A Comparative Study of Banking Industry Based on Appraisal System, Rewards and Employee Performance

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Received 2018-12-07
Accepted 2018-12-10
Published 2018-12-13

Abstract
Purpose- This study was aimed to throw light on the appraisal and reward system, and its effects on job satisfaction and employee performance in the banking sector of Pakistan.

Design/Methodology- The research was based on primary data collected from the two major cities of Pakistan, Lahore and Kasur. A total of 250 structured questionnaires were rotated to Islamic and conventional banks in different parts of both cities. Out of these 222 questionnaires were returned and were in usable form. The data so collected was analyzed with the help of the Statistical Package for Social Sciences (SPSS). Statistical techniques such as regression analysis, correlation analysis, descriptive analysis and t-test were used.

Findings- The results of the study revealed that appraisal was negatively correlated while the reward system was positively correlated to employee performance.

Practical implications- This research will help banks in reviewing their policies to make optimum use of their employees to meet certain goals of the bank. This research reveals that appraisal system of the bank is effecting negatively on employees performance. This study will help in developing criteria which will help managers to appraise the employees in an effective way.

Keywords
Appraisal system, Reward System, Job Satisfaction, Employee Performance

How to cite?

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Introduction

The primary purpose of this research is to extend and analyze the impact of appraisal and reward system on the job satisfaction of employees. This study relates the fact that higher the job satisfaction among the employees, higher is their work performance. It relates the morale of employees and their performance to the overall performance of an organization, in today's emerging economy, characterized by rapid development and change, one thing which is thought to be constant in today's era is change. In order to make this study more focused, employee performance of banking sector has been considered. Empirical studies relate to performance of employees in terms of the output units produced by them, as being an indicator of their performance. The manufacturing industry measures employee performance on the basis that how much units of product have been produced by them in a given time, however, it becomes difficult while studying the same for the service sector. Therefore, this study emphasis on the key performance indicators relating to service industry such as the appraisal and reward system, job satisfaction, and employee performance. In the emerging economy rewards and appraisal have become a hot topic for many organizations to make employees perform well which intend to achieve their goals making employees as their primary resource. History shows that some great scholars have been closely viewing these variables and their impact on employee performance. Güngör (2011) studied the relationship between the reward management system and employee performance and linked it to their level of motivation and employee performance in global banks and emphasized that organizations need to change and review their reward management system in order to survive in today's environment. This research further highlights that for any organization effectiveness is derived from human behavior. This research has not been conducted in Pakistan before, previous literature majorly relates to western companies and their appraisal systems. The studies already available do not consider the culture and environment of Pakistan. It is specifically tailored to the economy of Pakistan as appraisal system, reward system and employee performances are very important for a developing country like Pakistan where companies need to grow and succeed. This research is conducted to find out to what extent the different types of appraisal and reward system can influence the performance of employee in banking sector.

Research Objectives

Objectives of carrying out this research are listed below.

- To examine the influence of appraisal system on the performance of bank employees.
- To investigate impact of reward system on the performance of bank employees.
- To determine the role of job satisfaction on employee performance.
- To find difference between Islamic and conventional bank based upon selected variables.

Literature Review

A number of theories have been given in the past relevant to employees' motivation with respect to rewards, both intrinsic and extrinsic, offered to them. These aim to study the psychology of employees in relevance to their organization and work environment. Maslow's Hierarchy of Human needs is a theory based on 5 levels of a pyramid defined by him as the five tiers' each building on one another. In his attempt to understand what motivates employees to perform their duties to optimum level to achieve certain goals set by the organizations. Herzberg in 1959 proposed a two factor theory about motivation. According to Herzberg, other factors work in peace, while there are factors that prevent discontent. According to him, satisfaction and dissatisfaction are the opposites of one another and what leads dissatisfaction to satisfaction are the job factors.
Garg and Punia (2017) research to find out a suitable model of human research activities for the insurance company of India to make employees perform to accomplish task more effectively and in a better way. Danish and Usman (2010) carried out a research on the impact of Reward and Recognition on Job Satisfaction and motivation. According to them these motivated employees make an organization more profitable by adding value to it. Their study proved that motivation and Job Satisfaction were positively and highly co-related concluding that reward and recognition did affect the level of employee motivation. They highlighted that in Pakistan employees lack appreciation from their employers making them de-motivated. So, in order to boost their motivational levels employers need to put in proper recognition and appreciation in terms of appraisals and rewards.

Ramlall (2004) gave an insight of how employee motivation theories and their Implications lead to employee retention in the long term. He critically emphasized the necessity for an organization to retain the most valuable resources that is, its employees. He described how employee motivation theories can be made more effective, even in times of high unemployment the major focus for organizations should be retaining their valuable employees so that the overall goals of the organization are met. Organizations are spending millions on the retention of valuable employees thus they should seek to spend on motivating these employees as well. His study linked the organizational goals to the goals of the employee stating that they were closely associated to one another.

Bartel (2004) carried out a research on Human Resource Management and Organizational Performance on the retail banking industry. His study revealed a close relationship between employee performance and the related performance evaluation, recognition and feedback mechanism. One of the major comparisons of his study included the performance of service sector to the manufacturing sector which differs in all respects. The manufacturing sector measures the performance of employees by means of the output produced by them in a given time, whereas the service sector sets up key performance indicators for the employees. Thus, the performance measurements criteria for both sector varies drastically.

The study of Nazir and Islam (2017) reveals that there is a positive relationship between the employee performance and organizational supports. Pushpakumari (2008) carried out a research to examine the impact of Job Satisfaction on employee performance. According to her employee behavior was based on their attitudes towards work. Their performance is also related to their attitude and behavior. A satisfied employee is a source of positive energy within the organization as he is the reason of motivation for others. This study mainly concerned the type of rewards that derived employee behavior and performance, in terms of intrinsic rewards and extrinsic rewards. This study also discussed the impact of factors such as age, gender and tenure on job satisfaction. It elaborated the kind of intrinsic and extrinsic rewards that could result in employee satisfaction. The data for her research was collected from 20 organizations based in different sector. A positive correlation was observed in her study.

**Appraisal System and Employee Performance**

Roberts (2003) defined employee performance appraisal system as a management toll for generating answers to problems faced by the organization. According to him it is one of the most complex areas of Human Resource Management studies. Mount (1983) described performance appraisal system as a tool that provides information on various aspects of Human Resource Management within an organization. Further emphasizing that appraisal systems act as backbone of the organization in motivating, retaining and further developing the key resources that an organization possess. His view was that although the appraisal systems are of utmost importance but little value is being extracted from them by the government organizations, as these appraisal systems are not implemented adequately. The study of Longenecker and Fink (2017) provides ten lessons to make better the appraisal system of any organization which leads to appraise the employees properly and helps the organization to fulfill their goals.
Zhang (2012) carried out a research on the impact of Performance Management System on Employee Performance. The data he used for his research was Workplace employee relations survey (WERS) he analyzed the data in a software package that he referred as STATA. His results revealed that communication and the career development of employees help in keeping them motivated and improving their performance at work. The results of his research revealed that performance management was directly related to employee performance. He emphasized the need for employees and organizations to compare their performance over time so that the improvements that are occurring can be seen. He emphasized the importance of HRM for organizations in the current economy and the need for them to manage and reward their employees according to the HRM policies designed by the organization. Hence his study proved that a strong relationship exists between employee performance and the performance of the organization in relevance to the performance management system.

**Reward and Employee Performance**

Ali and Ahmed (2009) carried out a research on the impact of reward and recognition programs on employee's motivation and satisfaction. The sample of their study included 80 employees of Unilever company private limited. They stated that organizations need to cater to the changing needs of its employees in order to achieve its long term objectives. Management of any company expects its employees to put in efforts and meet the organizations standards set for them, in doing so the employees also require that the organization does something for them in return. The employees expect management to fulfill its responsibility by providing them work security, fair pay and providing them with appropriate working conditions. It is usually thought that reward and recognition system depend more on the will and perception of the manager and supervisors than the actual and fair means.

The study of Rai, Ghosh, Chauhan, and Mehta (2017) ponders light on the fact that employee’s positive perception and support of leaders to high the degree of job engagement in banking sector of bank of India. Mughal, Akram, and Ali (2014) carried out a research of the implementation and effectiveness of the performance of Bank Alfalah. Her review is to give edge to association by giving functional arrangements and suggestions with the goal that organizations can pick the best alternative. Qualitative research philosophy has been utilized by analyst. To distinguish the issues, organized meetings were led from the representatives related with various divisions of Alfalah Bank. This review demonstrates the down to earth ramifications of suggested practices in genuine business circumstances. This review has investigated the issues (shortcomings) related with execution administration in managing an account area.

**Job Satisfaction and Employee Performance**

Sowmya and Panchanatham (2011) studied the factors that influence job satisfaction of banking sector employees in India and revealed that employees who are more satisfied with their jobs and who express higher level of motivation are more productive and show more involvement in the performance of the organization. They stated that turnover among such employees is very low.

According to research of Mostafa (2017) human resource activities has a positive effect on the satisfaction level of employee. His research brings into light that high human resource practices have a positive effect on the performance of employee and on the organizational citizen behaviors. Bhatti and Qureshi (2007) highlight the fact that organizations are focusing more on their human resource management. His study shows the positive relationship between employee productivity and job satisfaction .Organizations are considering human resource policies more closely to keep their employee satisfied and contented to bring out best from them to maximize the profit of organizations. In Pakistan organizations are realizing the importance of human resource management more than ever. To compete in the market organizations have to review their Human resource policies to get long term benefits. Employees are considered the best invested assets to
compete with competitor both in long and short run. Organizations are working hard to utilize their employees to optimum level by keeping them satisfied and fulfilling their needs by providing them different rewards and incentive according their performance. In Pakistani investment opportunity trends are being observed these days. Different policies are being made and different opportunities and channels are being provided by the banks regarding investment in different projects that eventually maximize the profit of overall banking industry of Pakistan.

**Appraisal System and Job Satisfaction**
Katavich (2013) carried out a research on how important is the satisfaction of the employees within an organization's appraisal system. The primary focus of his study was on how employees perceive and retreat their performance appraisal system. Another focus of this study was to investigate how extrinsic and intrinsic drivers of motivation impact the appraisal system. He was of the view that reaction of employees to the appraisal system impacts on the determinants which are vital for an organizations' success. The results of his research revealed that poor performance appraisal systems result in employee dissatisfaction which results in valuable employees leaving the organization. However, if these employees are satisfied with the organization's appraisal system, it becomes advantageous for both the parties; the organization at large and the employee to some extent. Thus it proves employee satisfaction for organization success.

**Rewards and Job satisfaction**
Güngör (2011) studied the relationship between employee performance and the reward management system prevailing on a bank in Istanbul, focusing on motivation among employees as a key driver for achieving organization's objectives. He observed that motivation is within the employees and it is the organization's responsibility to convert this motivation into work. Organizations need to attract employees by some kind of rewards that enable them to stay motivated and work for betterment of the organization, who need to amend and correct the nature of their reward system to align it with the changing needs of time. His study was based on data collected from 12 leading banks of Istanbul consisting of 116 employees who responded to the questionnaires circulated in the banks. His study revealed that reward system played a key role in motivating employees. He also emphasized that organizations need to constantly improve their reward management system making it more flexible and effective given the current market competition that they are facing, so that they achieve maximum out of their employees. The most important resource for an organization is its humans and their organization is vital. In order to organize and facilitate them organizations need to reward and recognize them adequately.

**Theoretical Framework**
After the in depth study of literature review, the following conceptual framework has been developed to carry out this research and to demonstrate the relationship between the variables of the study and employee motivation leading to overall performance of bank branch.
From the above literature review following hypothesis are made for this study:

H1: Appraisal system is positively related to employee performance.

H2: Rewards system is positively related to Employee performance.

H3: Job satisfaction is positively related to employee performance.

H4: There is no significance difference between conventional bank and Islamic bank with respect to selected variables.

H5: Appraisal system is positively related to job satisfaction.

H6: Reward system is positively related to job satisfaction.

Methodology

The methodology of the study basically revolves around the primary data collected through circulation of a structured and well framed questionnaire and other secondary data gathered from search engines, newspapers, websites and journals. The focus of this study is the banking sector of Pakistan which is experiencing prominent growth in the current emerging economy. Another reason for choosing the banking sector is the level of employees engaged ranging from the operational level employees to higher presidential posts, a sector characterized by diverse hierarchy of employees (president, vice president, assistant vice president, area heads, regional heads, branch managers, operational managers, relationship managers, branch service officers and so on and so forth). Therefore, the population to be tested for this research involves employees from the banking sector of Pakistan. The focus on this research is also on studying the impact of the variables at two different cities; Lahore and Kasur, which experience different demographic composition of employees. Lahore being categorized as one of the developed cities of Pakistan yet Kasur considered being somehow backward and developing city of the country. One of the leading banks of Pakistan i.e. Faysal Bank Private Limited will be the focus of this study because of its strong market presence and customer base at both cities. In order to further broaden the research and fill the gap identified, the impact of the variables listed would be studied on both commercial and Islamic banking branched of Faysal Bank Private Limited. The sampling technique employed for this research is non probability sampling, where the sample selected from the population is based on some nonrandom manner and does not have the known probability of being selected. The type of non-probability sampling used is convenience sampling. As the name refers, this method of sampling is selected because it is convenient and does not involve the additional costs and time as associated with other sampling techniques such as random sampling. For determining the sample size the Tanaka Formula has been used. The sample size of 250 respondents would then be requested to fill out the questionnaires. The unit of analysis for research purpose will be the individual i.e. the employee from a bank. The data collection instrument is a well-structured research questionnaire prepared to gather data directly from the respondents. The questionnaire has been adopted from the research of (Armstrong, 2010; Cammann, Fichman, Jenkins, & Klesh, 1979; Walsh, 2003).The questionnaire has been based on the Likert's scale of 1 to 5 (strongly degree to strongly agree). This questionnaire will be circulated among the employees and the responses/feedback achieved will then be tested. The data gathered through various sources would then be analyzed using statistical techniques including Microsoft Excel SPSS, T-test, correlation analysis, multiple regression analysis. The results of these tests would help to evaluate the formulated hypothesis.

Demographic Characteristics

Frequency analysis was carried out to study the demographics of the respondents. It consisted of the gender, marital status, and age, banking sector, position, job tenure, household income and qualification of the respondents, which are categorized further. Gender being categorized as male and female, marital status of
the respondents was categorized as married or single, age being categorized into four broad groups from 23-30, 30-40, 40-50 and 50 above. The banking sector is divided into two categories; Islamic and conventional banks which were also compared during the study. Position was also categorized into managerial and others. Job Tenure was categorized into four categories which were numerically coded in SPSS. These categories included up-to one year, from 2-5 years, 6-9 years and 10 years or more. During the research survey, it was observed that the female employees in the banks were less compared to male employees the results of the frequency analysis also depict the same picture. The marital status among N = 222 showed that N= 74 were married and N=148 were single. This was also proved by the age group of the respondents which showed that majority of them belonged from the age group of 20-30 years were N= 144, and from 30-40 years were N= 68, from 40-50 they were N=7. Majority of the respondents from whom data was collected were from managerial positions N=112 while others N=110 which shows that these results are more inclined towards the top level management of Islamic and conventional banks. Job tenure of the respondents was highest among 2-5 years. Majority of the respondents were postgraduates N= 151 graduates were N=63 and up to intermediate were N= 6

Results
Table 1 below showed the Cronbach value of the main variables of this study. Internal consistency and reliability test was ran which revealed the Alpha value 0.672, N=10 of appraisal system. Reward system showed Alpha value 0.761, N=5. Job satisfaction showed alpha value 0.828, N=5. Cronbach value for employee performance was highest among all the variables of this study which was 0.908, N=5. According to study of Cronbach (1951) all the items which are tested are acceptable.

Table 1 - Internal consistency and reliability test

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal System</td>
<td>10</td>
<td>0.672</td>
</tr>
<tr>
<td>Reward System</td>
<td>5</td>
<td>0.761</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>5</td>
<td>0.828</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>5</td>
<td>0.908</td>
</tr>
</tbody>
</table>

Exhibits the value of correlation among all the value variables results displayed that there was a negative weak correlation between appraisal system and employee performance (r=-0.270, p<0.005). While a weak positive correlation was observed between appraisal system and reward system that is (r = 0.275, p< 0.005).whereas appraisal Exhibit weak but positive correlation between appraisal system and job satisfaction (r=0.391, p<0.005). Rewards system displayed the positive but weak and insignificant correlation with employee performance(r=0.094, P>0.005.) while rewards system showed a positive relationship with job satisfaction (r=0.591.p<0.005,)Job satisfaction exhibited no relation with performance of employee(r=0.00, p>0.005) there was insignificant no relationship between job satisfaction and employee performance in banking sector.

Table 2 - Pearson correlation for selected variables of the study (N=222)

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Appraisal system</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Reward system</td>
<td>.275**</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Job satisfaction</td>
<td>.391**</td>
<td>.519**</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>4) Employee performance</td>
<td>-.270**</td>
<td>.094**</td>
<td>.000**</td>
<td>—</td>
</tr>
</tbody>
</table>
Table 3 showed the results of t-test which was ran to compare variables of the study between Islamic and conventional bank branches of Faysal bank. Table showed the results that there is no significant difference between reward system for Islamic and conventional bank. When T- test was applied on the reward system of Islamic and conventional banks the mean values indicated that for Islamic bank it was \( M = 4.02, SD = 0.34 \) and for conventional banks \( M = 3.92, SD = 0.48 \) this shows that reward system in Islamic banks is different from that at the conventional banks. When T-test was applied on appraisal system, the results obtained had mean value of \( M = 3.654, SD = 0.33 \) for Islamic banks and \( M = 3.534, SD = 0.35 \) for conventional banks, revealing that appraisal system has more impact on Islamic banks as compared to conventional banks. There is significant difference between appraisal system for both Islamic and conventional bank. T test was also applied on job satisfaction being different in Islamic banks and conventional banks however the results showed that it was same among both banks. The mean value was \( M = 3.86 \) for Islamic banks and \( M = 3.75 \) for conventional banks, which are not significant. For employee performance mean value of Islamic bank is \( M=4.15, SD=0.38 \) whereas value of mean for conventional bank is \( M=4.1, SD=0.40 \).

**Table 3 - T- Test to compare the main variables of study between Islamic bank and conventional bank**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sector</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>T-Value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal</td>
<td>Islamic</td>
<td>116</td>
<td>3.654</td>
<td>.33294</td>
<td>2.633</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>Conventional</td>
<td>106</td>
<td>3.533</td>
<td>.35341</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rewards</td>
<td>Islamic</td>
<td>116</td>
<td>4.029</td>
<td>.34817</td>
<td>1.865</td>
<td>0.063</td>
</tr>
<tr>
<td></td>
<td>Conventional</td>
<td>106</td>
<td>3.924</td>
<td>.48321</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee performance</td>
<td>Islamic</td>
<td>116</td>
<td>4.151</td>
<td>.38729</td>
<td>-.304</td>
<td>0.761</td>
</tr>
<tr>
<td></td>
<td>Conventional</td>
<td>106</td>
<td>4.167</td>
<td>.40580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Islamic</td>
<td>116</td>
<td>3.865</td>
<td>.52072</td>
<td>1.454</td>
<td>0.147</td>
</tr>
<tr>
<td></td>
<td>Conventional</td>
<td>106</td>
<td>3.756</td>
<td>.59522</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 showed the results for descriptive statistics of job satisfaction, employee performance, reward system and appraisal. Descriptive analysis revealed that job satisfaction had a mean value of \( M = 4.11 \) and standard deviation of \( SD = 0.39 \). Descriptive analysis was also carried out to study the reward system where the mean value was \( M = 3.97 \) and \( SD = 0.42 \). Descriptive analysis revealed that job satisfaction had a mean value of \( M = 3.81 \) and standard deviation of \( SD = 0.55 \). Employee performance had a mean value of \( M = 3.8 \) and \( SD = 0.55 \).

**Table 4 - Descriptive statistic of variables (N=222)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal System</td>
<td>3.5964</td>
<td>.34743</td>
</tr>
<tr>
<td>Reward System</td>
<td>3.9793</td>
<td>.42043</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>4.1595</td>
<td>.39542</td>
</tr>
<tr>
<td>Employee performance</td>
<td>3.8135</td>
<td>.55892</td>
</tr>
</tbody>
</table>

Table 5 showed the Beta values of multiple regressions in which employee performance was dependent variable and reward and appraisal were independent variables. While studying multiple regression analysis, it was observed that ANOVA gave significant results of \( R^2 = 0.068, F(2, 219) = 7.93, p< 0.05 \), therefore coefficients are also studied. The study reveals that following un-standardized beta (\( \beta \)) of appraisal and reward system are \( (\beta = -0.28, p< 0.05) \); \( (\beta = 0.15, p< 0.05) \).
Table 5 - Multiple regressions to predict the value of employee performance with respect to Appraisal and reward system

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>S.E</th>
<th>β</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal system</td>
<td>-.287</td>
<td>.077</td>
<td>-.252</td>
<td>-3.714</td>
<td>.000</td>
</tr>
<tr>
<td>Reward system</td>
<td>.153</td>
<td>.064</td>
<td>.163</td>
<td>2.405</td>
<td>.017</td>
</tr>
<tr>
<td>R2</td>
<td></td>
<td></td>
<td></td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td>7.93</td>
<td></td>
</tr>
</tbody>
</table>

Table 6 reveals that following un-standardized beta (β) of appraisal and reward system are (β = 0.433, p < 0.05); (β = 0.591, p< 0.05). Whereas R square value is (R²= 0.336, F (2, 219) = 55.43, p< 0.05). This indicates that appraisal and reward system explain 33% job satisfaction level of employee in banking sector.

Table 6 - Multiple regressions to predict the value of job satisfaction with respect to Appraisal and reward system

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>S.E</th>
<th>β</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal system</td>
<td>.591</td>
<td>.076</td>
<td>.445</td>
<td>7.770</td>
<td>.000</td>
</tr>
<tr>
<td>Reward system</td>
<td>.433</td>
<td>.092</td>
<td>.269</td>
<td>4.700</td>
<td>.000</td>
</tr>
<tr>
<td>R2</td>
<td></td>
<td></td>
<td></td>
<td>.336</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td>55.43</td>
<td></td>
</tr>
</tbody>
</table>

Table 7 below showed that following un-standardized beta (β) of appraisal, reward system and job satisfaction which are (β = -0.293, p< 0.05); (β = 0.145, p< 0.05); (β = .015, p> 0.05) And value of R square exhibits the following values (R²= 0.068, F(3, 218) = 5.29, p< 0.05).

Table 7 - Multiple regression to predict the value of employee performance with respect to Appraisal system, reward system and job satisfaction

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E</th>
<th>B</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal system</td>
<td>-.293</td>
<td>.072</td>
<td>-.258</td>
<td>-3.612</td>
<td>.046</td>
</tr>
<tr>
<td>Reward system</td>
<td>.145</td>
<td>.081</td>
<td>.154</td>
<td>2.003</td>
<td>.000</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>.015</td>
<td>.057</td>
<td>.021</td>
<td>.262</td>
<td>.793</td>
</tr>
<tr>
<td>R2</td>
<td></td>
<td></td>
<td></td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td>5.291</td>
<td></td>
</tr>
</tbody>
</table>

Discussion

The banking sector of Pakistan is experiencing great technological changes which are impacting the employees and their performance within the banking sector of Pakistan. The present appraisal and reward system do not incorporate room for change. The human Resource Management system within banks should ensure that they from time to time update their policies and procedures relating to the rewards offered to the workforce. Although appraisal system is weakly helping to satisfy the employees with its job yet it is not helping to enhance the performance of employees of faysal bank of Pakistan because employees are appraised on outdated criteria. The hypothesis (H1) of this study appraisal system is positively related to employee performance is rejected because results are showing negative weak correlation. Employees of bank are not given the rewards which they demand there is lack of opportunity to get promotion, bonuses and incentives. Employees are not provided fringe benefits in lower and operational level. Thus the reward system is not leading employee to perform up to the mark but still to some degree reward system is playing positive role to make employees perform well. Therefore Hypothesis (H2) is accepted. Reward system is showing positive correlation with employee performance so it is accepted but it shows weak correlation because there is no
even distribution of rewards among managerial level and others an employee. Hypothesis (H3) of this study is rejected because Pearson correlation test shows zero correlation between employee performance and job satisfaction. While hypothesis (H4) is rejected to some extent because results show that appraisal system is significantly different from each other in Islamic and conventional bank branches of Faysal Bank. Whereas there is no difference between the job satisfaction level, reward system and employee performance because policies are made by the top level management which are exactly followed by the managers of branches as they are instructed to implement them. Hypothesis (H5) of this research is accepted but lack of proper supervision and outdated appraisal system do not make them to perform better and to be more satisfied. Testable statement of this study (H6) is also proven true because employees are satisfied with the reward system but it shows weak correlation. Employees of bank are not given the rewards which they demand there is lack of opportunity to get promotion, bonuses and incentives. Employees are not provided fringe benefits in lower and operational level and uneven distribution of rewards among employees was observed. Manager has to understand the current needs of the employees and should rewarded them more to make employees more satisfied with reward system to get their hundred percent to perform well.

Multiple regression test has shown that reward and appraisal explain only $R^2 = 0.068$. Reward is predicting the value of employee performance $\beta = 0.15$ whereas appraisal system is effecting negatively employee performance and predicting value $\beta = -0.28$. Multiple regression has been run to predict the value of the dependent variable job satisfaction on the basis of independent variables rewards and appraisal system. Both appraisal and reward system are predicting positive value of beta respectively $\beta = 0.433$ and $\beta = 0.591$ which were significant. Whereas $R^2 = 0.33$. Third regression was ran to predict the value of employee performance which shows that job satisfaction is not a good mediator because it shows value of beta zero as it is not predicating the value employee performance.

**Conclusion**

The Faysal bank of Pakistan needs to review their policies to make optimum use of their employees to meet certain goals of the bank. This research reveals that appraisal system of the bank is effecting negatively on employees performance. The criteria which is being followed to appraise the employee is not effective and policies are not being executed properly by the mangers of the bank. Although reward system is showing positive effect on employees yet it is still not enough to meet desired goals. Rewards need to be distributed according to employee’s perceptions and evenly among employees without any biasness and favoritism that will lead employees to perform well. Besides rewards, appraisal system and satisfaction level of employees’ top level management has to consider other key factor such Manager attitude, working environment and coworker behavior that would help to make improvement in employee performance and increase job satisfaction of employees.

**References**


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