

**IMPACT OF THE PERFORMANCE EVALUATION SYSTEM ON EMPLOYEE
BEHAVIOR IN THE MARKETING AND HUMAN RESOURCE
DEPARTMENTS OF A FOREIGN BANK IN KARACHI.**

Nida Jamil
College Of Management Sciences
Paf- Karachi Institute Of Economics And Technology
nidanicest@yahoo.com

I. Objective

This study is designed to examine the impact of the performance evaluation system on the behavior, attitudes and morale of the employees of a major private sector bank in Pakistan. Literature survey is presented in Section II of this paper. This served as the conceptual framework. Analysis of data is presented in Section IV. Methodology is discussed in Sec III. We find that the performance evaluation system does not have a discernable Positive impact on employee motivation or subsequent performance.

II. Effective Performance Evaluation:

Effective performance evaluation systems are regarded as one of the most important requirements for successful business and for human resource policy articulator. Rewarding and promoting effective employee performance in organizations as well as identifying ineffective performers are essential for effective human resource management. The ability to conduct performance appraisals relies on the ability to assess an employee's performance in a fair and accurate manner. Evaluating employee performance is a difficult task.

Once the supervisor understands the nature of the job and the sources of information, the information needs to be collected in a systematic way, provided as

feedback, and integrated into the organization's performance management process for use in making compensation, job placement, and training decisions and assignments

Performance evaluations have been conducted since the times of Aristotle. The earliest formal employee performance evaluation program is thought to have originated in the United States military establishment shortly after the birth of the republic. The measurement of an employee's performance allows for rational administrative decisions at the individual employee level. It also provides for the generation of raw data for the evaluation of the effectiveness of system components and processes such as recruiting policies, training programs, selection rules, promotional strategies, and reward allocations. In addition, it provides the foundation for behaviorally based employee counseling. In the counseling setting, performance information provides the vehicle for increasing satisfaction, commitment, and motivation of the employee. Performance measurement allows the organization to tell the employee something about their rates of growth, their competencies, and their potentials. There is little disagreement that if well done, performance measurements and feedback can play a valuable role in effecting a grand compromises between the needs of the individual and the needs of the organization.

Performance appraisals should focus on three objectives: performance, not personalities; valid, concrete, relevant issues, rather than subjective emotions and feelings; reaching agreement on what the employee is going to improve in his performance and what you are going to do. Both the supervisor and employee should recognize that a strong relationship exists between training and performance evaluation. Each employee should be allowed to participate in periodic sessions to review performance and clarify expectations. Both the supervisor and the employee should recognize these sessions as constructive occasions for two-way communication. Sessions should be scheduled ahead of time in a comfortable setting and should include opportunities for self-assessment as well as supervisor feedback. These sessions will be particularly important for new employees who will benefit from early identification of performance problems. Once these observations have been shared, the supervisor and

employee should develop a mutual understanding about areas for improvement, problems that need to be corrected, and additional responsibilities that might be undertaken. When the goals are identified, a plan for their achievement should be developed. The plan may call for resources or support from other staff members in order to realize desired outcomes. In some cases, the plan might involve additional training. The supervisor should keep in contact with the employee to assure that the training experiences are producing desired results. A portion of the process should be devoted to an examination of potential opportunities to pursue advancement or acceptance of more complex responsibilities. The employee development goals should be recognized as legitimate, and plans should be made to reach the goals through developmental experiences or education. Encouraging development is not only a supervisor's professional responsibility, but it also motivates an employee to pursue additional commitments. In addition, the pursuit of these objectives will also improve the prospect that current employees will be qualified as candidates when positions become available. This approach not only motivates current performance but also assists the recruitment of current employees as qualified candidates for future positions.

III. Methodology:

This is a causal study that uses statistical tools for analyzing the impact of performance evaluation on employee behavior and morale.

The study is conducted on the employees of a major private sector bank in Karachi. The bank was established in 1991 and is backed by a major Middle Eastern group. The Bank today is the preferred choice of thousands of customers throughout Pakistan. With 42 branches in 19 cities and a correspondent banking network of over 300 banks in 85 countries, the bank is rapidly gaining ground in global financial markets. The bank's vision is to provide its clients with complete banking solutions. And their mission is to be the premiere bank, responsive to the needs of their target market customers,

recognized for consistently superior service quality and innovative products, thereby delivering superior value to stakeholders”.

The core values of the bank are as under:

Customer focus

Innovation

Meritocracy

Integrity

Teamwork

Humility

SAMPLE

Our focus is on the marketing and human resource department of a major private sector bank in Pakistan. The performance evaluation criteria for all the other departments including operations, customer care and credit card section are similar. However the marketing department, which involves direct sales persons, home financing and loans facilitator, has different performance evaluation criteria.

A sample of 30 people from each department has taken i.e. 30 people from the marketing department and the remaining 30 are from the human resource department. HR department also comprises of subsections, which include training and development department, appraisal department and employee management department. Questionnaire were filled in the summer of 2005.

The questionnaire for obtaining the data is presented in Exhibit 1.

Exhibit I
QUESTIONNAIRE
Performance evaluation system and employee motivation

AGE: _____

DESIGNATION: _____

DEPARTMENT: _____

DATE OF JOINING : _____

1. In your opinion what is the performance evaluation system?

- ☐ Process to recruit people
- ☐ System through which performance is evaluated and future salary will be managed
- ☐ To choose the right people for the right job
- ☐ Process by which employee performance gap will be analyzed in order to provide assistance to the employees to use their potential.

2. Are you satisfied with the current performance evaluation system of your organization?

- ☐ Fully satisfied
- ☐ Half satisfied
- ☐ Partially satisfied
- ☐ Not all satisfied

3. Performance evaluation in your opinion should be conducted after?

- ☐ Once in a year
- ☐ Twice in a year
- ☐ Quarterly
- ☐ Monthly

4. Do you get feed back of your evaluation?

- ☐ Always
- ☐ Seldom
- ☐ Never

5. Do you agree with the evaluation results you get?

- ☐ Strongly and always agree
- ☐ Sometimes Partially agree
- ☐ Never agree

6. Do you always get the expected results of the performance evaluation what ever you are expecting?

- ☐ Most of the time expected result
- ☐ Sometime expected result
- ☐ Never meet my expectations

7. How do you feel when you get the results?

- ☐ Satisfied
- ☐ Confused
- ☐ Dissatisfied
- ☐ No feeling

8. Do you wish to improve your result score?
- ☐ Always
 - ☐ Sometime
 - ☐ Never
9. Do the evaluation results impact on your behavior, attitudes and morale.
- ☐ Yes it always impacts
 - ☐ Sometime
 - ☐ No it never impacts
10. What impact does it have on your behavior if you get your desired result?
- ☐ To do better in future
 - ☐ Satisfied and don't want to improve further
 - ☐ Not plan anything for future
 - ☐ No impact

IV. Findings

- Over 90 percent of the sampled employees believe that the performance evaluation system is a measure for objective analysis of employee performance and a means of enabling employees to enhance performance. (Question 1, Option “d”).
- About 80 percent of the sampled employees are fully satisfied with the existing performance evaluation system (Question 2, Option “a”). About 10% are partially satisfied.

- There is wide variation for duration preferences. About 50% of respondents prefer half yearly or quarterly evaluation. (Question 3, Option “b”).
- About two thirds of the respondents say that they always receive feedback (Option “a”). One third say that they receive feedback seldom or never.
- About two third of the sample usually agree with the evaluation results (Question 5, Option “a”).
- Most evaluation is in accordance with employee’s expectations (Option “a”). Only about half of the respondents are satisfied with their evaluation (Question 7, Option “a”). About one third are confused or dissatisfied with their evaluation.
- Only a little over half the sample employees are committed to improving their performances in light of their evaluation. A significant minority remains unaffected.
- An equal proportion of employees replied “positive” and “no” impact” on performance and behavior in response to performance evaluation. Almost a third of the sampled employees confessed to be “easy going” and to take little account of performance evaluation.

The overall conclusion is that the performance evaluation system at the Bank’s marketing and human resource development department does not positively influence performance and behavior of employees. Questions 8, 9 and 10 are to some extent loaded questions and expected to generate positive responses. The relatively weak findings show that had an objective analysis of the relationship between actual performance and (appropriately lagged) performance evaluation been done we would probably not be able to come up with encouraging results.