

Impact of Performance Appraisals and Motivation on Employee's Outputs in Banking Sector of Pakistan

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Submitted: Oct 18, 2013; **Accepted:** Nov 16, 2013; **Published:** Nov 15, 2013

Abstract: The main purpose and objective of the study is to explore and examine the relationship of work performance with the performance appraisal and motivation in banking sector of Sahiwal, Pakistan. Data was collected through the questionnaire. The sample size consists of 200 employees of banking sector of Sahiwal, Pakistan. Convenience sample was used to collect the data due to time and resource constraints. For analysis, regression and correlation techniques were used. Reliability analysis was used to check the reliability of the data. Results of correlation and regression analysis show that there is overall positive relationship of work performance with the performance appraisal and motivation of the employees of banking sector of Sahiwal, Pakistan. This will help the other researchers in knowing the relation between them in depth. This will help and guide the organization in implementing the performance appraisal system for their employees and motivate them to get high performance. This will help them to enhance the work performance of their organization.

Key words: Performance appraisal • Motivation

INTRODUCTION

Human resource is vital for any organization. It is one of the useful sources which make other sources useful. If human resource or employees of any organization will be happy, they will do their best for the organization and vice versa. So it is important to manage the human resource. Organization tries to satisfy and motivate their employees to get better result. Performance appraisal is one of the main functions of human resource management. It is a method/ process which evaluate the individual's job performance in accordance with the objectives of the organization. Performance appraisal is effective and efficient for every organization. Employees of the organization work better when they

get appraisal on their performance. They get motivate and satisfy with their work. Performance appraisal is used to recognize and examine the attributes of employees and of organization [1]. Work performance of the employees associate with their satisfaction. Job performance is the value and measure of output of the employees that is essential to do a definite work [2]. Satisfaction can be given to the employees through performance appraisal. It can also affect the employees negatively according to some researcher. Overall, organizations are getting high performance by using performance appraisal. This relationship can be enhanced by the individual motivation of the employees. Golshan [3] motivation is in individuals taken as a humor that magnetize them to carry out a special performance and accomplishment.

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Performance appraisal is directly related to the job performance of the employees. If there are no appraisals given to the employees on their good performance then they will not do that much work again. There can be a direct relationship between performance appraisal satisfaction and job performance. Performance appraisal satisfaction is directly related to the job performance [4]. In the relationship of performance appraisal and job performance, there can be a mediator called intrinsic motivation. Intrinsic motivation can enhance the relationship. Positive work performance can be taken into account due to motivation [5].

This research has been conducted in order to find the relationship of performance appraisal with the work performance and the mediating effect of intrinsic motivation on this relationship. This research has been conducted on the banking sector of the Pakistan, Sahiwal.

Literature Review: Many researches has been done in past on performance appraisal. Researchers found different results from those researches. Furthermore, literatures were reviewed and based on these reviews, hypothesis will develop.

Performance Appraisal: Performance appraisal is the measurement or evaluation of the desired quantity and quality of the performance of the employee at work [6]. According to Smith [7] it is an aim to appraise the fulfillment of sustainability and objectives. It is identification of development, training needs and potential for future developments of an individual. Arbaiy and Suradi [8] said that it is a source of competitive advantage among employees of any organization. Performance appraisal is used in SWOT analysis of any organization, measure the strengths, weaknesses, opportunities and threats.

Work Performance: Work performance is defined as a result of an action or accomplishment of given tasks [9]. It is basically an action or behavior of individual in achieving the organizational goals [10]. It is the quality and quantity of human output essential for achieving the organizational goals. It is the combination of skills, motivation and tools [2]. Inputs like personality, knowledge processes in the organization, give output in the form of work performance [11].

Motivation: It is defined as a person participation in achieving the desired results of an organization [12].

The amount of effort is directly related to the fulfillment of the motivational needs of a person [13]. Set of process which directs the behavior and intension of a person towards attaining the goal of an organization [14]. Maslow suggests that needs of person should be in a hierarchy. If needs are going to be fulfill, he/she get motivated automatically.

Relationship of Performance Appraisal and Job Performance: A research was conducted in Peninsular Malaysia. Findings indicated that satisfaction with the performance appraisals positively influence work performance and job commitment. A sample of 1000 employees was surveyed with the help of structured questionnaire. This was the quantitative research and convenience sampling was used. Correlation and regression analysis were used to analyze the results of the research [15]. Another research revealed that there is a relationship of performance appraisal with the job performance. The result also indicated that relationship of performance appraisal satisfaction to turnover intension is not significant and there is role of moderating of intrinsic work motivation. The population consisted of employees of Esfahan University. 80 employees were selected. The research tool was used from questionnaire based on kuvaas model [16].

Another research was done by Kuvaas [17] indicated that performance appraisal was significantly realted to the job commitment, intrinsic motivation mediated the relationship of job performance and performance appraisals. The research tool was email questionnaire distributed in Norwegian, small banks. Coorelation analysis was used to analyze the results of this study. According to the research Pettijohn [4] performance appraisal is taken as bureaucratic exercise in some sales organizations. The purpose of the study was to check the relationship of performance appraisal, job satisfaction and organizational commitment of sales persons. A survey of 185 retail sales people and 58 sales mangers revealed that mediating factors used to increase the job satisfaction and organizational commitment with the performance appraisal.

In Kenya, a study was done on performance appraisal satisfaction in Tea development agency and other factories. Descriptive research was adopted. Sample was of 70, selected by using stratified random sampling. Data collection method of questionnaire was used. Relational analysis was used to analyze the results. Results revealed that factors like training, performance appraisal and MBO had an impact on the performance of the employees [18].

Another research in Kenya revealed that performance appraisal has positive impact on the job performance which leads to the motivation. This study was conducted at the ministry of the state for public service. Population consisted of 600 people and sample consisted of 354 people sub divided into 12 groups. Data collection instrument were questionnaire and interviews. Pilot study was used. Two methods were used to analyze the results [19].

A research done on performance appraisal in public sector of Nigeria revealed that performance management system can enhance the performance of the employees of public executing agencies. Sample consists of the employees of different agencies of Nigeria. Result showed that adoption of Performance appraisal system will make business effective, efficient and sustainable [20]. According to a thesis, positive but insignificant relationship between performance appraisal and work performance found. It included the use of questionnaire, consisting of open and close ended questions. WERS, computer assisted data collection method was used. 22,500 employees were taken as sample. Response rate was 64% [21].

Now this study has been conducted to know the relation of performance appraisal and job performance in depth in the banking sector of sahiwal, Pakistan. Little research has been done on this in Pakistan.

Relationship of Motivation and Job Performance:

A descriptive research revealed that motivation has positive impact on the job performance of the students of USBE. 200 questionnaires were distributed among the students. Qualitative and quantitative analysis were done to analyze the results [22]. A study conducted in Nationalink telecom Malaysia revealed that motivation has a strong and positive impact on the job performance of the employees rather than job satisfaction. Regression and correlation analysis were used to analyze the results [23].

A study was conducted between motivation and the performance of the academic staff of IBBUL. 141 people were taken as sample. Questionnaire was used as collection of data. Regression and correlation technique were used to analyze the results. Results revealed that there is moderate positive correlation exists between motivation and job performance. It also revealed that motivation exerts significant influence on the job performance [24]. The study examined the motivation and job performance among nurses in Nigeria. 300 questionnaires were administered in this research. Chi

square method was used to analyze the results. Results showed that the nurses were poorly motivated and problems in motivation affect negatively the job performance of the nurses [25].

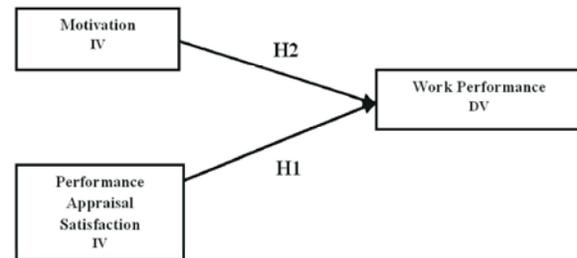
This study has been undertaken to know the relationship of motivation and job performance in banking sector of sahiwal, Pakistan.

No research has been done before to find the relationship of work performance with performance appraisal and motivation in banking sector of sahiwal, pakistan. So this study has been done to fill this gap.

Research Objectives/Research Questions: From critical review it is noted that there is a relationship between performance appraisals, motivation and job performance. So this research has been conducted to fulfill the following objectives or to answer the following questions.

- To examine the relationship of performance appraisals and job performance.
- To examine the relationship of motivation and job performance.

Theoretical Framework:



Dependent Variables: Work performance is taken as the dependent variable for this study. It depends upon the satisfaction of performance appraisals. It consists of following components:

Productivity: It is the measurement of the efficiency of the production of organization. It contributes to the work performance of an organization. It is also defined as the ratio of the output to input. It is the main component of the work performance.

Behavior: It is the range of activities and actions performed by the employees on the job. It can be mannerisms defined by the organization in accordance with their environment. It is also a main component of work performance.

Attendance: It is act of attending. It is the frequency with which an employee is present in the work. It affects the work performance positively or negatively. If absenteeism is high, there will be less work performance.

Independent Variables:

- Performance appraisal satisfaction is an independent variable taken in this study. Performance appraisal has the following components.

Test: It involves the testing of employees' performance at the job. It involves the checking of the quality of the work, performance and reliability.

Measure: It involves the measurement of the results produced by the employees. It is a plan or an action to achieve the standard of the performance by comparing it with the benchmark made by the organization.

Valuate: Valuation is simply an evaluation or estimation of the quality and ability of the employees' performance at the job.

Justify: Lastly, it involves the justification of the performance of the employees during a certain period of time.

Motivation is taken as independent variable in this study. It has following components.

Challenge: People are motivated when they work towards meaningful personal goals. They take the work as a challenge.

Curiosity: Something physical at work attracts and motivates the people to do their best if they are engaged in some activity.

Control: Basic tendency of a person to want to control what happens to him/her.

Fantasy: People stimulate their behavior by imagining the different things and situations. They make a game out of learning.

Competition: Person feels satisfy by comparing his/her work performance with others.

Cooperation: Person feels satisfy by helping others in achieving their goals.

Recognition: Person feel satisfy when others appreciate his/her work/accomplishments.

Hypothesis Development: Based on literature review, all variables included dependent and independent variables are identified. Now based on all these variables, hypothesis of the study are developed.

Hypothesis:

H₁: There is a positive relationship between performance appraisal satisfaction and job performance.

A study was conducted in Peninsular Malaysia indicated that satisfaction with the performance appraisals positively influence work performance. This supports the hypothesis [15].

H₂: There is a positive relationship between motivation and job performance.

A study conducted in National link telecom Malaysia revealed that motivation has a strong and positive impact on the job performance of the employees rather than job satisfaction [23]. This supports the second hypothesis.

Research Methodology

Data Collection Method: The quantitative approach was adopted because this was convenient for this type of research. The population for the study consisted of the employees of all private and public banks. Sample consisted of 200 employees of banks of sahiwal. Sample was chosen by using the technique of convenient sample because of time and resource constraints. Self administered questionnaire were used to collect the data. The questionnaire was adopted because the same research was conducted in other context. There was no question mark on its validity. Questionnaire measured on 5-point Likert scale.

Data Analysis Method: Regression and correlation analysis were used to analyze the results. SPSS was used to measure and analyze the results. Reliability analysis was used to check the reliability of the data.

Findings

Reliability Analysis

Interpretation: Cronbach Alpha >. 400

As all variables have Cronbach alpha above. 400, so the data is reliable for the study.

Descriptive: Result of demographic characteristics of the respondent is given below.

Table 1: Results of Reliability Analysis:

No.	Variables	Items	Cronbach's Alpha
1	Performance appraisal	7	0.561
2	Work performance	6	0.454
3	Motivation	6	0.711

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What is the age of respondent?	200	1.00	6.00	3.2600	1.33089
What is the gender of respondent?	200	1.00	2.00	1.6850	0.46568
What is the education of respondent?	200	1.00	5.00	3.1050	1.05810
What is the marital status of respondent?	200	1.00	6.00	1.7900	0.93287
What is the job position of respondent?	200	3.00	6.00	5.4800	0.97692
What is the monthly income of respondent?	200	1.00	5.00	2.8350	1.03593
What is the job experience of respondent?	200	1.00	5.00	2.8050	1.03067

Interpretation: The most respondents were of 30-34 years, male, post graduated and married. Cashier and others were more respondents having monthly income of 30,000-40,000 and having the job experience of 6-10 years.

Correlation Analysis: Correlation analysis was used to check the connection of performance appraisal and motivation on work performance. Correlation should not be 0. It should be 1 or -1. The result of correlation is shown below. It is noted that performance appraisal is positively and significantly correlated to the work performance ($r = .600^{**}$). Performance appraisal is positively and significantly related to the motivation ($r = .329^{**}$). Work performance is positively but not significantly related to the motivation ($r = .123$). Results showed that performance appraisal and motivation has positive relationship with the work performance. So both hypotheses are accepted which are stated as:

H1: There is a positive relationship between performance appraisal satisfaction and job performance. (Accepted)

H2: There is positive relationship between motivation and job performance. (Accepted) Regression Analysis:

Regression analysis is used to check the variability of one variable due to another variable. It was used to check the variability in work performance due to motivation and performance appraisal. Multiple regression approach was used due to more than one variable. Result of regression analysis is shown below.

Interpretation: As adjusted R^2 is .366 so it is said that there is 36% of variation in work performance due to performance appraisal and motivation. ($F = 56.953$) indicates that overall model is significant. As $\hat{\alpha}$ of performance appraisal is .628 which shows that 62% of positive change occurs in work performance due to performance appraisal. Hence, H1: is proved that there is positive relationship between performance appraisal and work performance. And $\hat{\alpha}$ of motivation is .123 which shows that 12% of positive change occurs in work performance due to motivation. Hence, H2: is proved that there is positive relationship between motivation and work performance.

Table 3: Bivariate Correlation

	Performance appraisal	Work performance	Motivation
Performance appraisal	1		
Work performance	.600**	1	
Motivation	.329**	.123	1

** Correlation is significant at the 0.01 Level (2 tailed)

Table 4: Multiple regression analysis

No	DV	IV	Beta	T	F	R ²	Adjusted R ²	Std E, of Estimates
1	Work performance	Performance appraisal	.628	10.450	56.953	.366	.360	.33870
		Motivation	.123	1.746				

CONCLUSION

It is concluded from above study, that there is a positive relationship of work performance with performance appraisal and motivation. It is also included that employees of banks of sahiwal have high work performance due to performance appraisal and high motivation. Both regression and correlation shows positive relationship of work performance with motivation and performance appraisal. Work performance is generated through performance appraisal and high work motivation. This study filled the gap in banking industry of sahiwal, Pakistan.

Limitations of Study: Due to resource and time constraints only 200 employees of banks were approached to get data. This research can be done more accurate or generalized by getting more response from more sample sizes. The data was collected from one city Sahiwal. The research results can be healthier by getting data from more than 1 city. Two analysis approaches were used for the analysis of the results. Others techniques can be used for better and comprehensive insights into the results.

Practical Implications: This study has been done to know the relation of employee performance and output with motivation and performance appraisal in banking sector of sahiwal. This study shows positive relation between them. This will help the other researchers in knowing the relation between them in depth. This will help and guide the organization in implementing the performance appraisal system for their employees and motivate them to get high performance. This will help them to enhance the work performance of their organization. Performance appraisal plus motivation can establish better opportunities for them in present as well as in future. This study has great significance for practical implications.

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