Internship Report

On

Performance Appraisal and its Effect on Employee Motivation

Of

AB Bank Limited

United International University

Submitted to:

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Submitted by:

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Letter of Transmittal

October 10, 2021

Mimnun Sultana

School of Business & Economics

United International University

Subject: Internship Report Submission

Madam,

With due respect, I am presenting this report on "Performance Appraisal System & its effect on employee motivation of AB Bank Ltd" for completion of the INT 4399, the internship.

I have tried my best to represent the Performance Appraisal System & its effect on employees' motivation in this report. I have also collected both qualitative and quantitative data & all the essential components that should be covered in this report.

I would like to express my gratitude to you for your steerage and assistance throughout the program. It will be an immense pleasure for me to give you any excessive information if needed.

Sincerely,

Madhobi

Madhobi Hasna Merry

ID: 111 161 333

Department of BBA

Acknowledgment

At first, I would like to thank Almighty Allah for giving me the ability to finish this report.

It is a great pleasure for me to express my thankfulness to my honorable academic supervisor Mimnun Sultana, Assistant professor of Scholl of Business and Economics, United International University who gives me the necessary guidance for finishing this report. Except for her assistance, it would not be possible for me to finish this report.

I would like to thank my supervisor Md. Mehedi Hasan (AVP, HR Department) of AB Bank Ltd guided me in my entire internship and give me support and necessary information to finish this report.

At last, I would also like to thank the entire Agent Banking Division of AB Bank Ltd for helping me by giving their valuable time and learning opportunity which encourages me and makes my whole internship easier.

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Executive Summary

Performance appraisal is the most important tool that can help in evaluating the performance of the individual. It also helps in overviewing the performance of the employees. By giving feedback on an ongoing basis the employees can realize their potential and give their best to achieve their goals. In this report, I tried to give a detailed exploration of Performance appraisal and its effect on employees' motivation based on AB Bank Ltd.

Furthermore, I have given a summary of the company, product, mission, vision along with the performance of the company and evaluation process by collecting the data through employees and by questionnaire and analyzed the data with proper information and screened all the purposes of performance appraisal embody with theoretical and practical knowledge. The short review of the task that has been assign to me during the internship period is also discussed. The effectiveness of performance appraisal depends on giving consecutive feedback, assessing employees training and development needs, and giving the reward. Positive Feedback makes the employees motivated. Lastly to make the performance appraisal effective recommendation and conclusions are given so that performance appraisal can be successful.

Chapter 1

Introduction

1.1 Introduction of the report:

The internship is an important requirement for graduation. Getting an idea and experience in the practical field is a great scope. It is a challenge to make an internship report which helps in the enhancement of the knowledge of the student. For the economy of our country banks are playing a significant role and it also gives a good environment for the advancement of my career so from the very beginning of my BBA program it was my primary goal to do my internship in this type of banking institute.

Banks are playing an important role in Bangladesh as it's a developed country so it keeping the momentum of industrialization. Individual savings are collected by banks and then given to the companies of public and private sectors and a specific number of the deposit is collected from them. The banking sector gives many ups and downs since 1972.RMG, Agriculture, Pharmaceuticals in all sector contribution of banks is significant. For keeping the bank under control central bank which is Bangladesh bank's rules and regulations are being updated.As there are many banks in the country so there is huge competition among them.

AB Bank is the leading private bank and first joint venture bank in Bangladesh. It is the best bank in the commercial and financial sector. They have around 78 branches all over the country which started its journey on 31 December 1981. I am very delighted to get a chance to gain my practical knowledge in the Agent banking division of AB Bank Limited in their Head office. My internship was based on the agent banking department as a whole. In this report, **the Performance Appraisal System and its impact on employee motivation of AB Bank Limited** are discussed. Here whole performance appraisal is monitored and an experiment has been done based on this overall appraisal system of AB Bank Limited. and a survey has been done about PA by taking the employee's opinion. In recent time human resource department is the rising department in the world.PA is the most important thing in HRM as it's related to the effectiveness of the employees and their motivation. But PA was neglected by ample annexation. Nowadays the circumstances are different and the organization has started practicing it and giving the priorities because without it the goal and objectives of the organization can not be reached.

1.2 Background of the report

This report has been prepared to fulfill the academic requirements for an internship in the Bachelor of Business Administration (BBA). For the requirement of the completion of the course, the student has to gather practical life experience in an organization. Not only educational knowledge is important but also real-life experience is more important that's why the internship has been done. My report topic which is Performance Appraisal System and its Effect on Employee Motivation has been approved by my honorable faculty Ms. Mimnun Sultana and she has given me support and guidance as an academic supervisor.

I have completed my internship at the Agent Banking Division of AB Bank Ltd. My supervisor was Mr.Syed Mizanur Rahman (SEVP & Head of Relationship and Agent Banking). His guidance and information help me to complete this report.

1.3 Purpose of the Study

In a modern world, the bank plays an important role as it contributes to the development of any country's economy also it's an important service industry as a bank not only bounded in the same geographical area rather it necessarily spread all over the world. But for the free market and global banking industry have to face severe competition. Without any proper goals and plans, many banks didn't survive in the competition which cause them very loss in this industry. One of the major problems is that the bank is always adapt and follow the traditional banking system such things make them very slow in the production line and they also don't focus on customer satisfaction for this they fail to attract customers in Banking. They also being unwilling the apply information technology. That's why every bank needs to gain knowledge and evaluate themselves with times and situations for better performance. However, the bank should always focus on servicing even they don't know how to estimate their performance. Always thinking about sales causes many banks down and they can't profit from their unconscious contribution.

This study tries to bring out the way, how a bank can discover the employee’s satisfaction level and know-how to provide them better service. For employee satisfaction, various techniques and different procedures can help this.

1.4 The objective of the study

1.4.1 Broad Objective

- To finish the BBA degree It is a compulsory
- To emulate my academic knowledge with practical life experience.
- To elaborate the experience gathered for corporate settings
- To elaborate my adaptivity with the practical situation.
- To know what type of PA system is practiced by AB Bank Ltd which includes the feedback, motivation of employees, training, and development, etc.

1.4.2 Specific objective

- To put on myself to the ABBL Bank
- To know the internal culture of the ABBL Limited
- Give knowledge on AB Bank Limited
- To discover the corporate social responsibility of the banking sector.
- To narrate the function in HR, rules and regulation, process and structure
- To presume the environment of the bank internally and externally.
- To recognize the purpose for carrying the PA system in AB Bank Ltd.
- Find out important factors related to the Performance Appraisal system
- To recognize the effect of Performance Appraisal on employee motivation
- To find out the limitation of PA in the AB Bank Ltd.
- To recognize the way for making the Performance Appraisal more effective

1.5 Scope

The scope of the report is related to getting the practical life experience of work in AB Bank Ltd Which helps in learning the Performance Appraisal System. in this report various prospects of the performance appraisal system will be shown. In my internship period, I got a chance to observe how they are maintaining their human resources by conducting a performance appraisal. This observation helps me in gathering vast knowledge with practical life experiences.

1.6 Methodology of the Study

The methodology helps in describing the mode of data collection, analysis, and interpretation. For doing this internship report I have collected data from two sources.

1.6.1 Primary Source

- Outright discussion with the officers of the department
- very close discussion with the HR supervisor.
- Direct conversation with the employees
- By questionnaire opinion collected from the employees.
- HR activities are monitored closely.

1.6.2 Secondary source

Secondary information has been gathered from

- Annual report of AB Bank Ltd
- Brochures of the bank
- AB Banks newsletters
- Website of AB Bank Ltd.
- Performance appraisal form of AB Bank.
- Files of the employees of AB Bank Limited.
- Various Books, Articles, journals, published documents from the website.

1.7 Limitation of the study

It is very difficult to cover all the operations in the short period of the internship because banking activities are huge. So this while doing this report limitations are there. For gathering the information about the Performance Appraisal system the limitations were-

- The system of the bank is changing continuously so getting the real performance appraisal of the employees is very challenging.

- Some officers of the organization become disturbed while they were busy in the job and as they are into their work so proper supervision is not there.
- The collection of data is difficult from the file because of the secrecy of some files.
- Employees share the information quickly so data is collected randomly.
- Employees did not give the exact information because of the lawful data and to maintain the secrecy of the organization.
- It is very challenging to make a lengthy report in a short period.
- Some information is manipulated because of the restriction of the organization and collected data directly from the website.
- Understanding the workplace much more deeply takes time but the duration of the internship period is short so it’s another limitation.

Chapter 2

Company Overview

2.1 Background of AB Bank Ltd

AB Bank was the first private bank established on 31st December 1981. It was a UAE incorporated joint venture bank with Dubai Bank Limited. From 12 April 1982, it effectively starts its work in Bangladesh.

At the beginning of 1987 Dubai bank Limited (now called Union Bank of the Middleast Limited) decide to invest in AB Bank Limited. AB Bank formerly known as Arab Bangladesh Bank changed its name on November 14, 2007, by getting approval from Bangladesh Bank. On December 31, 2007, it is stated that the Capital and reverse of AB Bank is 200 million BDT and 4511.59 million BDT.On July 16, 2008, it is stated that the bank's authorized capital has been increased by 300 million BDT.

The bank achieves its trust and confidence from the very early by giving the best quality of services to the public, business, professionals.AB Bank has 78 branches in different locations including branches in Mumbai, India, and Hong Kong which is called AB International Finance Limited. The bank has over 220 international banks in 58 different countries of the world to give international trade and payment services.

AB Bank keeps up their premium service which makes the deposit reach a high level of 53375.35 million and it is higher than the previous one (26.85%).AB Bank places on top of the private banks of the country and their level of increase is 30.76% and their total profit is 40915.35 million. Not only that in foreign trade they play an important role in export, import, foreign exchange remittance collection, etc. (Mazid, 2021)

2.2 Mission Statement

‘To be the best substantiating bank in the country.’

2.3 Vision Statement

Becoming the aptitude setter for innovative banking with excellence and perfection.’

Change of Name

Ab Bank limited previously known as Arab Bangladesh bank changed its name on November 14, 2007, which was started on the circular of MRPD of Bangladesh bank on November 22, 2007. In the general meeting which was on September 4, 2007, the bank's shareholder selected the change of the bank's name. They changed their logo too and started to use their new logo on January 1, 2008.

2.4 Corporate information of AB Bank Limited

Company Name AB Bank Limited

AB Bank is a private limited company organized on December 31 1981 and it is listed in the Dhaka stock exchange Ltd and Chittagong Stock Exchange limited in 1913 under the companies act.

Start of the business in 1982 of 27 February.

Location is 30-31 Dilcusha, C/A, BCIC Bhaban, Dhaka 1000

Phone:+88029560312

E-mail:info@ab bank.com.bd

Website:www.abbank.com.bd

2.5 Values

- Service Nobility
- Sincerity
- Conviction
- Assurance
- Morality
- Accountable citizen

Customers' satisfaction is the most important for AB Bank Limited. For the operation of the business, they maintain their rule and agreement. For this, they have power and willingness to serve and self-motivated people, innovative technology for giving the best service.

2.6 AB Banks Objective

Profit maximization and employee benefit is the principal objective for AB Bank Limited. They have other objectives too. They are-

- To bring the updated service to the gateway to the general public by bringing diversification and encourage people to save more.
- To set up a deep, sincere customer relationship by giving the best service on time.
- To take part in the activities of the country to develop the economy by the best use of resources of the bank and participate in various social activities.
- Set up the best application to give customers trendy service with the latest technology so that they can rely on AB Bank Limited.
- Assuring best use of the employee's propensity and talent by giving them training and advancement opportunities.
- Adapt with the change of time by giving the large loan financing with the changing want of the bank's service and enlarging the investment area.
- Capital analogy maintained, comfort level of liquidity, quality asset management and increase the embodiment of the service in the country as well as abroad.

2.7 AB Bank’s Historical Review

A collaborative bank with Dubai Bank Limited is AB Bank Limited (ABBL). It is established on 31 December 1981 and stats its operation on 12 April 1982. It’s a private sector commercial bank. The bank’s capital is 200 million takas which are divided into 2 million shares of each 100tk.80 million is their paid-up and issued capital. Later the bank's authorization of capital increased to 800 million takas. Their paid-up capital increased in different operations times of the bank and in December 2000 it becomes 409.94 million. AB Bank Limited is the first private sector commercial bank in Bangladesh and was established with the joint venture of the Galadari family who is best known in finance, international trade, and the industrial sector.

There is a board of directors in the bank which consists of eight numbers and they maintain all the activities of the bank. The activities of the bank are administrated by the board of directors and chairman. The managing director of the bank is its chief executive. There are approximately 1472 employees with officers and executives who work for the bank in various sectors. There are 62 branches and among them 46 in an urban area,15 in a rural area, and 1 abroad. The bank's head office is in Motijheel, Dhaka.

All types of traditional activities of the bank are directed by AB Bank Limited. Foreign exchange business and other financial services are also monitored by AB Bank Limited. In all activities of the Bank, it achieves impressive progress which is included expansion of credit, deposit mobilization, export-import servicing, investment, remittance service, and innovation of the product.

There is 136.71 million Taka is deposited in 1982 which is the very beginning of the bank. In 2000 it increased by 16217.5 million which is incorporated with 21.56% fixed deposit,21.84% savings, and 21.56% other deposit. In 1995 the bank's reserve was 202.48 million and in 2000 it increased 354.81 million.

In 1982 their loans and advance were increased by 116.96 million and in 2000 it increased 12548.4 million. As they have a high demand in the market so they bring new schemes in the market which is three in number (Student loan, For educational institutions personal computer loan and team deposit facility by monthly). The banks lend in the broad economic areas which are 278 million in agriculture and fisheries,2811 in industry,3769 million in restaurants, hotels,180 million in transportation,1384 million in real state and trade service,520 million in credit programs, and 1874 in others.ABBL provides loans and advances to large and medium scale of 88 million, small and cottage projects 2300 million takas in 2000. It also increased in syndication with other banks. The advance and deposit ratio is 80.66% and 77.38% in 1999 and 2000.

The bank's total loans and advances were 23.45% in 2000 and it helps to maintain the bank 1435.4 million takas. It creates a negative effect on the performance of the bank and also hampers the qual; city of the product of AB Bank Limited. The investment of the bank was 23 million in 1982 and in 2000 it increased to 2429.66 million. The government treasury bill was 93% of total investment in 2000. The remaining amount of the bank was handed over to other sectors which are ICB debentures, the share of the companies, and price bonds of different sectors. The bank’s income become 170.21 million from the investment they earned.

On June 30, 2000, the bank's total amount was 11600 million which was the foreign exchange business of the bank in which 34.48% in imports,58.19% in exports,7.33% in remittance.ABBL has any relationship with the foreign banks which includes 221 banks in the international sector and various financial sectors they also have their institutions.AB Banks Mumbai branch which is in India and other assistants of the bank and Hongkong office maintains all the overseas activities. In London and Yangon, AB Bank Limited have their representative office.

Their capital and equity were 2000 million and 2582.76 million in December 2006. Their share is divided by 50% hold by sponsor shareholders,49.43% hold by the general public,0.57% hold by the Government of the people's republic of Bangladesh (Annual report 2008). No individual holds more than 10% of the total share of the bank.

AB Bank Limited opened more than 74 branches during the activities of their 27 years. They are located in a different part of the country. There have branches in Mumbai India, In Londo and Yangon they have two respective offices, They have a branch in Myanmar and In Hong kong, they have a branch too called the AB international finance limited. For maintaining the business internationally they have more than 220 banks in 58b different countries in the world which helps in maintain cross-border trade and payment-related services.

2.8 AB Banks current profile

AB Bank gains its belief and confidence by giving different services with the best quality from the very beginning of their business service. They are providing high service quality, professional employment by using advanced technology.

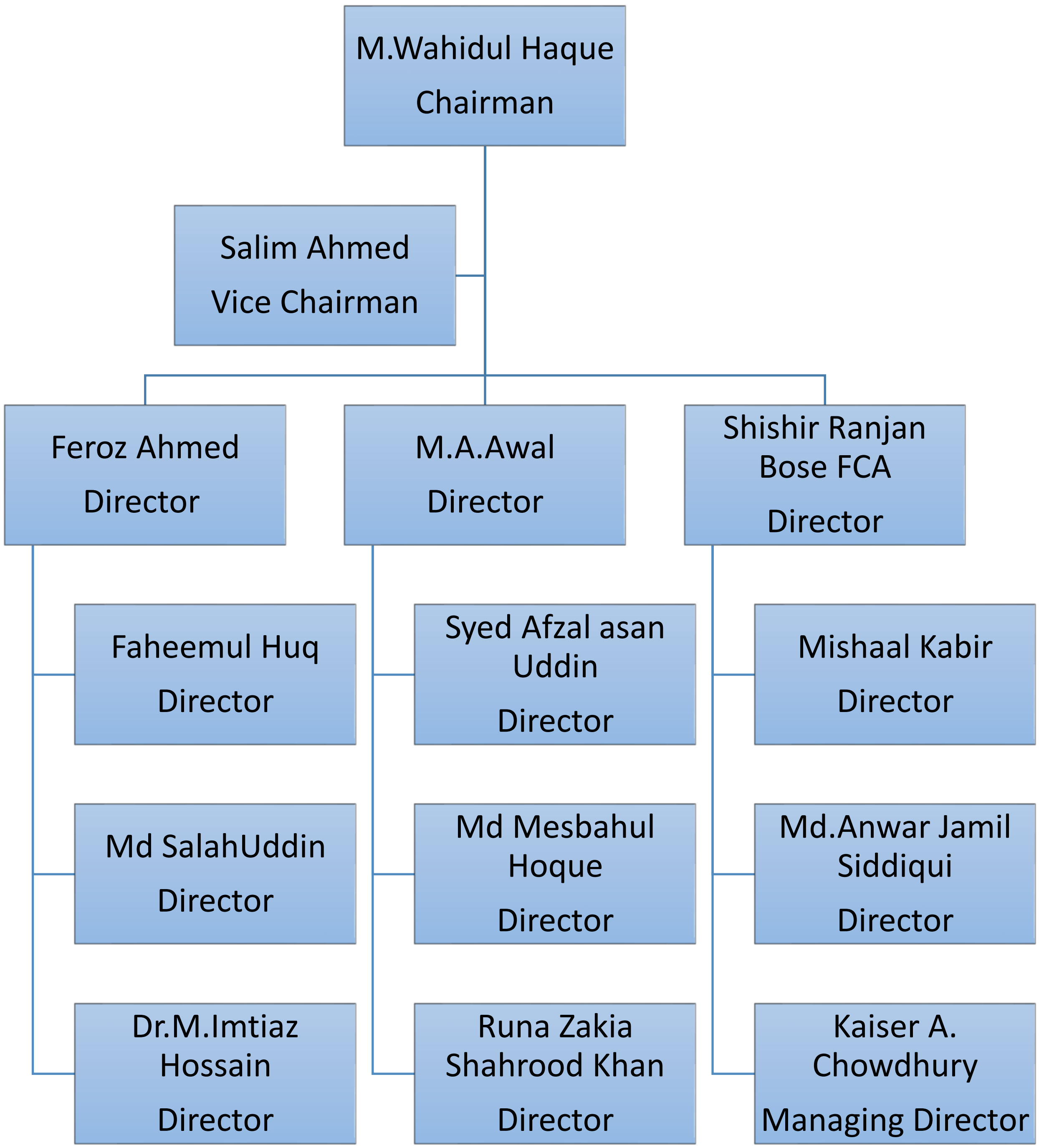
Nowadays AB Bank Limited has 1800 employees with 74 branches in the country.M.Wahidul Haque is the chairman of the board of the bank and Kaiser A Chowdhury is the president of the bank.AB Bank has five major businesses which help in earning the revenue of the bank. They are-

- Corporate Banking
- SME Banking
- Consumer Banking
- Treasury and Cards

Along with these departments, other departments help them to achieve the goal. By doing these the pressure reduces from the employees and they also can maintain a good relationship among themselves. All the activities like loan monitoring, trade services, evaluation of credit, and approval are done in the Head Office. Sales and service centers are called the branches of the bank which are responsible for giving the service to the customer and the corporate.

AB Bank makes the increase in their sector by giving the premium service to the customer. Their improvement in deposit increase to a high level of 42076.99 million BDT which is 53.78% higher than the last year.Not only that AB Bank tops the banking sector by generating a profit of 31289.25 million BDT.(Annual report 2008)

2.9 Bord of Directors of AB Bank Limited



2.10 Management Aspects of ABBL

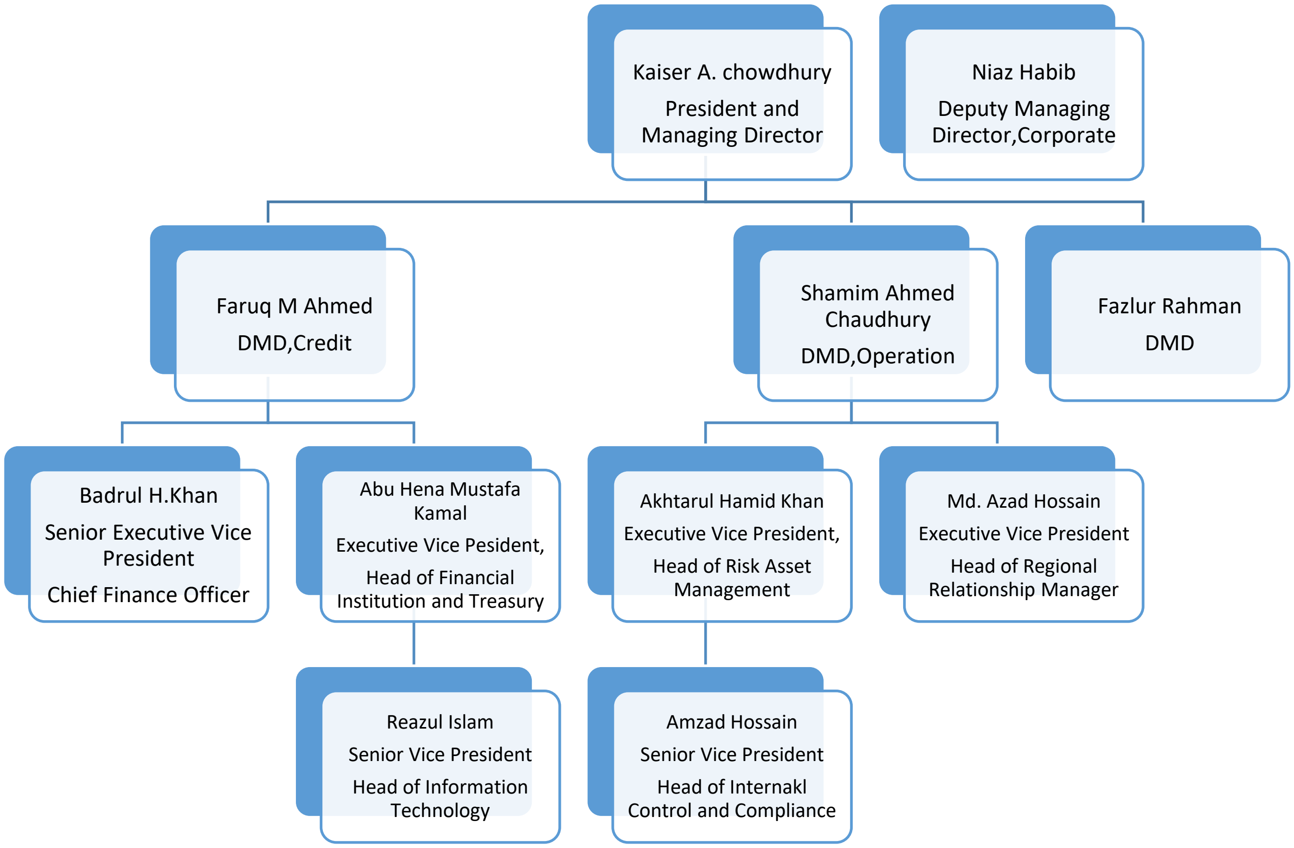
ABBL has a great management team that consists of a group of people with an international working background who are committed to their work and tried their best to take the bank's highest level to maintain a good working mentality. By their dedication and hard work and use of advanced technology systems, they bring the maximum profit. They lead a functional team besides the president and managing director.

This mix-up and cross-functional work system help them to give the best service to the customer. Not only that this system also helps in bringing innovative products and services.Ab Bank trained the employees to adapt to the new technology so that they can give superior service to the customer. This helps the bank to reach the top position in the banking sector of the country. This team maintains their productivity by helping in talent acquisition, system development, people, and process system by act with the customer demand.

Similar to the other organization in AB Bank Limited the decision is made by the top management. The establishment of policy and objectives is maintained by the boards. For this Three committees are there for different purposes.

2.10.1 Management committee

This committee maintains the policies and objectives set up. Their main objective is to maintain the activities of the bank with the strategies, policies of the bank. They are made of Director, Deputy Managing Director, other business heads represent this committee. They are-



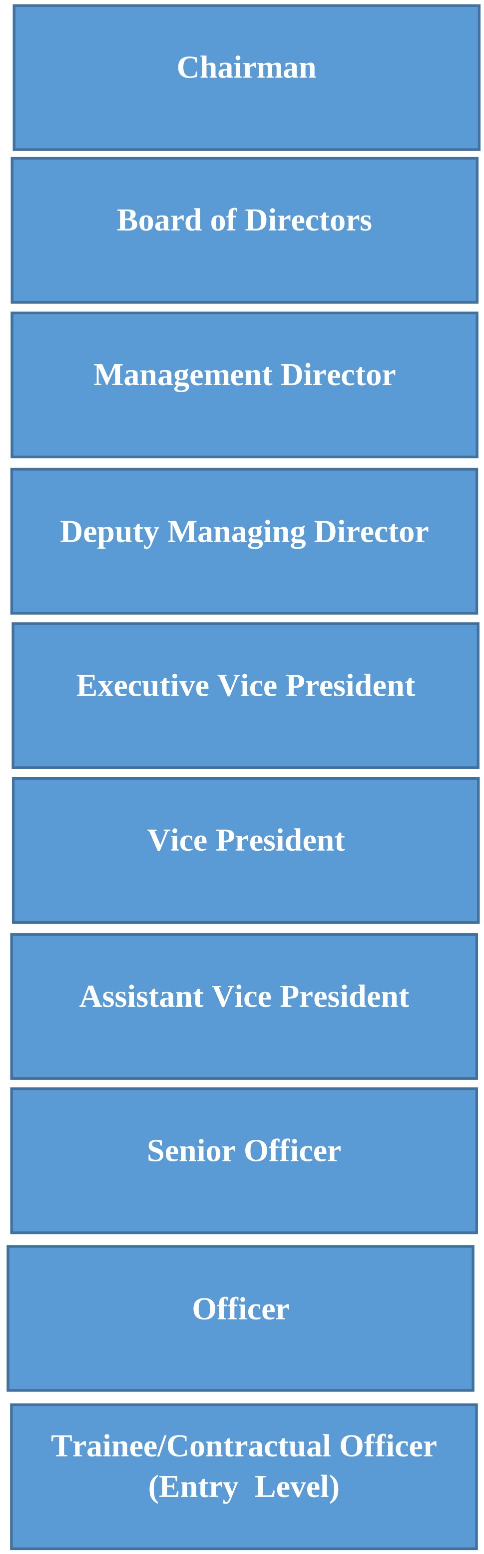
2.10.2 Executive committee

The chairman, Banks four-member, one secretary member represent this committee. They work in the establishment of all credit policies of banks, policies, and procedures of lending, acceptable credit standard for the bank, new credit system, etc. They establish and review the policies and rules of the overall organization.

2.10.3 Audit Committee

There are four members on this committee. The main task of this committee is to support the board of directors' audit of the financial report, external auditors management report, internal audit, and controls.

2.11 Management Hierarchy of AB Bank Limited



2.12 Operating Performance

AB Banks Board of Directors presents their annual twenty-fifth report to the public. They also exhibit their audited account which is the advantage of the board of directors and they did it one after another in 2008 December.

AB Bank achievement at the peak when they are in their anniversary of 28 years which is on 12 April 2008. It was started from the one branch which is in Kartwan Bazar in 1982.AB Bank is the first banking sector in this category that reached the peak of achievement. The banks have made their footprint in many sectors and make the development of the banking of the private sector. Many industrial organizations of the various sector have used the name of the bank and for many years they have been the most trusted partner. Customer service and relationship banking were introduced by AB Bank Limited and after this many new things come to this in another sector too followed by AB Bank Limited. They always try to give a technology trendy and perfect service to their clients. By giving customized service to the customer and innovative products they remain the best banking sector.

In 2005 they set their goal to prosperity and growth and later they decided 2006 will be their growth year. They keep their progress after then continuously in the banking sector. They maintain their economic development within and outside of the country.

Economic condition globally

The economic growth rapidly in the year 2007 because of the GDP growth rate of 4.00 which is more than 2006 which was 3.8 percent. The increased price of oil, increasing interest rate affect the total growth of the economy. This economic growth increase by 8 percent which is higher than the developed countries.Total 39 percent increase in economic growth which is higher than the previous record.

Economic condition South Asia

In south Asian countries GDP increase rapidly by 6.5 percent and in the year 2007, it was 7.9 percent. In that time higher inflows of remittance increase the demand of the domestic.

Economic condition Bangladesh

Bangladesh's economy increase in 2008 which was lower in 2007. Bangladesh expands in the manufacturing industry for this economic condition of the country become developed. Economic growth also happened because of the export and remittance.

Total Banking Sector

Regulatory and supervisory frameworks make banks a strong financial sector. The banking sector improves a great deal from 2003 when non-performing lone decrease by 22 percent to 12 percent and total non-performing loans reduced 9 percent from 20 percent. This helps in increasing the profit. Private commercial banks' non-performing loan is 7 percent while the national commercial banks' is higher which is 26 percent.

Bangladesh's bank maintains all the banking sectors of the country and gives rules and guidelines to them. They also decide to make corporate of the national commercial banks by taking steps in selling the bank and bring changes in the banking sector.

Capital Market

The capital market of Bangladesh is very small in terms of other countries. The current market's GDP is six percent. Liquidity was there in the market in the year 2007 because of the weather problem and political crisis. Because of increasing the capital market Government has imposed higher rates on the banking sector which was challenging. The market still has the same growing stability. The capital increase by 39 percent because of the entry of 13 new companies and the inflow of shares, dividends.

Outlook of Economy

The growth of the GDP rate happened because of the good economic policies. The progressive garments industry and inflow of remittance of the workers from overseas. Based on different policy the GDP growth rate was 8 percent but there were challenges included in it which were the rising of the competition, high rate of interest, shortage of power, etc.

2.13 Portfolio Management Service

AB Bank acquired a high reputation in Merchant Banking by giving portfolio Management Service with satisfactory service to its customer. They keep customer favoritism in mind and design their service which is IDA (Investors Discretionary Account) and BDA (Bank's Discretionary Account). Customers can get the pleasure of facilities of loan by 1:1 in this service.

Types of Account

There are two types of accounts. They are-

IDA (Investors Discretionary Account): The account holder can manage the account by the bank. In this, the person who invests operates the account, and the risk and gain or loss are handled by him.

BDA (Bank's Discretionary Account): In this, the bank manages the activities in favor of the account holder. Bank maintains all the risk-return.

Operation process:

Account opening of individuals: Bangladeshi nationalities with a sound mind and with the age of 18 can open BDA or IDA'S of three and if open two at a time then the other can open with the joint names in the bank.

Portfolio Making: By investing in IPO, Private or in a secondary market various portfolios are made.

Operator Appointment: By the name of the existing account holder he or she can appoint an operator in their account.

Services:

For the client, AB Bank arranges their application form, collection of shares, etc.AB Bank kept the securities of the client in their vault. Private placement and IPO of the clients prepared by AB Bank Limited. The portfolio information of the client is sent by the bank every six months. They also can get the information any time if they request by using phone, SMS, and E-mail clients can get their information any time.

Charges of Bank:

Catagory	Investors Discretionary Account	Bank's Discretionary Account
Deposit Amount	1000000	1000000
Charge for documentation	500	500
Management fees for Portfolio	1.50%	2%
Service charge	250	350
Sms charge	2.50 for every SMS	
Phone charge	10	

The rate can be changed at any time as per the bank.

Other services:

On the customer's balance, 6.50 interest is paid if the balance remains the same from the start and finish of the month same.

Sms and phone service for portfolio management:

The customer can get the service by using SMS if they send their account number and password, buying power, the balance of their account (current), The buying and selling information of the company.

For getting the phone service customer has to dial a certain number which is the helpline of the bank. The connection people can get in portfolio by dialing a thirteen digit phone number and password have to give for getting the information, buying power and current balance of the customer, etc.

2.14 AB Bank Limited Departments and Divisions

There are many departments in AB Bank Limited. The formation and act of each department of AB Bank is given below-

2.14.1 Control and Compliance (Internal)

The main task of this department is to give legal support to the branches of the Bank and make a strategy to recover from loans stuck up and make strict rules and regulations by connecting banks by audit and inspection which will be routined. The division of these functions are-

- Rescheduling process implementation of loan stuck up to maintain the repayment schedule of the branches by final notice and inducement.
- Individuals securities, the value of securities monitoring
- Investigating rambling matter which is directed by the higher authority
- Continuous follow up to maintain the workflow
- Instant audit running if necessary

2.14.2 Financial Institutions and Treasury

The bank's main banking unit is the Treasury unit.ABBLS treasury unit is well known and inaugurated for using the latest technology in this sector. They are conducting their services with a free-floating rate by giving banking and non-banking services. They are active in the money market and foreign exchange market.

2.14.3 Human Resources Department

AB Bank's most important asset is its human resources. Employees with professional manners and expertise are the main thing nowadays. As they have expert people in their work so it's giving them a competitive advantage. From the start of the bank, there are many employees are involved with the bank and they have various experiences in this. The employees of the bank are taken in the bank who has a strong academic background and after recruiting they are given training so that they can perform their job properly. At present more than 1800 employees are involved with AB Bank Ltd. The human resources department overlooks all the details about the employees like recruitment and selection, training, development, reward giving to the potential candidate. They maintain a friendly work environment where employees are skilled and work proudly.

2.14.4 Board Division

The secretary of the company is in this division. Decisions taken and properly run the organization is their task.

2.14.5 Finance Division

This division is the main for the banking sector. Their main objectives are-

- Preserve treasury bills, funds placements, call money
- Assessment of branch and interest deposited monthly
- Cost analysis of fund
- Bangladesh Bank's report assertion fulfillment
- Salary, cost, income, provident fund custody of the account

2.14.6 Operation Division

This division helps in giving support to the front line.IT Division, Service delivery, Trade service, Treasury support are part of this unit.

2.14.7 Credit Division

This division supports the credit risk management department. Concentrate on the documentation, system limit sitting, distribution of credit product, Control and monitoring are the tasks of this division. They give surety of the validity of the credit account that has a problem.

2.14.8 Retail Banking

There are two types of loans is given by ABBL. They are Secured loans (Personal, Overdraft) and unsecured loans (Personal, auto, Easy, Jewellery, Loan for education, Employee loan, and Housing loan).

2.14.9 Business Banking Division

Not only ABBL gives the best service to its customer but also they are contributing to the social service so that it ensures the economic growth of the country.

2.14.10 Corporate Affairs of ABBL

For meeting the customer's needs ABBL gives all types of services to the customer. They used the latest technology in their service which is e-banking to the corporate customer. They are giving finance to large and medium-sized businesses in Bangladesh.

2.14.11 MISYS Core Team

This team is providing the best technical support with the updated technology to the health care industries. They give support to more than 1250 clients which included 55 top banks in the world. They are giving service to near 200000 physicians,700 hospitals, and 7000 home care. They are using this software to give the service.

2.14.12 Foundation of ABBL

ABBL holds a share of 99.60 percent from the foundation. It starts its journey with the trust deed on 14 May 2002 for charity work. On 3rd November 2003, it was incorporated under the companies act 1994.

2.14.13 Investment Division:

There are four types of banking services given by AB Bank Limited. They are Merchant bank wing, Service is given to the customer, Upcoming product, brokerage service.

2.14.14 Merchant Bank Wing

In the year 2003 AB Bank Limited started its Merchant Banking Wing. An independent auditor audited this section of the bank. In this section Assets, liabilities, and expenditure of income are incorporated. The following services are provided by the bank-

- Management of Portfolio
- Issue of Management
- Advisory of corporate
- Banks to issue
- Placement of private

2.15 AB Banks Product and Service:

- Corporate Banking
- Retail
- SME
- Syndication of loan
- Finance project
- Deposit and Lending rates
- Exchange
- NRB system
- Transfer of money
- Islami Banking
- Cards
- Investment of banking

I will discuss some of them below-

2.15.1 Corporate Banking

For satisfying the customer needs AB Bank gives the solutions to all sections. They use the latest technology by using E-banking services to meet the customer needs.

2.15.2 Corporate Lending

AB Bank has a special team to give the best service to the customer. They are giving support from the small range business to the large business.

2.15.3 Finance Structure Team

AB Bank has a finance team to arrange and finance the solution of debt and equity, team management, corporate advisory services.

They are always ready to give the best service to their customer through customizing services to them.

Corporate banking products and financial services are given below-

- Finance Project
- Working Capital

- Finance Trade
- Management of Cash
- Finance syndication (onshore & offshore)
- Corporate Service
- Equity of finance

2.15.4 SME Banking

AB Bank has been conducting this sector by role, volume in extending various types and substances. They are doing this for the last two decades. At present 54% of the total loan of the bank is into this sector and needs plans, jut & forecasting.

For this bank punctuates the below exposure-

- Providing the best services to the SME banking
- SME of banking increasing continuously
- Improving the portfolio of ABBL

AB Bank Seve in different SME Banking sector such as Machinery of Argo based, Feed for animal, Poultry firm, Dairy, Restaurant and Hotel, Garments industry, Plastic, Wooden furniture, paint, Aluminum product, Cement, Hospitals and Engineering instrument.

2.15.5 Finance Project and Loan Service of AB Bank

For meeting the demand of the customer the loan size and portfolio are extended based on the customer. In the large loan unit, more than ten crore falls. There is also a unit which is project finance for evaluating the business. The new project is welcome by AB Bank Limited that will help in produce new employees. Portfolio distribution and loan system are given below-

Division	ABBL exposition (in lac)
Agro	12617.57
Cement	3969191
Products	20955.00
Oil	36057.55
Engineering	18106.44

Food	27044.43
Hospital	3832.55
Real estate	10452.50
Micro finance	5767.25
Export	9442.55
RMG	95878.23
Steel	44528.88
Telecommunication	12759.75
Trading	78576.98

2.15.6 Syndication of Loan

AB Bank is the first bank who cope up with this step.AB Bank arranges this system first in 1997with Dhaka bank. With IPDC finance they fix up it in 1999. After that, they don't need to look back. From 1997 to 2008 they were the lead in this sector. Dhaka Bank, Bank Asia, City Bank, Trust Bank is the partner of the bank. Nineteen syndications are participated by them.

Division	ABBL participation
Micro finance	3500
Textile	9889.25
Telephone	5600
Cement	8000
Electricity	12000
Glass	955
Chemical	1550

2.15.7 Islami Banking

AB Bank Limited started its Islami Shariah-based banking on 23 December 2004. The branch of this division is located at Ramna, Dhaka. An experienced and devoted team is working at this branch and head office as well. Sariah council of the bank established by scholars of Islam, ulema, and Bangladesh government guided this banking service. Banks management and boards of directors of the bank are interested in opening new branches of the bank soon. They have a membership in the Sariah board for Islamic banks of Bangladesh and the consultative forum of Islamic banks.

Their goals and objective are given below-

- Islamic banking facilitating in the country
- Effective play of socio-economic development of the country
- Starting a welfare-oriented economic system by adding value to it
- New entrepreneurs creating and arranging finance for them

AB Bank prolonged the following Islamic banking service-

- Investment and
- Deposit service

2.15.8 Cards

At present time in the business world Card is the future of the bank. It is now the most popular system and electronic payment system is the main thing in the world and after some time it will be a history in the textbook only.

AB Bank Limited is the first private sector commercial bank in the country and it has many branches.AB Bank already started issuing VISA Credit Cards.

2.16 AB Banks Corporate Social Responsibilities

Social responsibility is vital for an organization. The organization should keep in mind the need want and interest of the customer. They should give the best service to the customer than the competitors and preserve the well-being of the society.AB Bank actualizes the public, society, and community and works for them.

AB Bank participates in different types of activities which include social work. They have a scholarship system for talented students, Give monetary support to the disabled, work for public awareness, etc.AB Bank always shows its responsibility towards society by giving its positive impact**.**

Chapter 3

Job Description

3.1 Internship Experience : After finishing my last semester's final examination I immediately started my internship at the Agent Banking Division of AB Bank Limited which started on 06 December 2020. The office started at 10 am and finishes at 6.30 pm. As it's my first practical life experience so I learn many new things there. I learn coordination of task with the department and with other for maintaining the information in a given period. I learn the current laws and policies and processes of the organization to make the environment hassle-free to work smoothly in any situation. Learn the internal policies to support the management, gather information as given, and provides them to the management properly. Give appropriate response to customer and maintain all the policies when doing so. I also learn the fill up a form with customer details first and it's very tough for me because it requires a lot of documents from the customers. As I started doing that the task seems to be easier day by day. There was so much pressure in the workplace many times but I learn to deal with it calmly. I have also learned bout AML, CIP, NID verification, Address verification, and every task related to Agent Banking. My supervisor monitored my work every day and my first month went by learning a great deal and my colleagues appreciate my work a lot because of my attentiveness and hard-working attitude. After passing a month there my thinking of corporate changed positively.

The working environment of the bank is very comfortable and the employees of the organization are supportive and amicable. They motivated me to work harder and do better in every aspect which I have been given. They make my internship memorable because of their friendliness. The culture of the organization is very helpful. Their work is related to each other and every individual is given a specific task to do. I can't understand the importance of culture if AB Bank does not give me the opportunity. My interpersonal skill, decision-making ability, communication ability increase by working there. Punctuality is the most important thing I also learn there. For making the project successful how to effectively we need to work in a team I gain practical knowledge there. Only promotion and increase in salary does not make employees motivate but good behavior does I learned that too.

At last, it gives me a piece of immense knowledge about the corporate world and taught me how to behave in a challenging situation, communicate properly and how I need to present myself in the organization so it became a memorable learning experience for me.

Chapter 4
Literature Review

4.1 Performance appraisal

Performance appraisal history is concise. It started in the twenty century marks the time of Taylor's. It was not that effective because everything talked about modern human resource management. The formal evaluation was used in evaluating the performance after world war two more than 65 years ago. The practice of the appraisal system starts abroad from the very beginning.

According to Dulewicz (1989) appraisal is a basic human aptitude for deciding the people who are working and about the person himself. It is a process of universal and fateful. Without a proper system of appraisal, people will judge the performance of others.

McGregor who is the management expert explains performance management as the formal plan creates to meeting the needs of the organization for giving the proper judgment for increasing the salary, termination, transfer of employees. The appraisal helps the employees to know about the performance themselves and what needed to b changed based on their attitude, behavior, skills, and knowledge of the job and the need for training and development by their supervisors.

The judgment made by the people can generate problems that can be related to motivational, ethical, and legal. If the proper judgment is not there then it will not be effective, fair, and legal. The Appraisal system starts with the veiling of a simple income structure. It helps to identify if the salary o individual is right or not. Material results related to this appraisal process. The employee's performance if not up to mark the payment will be cut by the particular individuals. The opposite happened if the employees perform more than the expectation they will be given a rise in their payment. It was given to the employees to make their performance effective and make the employees developed. Many times the appraisal helps me the desired result of the individual but sometimes the system is not as effective as it should be.

A researcher found that though people have the same abilities to do the work and are given the same type of reward and money still their motivational and performance levels will not be the same. Empirical studies confirm these studies. Material thing like rate of pay is important but along with it, another thing is related to employee good performance. The employee's confidence4, a self-appraisal is also very important. For this only given the reward to the employees is not the effective method to motivate the employees.

An appraisal is a great motivation instrument and development system of employees it was known from the early 1960s in the united nations. In current times appraisal is a structured system that bond with the supervisor and employees and identify the strength and weakness of the employees which gives the chance to the employees to improve themselves as well as their skill got developed. Still, not all organization is using the appraisal system but the organization is using it simply for giving the reward to the employees. The Appraisal system is used to get the best employees among all the employees of the organization to give bonuses, promotions, and increases in the pay system.

The worst performer also is identified who needs development training or who will be given demotion, termination, decrease in payment, and so on. In that case, the organization should keep in mind the laws and regulations of the country to terminate the employees.

Though it's a necessary use of performance appraisal giving the reward and punishment to the employees still is a very time-consuming and gradual process.

Performance appraisal is a process by which the performance of the employees is identified and take corrective measures to improve the performance of the employees. Finding out the achievement of each individual it's an effective way. By using an appraisal system for both employees and organizations can be beneficial because it's an important tool to ordain and acquaint with the employees. (Murphy, 2018)

In performance, appraisal feedback is given by the manager, and by doing this the fear of the employees turns into a friendly relationship and work has been done perfectly. But sometimes employees are not happy with it as they believe the manager who is evaluating them is not skilled enough at coaching them. As performance appraisal takes time many think that it's unnecessary work. For this rather than it considers as a successful tool, it considers as a burden for the employees. (McGregor, 1972)

Performance appraisal is primarily used for evaluating the performance of the employees, motivating the employees, and also for the development of the organization. By completing an appraisal form evaluation of the employees done. When employees know that their performance is being evaluated they give extra effort in their work to do the work properly in hope of getting a promotion, reward, recognition, etc. (Levinson, 1976)

For achieving the objectives and goals of the organization an effective performance appraisal plays a vital role. In performance appraisal, the hidden talent of the employees, as well as training needs, can be identified. By identifying the training need through performance appraisal organization can give training to the employees and make them more effective which ultimately results in the satisfaction of the customer, clients. Improving the employees by performance appraisal works positively and it can make the employees more productive which can give them a competitive advantage over others. (Azim, 2007)

4.2 Criticism of performance appraisal

Performance appraisal is a system for controlling the society which is held annually for discussion done by an individual to judge the performance of other individuals and areas of development find out to make the performance efficient. The effectiveness of performance appraisal is judged by many researchers. Many think that the process f the appraisal is very difficult to conduct and making it perfect is a very tough job too. Many say that it’s a necessary thing to conduct the performance appraisal in the organization and many think and suggest the opposite and thinks it is a bias statement. Some of the people believe that appraisal is demotivated and give a negative influence on the employees and many view it as a wastage of time and punishment for the employees rather than motivation and encouragement.

If I consider a situation when the appraisal will be done and based on this reward will be given then no employees will share their problem related to work. The people at that time will not show any weakness. It creates uneasiness for many appraisers to judge the employees properly. In most cases, the supervisor knows their employees and they maintain a friendly relationship rather than employee and supervisor. Appraisal creates conflict between the employees and can damage the relation, destroy the environment of the workplace, and as result productivity of the employees decrease as well. Again there is also found an argument where it said that appraisal must be linked to the reward which will be given to the deserving employee based on their performance, effort, and merit.

4.3 Fundamental Purpose

There are two main systems for evaluating the employees of the organization. One is an evaluation system and the other is a feedback system. The main thing in the appraisal system is to identify the gap of thee emp[loyees. When the performance appraisal standard does not meet with the performance of the organization that time the gap occurs. Feedback is given to the employees so that they know the attribute of their performance. The main purp[ose of the appraisal will be fulfilled when it will be seen from the viewpoint of others.

4.3.1 Viewpoint of Employees

The employee's viewpoint of performance appraisal is to Tell them what they need to do and tell them how well they did it, help them improve their performance, and reward them based on their performance.

4.3.2 Viewpoint of organization

The organizational viewpoint of performance appraisal is that to crate and lift the accountability. The researchers claim the failure of the appraisal system happens because of the lacking of responsibility and accountability. The miss-match happened when the employees do not perform accordingly and take responsibility for the negligence. Sometimes it seems that they have a similar role to perform and the most important task for this is not done which leads the organization to failure. The purpose of the appraisal is to make people understand accountability.

4.4 Purpose of Performance Appraisal

Performance appraisal system recognizing through the viewpoint of supervisor and employees.For the different positions of job form necessary appraisal system. For the fulfillment of reviewing performance, steps need to be specified.

Strategic Purpose

The purpose is to meet the strategic business objectives. It can be achieved by linking the individual goal to the organization's goal. They also play an important role in the process of onboarding which leads the new employees from organizations outsider to organizations insider. It allows new employees to understand the types of behaviors and results that are valued and rewarded and helps in understanding the organization's values and culture.

Administrative Purpose

It helps in validating and make use of information and helps in deciding for the employees. The reward-giving system is done based on the information given by the administrative. For maintaining the performance appraisal system the Turkey government has given importance to all public organizations so that favoritism, corruption can not happen.

Informational purpose

Performance appraisal is used as an important communication device because they inform employees about how they are doing and give them information on a particular sector where they need to improve. It also helps in relating to the strategic purpose. They give the information about the supervisor's and organization's expectations and what the supervisor believes to be the most important.

Developmental purpose

Feedback is the most important in a performance appraisal system. It can be used as a development tool. For guiding the employees and enhance the performance of the managers use this. By giving feedback to the employees it helps the organization to identify the strength and weakness of the individual. Feedback is useful when the employees take it positively. The feedback culture should be there in the organization so that is not threatening and give importance to the behavior and help in guiding the development of the employees and help in individualize the career of the employees. Both short-term and long-term development are in there for the development purpose.

Organizational Maintenance Purpose

Performance appraisal is used to give information that can be used in the planning of the workforce. It including with the system which helps in identifying the need that arises inside and outside of the organization, To apprehend priorities, and helps in allocating the employees where they can give their best performance. Talent inventory is the most important in that sector. It also included the find out the future training need of the employees, assess performance management in an organizational level and the effectiveness o the employees whether training help them in performing high or not. This can not be guided effectively if performance appraisal is not done properly.

Documentation Purpose

Performance appraisal helps in gathering the necessary information about the employees which helps in documenting the information about the employees. Performance data was used to verify the selection process which happened newly. Suppose if a computer literacy test is taken then the score can be compared with the scores gathered through performance appraisal. If the test scores and appraisal result are correlated then the result can be used for the next administrative position. It also helps in taking administrative decisions. It gave managers responsibility to give the reward which is more helpful to make the employees motivated. This also distributes the strategic and informational purposes. Managers can fulfill the requirement of the employees by sitting with them and discuss the problem and make notes of the problem if arise any. This helps the employees directly to the way they need to improve and gives documentation if action is needed any.

4.5 Performance appraisal Principles

Management time management in personnel matter enhancement in a continuous process. For improvement of the employees, performance set the goal of the organization from short term to long term basis. It helps in discussing with every employee for the improvement of performance.

Strategic congruence

The appraisal should be congruent with organizational strategy and unit. The organizational goal must be linked with the goal of the individual.

Contex congruence

The appraisal should be similar to the country's cultural context and the organization's culture. Suppose if an organization has a communication problem and maintains a rigid relationship with each other then 360-degree appraisal can not be done as in it individuals are evaluated by their peers, superiors, and subordinates.

Thoroughness

The system should be included with the four dimensions which are-

All employees should be evaluated including the managers, All jobs duties, and behavior, and results should be evaluated, The total review period should be there not just a few weeks or months. Feedback needed to be given in terms of positive as well as the negative view so that the employees can realize their improve areas.

Practicality

An effective and easy-to-use system should be there so that it will be user-friendly and can help the managers in taking the decision. Time, effort should be maintained so that it does not cost more time than necessary.

Meaningfulness

Appraisal;l should maintain the standards so that job functions will be there are important, Appraisal should strengthen the area in which the employees have control, Appraisal should be done I an regular basis because if one evaluation is done only then it will not be effective so quarter review system should be there, Continuous Feedback should be given which will help in developing the skill of the appraisers as well.

Specificity

The appraisal should be specific and give guidance to the employees clearly about the expectation from them and how can they meet that.

Identification of effective and ineffective performance

The appraisal should allow gathering the information that can differentiate between the good performer and worst performer. If the system does the appraisal the same then it will not be an effective one.

Reliability

The appraisal should maintain the performance evaluation balanced and error-free. If there are two supervisors and evaluation is done by them at a time for an employee then the rating number should be the same.

Validity

Performance evaluation should be the valid one. All the important sectors for making the evaluation should be there.

Acceptability and fairness

The appraisal should be acceptable and fair to all the participants so that there is no clash between the employees happen. The evaluation and reward receive should have a combination. Rating systems and feedback should be a positive influence.

Inclusiveness

The appraisal should bedone by keeping in mind the all employees well being. The employees should be included in the process of making the appraisal system and individual perspectives to different cultural values should be there. Before the appraisal meeting, the information needed to be collected by the employees themselves and participation of all employees must be maintained.

Openness

Performance feedback should be given on an ongoing basis and the quality of their performance should be ensured by the employees themselves. A two-way communication system should be there where information will be interchanged between employees and supervisors. Performance standards should be there and the employees should have a clear understanding of them. The communication needed to be open, honest, and effective.

Correctability

Performance appraisal is not free from error. So I any kind of error happens by the employees then there should be a system where an employee can correct their behavior and can discuss it.

Standardization

An appraisal is done by the supervisor so that people and time can be managed. For this, the training should be given to the individual supervisor so there is no mistake remain there.

Ethicality

Ethical standards should be there. Personal self-interest should not be there while doing the evaluation. Privacy of the employees should be maintained and Based on performance dimensions the individual should be evaluated.

4.6 Performance appraisal Consideration

Performance appraisal helps in motivating employees and in getting the best performance from them. For setting the goal performance appraisal helps the most. Performance appraisal finds out the poor performers and improves them to meet the organization's standard. Performance appraisal helps in rewarding the best employees. Performance appraisal determines the individual need for training and helps in lowering the layoffs from the organization.

4.7 Process of Performance Appraisal System

There are many processes for the appraisal system which helps in achieving the best result. Employees will be satisfied only when they feel like they can give their opinion freely and can discuss it. This allows the employees to meet future goals. They also feel that appraisal is done fairly if they are treated equally and they are given chance to appeal the evaluation they have received. If any negative feedback is given then it should be told to the employees that it has been given because they developed performance in the future. If doing an appraisal in that way then employees will feel comfortable and their anxiousness to criticism will be less. Unfair ad negative information about performance appraisal can make the employees angry, create tension, and creation of conflict in the workplace. Goal setting for the organization is an important element to make the employees motivated. Goals make the employees embolden. Goals that are difficult, specific, and employees acceptance are there it leads to the employees performing high than an easy and uncertain goal. An appraiser should have all the necessary information to make the appraisal and the knowledge about the employees should be there too.

Balanced Scorecard: What management means by performance and measures performance is defined here.How performance can be quantified and measured according to the mission and vision statement shown by it.

Advantage of balanced Scorecard

- It gives a structured strategy that is easy to communicate.
- Alignment of department and division becomes easier by using it.

Disadvantage balanced Scorecard

- It requires strong leadership and rigid.
- More costly and time-consuming

Critical incident method

In all respects of performance positive and negative performance behavior is written down by the manager here. It is based on extremely good or accidental bad performance evaluation. Here good behavior, as well as the bad behavior of the employees, are written down by the manager.

Advantage of critical incident method:

- It is job-focused and not talking about skill which is not related to the job.
- Every detail of the employee and identification with rating is there.
- The current preference is avoided by this technique.

The disadvantage of the critical incident method:

- Negative objectives may be more observable than positive ones.
- Verey close inspection by the rater so may not be liked by the employees.
- It is a very time-consuming process and much more qualitative, quantification is difficult so when taking the decision it is very tough.

Behavior Checklist

In this method, the rater knows the evaluation of the job, on the job effective and ineffective behavior is being described by the rater. We have to list down several traits on a particular paper and evaluate them based on that criteria.

Advantage of behavior Checklist:

- It is very easy to use and understandable because a list of KSAs is there.
- Easily we can get qualitative data finding out the score of each employee is easier.
- We can collect information on what is required more objective

The disadvantage of behavior Checklist:

- Whenever evaluating an employee what is written based on this evaluation but focusing on other skills is not possible and people may feel impersonal and disconnected.
- Whenever using scale point it's randomly done. Most of the time people fail to identify what is the most and least priority one.

- Though it is KSAs based when giving feedback it is not written what is strength, weaknesses of the employees are and how they can improve them so it's difficult.
- Very time-consuming and costly.
- Bias evaluation can happen.

Graphic rating scale

Employee's level of performance is checked by the manager here and it is the most widely used method. In here the detailed duties and responsibilities of the employees are written in a form.

Advantage of the graphic rating scale:

- It is very useful and accurate.
- If we want to evaluate a person based on position then what duties and responsibilities, abilities are required by this we can find out.
- It can be used when to evaluate a large number of employees
- Very easy to understand and observe.

The disadvantage of the graphic rating scale:

- It is very time-consuming, and much more resources are needed.
- For doing it we need to find out each job description, we have to identify what is the skill so it's very difficult.
- Very much subjective and focus on specific traits of the individuals.

Paired Comparison Method

It’s a very good way to evaluate performance. In this method, various options are given and compared with other options. Comparing one employee with another and find out the best performer.

Advantage of the paired comparison method:

- It is a thorough one.
- WE have to explore detailed information about the employees.
- Here we can compare every employee with each other so the final ranking is much more accurate and more dimensional.

The disadvantage of paired comparison method:

- We have to compare one employee with another it is very time-consuming.
- Not possible when there are a large number of employees.

Essay method

Employees' strengths and weaknesses are explained here by the supervisor. It’s a non-quantitative method and is used with the graphic rating scale. We need to write detailed information about the employee's duties, responsibilities, etc to evaluate them.

Advantage of essay method:

- It is a more or less customized one.
- Individualized for each employee.
- Every employee will be evaluated individually.
- It can be done at any time with no time limit.
- We can get detailed information about individuals and can give detailed feedback to the employees.

The disadvantage of the essay method:

- It is unstructured. What we have to write and how we have to write and when and what information what expected from the raters.
- No specific guideline so lack of detailed information which causes important one missing.

Behaviorally anchored rating scale (BARS)

It is based on specific behavior to evaluate the performance of the employees. It is the multitude of the graphic rating scale and critical incident method.

Advantage & Disadvantage: It is intended behavior-focused and specific job-focused and it is very much time-consuming to do.

Simple rank order

The simple rank order is done by ranking the employees by their total performance. This form by putting the employees in rank order. It is evaluated based on the best and worst performance of the employees. Managers compare the employees with one another and in this best performer will be the first and the worst performer will be the last.

Advantage of simple rank order :

- Based on employees' level of performance they are ranked.
- It is very simple and easy to use.
- Easily understand and evaluated based on one anchor.
- The result is very much clear here.

The disadvantage of simple rank order :

- It is only one dimension-based. Every individual has individual traits so it is very difficult.
- Here we are evaluating who is best and worst so we have to think about only one.
- If two performers score the same then who will be number one and who will be number two it will be so difficult to evaluate.
- If there are a large number of employees then ranking them is not possible.

Forced distribution

In this method, the supervisor distributes a particular percentage for different categories of ratings**.** It is the way to rank employees but in forced distribution. In this 5 to 10 percent in the top, in the middle, 50 to 70 percent and 10 or 20 percent remain in the bottom. It is done based on superior, above average, and average.

Advantage of forced distribution :

- Helps in deleting the preference of the rater.
- Whenever giving the reward it is an easier method.
- By force, we are fixing how many people will be the best. It creates competition. A good performer wants a reward so he gives his best and the worst performer is afraid of termination so he gives his best too to avoid it.

The disadvantage of forced distribution :

- Performance scores are normally distributed so it's not the effective one.
- It is based on task performance and avoids contextual performance (Dedication, commitment of the employees).
- It leads to low productivity, high absenteeism, and when employees get a lower grade than their expectation they become frustrated.

MBO (Management by objectives)

It’s a process where objectives are set by the employers for the employees. Performance is evaluated frequently and rewards are given based on performance. It’s focused on more what needs to be achieved than how to be achieved.

Advantage of MBO (Management by objectives) :

- It focuses on action and results and schemes for successful employee performance.
- Employees' commitment to achieving the goal of the organization.

The disadvantage of MBO (Management by objectives) :

- It is very time-consuming and only effective if the supervisor is trained.
- More focus on short-term goals than long-term goals.

360-degree method

It is a method where employees are evaluated based on the feedback given by the people around them. Here employees are evaluated by their peers, subordinates, and supervisors.

Advantage of the 360-degree method :

- The information gathered from different sources reduces the biases.
- Employees can aware of others' expectations like peers, customers, etc.
- Employees commitment to work is improved
- Employees' self-perception of performance increased which makes them confident and to take control of their career.

The disadvantage of the 360-degree method :

- Very much time consuming
- Personal preference can create problems between the employees.

4.8 Errors in Performance Appraisal

Supervisors and managers are responsible for Performance Appraisal. It differs based on situation, state of mind, and place which affects their decision. As they are also a human being so their preference, decision differs. For this, it is natural to lead to any errors. But effective efforts can minimize this problem. Many errors can happen in this process.

Rater error

The typical error that can happen and identified the causes of the errors. It helps in accurate the error that can be made by the rater unintentionally or can expose raters to the range of possible errors which include-

Similar to me error

In this, the appraiser tends to give favor to the individual who is similar to him or her. Supervisor in that case when doing the appraisal they give the highest rating to the individual whose attitude, behavior, race, gender, and personality is similar to him.

Contrast error

In contrast error supervisors rate by comparing employees with each other not based on performance standards. This happens when the supervisor fills up multiple forms at the same time based on assumptions.

Leniency error

If the supervisor gives a higher rating to all the employees or most of the employees then this type of error can happen. It is an intentional error and is done to motivating the employees by giving merit base pay to avoid conflict in the organization.

Severity error

When the supervisor gives a low rating to most of the employees or all the employees then this error can happen. For teaching a lesson, to shock the employees and to make the employees decide to leave the organization this type of error occurs.

Bias errors

It relies on the attitude of a person. In the time of appraisal, some can be very strict or some can be easy. The actual performance of the employees may not be evaluated as well. Generally, it affects all in the organization.

Relation rating error: In the time of assessment if one task is related to another the error can happen there as the appraiser is giving importance to the logic.

Halo effect: These errors take place because of the biasness of the appraiser when they give importance to one task but ignores the others. Wrong assessment can happen because of this. In this, the employees are given a higher rating though the person of that person may not meet all the performance standards. Like if supervisor rates an employee based on perfect attendance then she is given a higher mark of ineffectiveness and dedication too.

Primacy error

This evaluation happens in the primary review period. If the rating is done based on communication then the supervisor gives more value to that sector rather than all other sectors.

Recency error

This error happens when information about the performance is collected during the last phase of the review period. Rating is mainly based on the last time of the review period. In it, equal importance is given to all the sectors of the ratings.

Negativity error

When supervisors give more importance to the information which is negative rather than positive and neutral information. Suppose if a supervisor observes a negative communication between the customer and the employees though there are many incidents where positive interaction happens and make the customer more satisfied still they give negative rating t the employees because of the nature of the people as they remember the negative thing most.

First impression error

When supervisors make favorable or unfavorable judgments about someone and ignore the valid information. In this, the person if similar to the supervisor then happens.

Spillover error

When one's previous ratings influence the rating of the current performance then this type of error occurs. In this supervisor thinks that a person who does the best performers in the past will do the same in the present time.

Stereotype error

This error occurs when a supervisor has a view of an individual that is based on group membership like based on skin color, age, gender, etc.

Central Tendency Errors: Here manager gives an average rating for the performance. Here best performer becomes dissatisfied but the poor performer becomes satisfied.

Proximity Error: In this manager evaluate the best performer and also expect high from the other performer. He evaluates everyone on one basis which creates a problem.

Rating inflation: The supervisor gives a rating to the highest level of performer only. He does it on a mood basis, not on a fact. Individual and collective performance can be suffered by it. Here bias evaluation can happen. (S, 2017)

Chapter 5
Performance Appraisal System and its Effect on Employee Motivation of AB Bank Limited

5.1 Performance Appraisal System of AB Bank Limited

Performance appraisal is the way to evaluate the performance of the employees by identifying the gaps and make a plan to develop the gaps of the employees to meet the goal of the organization. It is also a process that is done periodically that helps to create a good relationship between the supervisor and employees. As performance appraisal is a structured way so goals and competencies can be evaluated through it.

In the AB Bank, they set the goal at the beginning of the year which happened under the supervision of the supervisor or manager. They aligned it with the goal of the organization.

At the beginning of the year, HR disseminates the performance appraisal form to the employees of the organization. The following rating scale is used for appraisal purposes-

Performance standard: Excellent (4.6 to above), Very good (3.5 to 4.6), Good (2.6 to 3.5), Average (1.5 to 2.6), Below average (1 to 2.6).

The indication for key job responsibilities, on-the-job performance, level of knowledge, and behavioral competencies are used in the appraisal of performance.

On the rating scale of AB Bank, the employees are given promotions or bonuses.

Rating Scale : Excellent (EX) (91%-100%),Very Good (81-90),Good (71-80),Average (61-70),Below Average (Below 61%)

Employees are evaluated based on their performance which is-

- Employees who exceeded performance standards by significantly is excellent
- Employees who exceeded performance standards satisfactorily is very good
- Employees who met performance standards on target is good
- Employees perform below the target is average

- Employees who perform significantly below the target is the below-average performer.

5.2 Performance Appraisal policy of AB Bank Ltd

Appraisal policy is directed by the HR department and they maintain the policy to run the company perfectly.AB Bank uses an appraisal technique which is called the 9box evaluation. I the appraisal device they install this strategy to do the appraisal smoothly. They have been using it 2018 of June. Their new strategy is most effective from the previous one because by using it employees can know their potential and can develop themselves accordingly.

Riddle	Employees (Growth)	Leader (Future)
Dilemma	Core employees	Performr (High)
Underperformer	Effective Employees	Confide Professional

Potential

Performance

In this 9box tool, employees can set their target and the strategy of achieving it by setting their requirements for the job. It is done based on KPI.For meeting the goal of the organization performance appraisal is the main thing. And by using the tool of their 9box evaluation it meets the standard and helps the employees to meet the goal of the organization.

AB Bank uses two types of performance appraisal methods which are-

Job Result based: The employer evaluates the employees by comparing them with the representative of the organization. The representatives of the organization are given a target standard and based on the achievement of it their result is measured with the cooperation of the employees.

Behavioral agenda based: In this lead, the agenda delimitate the productive and unproductive employees. It is the best because the practice and the result of the employees can be seen here. In this method they-

- Evocation the customer for any discontent.
- Consult the problem with the customer.
- Collect details of the problem of the customers.
- Dispatch the solution to the customer which problem they are faced with.
- Advance plan for daily work.
- Gather all the data of the clients, important papers.

In the AB Bank, performance management is done regularly by maintaining the software. It helps to keep the track of the performance of the employees based on their target given. The supervisor gives continuous feedback to the employees so that they can learn and proper steps are taken by the supervisor if needed to maintain the workplace. It also helps in managing the quality of work with the line manager. At the end of each year, PA helps to gain the desired result of the organization as it's done fairly based on employee performance. In AB Bank they do the appraisal in two which are what and how based. (Al Mamun, 2010)

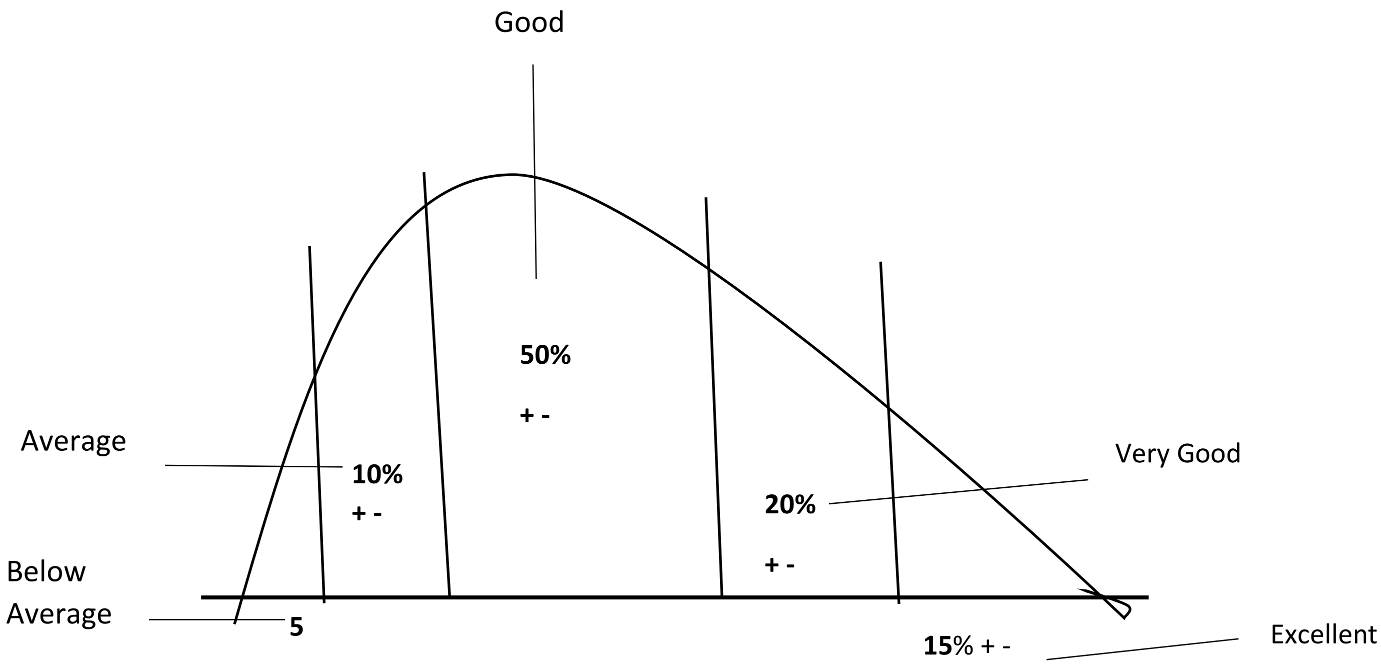
5.3 AB Bank's performance appraisal objectives

For doing the performance appraisal AB Bank has some objectives-

- Performance appraisal is done for review of the performance of employees & it gives a chance to managers so that they can make an important decision & improve the performance of the organization as a whole.
- Training and development needs of the employees can be identified through it and individual employees' capacity of work and maximum productivity of the employees can be ensured.
- Performance appraisal also helps in rewarding the employees based on their performance which helps in motivating the employees.
- The motives of performance appraisal also are to smoothly run other functions of HR including Recruitment, selection, training, and development.

5.4 Standard Performance Distribution & Annual appraisal

Based on the performance standards and given target achievement every employee of the organization will be evaluated by their direct supervisor. Monitor, guidance, and education of employees done by the department head of HR. The normal distribution curve is given below-



The normal performance distribution curve (approximate)

Before doing appraisal there are meetings took place between the supervisor and the employees. The first meeting happens to discuss the self-appraisal system and fixed the date about the employees and supervisors meeting. This meeting is most important for the new employees because they will be the member of the organization soon. The second appraisal meeting happens about the self-appraisal and here employees evaluate themselves. This meeting works as an opportunity for the employees. Third meeting here classical appraisal is used where employees and supervisor are included to discuss. The fourth meeting is the review of the salary. If any changes happened because of the performance then it is helpful to discuss here. The fifth meeting discusses the training and development program of the employees if needed. The sixth meeting discuss the setting of goals which included the behavioral and results.

5.5 Performance Appraisal Form

Performance appraisal is done by collecting the information through a form or employees. Nowadays online form fill-up is also done. By using electronic media the information can be stored and shared easily by the employees to the supervisor. The appraisal form included some basic components-

Basic employee information

In this, the employee information like the title of the job, department, division, group information, number of employees, salary, and pay grade is there. It also includes the evaluation periods date, month, and year number which the supervisor has worked to rate the employees, the starting date of the employees, appraisal reason, current salary, and job position and ext evaluations date, etc.

Accountability, objectives, and performance standard

If the organization follows the result approach then in here the name and accountability, objectives, and standard of performance which is agreed by the employees and supervisor.

Competence and indicators

If an organization uses the behavior approach then here different types of behavior competencies with indicators are there.

Major Achievements and contribution

During the review period, three or more achievements needed to be mentioned here including the result and behavior.

Development achievements

Here the information about the development goals is. It included a summary of the activities participated, courses and workshops attended, a new skill learned, etc.

Development needs, goals, and plan

The particular goal of the organization and the period of that goal achievement are there.

Stakeholder input

Some sections of the form include the customer's comment as employees interact with the customers the most and can be affected by the behavior of the employees.

Employee comment

The employee's reaction and comments are included here because of the rating result.

Signature

In this section, the rater and who are rated and supervisors signature are there as a result of showing that they know the content of the form.

5.6 Appraisal form used in AB Bank Limited

There is two appraisal form used in AB Bank Limited which are used for the department head and other is for the employees of the organization. The management committee filled up the appraisal form of the department head and the department head and relationship manager filled up the appraisal of employees. This appraisal form is directly sent to the department of HR.HR department confirms the receipt of the form if the form is sent properly.

The appraisal form which is used for the managers is four pages. At the start of the form, the year of the evaluation is written and the purpose also is mentioned there. There are three sections in the form. One is section A, B and the other is section B. At first, management fills up section A then section B which is associated with section A strategic targets. Section B can be ignored if section A is fulfilled. If A is not fulfilled then other section like advances, loans, deposits, bonds, remittance, etc needs to be complete.After that section C comes which consists of achievement by giving them the point. Compliance of audit, new recovery NPL, budget operating, etc are there too. By completing the three sections of the form total marks are counted.

The marking systems are-

Below Average-The employees who are outlying below target and it is less than 65 percent.

Average-The employees who are close to target and it is 65-79 percent.

Good-The employees who attain the target and it is 80-100 percent.

Very Good-The employees who surpass the target and it is 101-109 percent.

Equal or above excellent-The employees who uniquely surpass the target and it is above 110 percent.

It is all on the first page that needs to fill up then the second page which includes the behavioral competencies and scores are given from a 1-5 scale based in which Improvement need is 1, Average is 2, Good is 3, Very Good is 4 and Excellent is 5. There are about 15 questions for managers here that need to be filled. The question can be different based on the situation. Some questions are given below-

- The details learning about the imputed job which is called core job.
- The sense about the updated policies, products, and services.
- Banking Business prosperity issues.
- Banking-related knowledge regarding IT and computers.
- Caring and support of Customer
- Subserviency issues cognition.
- Attitude is associated with thinking positively and accepting of changes.
- Analytics skills
- Ability to communicate properly
- Team worker and committed to the team
- Influencing ability
- Relationship Maintaining
- Quick decision-making ability

Based on the question asked manager just needs to give a tik mark which matching with them and after they will answer about their commitment and responsibility which is a very important part of their job. After that manager tries to find areas in section D that needs to be improved. The knowledge and behavioral competencies if needed then they find out that and give individual training to be improved. In the last section which is E, the total summary of the performance and rating is given. (Rahman, 2021)

5.7 Performance Appraisal Analysis

Based on the target achievement evaluation is done in AB Bank Limited. There are two kinds of appraisal systems are used in this organization. One is done yearly which is evaluation of employee performance and the other is done quarterly which is employee excellence of performance.

Past Appraisal System

1. **Evaluation of employee performance (Yearly)**

   There was 100 marks evaluation used in the past.HR department given the 5% marks and employees self-appraisal was 95%.In part A there were 30 marks which are evaluated based on 6 factors and the given point was multiplied by the factors. In part B marketing and sales department were given 65% marks based on the target given and the achievement of the target. In part C there are a self-appraisal and 95% marks are counted by the employees. Here 5% marks are given by the managers and finally, full marks will be calculated. Based on the performance rating employees will be given rewards or punishment. For getting the promotion the employees have to work 2 years in the organization.

2. **Employee excellence of performance (Quarterly)**

   The performance of the employees is evaluated quarterly which is January to March, April to June, July to September, October to December. Every department head will be given a form for the evaluation of that department's employees. The board later evaluates the performance and two employees are given the excellent performer award within seven days of evaluation. Based on some standards the performance is evaluated and managers are not evaluated here and it upshot the employee's yearly performance evaluation.

Present Appraisal System

Evaluation of employee performance (Yearly)

There is a total of 200 marks for evaluation of employees where 100 marks is the self-evaluation and supervisor ascribed to another 100marks to evaluate. Depending on the job description they judge themselves and they are given two to four matrics for it. On matrics, the supervisor will also judge them, and the value for this is 95, and the rest of the marks will be given based on correctional rate. After calculation of total marks which is 200, it will be divided by 2 and employees will be given reward or punishment based on ratings. The employees getting 90-100 marks will be given increments(4), promotion and Incentives, and 5 paints. The employees who are getting 80-90 will be given increments(3) & promotion,70-79 will be given increments (2),60-69 will be given general increment,50-59 will be given only one point. Less or equal 49 will be given a warning or get fired. The employees need to work at least 2 years for getting the promotion.

Dissimilation between past and present (modified and developed)| appraisal system

The appraisal form of supervisor and self was almost the same in the past but at present, they use a customized one for everyone. Present appraisal form is more clear and understandable to the employees and they can clearly identify the expectation of the supervisor and also can evaluate themselves. In the past growth opportunities were limited but at present, they are given priority to the learning and growth of the employees of the organization. There is a balance scale for measurement for the new appraisal system which was ignored before.

5.8 Advantage of Performance Appraisal

Performance appraisal plays an important role in the busy working life and it gives a chance to employees and supervisors to have one discussion so that they can find out a solution together if there is any problem and reach the goal and also helps in increasing the performance of the organization.

Motivation to perform is increased

By receiving feedback on an ongoing basis the individual's motivation for future performance increases. When individuals know about their performance and get recognizes based on their past success it gives the fuel for future achievement. By it, areas of development can be identified. Performance appraisal helps in improving the career growth of the employees. By giving continuous feedback employees can make a plan for themselves to grow professionally.

Self-esteem is increased

By giving feedback fulfill people's desire to be recognized and gives value to their work which helps in increasing the self-esteem of the employees. It inspires employees to do good.

Manager gain acumen about subordinates

The direct supervisor and manager in charge can gain insight into the person who is being appraised. By receiving positive feedback employees become determined to work hard. Engagement of employee increase and they motivate to perform their best for the organization. Continuous feedback makes a bond with the manager and employees feel that they are cared for by him.

The job definition and criteria are clarified

Employees can know about their behavior and the required result for performing the particular job. Not only that they also get an idea of how to be the best performer. It can be the only time for an employee to have an incessant time with the supervisor and make a good relation**.**

Self-insight and development are enhanced

The employees develop a better understanding of themselves by performance appraisal as they are involved in the development activities. Performance appraisal shows the strength as well as weaknesses of the employees and if any employees need training.

Administrative actions are more fair and appropriate

Performance appraisal gathers the information that is valid and based on that the administrative actions are taken like promotion, merit increase, transfer, and termination. It ensures that rewards are distributed fairly and dependable basis. This type of sound management system helps in building trust between the employees and supervisor

Organizational goals are made clear

The goals of individual and organizational are made lear by appraisal system. . It helps in identifying the roles and responsibilities of employees and their expectations from the manager. It helps to assess how good employees meet their goals and next goal-setting becomes easier for the manager and mission of the organization reached successfully.

Employees become more competent

The noticeable contribution is the performance of the employee's improvement. Daily appraisal makes the employees see their weaknesses where they need to develop themselves. It aligns the employee's and colleagues thought about the other colleague's reveal. It helps in remembering the employees why they are working for a certain organization and the vision of the organization can be met by it.

Employee misconduct is minimized

Employees can be involved in many miss conduct like abusing overtime policies, send inappropriate gits to the customer, stirring the account of the customer, using resources of companies for personal use. Having an appropriate appraisal system prevents that kind of problem and identified the problem earlier before it happened so that any kind of negative consequence can not happen.

Better protection from a lawsuit

Documentation with regulation can be done by using the data that are collected y performance appraisal. Equality in the workplace regardless of sex or background can be maintained. If the appraisal is not done properly then uninterrupted performance evaluations are resulting in increased exposure to litigation for the organization.

Supervisors views of performance are communicated more clearly

Appraisal allows the supervisor to communicate with their peer's judgments about the performance. Accountability is there because everyone knows the expectation and performance level of themselves. Assessing and monitoring the performance become easier by the manager.

Organizational change is facilitated

The appraisal can be used as an important tool for organizational change. If any organization wants to change its culture for giving the priority to the quality of product and customer service then-new organizational direction needed to be established. The appraisal helps in linking the organizational culture to the goals and objectives of the organization.

Motivation, commitment, intentions to stay in the organization increased

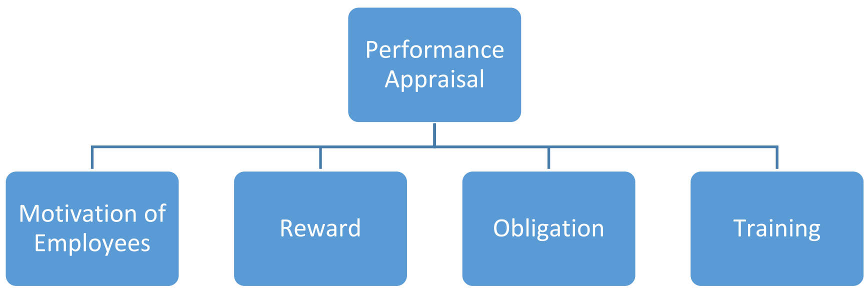
If performance management makes the employees satisfied then the commitment of employees to stay increased. For intention for turnover then if the organization can make the employees satisfied with reward employees will not look for a new job in the upcoming year and not think of quitting the job.

Voice behavior is enhanced

A well-established system of appraisal can help in engaging the employees in the voice behavior which can improve the organization's process. It included the suggestions for change, challenge the status quo, changes, and innovations that are innovative and offered when a disagreement happens. It can happen in a meeting of appraisal when employees can suggest reducing the cost and quickly done a particular process.

5.9 Performance Appraisal Effect on Employee Motivation

Human resources are the most important thing for the organization. The employees are the key to the success of the organization. If the employees are not well organized then it will be troublesome for the organization. For doing effective performance motivating employees is the central thing. Employees can be motivated by giving them appraisals based on their performance. Without proper feedback, it is difficult for the organization to maintain the productivity of the employees because performance has a positive link with effort (motivation), ability (training). Performance appraisal makes the employees satisfied and faithful to the organization.



Employees' motivation and satisfaction can be determined by performance appraisal. It can have positive as well as negative effects which can motivate employees or can demotivated too. Employee's effort in a work can be found out by performance appraisal. By doing the appraisal the company indicates that they are giving priority to the advancement of the employees. Employees can be committed, loyal to it when they see that their effort is being valued. Employees become more productive in that way to get the reward for their work. Proper performance appraisal also can degrade the absenteeism and turnover rate of the employees. As employees are appreciated by an appraisal so employees work very hard to prove themselves which helps the organization to meet their goal.

An organization's success in recruitment & selection can be properly done through performance appraisal. The plan of recruitment can be effective by using the data of performance appraisal. By using the data effectiveness, growth rate, as well as steadiness of the employees, can be identified.

Evaluation of employees is done through performance appraisal. Though it can work as a motivation for the employees still become anxious about it which reduces the productivity level of employees. Some balance between employee satisfaction & productivity should be maintained to successful the appraisal process. (Johnson, 2015)

5.10 Training and Development plan

Training and Development needs can be clear by performance appraisal. It works as a bridge between subordinate and supervisor to find out the gap in the work so that necessary training can be taken to improve the performance of the employees.

On the job training

On-the-job training is given by pairing each of the employees with their coworkers by design a formal training course. In it, a particular training period and learning objective of the training program are included.

Courses

Organizations can arrange some online courses to enhance the knowledge of the employees on a particular topic. They should include a wide range of courses from there employees can choose their needed one.

Self-guided reading

Employees can read various books and can search topics which will increase their knowledge which will help in their job.

Mentoring

Organizations can arrange some mentoring programs. It creates a one on one relationship between the mentor and junior employees. In it, an organization should give freedom to the employees so that they can choose by whom she wants to be mentored. Mentor plays as a role model here by whom junior employees can learn needed skills to perform the job.

Attending a conference

Organizations can sponsor an employee to join in a conference and the attended employees needed to be given a report or presentation about the topic he or she attended and learn. By it which she learned can be identified and also the knowledge can be shared to many people in the organization.

Getting a degree

Organizations can arrange a program where employees will gain a degree. By doing it the relat5ion between the employees and the organization will increase.

Job rotation

For gaining the necessary skills it is the needed method. By job rotation employees can learn about the other knowledge about the job and perform accordingly.

Temporary assignments

It's a challenging task to do for the employees and it allows the employees to gain specific knowledge in a short period.

Reward

Performance appraisal is done to know the performance of the employees and performance review of the employees done at the very end of the year and based on the overall performance of the employee's reward is given and appraisal form is given to the employees to know their strength and weakness to improve themselves. Written comments are also given to the employees and to embolden the performance of the employees they interrogate & help them to improve in meeting the goal of the organization. In the appraisal form, all the evaluation process and reward is filed properly. There are five types of reward is given based on the appraisal. One is financial which included salary, promotion, bonuses, merit pay, etc, and the nonfinancial reward which is recognition and status, opportunity for learning, challenging work, etc. They also give the benefits such as protection of income, work-life focus, allowances. Compensation is given based on the skill, time, and effort of the individual, work-life focus helps the employees between their work and non-work activities, recognition is given to the individual when they do an outstanding performance. It includes certificates, trophies, plaques, etc.

Increment

The increment is given to the employees who did the best performance & it is given once a year to the employees. It is counted from the joining date of the employees and employees receiving injunction letter will not be given this and based on the financial position of the company it is given to the employees.

Promotion

Performance appraisal has a relation with promotion. The appraisal helps the supervisor to find out the efficient employees to give reward and inefficient to demoted. By giving the promotion employees can progress themselves to a high level. Based on the performance quality of the employees and based on the presence of that position employees can be promoted. Different organizations follow different rules in promoting the employees. During the performance appraisal employees are evaluated individually and promotions are given to suitable candidates A supervisor can not promote his employees in AB Bank. They have taken the interview for the promotion of the employees and the employees have to complete two years for eligible of this interview. The head of human resources, retail, COO took the interview for this and at times the Managing director take part in it. Based on a different standard like interpersonal skill, communication, presentation, etc they are evaluated and given promotion. Each skill is given marks which comprise 50% marks for promotion and the other 50% is given by the supervisor to the employees for the appraisal purpose. This system is used so that there is no dissatisfaction and biases remain in the mind of the employees and the right person can be selected by this process. The employees who work in a contract based got promoted directly by their performance and the promotional interview is for the permanent employees of the organization. There is also an exceptional promotion system for the employees. It is given to the loyal, committed, potential, and prominent performer. (Hasan, 2021)

5.11 The negative effect of Performance Appraisal

Performance appraisal can make the employees dissatisfied, melancholy, annoyed if it is not done properly. The employees may not develop themselves because of laking of knowledge and frustration. As a result, the productivity of the employees can hamper. On the other hand, the supervisor can feel pressure when doing a performance appraisal of a huge number of employees. Rater errors can happen because of the biasness of the supervisor which can let the good performer lose his confidence and wastage of time can happen. It can also make the workplace stressful rather than friendly. Sometimes the employees are evaluated without knowing anything which leads to the error and because of bias nature of employers ratings of employees are low and based on past performance compared to the present performance. Performance appraisal will be effective if it's done based on standard and all the time follow by the management otherwise it will not be effective and employees remain less productive and it will lead the organization to suffer in a long run. (Brown, 2010)

Appraisal creates pressure for the employees. Sometimes employees do not want to talk about their performance because of their fear. Sometimes when merit or bonus pay is given it is given based on the one or two supervisors without discussing anything with the employees. Merit pay and promotion work as a motivating tool but sometimes if the appraisal result does not match with the reward given then employees can dismiss the whole procedure. It creates conflicts between the employees and supervisor when employees receive a review which they do not expect. It can make the employees frustrated and angry and the development of the employees is not possible in that way. Criticism should not be given to the employees directly because it will hamper their confidence and their loss of performing well in the organization.

Many supervisors think that if they give a low rating to someone then it will affect them as well as they are their supervisor and try to make the employees good on the paper which can question the culture of the organization. Feedback seeking by the poor performer also creates a problem because they try to get praise from their supervisor in an improper situation. It can mislead the employees to think of them as a good performers also creates pressure for the supervisor to make a proper assessment of them. Employee participation though is a very important thing in an appraisal but many employees still avoid it. Many use appraisal as an unfastened event than a continuous event and the supervisor does not want to properly do it because of their work which also creates miscommunication between the appraiser and the appraise.

Use of Misleading Information

If there is no system of standardization in a place then there will create many opportunities for fake information about an employee’s performance.

Increased Turnover

If the procedure is not viewing as fair then many employees will be upset and also they will leave the company. The employees can leave the company physically or psychologically because they will give less effort till they can find a new job somewhere else. It depends on the proper procedure.

Wasted time and money

Both time and money are important in a performance management system. Because without these the entire system will fall. Also, resources are damaged because of poor system design and proper execution.

Lowered self-esteem

If proper feedback is not provided appropriately and accurately then the self-esteem will be lowered. It creates employee dissatisfaction in many ways.

Damaged relationships

A deficient system also has many consequences because the relationship may be damaged among the individuals which can be permanent often.

Decreased motivation to perform

For many reasons, motivation can be lowered. With a feeling that superior performance is not translated into substantive because they think they don't give any rewards also it will not increase their payment or personal identification.

Increased risk of litigation

Expensive litigation field by individuals for this they feel that they are judge unfairly.

Emerging Biases

Biases, personal values, relationships are likely to restore the Organisational values.

Unclear rating system

Employees may not be aware of their performance, rewards, and ratings that's why they don't give enough effort to improve their ratings. Also, they don't know these ratings are important for giving them rewards and it can increase more opportunities for them.

Varying and unfair standards and ratings

Both value and ratings of individuals play a vital role because ratings may vary across and within units and can be unfair.

Unsatisfied demand's on managers and employee's resources

Without a proper plan and implementation system, an organization can not bring out the benefits rather it wastes the time of managers and employees. Such a system will be obstructed because of agreement competing and grant of resources. Sometimes this can be worse because the managers choose to ignore all the systems altogether and employees may feel extra level pressured for this.

Chapter 6

Recommendation & Coclusion

6.1 Recommendation

AB Bank Limited is the precursor of the banking sector and because of their performance, their customers increase in a great number. They maintain a proper appraisal for their employees so that they become satisfied and loyal to the organization. Effective performance of the employees is the most important part to make the organization successful because performance appraisal can make the employees effective.

- A concentrated human resource policy should be implemented instantly where all the departments will participate to increase the growth of the employees.
- The proper training program should be introduced so that by using this employee can make them efficient and enhanced their skill.
- They should measure the performance of the employees before giving them training and after giving the training so that the improvement of the employees can be seen and it will help them to identify the needed training for the employee's development.
- Performance appraisal plays as a very effective tool if done properly so they should modify it if needed and they should do it with the help of an expert who knows it and by doing it error can be avoided.
- A 360-degree appraisal should be followed in appraisal so that employees can have an idea about what their colleagues thought of them.
- Reward system and company policy should be cleared to the employees so that they can be self-motivated.
- Proper training should be given to the supervisors so that they can understand and communicate with the employees properly.
- Cooperation with the department and malleable working hours should be maintain trained.
- The supervisor should keep notes of employees on an ongoing basis in a diary so that he can keep a track of every performance of the employees & give a correct evaluation.

- The feedback should be given continuously to the employees so that they can understand their weaknesses and improve themselves.
- More rewards should be given to the deserving candidates so that employees become loyal and effective to the organization.
- Rating of supervisors by employees should be introduced so that supervisors can be evaluated based on their behavior and attitude.
- Performance appraisal should be done by the multitude of numbers and reasoning which is the mixing of quantitative and qualitative data.

6.2 Conclusion

Performance appraisal is the best way to conduct the employees properly. Performance appraisal can find out the weakness of the employees and training needs of the individual to make them developed, motivated to perform best by giving continuous feedback and reward. Performance appraisal motivates the employees and makes them satisfied and reach achieving the goal. Best employees and a friendly working environment can be maintained by using performance appraisal. It helps the supervisor to maintain everything timely and find out the performance of the employees and if they find any gap there they can also train the employees accordingly and it helps them to find out the best employees to give reward and promotion. So it can be said that performance appraisal is indisputable for the organization to be successful.

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Appendix

PERFORMANCE APPRAISAL FORM

Performance Year: _______________

Appraisee Name:___________________________ Employee ID: _________________________________

Title: _________________________ Department: _______________________________________

Last date of promotion : ___________________________ Educational level : ______________________

Age:____________Service period: ______________________Service in present position : ______________

Last years of performance: ____

Appraiser Name:___________________________ Title : _________________________________

Job responsibilities of Appraisee:

-
-
-

Performance Appraisal Rating: Score

Sec 1 : KPI (50% of the score accomplished)

Sec 2: Behavioral competencies

Total: (KPI+COMPETENCIES)

Sec 1 : KPI

Serial No	KPI	Marks	Score	Comment
1				
2				
3				
	Total	100		

Section 2:Behaviroal Competencies

Serial No	Knowledge& Behavior	Justification	Score
1	Job knowledge		

2	Customer-oriented		
3	Communication Ability		
4	IT Knowledge		
5	Interpersonal Skills		
6	Result Accomplished		
Total			

Section 3: Development Needs	
A- Two areas in knowledge and two areas behavioral competencies	
Knowledge Gaps	Behavioral Competencies gaps
1.	1.
2.	2.

B.Appraisees observation on own appraisal and career expectation

Signature ___________________________________

C.Promotion Recommendation : Please Tick

1.Yes

2.No

Reason For above Recommendation:

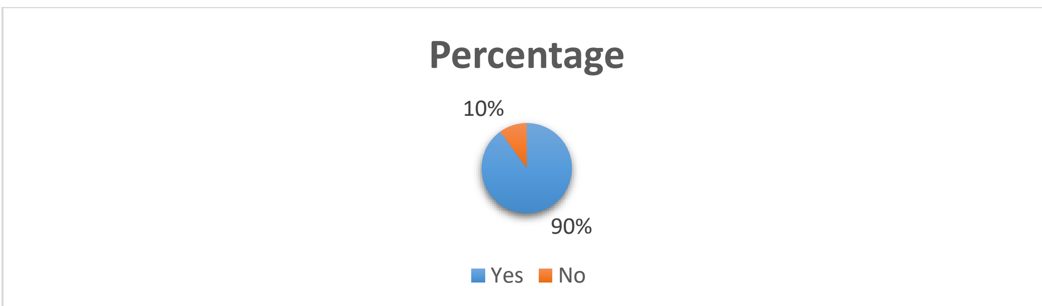
Signature : _____________________________

D. Overall remark by Supervisor	Review
Signature: ___________________________	Signature: ___________________________

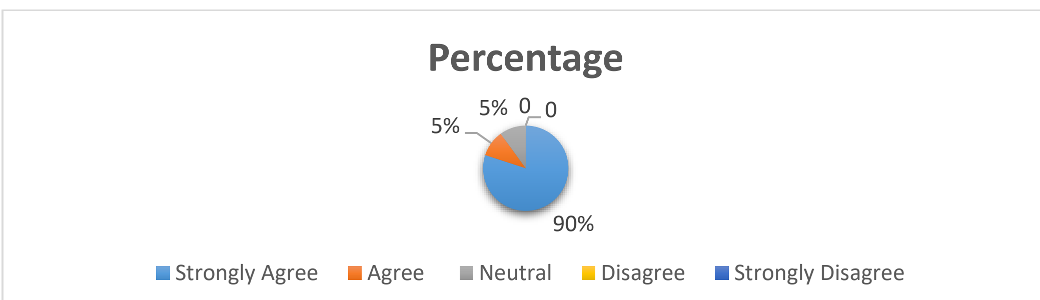
Questionnaire

1. What age range do you belong to?
   a. 24-29
   b. 30-34
   c. 35-44
   d. More than 45
2. What is your current position?
   a. Entry-level
   b. Mid-level
   c. Top-level

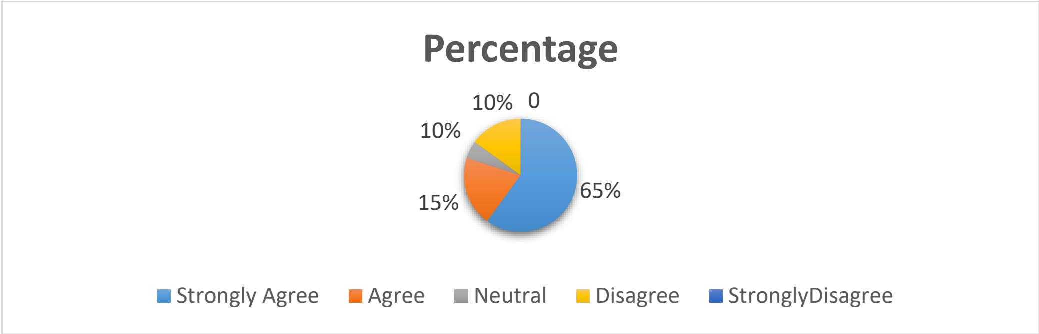
1. Do You think Performance Appraisal is the most important tool in the organization?



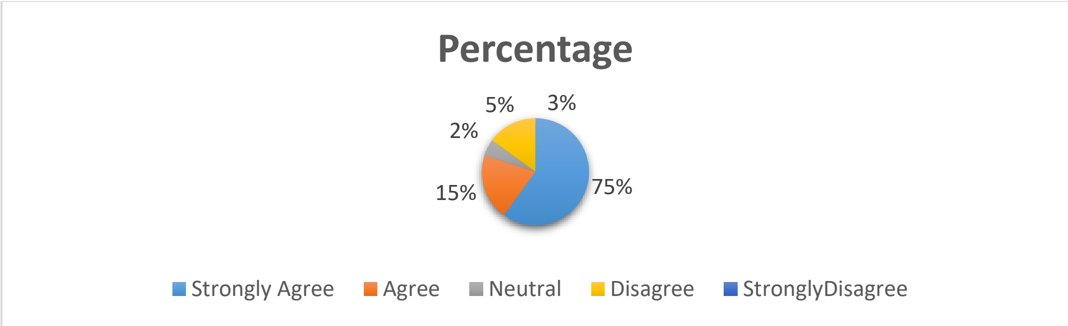
2. Performance appraisal helps in enhancing my skills.



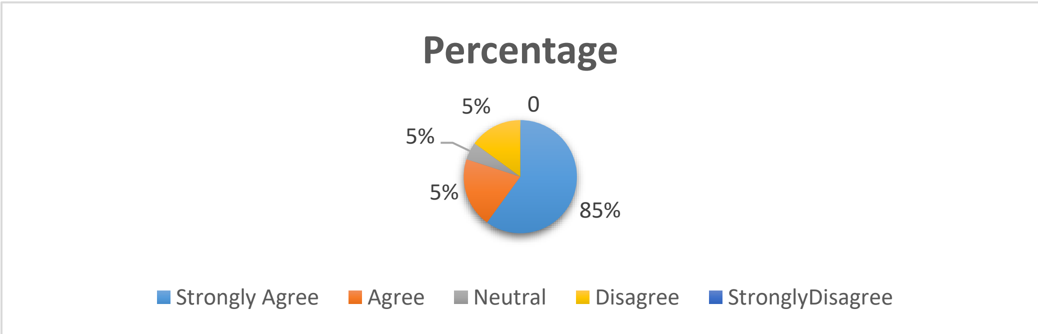
3. Pre-determine objectives are used for the appraisal.



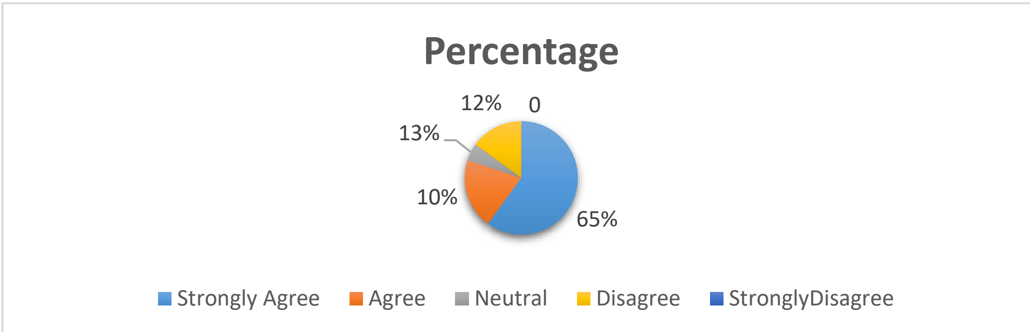
4. I have given ratings based on my performance.



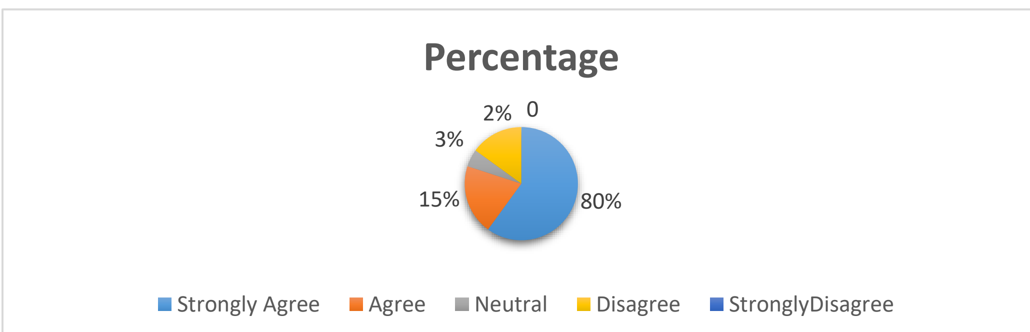
5. Performance Appraisal motivates me to perform well.



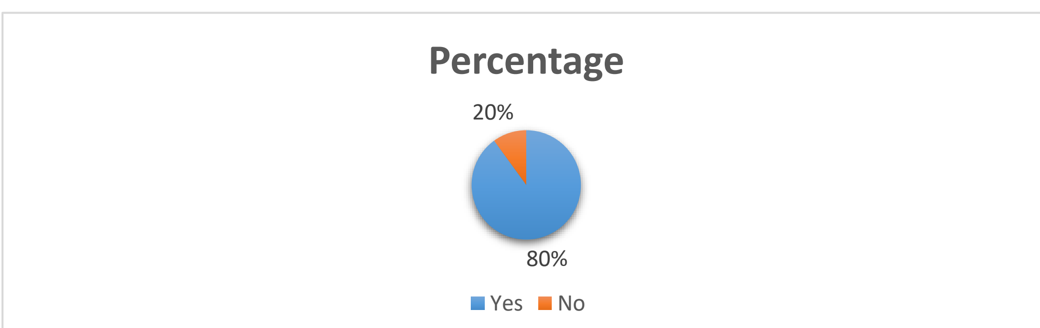
6. Performance Appraisal is fairly directed by the organization.



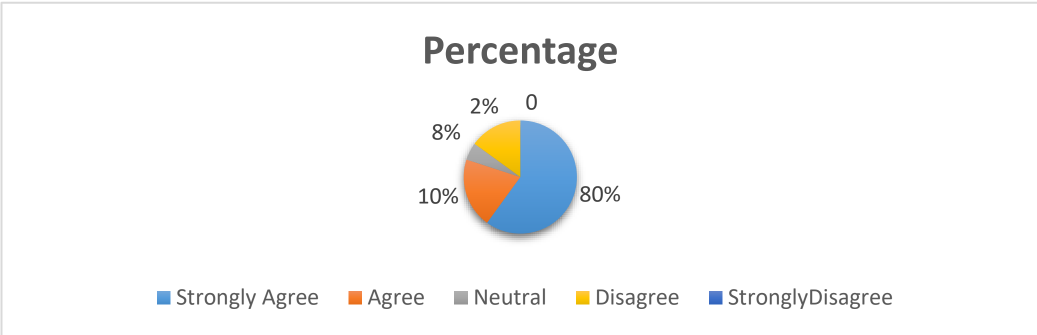
7. Intention of Performance Appraisal is clear to the employees.



8. I can easily communicate with my supervisor regarding the result of the appraisal?



9. I am satisfied with the overall performance appraisal process.



10. Do you think there is any restriction in PA & If yes then justify why?

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