, the managers identify the level of performance and compare the performance with the given standard (Hossain, et al. 2017). Here, the leaders and the managers compare the current performance of the employees with the key performance indicators on the targets that have been set for every individual in the workplace to measure the performance and prepare a plan for providing feedback (Rahman, et al, 2020).

## 4.5 Providing Feedback (Reward or Punishment) and suggestions to employees

The last stage of the performance appraisal system is providing feedback and suggestion to the employees based on their performance. In the banking sector of Bangladesh, the managers generally focus on providing commission-based rewards as a part of the feedback and also provide some guidelines to the employees for improving their current level of skills (Rahim & Islam,

2019). As a punishment in the banking sector, the promotion of the employee is stopped if the employee is failed several times to achieve the objectives for the standards set for them.

## **Chapter 5: Research Methodology**

For completing this research project, I have followed the research onion model to determine the appropriate strategy and methods. By using the onion methodology of research, the methodology of the research has been discussed below.

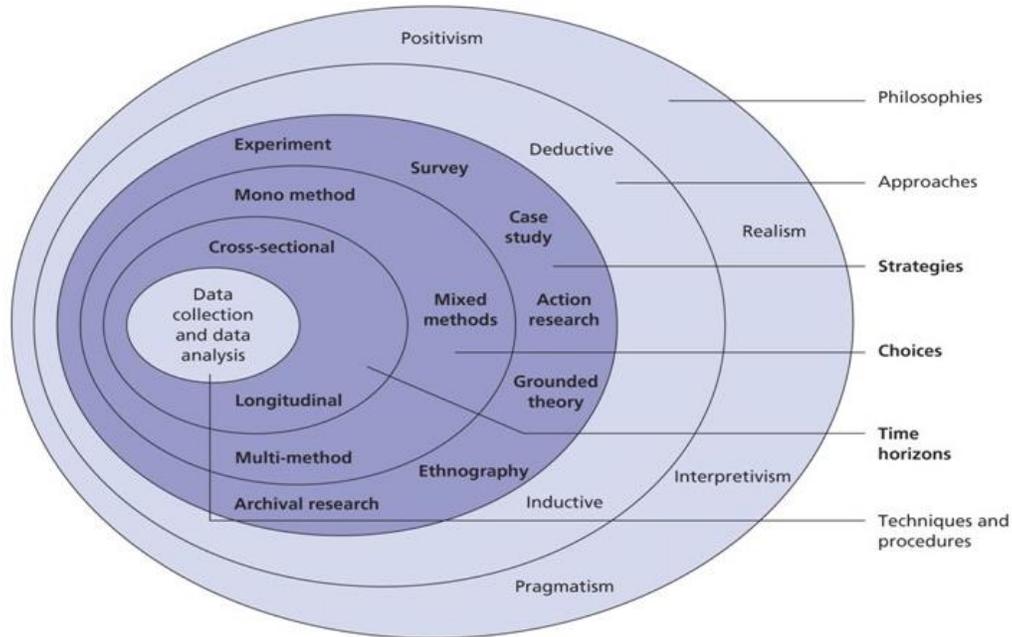


Figure 5: Research Onion model

Source: (Kabir, 2015)

### 5.1 Research philosophy

In this research project, the **“Positivism”** philosophy of research has been applied for generating the outcome. The reason for choosing positivism philosophy in this project has been to understand the social world in an objective way (Robin, et al. 2018). Here, based on the analysis of the data collected from the employees of different private and public banks of Bangladesh the output has been produced by using the philosophy of positivism.

### 5.2 Research approach

The **“Deductive”** approach of research has been used for completing this particular research project. The deductive approach of research is applicable for quantitative research in which data analysis is done and the results are reflected by using bar charts, tables, and pie charts (Hossain, et al. 2012). Here, correlation analysis has been conducted by using the deductive approach of research.

### 5.3 Research strategy

Here, the “*Survey*” strategy of research has been applied for completing this research project in which a survey has been conducted among the employees of different public and private banks in Bangladesh (Rubel & Kee, 2015). In the survey, a structured questionnaire has been developed and presented in front of the respondents to conduct the survey and gain primary data from them to complete the research project.

### 5.4 Research choices

The “*Mixed methods*” of research have been applied as research choices in this report for using both qualitative and quantitative data to generate the outcome. The quantitative data has been collected directly from the respondents and the qualitative data has been collected from various online and offline sources (Rubel & Kee, 2015).

### 5.5 Time Horizon

The “*Longitudinal*” time horizon has been selected for gathering data from online and respondents at a single point of time for completing the research project. Only once, both primary and secondary data have been collected so the outcome reflects the information about the topic of the current scenario (Saeed & Shah, 2016).

### 5.6 Data Collection and Analysis

The research project has been completed by collecting both *primary and secondary* data. The primary data has been collected from the survey conducted among different private and public banks in Bangladesh by offering the respondents a structured questionnaire that also includes Likert’s 5-point scale. The secondary data has been collected from different online and offline sources like previous journals, articles, research papers, bank websites, statistical websites, annual reports, and online news portals (Hossain, et al. 2017). As a method of primary data analysis, regression and correlation analysis has been conducted by using the SPSS software. ANOVA test is also conducted to test the validity of the hypothesis. Also, the thematic analysis method has been used for analyzing the secondary data collected from various online and offline sources (Rubel & Kee, 2015).

## 5.7 Sampling technique

For selecting the respondents for this research project, the “*Simple Random Sampling*” method has been applied in which the respondents have been selected randomly from different branches of private and public banks of Bangladesh. Here, randomly eighty-one (81) employees have been selected among them 28 respondents were from public banks and 53 were from private banks. The respondent has been selected from 3 public banks (Agrani Bank, Bangladesh Krishi Bank, and Pubali Bank) and 4 private banks (BRAC Bank, Mutual Trust Bank, NRB Bank, and Eastern Bank Limited).

## **Chapter 6: Project findings and analysis**

In this chapter of the report discussion and the analysis, part has been given in which the hypothesis analysis has been conducted based on 81 survey data. Three of those hypotheses has been tested below using the dependent and independent variables. The testing of the hypothesis also includes a brief discussion about the results that have been found from each of the hypothesis whether they are accepted or not.

In this part, Pearson’s Correlation, Regression Coefficient and ANOVA testing have been conducted to analyse the data.

### 6.1 Hypothesis test (H<sub>1</sub>)

**“Performance appraisal has a positive relationship with employee’s performance and motivation.”**

The dependent variable is “An effective performance appraisal system keeps the employees motivated.”

The Independent variable is “The financial benefit is linked up with the performance.”

**Table 1: Pearson’s Correlation**

	Effective PA system keeps with the employee motivated	Financial benefit is linked PA system
Effective PA system keeps the employees motivated	1.00	0.52553301
The financial benefit is linked With PA system	0.52553301	1.00

*Keyword: Performance Appraisal (PA)*

**Table 2: Regression Coefficient**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE of the estimate
1	0.525	0.276	0.2671	0.6057

Models	Sum of square	df	F	Significance F
Regression	11.198	1	30.525	3.98663E-07
	29.349	80	-	-

Residual	40.548	81	-	-
Total				

**Table 3: ANOVA**

**Discussion:** Here, in the given Table 1, the results of the Pearson correlation have been found as 0.525 which is reflecting the positive value. As it is known that the positive results in Pearson correlation reflect the positive relationship between two variables, in this case, the result seems positive as well (Rahman, et al, 2020). So, it is quite clear that there is a positive correlation ship between the performance appraisal and the performance and motivation of the employees. Here, the positive relationship between two variables also reflects that if the value of one variable increases, then automatically the value of other variables also increases. So, the results of the correlation analysis are suggesting that if the employees are getting the effective type of performance appraisal based on their performance their motivation level increases (Hossain, et al, 2012). Also, as the financial benefits are linked with the performance, they and the performance of the employees are increases in the workplace.

In the 2<sup>nd</sup> table, regression coefficient analysis has been done in which it has found that the variability is around 27%. Here, the R<sup>2</sup> reflects the situation of how closely different data are fitted in the regression line. Here, it is suggested that 27% of the variability in financial benefits can be accounted for the significance between employee motivation. Here, a high value of R<sup>2</sup> reflects the better of the feat of data in the model.

In the 3<sup>rd</sup> table, the ANOVA table has been given which also is known as Analysis of Variance. Here, it has been found that F reflects the value of 30.525 and the value of Significance F is 3.9866.

From the above results of the analysis, it is quite clear that the first selected hypothesis regarding the topic which was, **“Performance Appraisal has a positive relationship with employees’ performance and motivation”** has been accepted according to the analysis results. This means, performance appraisal helps the organizations to increase motivation level of employees and also the positive relationship with employees (Anjum & Rahman, 2021). When organization evaluates the performance of the employees regularly and keep the employees updated, employees become more conscious about their performance. Employees become happy when employees get to know

about the good performance and also get motivated, when they are appreciated based on their performance.

## 6.2 Hypothesis test (H<sub>2</sub>)

**“There is a difference between the performance system of public and private banks.”**

**The dependent variable** is “The nature of the organization”.

**Independent variables** are “The bank has a proper PA system”.

“Appraisal is done regularly”.

“Performance is evaluated formally by the organization”.

**Table 4: Pearson’s Correlation**

Variables (Pearson’s correlation)	Nature of organization	The bank has a proper PA system	The appraisal is done regularly	Performance is evaluated formally by organization
Nature of organization	1	0.736	0.608	0.533
The bank have a proper PA system	0.736	1	0.666	0.515
Appraisal is done on a regular basis	0.608	0.666	1	0.685
Performance is evaluated formally by organization	0.533	0.515	0.685	1

**Table 5: Regression Coefficient**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE of the estimate
1	0.761	0.579	0.563	0.568

**Table 6: ANOVA**

Model	Sum of square	df	F	Significance F
Regression	34.761	3	35.880	1.1246E-14
Residual	25.189	78	-	-
Total	59.951	81	-	-

**Discussion:** Here, regarding the second hypothesis the Pearson correlation analysis result is suggesting the positive value regarding the independent variables which are 0.736, 0.608, and 0.533, and all the results seem to be very close to the value “1”. So, the analysis suggested that there is a positive relationship between those variables with each other (Rahman, et al, 2020). Also, the increase in one value can result in the increase of other values in the table. So, in this case, it is clear that the changes in one variable are correlated with the changes in the second and third variables in the table. As it has been found that there is a linear and moderately strong type of relationship between those given variables regarding the hypothesis (Dechev, 2010). So, conducting the Pearson’s analysis of correlation and it is quite clear that the second hypothesis of the project as, **“There is a difference between performance appraisal systems in the public and private bank”** has been accepted. Public banks give promotion or career development opportunities based on age and experience but private banks consider the performance of the employees. Private bank applies different performance appraisal methods to know the productivity and performance of the employees (Dechev, 2010). This analysis proves the difference between performance appraisal of private and public banks.

Again, in the 5<sup>th</sup> table, the regression coefficient analysis has been conducted regarding the hypothesis and it has found that 57.9 % of variance has been noticed in the performance appraisal system in different banks. As the second hypothesis has been developed for determining the differences between the performance appraisal system of private and public banks so it is from there is a decent type of difference which was 57.9% among those variables (Anjum & Rahman, 2021). In the 6<sup>th</sup> table where the ANOVA table has been developed, the results of F and Significant F have been relatively 35.880 and 1.1246E-14. So, the results of the analysis are suggesting that

there is a clear difference between the performance appraisal system in private and public banks in Bangladesh.

### 6.3 Hypothesis test (H<sub>3</sub>)

“Formal performance appraisal helps employees to improve their performance.”

**The dependent variable** is “Supervisor opinions help to improve performance”.

**Independent variables** are “Supervisor evaluates the employees’ performance”.

“Appreciation of my contribution to the department”.

“PA has an impact on performance”.

“PA result is communicated”.

**Table 7: Pearson’s Correlation**

Descriptions	The supervisor’s opinion helps me to improve my performance	The supervisor evaluates the employee's performance	Appreciation of my contribution to the department	PA has an impact on performance	PA result is communicated
Supervisor’s opinion helps me to improve performance	1.00	0.567	0.297	0.485	0.386
Supervisor evaluates the employees performance	0.567	1.0	0.510	0.499	0.485
Appreciation of my contribution to the department	0.297	0.510	1.0	0.291	0.227

PA has an impact on performance	0.485	0.499	0.291	1.00	0.418
PA result is communicated	0.386	0.405	0.227	0.418	1.00

**Table 8: Regression Coefficient**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE of the estimate
1	0.617	0.381	0.349	0.612

**Table 9: ANOVA**

Models	Sum of square	df	F	Significance F
Regression	17.805	4	11.863	1.46962E-07
Residual	28.890	77	-	-
Total	46.695	81	-	-

**Discussion:** Here, the hypothesis about the impact of formal performance appraisal on the performance improvement of the employees has been tested using dependent and independent variables (Rahman, et al, 2020). So, first of all, the Pearson correlation analysis has been conducted in table 7. Here, the result of the correlation for the first independent variable has been found as 0.567 and that shows there is a moderately strong relationship between the two of the variables. So, the scenario is suggesting that if the value of the independent variable increases then the value of the dependent variables also increases (Dechev, 2010). Also, the Pearson correlation value of other variables has been identified as the value of 0.297, 0.485, and 0.387. As the value of the correlations is very less that shows there is a weak but positive relationship between the variables. Though the increase in one variable also increases the value of other variables there is a low and positive relationship between those variables (Hossain, et al, 2012).

In table 8, the analysis result of the regression coefficient has found as 38% as the value of  $R^2$  has been 0.381. So, according to the analysis it has found that there is 38% variability of the opinion of the employees regarding the formal appraisal helps employees to improve their performance in banking activities (Rahman, et al, 2020).

In table 9, the ANOVA table has been given and it also found the value of F as 11.863 and the value of Significant F as 1.469. From the analysis again it has been found that the third hypothesis of the research project as, **“Formal performance appraisal helps the employee to improve their performance in the workplace”** has been tested positive and accepted. Formal performance appraisal is more effective to improve employee’s performance. When the banks evaluate the performance using performance appraisal techniques and send the outcome of the assessment to the employees, employees know what their lacking is (Rahman, et al, 2020). The banks also provide rewards to the top performer based on appraisal outcome, at the same time provide training to the performer. Th banks also develop new motivation and reward scheme for the poor performer. Then employees work hard to improve the productivity. This way, the performance of the employees are increased (Hossain, et al, 2012).

## **Chapter 7: Recommendations and Conclusion**

## 7.1 Recommendations

By understanding the total report regarding the performance appraisal system of the banking system in Bangladesh few of the recommendation has been developed and discussed in this segment with proper justification.

- As the employees in the banking sector with him, Bangladesh are not happy with the performance appraisal system majority of the banks requires to redesign their compensation plan which includes more awards and benefits for the employees. Thus, to get more rewards and benefits, the employees will focus on improving their performance at the workplace (Anjum & Rahman, 2021).
- A participative culture needs to be developed in the banking sector of Bangladesh by ensuring the application of the participative leadership model. That will allow the employees to be engaged in decision-making activities related to performance appraisal and they can ask for different types of benefits they want from the company which will improve their performance (Hossain, et al, 2012).
- The techniques of self-evaluation need to be applied in every bank in Bangladesh which will allow the employees to create their own PPD (Personal and Professional Development) plan. Thus, their skills and competencies as well as their contribution level towards the company will be increased (Dechev, 2010).
- The top management of the banks needs to ensure the reduction of biasness of the managers and the leaders in the workplace during the performance appraisal process. That will create a positive and friendly working environment by which everyone will feel they are treated equally based on their performance and contribution in the workplace (Hossain, et al, 2012).

## 7.2 Conclusion

So, finally, the project report can be summed up by saying that performance appraisal has been one of the most important factors in a modern-day business as the improvement of the skills and the competencies of the employees are done with it. In most global and local companies, it has been found that a performance appraisal system plays a vital role in terms of developing the skills and competencies of the employees and making them more loyal towards a business. Here, this study has been conducted by analysing the current situation of the performance appraisal system

available in the private and public banks in Bangladesh. The result of the analysis has found that performance appraisal plays a vital role to improve the performance level of the employees and the personal motivation level of the employees in the workplace (Rahman, et al, 2020). Besides, performance appraisal has been quite effective in terms of improving the skills and competencies of the employees which ultimately results in positive business practices for the banks so far. The analysis of the project has also identified the view of the lacking of most of the private and public banks and a few commendations have been provided for them as well (Anjum & Rahman, 2021). The suggestions for the banking industry that have been given throughout this report are the establishment of a participative leadership model and engaging employees with the decision-making activities. Also, it has been suggested for the banks to redesign their compensation and benefits package for the employees to increase their motivation level in the workplace.

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# Appendix

## Appendix A: Survey Questionnaire

Dear Sir/ Madam,

I am Md.Shafiquzzaman Sajib and I am a current student of United International University. As a part of my graduate program, I have to complete a project and for that purpose, I am conducting a survey on the topic of performance appraisal systems in your bank. I warmly request you to give your opinion regarding the topic with the given questionnaire. I fully assure you that the information collected from you won't be disclosed and it will be kept in high confidentiality and will only use for my project work.

### Questionnaire

<b>Name (optional):</b>	<b>Name of the Bank:</b>
-------------------------	--------------------------

#### Demographic Profile:

1. I am working in - a) Public Bank    b) Private Bank
2. Gender - a) Male                    b) Female
3. Age - a) 25-35    b) 35-45    c) 45-55    d) 55-above
4. Designation - a) Junior officer level b) Senior officer level  
d) Principle officer level e) Assistant Manager  
f) Manager
5. Educational qualification - a) Bachelors    b) Masters    c) Above Masters

#### Questions regarding Performance Appraisal of your Bank:

<b>Statements</b> (Strongly Disagree=1, Disagree=2,Neutral=3, Agree=4, Strongly Agree=5)	1	2	3	4	5
1. Your Bank has a proper system for performance appraisal of the employees					

2. Your bank conducts performance appraisal on a regular basis (Yearly, half-yearly, quarterly, monthly)					
3. A formal performance appraisal is done in your bank					
4. The top management of your bank regularly involved in the performance appraisal system					
5. The top management have positive attitude towards the performance appraisal system					
6. The supervisor of your work determines the objectives of your performance at workplace					
7. Your performance standard and objectives are shared with you					
8. Your supervisor ensures your participation during the setting of performance objective					
9. The process of Appraisal has positive impact on employee performance					
10. The results of performance appraisal are shared with the employees					
11. A proper appraisal system motivate the employees in the workplace					
12. The monetary benefits are communicated with the performance of the employees					
13. You are getting yearly increment based on your performance which is reviewed					
14. In your workplace, promotion of employees depends on the performance results					
15. My performance is appreciated by the supervisors of my area					
16. My department positively recognizes my contribution.					
17. My department has given me control and accountability.					
18. I really enjoy my tasks at my own dept.					
19. My supervisors effectively evaluates my performance					

20. Supervisor provides information about appraisal to the top management.					
21. The feedback of the supervisors allowed me to develop my performance level.					
22. I have positive attitude towards Performance Appraisal process					
23. I think the Appraisal system of my organization is fair and ethical.					
24. The Appraisal system of my organization is only for maintaining a formality.					

## Appendix B: Regression Analysis of Respondents from survey questions

**Table 1**

SUMMARY OUTPUT of Hypothesis 1								
<u>Regression Statistics</u>								
Multiple R	0.525533							
R Square	0.276185							
Adjusted R Square	0.267137							
Standard Error	0.6057							
Observations	82							
ANOVA		<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significant F</i>		
Regression	1	11.19896	11.19896	11.19896	30.52547	3.99E-07		
Residual	80	29.34982	0.366873					
Total	81	40.54878						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.807053	0.274946	10.20947	3.78E-16	2.259893	3.354213	2.259893	3.354213
X Variable 1	0.35225	0.063756	5.524986	3.99E-07	0.225372	0.479128	0.225372	0.479128

**Table 2**

SUMMARY OUTPUT of Hypothesis 2								
<i>Regression Statistics</i>								
Multiple R	0.76147							
R Square	0.57983							
Adjusted R Square	0.56367							
Standard Error	0.56827							
Observations	8							
	82							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	3	34.76187	11.58729	35.88059	1.12E-14			
Residual	78	25.18935	0.32294					
Total	81	59.95122						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.45175	0.382392	1.181394	0.241036	-0.30953	1.213038	0.30953	1.213038
1. The Bank have a proper Performance Appraisal System	0.57212	0.097792	5.850379	1.09E-07	0.377431	0.766809	0.377431	0.766809
2. Appraisal is done on a regular basis (yearly, half-yearly, quarterly, monthly)	0.13379	0.135295	0.98891	0.325765	-0.13556	0.403146	0.13556	0.403146
3. My performance is evaluated formally by the organization	0.15582	0.101737	1.531641	0.129657	-0.04672	0.358367	0.04672	0.358367

**Table 3**

SUMMARY OUTPUT of Hypothesis 3								
<i>Regression Statistics</i>								
Multiple R	0.617499							
R Square	0.381305							
Adjusted R Square	0.349165							
Standard Error	0.612532							
Observations	<u>82</u>							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	4	17.80508	4.451269	11.86387	1.47E-07			
Residual	77	28.89005	0.375195					
Total	81	46.69512						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.35614	0.436943	3.103701	0.002673	0.486075	2.226204	0.486075	2.226204
19. The supervisor evaluate the performance of the employees	0.338011	0.103587	3.26306	0.001645	0.131743	0.544279	0.131743	0.544278
16. My organization appreciates my contribution to the department	0.001381	0.092437	0.01494	0.988119	-0.18269	0.185447	0.18269	0.185447
9. The Appraisal process has an impact on employee performance	0.232673	0.105142	2.212947	0.029863	0.023309	0.442036	0.023309	0.442036
10. The result of the Appraisal is communicated to the employees	0.092062	0.072142	1.276114	0.205751	-0.05159	0.235716	0.05159	0.235716