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**Research Article**

**Performance Appraisal System of Employees of Private Banking Sector in Bangladesh: A Case Study on National Bank Limited**

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performance appraisal,  
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Performance level,  
Performance,  
performance appraisal,  
participation and reward.

**Abstract**

The concept of performance appraisal is still emerging and finding space in both academic and practitioner spheres. This paper is an attempt to do the empirical evaluation of performance appraisal by applying some of the strands of critical thinking to performance appraisal practices of employees of private Commercial Bank (PCB) named as National Bank Limited, Dilkusha Commercial Area, Dhaka. Data were collected for this study by questionnaire method. The study shows that the effect of various aspects of performance level and difference in the level of performance between the employees of Bank. The target interviewers were managers, officers and clerks. The diversity of the study is that it involves Bankers of all age groups and career levels. The study indicates a positive sign regarding overall performance level of employees of the bank. In such situation, performance appraisal of bank officers becomes an important issue that has to be taken care of in order to achieve ultimate goals of the banking sector in Bangladesh.

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**1.Introduction**

Most of the organizations follow formal evaluation system because they think that performance appraisal is the essential thing for the organizational success. Managers must maintain the visibility in the performance evaluation program because it may accelerate the authenticity of the program. Whether such work force is present in the organization can only be found by means of a good appraisal system. A formal and periodic appraisal system encourages supervisors to observe the behavior of their subordinates. This enables supervisors to monitor the efficiency, behavioral peculiarities and attitude of workers, which, in turn, helps the top management to locate their best workers. An Effective performance appraisal should also recognize the legitimate desire of employees for progress in their professions, as the appraisal leads to decisions on promotion, transfer, layoffs and discharge. On the other hand, the appraisal system itself needs to be neutral and objective in its monitoring so that bias and prejudice of appraiser does not color the evaluation process.

The objective of our study is to measure the level of performance of employees of National Bank Limited. There are different methods of measuring performance level of employees such as surveys, interviewing employees and monitoring performance targets. Surveys are a common method of measuring performance. Interview of the employees as a method of measuring job performance is mostly useful in organizations that have positive relationships with employees and believe the problem is too sophisticated to be understood with a survey. If employees do not trust the organization or interviewer, however, responses may not be entirely honest. Businesses with low job performance or employees who fear being let go may find the employees reluctant to discuss the situation since they may fear it could negatively affect them in the future. Appraisal system itself needs to be neutral and objective in its monitoring so that bias and prejudice of appraiser does not color the evaluation process.

Managers often think about how well employees are doing; this is informal system. Political and interpersonal processes influence it, so those employees who are linked better than others have an edge. But managers cannot find out the real/actual performance of employees through this system because here managers liking or disliking are material and employee's performances are immaterial. By contrast, a formal performance evaluation is a system set up by organization to regularly and systematically evaluate employees' performance. With low job performance or employees who fear being let go may find the employees reluctant to discuss the situation since they may fear it could negatively affect them in the future.

## **2. Literature Review**

Performance appraisal is a concept associated with Human Resource Management and by this association one concept of the broader concept of management. Every year employees experience an evaluation of their past performance. Employees generally see these evaluations as having some direct effect on their work lives. They may result in increased pay, a promotion, or assistance in personal development areas for which the employee needs some training. As a result, any evaluation of employee's work can create an emotionally charged event. Because the performance evaluation is not the simple process it once was, it is now more critical to perform one while simultaneously focusing on key activities of the job.

The survey of different research studies in the concerned area indicates that the term performance evaluation, merit rating and performance appraisal are mostly used in measuring the performance of an employee or employees (Bhattacharjee and Karmaker, 1989). Beach (1965) defined performance appraisal as "the systematic evaluation of the individual with respect to his/ her performance on the job and his/her potential for development". A more comprehensive definition of performance appraisal was given by Douglas et. al., (1985). According to them, "performance appraisal is a systematic review of employee's meaningful job behavior to respects their effectiveness in meeting their job requirements and responsibilities".

Performance appraisals are essential for career and succession planning. Performance appraisals are important for staff motivation, attitude and behavior development, communicating organizational aims, and fostering positive relationships between management and staff. Performance appraisals provide a formal, recorded, regular review of an individual's performance, and a plan for future development. In short, performance and job appraisals are vital for managing the performance of people and organizations. Performance appraisals are usually carried out annually and are used to review an employee's performance within an organization. They are used to maintain and assess the person's grow and development and for promotions. The process by which a manager or consultant examines and

evaluates an employee's work performance by comparing it with preset standards, documents the results of the comparison, and uses the results to provide feedback to the employee to show where improvements are needed and why. Performance appraisals are employed to determine who needs training, and who will be promoted, demoted, retained, or fired Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Organization. His or her line manager appraises each staff member. (Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization). Annual performance appraisals enable management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals data feeds into organizational annual pay and grading reviews, and coincides with the business planning for the next trading year. Performance appraisals generally review each individual's performance against objectives and standards for the trading year, agreed at the previous appraisal meeting.

## **3. Objectives of the Study**

In the light of the domain for research identified so far, the following objectives have been set for the present study:

1. To see the satisfaction level of employees, towards the existing performance appraisal system in the sample study organization of National Bank Limited.
2. To find out the factors that are responsible for the dissatisfaction of managers towards PAS in the organizations.
3. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
4. To identify the strengths and weaknesses of employees to place right men on right job.

## **4. Research Methodology**

This research study has been conducted and analyzed on the basis of primary data. Primary data were collected by survey method from a branch of National Bank Limited. Only 33 employees have been selected by random sampling method out of 100 employees of National Bank Limited to ascertain their views on performance level .The methodology of the study involves collection and analysis of both primary and secondary data. Data analysis was carried out by using tables and charts.

Almost all data were collected from both the primary and secondary sources. Primary data were collected using a

structured questionnaire consisting of 7 questions revealing employees opinion on the existing performance appraisal system of the National Bank Limited, Dilkusha, Dhaka. All the questionnaires contained various questions in each set relevant to important dimensions of perceived characteristics of appraisal system in terms of Design, Process, Outcome variables and Organization content which influence satisfaction with the performance appraisal

system. Data were collected by face-to-face interview of the sample employees and were analyzed according to the scale developed by Griffin (1999):

Strongly Agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. Secondary data were collected from the annual reports, books, journals and other published materials.

**5. Analysis of Performance Appraisal System of National Bank Limited views of Appraises**

**Question no. 1:** The performance appraisal method is visible and standard.

Options	No. of participants	% of participants
Strongly Agree	11	33
Agree	17	51
Neutral	3	10
Disagree	0	0
Strongly Disagree	2	6
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.1, 51% respondents (Employees) believe that the performance appraisal method is visible and standard. 11% strongly

agreed with this issue. Only 6% respondents (Employees) strongly disagree with this issue.

**Question no. 2:** Employees are fully aware of performance appraisal system.

Options	No. of participants	% of participants
Strongly Agree	5	15
Agree	21	64
Neutral	1	3
Disagree	5	15
Strongly Disagree	1	3
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.2, 64% respondents (Employees) believe that they are fully aware

of PA system. 15% respondents strongly agreed and another 15% respondents disagree with this issue.

**Question no.3:** Employees are allowed to formally communicate with supervisor regarding the appraisal results.

Options	No. of participants	% of participants
Strongly Agree	9	27
Agree	20	51
Neutral	4	6
Disagree	0	10
Strongly Disagree	0	6
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.3, 51% respondents (Employees) believe that they are allowed to formally communicate with supervisor regarding the appraisal results. 27% employees strongly agreed with this issue.

**Question no.4:** Supervisor provides employees with a useful performance appraisal.

Options	No. of participants	% of participants
<b>Strongly Agree</b>	<b>10</b>	<b>30</b>
<b>Agree</b>	<b>17</b>	<b>51</b>
<b>Neutral</b>	<b>3</b>	<b>10</b>
<b>Disagree</b>	<b>2</b>	<b>6</b>
<b>Strongly Disagree</b>	<b>1</b>	<b>3</b>
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.4, 51% respondents (Employees) declared that their supervisors provide useful performance appraisal. 30% of the employees strongly agreed with this issue.

**Question no.5:** Supervisor provides feedback with necessary guidelines to improve the performance of employees.

Options	No. of participants	% of participants
<b>Strongly Agree</b>	<b>8</b>	<b>24</b>
<b>Agree</b>	<b>16</b>	<b>48</b>
<b>Neutral</b>	<b>6</b>	<b>18</b>
<b>Disagree</b>	<b>2</b>	<b>6</b>
<b>Strongly Disagree</b>	<b>1</b>	<b>3</b>
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation;** According to the question no.5, 48% respondents (Employees) declared that their supervisor provide feedback with necessary guidelines to improve their performance. 24% % of the employees strongly agreed with this issue. But 18% remained neutral. And total of (6% + 3%)= 9% disagreed this statement (supervisor provides me feedback with necessary guidelines to improve the performance).

**Question no.6:** Supervisor jointly sets performance objectives with employees

Options	No. of participants	% of participants
<b>Strongly Agree</b>	<b>2</b>	<b>6</b>
<b>Agree</b>	<b>17</b>	<b>51</b>
<b>Neutral</b>	<b>9</b>	<b>27</b>
<b>Disagree</b>	<b>2</b>	<b>6</b>
<b>Strongly Disagree</b>	<b>3</b>	<b>10</b>
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.6, 51% respondents (Employees) said that their supervisor jointly set PA objectives with them. Only 6% strongly agreed with this issue but 27% remain neutral with this question. 10% of employees strongly disagreed with this issue.

**Question no.7:** supervisor is able to conduct the performance appraisal of employees without showing any biasness.

Options	No. of participants	% of participants
<b>Strongly Agree</b>	<b>4</b>	<b>12</b>
<b>Agree</b>	<b>22</b>	<b>66</b>
<b>Neutral</b>	<b>3</b>	<b>10</b>
<b>Disagree</b>	<b>2</b>	<b>6</b>
<b>Strongly Disagree</b>	<b>2</b>	<b>6</b>
<b>Total</b>	<b>33</b>	<b>100</b>

**Explanation:** According to the question no.7, 66% respondents (Employees) declared that their supervisors conducted the performance appraisal of employees without showing any biasness. 12 % are strongly agreed with this issue. Only 10% remain neutral for this question. And few of them are disagreed and strongly disagreed for this question.

**6. Conclusions**

Performance appraisal of employees is always a very important part in the business world. It cuts very good figure in our everyday communication because performance appraisal can help the organization to motivate the working team and retain it but to determine the level of Performance is dependent on different variables. But these variables are different for all the organizations. The patterns and policies of organizations determine the employees Performance appraisal. This research found that the employees' Performance of job is dependent on job promotions, training programs, flexibility to balance between work and home, career development opportunities. In this study it is also found that worker autonomy, immediate performance feedback, compensation, position and career development opportunities have less significant relationship with employees' Performance. The study, in its limited scope, has derived significant findings on various aspect of Performance Appraisal system of NBL. The system is working all right. However, there are some shortfalls of the system which can be properly addressed towards making the system more effective.

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**Appendix**

**A. Questionnaire**

**An Analysis of Performance Appraisal System of Mercantile Bank Limited**

		<b>Rating</b>				
	<b>Strongly Agree</b>	<b>5</b>				
	<b>Agree</b>	<b>4</b>				
	<b>Neutral</b>	<b>3</b>				
	<b>Disagree</b>	<b>2</b>				
	<b>Strongly Disagree</b>	<b>1</b>				
<b>Sl.</b>	<b>Topics on which comments are made</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Questions</b>		<b>No. of Participants</b>				
1.	The performance appraisal method is visible and standard.	2	0	3	17	11
2.	Employees are fully aware of performance appraisal system.	1	5	1	21	5
3.	I am allowed to formally communicate with supervisor regarding the appraisal results.	2	3	2	17	9
4.	My supervisor provides me with a useful performance appraisal.	1	2	3	17	10
5.	My supervisor provides me feedback with necessary guidelines to improve the performance.	1	2	6	16	8
6.	My supervisor jointly sets performance objectives with me.	3	2	9	17	2
7.	My supervisor is able to conduct the performance appraisal	2	2	3	22	4