
INVESTIGATING LINKAGES OF PERFORMANCE APPRAISAL, EMPLOYEE PROMOTION AND JOB SATISFACTION WITH EMPLOYEE PERFORMANCE IN BANKING SECTOR OF PAKISTAN

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Abstract

This research investigated the association between performance appraisal, employee promotion job satisfaction with employee performance in the banking sector of Pakistan. The SEM analysis approach was utilized in Smart PLs on 280 samples of bank officers. It has been revealed by the results that performance appraisal has a constructive relationship with employee promotion, satisfaction, and performance. Moreover, rewards and appreciations are not based on the number of tasks or workload. Additionally, research explicated and expressed the worthiness of human resource practices from the perspective of the private banking sector of Pakistan. The research implications suggest that authorities of private banks must pay significant attention to recognition and reward practices as workers expecting rewards accordingly to their efforts.

Keywords: Performance Appraisal, Job Satisfaction, Employee Promotion

Introduction

In Public and private both types of organization human resource is considered pivotal for organizational performance. For any organization, there are three resources e.g. human, physical and financial. These three human resources are the most critical and important. (Najeeb, 2011). Identified that human resource help organizations in attaining their goals or can beat organizational hope to progress. He reported that workforce performance is very much worthy in context of employee and organizational development as success relies on the performance of their workers. Nowadays, every organization aims to enhance employee performance to achieve organizational goals. In context of Pakistan, limited research evidence has been found on association of HR practices on employee work. There appears urgent need of research contribution to investigate HR practices influence on performance of employee. Consequently, this research investigated the association of performance appraisal with, employee promotion and job satisfaction and their outcome on employee's performance in private banks of Pakistan.

THEORETICAL FRAMEWORK

HRM policies and practices determine work attitudes. HR management has various forms of continuation but HRM specifically within organizations is all about to utilize workforce and their relations. An increasing body of research, in perspective of under developed nations HRM is more crucial factor for organizational performance (Praha, 2004). Human resources capital is usually controlled directly by managers who better prepare employees through training to perform very well (Jhatial et al., 2012). However, pointed out that HRM in most of developing countries suffers from shortage of functional performance standards, absence of aptitude to fire employees, salary structure is low, high workload, lack of incentives for outstanding performance, little attention for skilled people, elevation practices are based on seniority rather than recital of employee, lack of rewards and recognition against hardworking.

EMPIRICAL STUDIES AND HYPOTHESIS DEVELOPMENT

PERFORMANCE APPRAISAL

Performance appraisal is one of the main factor in HRM practice organizational success in modern world. The achievement of each organizational objective depends on performance of their workers and working competencies as well as capabilities. Well-capable and skilled employees having more working abilities could perform more and organization can easily accomplish their desired position. It is reported that the organizational performance mainly depends upon performance of their workers. Today, workplace has turned into very competitive world and each organization utilizes performance appraisal systems to address employee training need and promotion decisions and it also helps to identify work alienation intensions. The approach or procedure in which work outcomes of workers are assessed once is a year except from constant attempts to offer training and feedback is particularly a performance appraisal rather than performance management system. As numerous researchers have found that performance appraisal of employees is fundamental for management to cater for future

organizational strategies for higher performance. In this study argued that for the enhancement of work performance of employees, every organization is using performance appraisal system. Thus with the consideration of above arguments it is observed that there is relationship of performance appraisal with employee performance of workers in private banking sector of Pakistan (Byars and Rue 2007).

H₁: Performance appraisal is positively related with employee performance.

EMPLOYEE PROMOTION

Employee promotion always goes with increase in remuneration, in both contexts either with superior grade or made within the group. This is a constant procedure which relies on professional competency and span of service, is acknowledged at the tie of promotion to step ahead in the job within a grade promotion (Mohammad and Daisy 2015). He reported that human resource activities alike, compensation, promotion, performance evaluation having very important and positive linkage along with employee work performance. Additionally, Tessema and Soeters, (2006), also having same exploration that performance practices having enough association along with employee promotion. According to study findings of Shahzad et al., (2008), there is significant relationship among performance and promotion of employee. He described that in firm's policies there should be certain principles regarding promotions as it has positive relationship with employee performance and organizational productivity. Thus, with the assistance of above literature it is hypothesized that:

H₂: Employee promotion is positively related with employee performance.

JOB SATISFACTION

There are three major point of views which are concerning this relationship, job satisfaction results in performance, work performance results in satisfaction and rewarding usually results in both satisfaction and performance. All these associations are validated by other studies. The literature and reported that performance of workers having association with job satisfaction. Employee job satisfaction enhances employee's overall outcomes in perspective of their assigned tasks (Zulfqar et al., 2008).

H₃: There is significant relationship among job satisfaction and performance of employee.

PERFORMANCE APPRAISAL AND EMPLOYEE PROMOTION

Employees are promoted on the basis of performance appraisal results., performance appraisal is an essential tool to enhance productivity of employee through identification of training needs to enhance their skills and knowledge so that to promote right employee for the right job. It is found out that performance appraisal is commonly utilized for employee promotion. It described that employee evaluation is quite effective which helps employees perform and career growth. It is suggested tough working employees get achieve higher performance, get promoted and get endorsement as a symbol of brilliance.

The relation of performance appraisal and promotion as appraisal offers knowledge for management to make decisions regarding further training, promoting employee and know his or her employment connected behavior. It is a process to have material consequences for worker' salary modification, known as promotions, bonuses and merit pay (Shields and Ward 2001)

H₄: Performance appraisal is positively related with employee promotion.

EMPLOYEE PROMOTION AND EMPLOYEE JOB SATISFACTION:

Employee promotion has direct link with employee job satisfaction. Promotion is considered significant element for evaluation of employee job satisfaction. Employee promotion changes the perception of employees towards organization feels satisfied. The result of promotion, influence of salary enhancement always results in more significant contribution as compare to constant income on job satisfaction. Promotion creates sustainability and consistency in employee's attitudes toward work and keeps employee satisfied. It found out that dissatisfied employees are prone to leave. It means promotion helps managers to control employee turnover. Likewise, it is recognized that better the probabilities of endorsement higher will be the job gladness of employees. If worker promoted and awarded with additional rewards worker becomes satisfied and committed with job and satisfied employee perform more and willingly and employee intention towards turnover reduced (Rubel et al., 2015).

H₅: Employee promotion is positively related with employee job satisfaction.

Methods and Material

MEASURE

The data source of the study is 'Primary', which involves the collection of research data directly from the respondents. In other words, the primary source is the direct data source related to the subject or problem. Here, data will be collected directly from the employee of Banking Sector.

THE POPULATION OF THE STUDY

The population of a research study is a general public that prefers cab services for their purpose of work. The population of the study consists of the employee of Banking sector.

SAMPLING STRATEGY

In the primary research, sampling is an important component, which determines the number of respondents participating in the research study. Due to several constraints, including time, geographic and finance, a study needs to select a subset of the population. The sampling process can be either probability or non-probability. In this case, the 'convenience sampling' technique is used, which is a form of non-probability sampling and considers accessibility and proximity of the respondents.

SAMPLE SIZE

The most acceptable way of determining the sample is 10:1 (10 samples for one item). According to proposed a rule of thumb that in case of quantitative and Multiple Regression Analysis is good enough to sample size criteria as (number of items *10). In our case, the Total number item is $10*28 = 280$, with a response rate of 88 percent.

Results and Discussion

DESCRIPTIVE RESULTS

Majority of the respondents in survey were male with frequency of 252 with age group of 30 to 39 years. Approximately seventy-two percent of the participants had masters and they belonged to first line management. Table 1 expressing initial score of the measures used in this study. Initially, the scale was piloted and for all constructs the Cronbach's alpha was well above 0.7 which indicated stronger internal consistency. Hence, full scale study was undertaken and in the same table below Cronbach's alpha followed by mean and standard deviation is presented which is considered pretty good and taken for further PLS SEM analysis.

Table 1: Descriptive statistics and Cronbach's alpha

Variable	Alpha Pilot Study	Alpha Final Study	Mean	Std Deviation
Performance Appraisal	0.759	0.842	6.15	0.813
Employee Promotion	0.729	0.868	5.32	1.243
Job satisfaction	0.760	0.800	5.53	1.176
Employee Performance	0.728	0.713	6.55	0.723

Table 2 presents average variance extracted (AVE), composite reliability and divergent validity. According to [11], AVE price higher than zero.50 is taken into account sensible; AVE values in Table 3 are higher. For example, highest AVE value is of performance Appraisal (PA) with 0.883 and lowest value is of Job satisfaction (JS) 0.609 which is also greater than minimum required value. Convergent validity is described as where two procedures of similar concept are correlated which is represented by average variance extracted. Discriminate validity valuation has developed a generally accepted precondition for examining relations among latent variables (Hair, 2010). It is reported that divergent validity is a condition where two theoretically similar phenomena are dissimilar. Additionally, described discriminate validity as that it having motive to confirm that a reflective construct having a worthy association with his own items in PLS path model. It makes positive thus on each dormant variable divides further distinction among its personal block of

indicators that by an extra latent variable. The affiliation on the crosswise of (Table 2) is higher than the correspondence among different constructs. Here the latent variable PA's AVE is found 0.883 its square root become 0.939. This figure is superior than the correspondence values in the column PA (0.717) as well as better than the row of PA, it explains discriminate condition in context of similar concepts and extraction and insertion of similar phenomena are totally different, and similarly AVE of EPER is 0.716 and its square root become 0.846 which is larger in column of EPER and Larger in row of EPER, this shows that the constructs were relatively separate and well operational. Same observation is for alternative latent variables. Conventionally, "Cronbach's alpha" is utilized to amount interior consistency reliability in social science study excluding it have a propensity to deliver a traditional measurement in PLS-SEM. Previous works has recommended the use of "Composite Reliability" as a replacement (Bagozzi and Yi, 1988). Furthermore, he reported that it is a provision that "Composite reliability" should be 0.7 or higher in case of exploratory research and if research is explanatory than 0.6 is acceptable value. Internal consistency reliability is very much acceptable here, all the variable has strong composite reliability with the values of 0.886 (JS), 0.938 (PA), 0.882 (EPER) and 0.874 of (EPRO) which is showing that internal consistency indicators square measure loading higher to their own constructs instead of different constructs. Examine the indications uni-dimensionality (inter-correlation) among their latent part. According to Cronbach (1951), Cronbach's alpha coefficients of this research were equal and above than 0.7, which confirmed appropriate interior reliability of items utilized for investigating diverse observed variables for every element in this research. Thus the values of all tests are very much considerable and valid.

Table 3: Covariance and Internal Consistency of Constructs

Variable	AVE	Divergent	Composite Reliability	Cronbach's Alpha
Performance Appraisal	0.883	0.939	0.938	0.868
Employee Promotion	0.776	0.881	0.874	0.713
Job Satisfaction	0.609	0.780	0.886	0.842
Employee Performance	0.716	0.846	0.882	0.800

HYPOTHESIS TESTING

In the path analysis of second phase Structural model, it has been 5000 times re sampled via bootstrapping approach to obtain T statistics and deviation for the reason of path coefficients and loadings. Path coefficient effect, total effects, beta and T-statistic for the entire items expressed in table in the dimension model with far

above the ground loadings for nearly all measures. Hair (2010)., it is suggested that path coefficient will be important if the T-statistics is greater than 1.96 at significance level of 0.05. Table 4 shows that all variables have significant linkages with each other's, performance appraisal (PA) has quite significant linkage with employee performance (PER) with 10.444, employee promotion (EPRO) has significant relationship with (EPER) with value of 6.015. The poorest linkage is of JS with EPER which 3.803 but above the value required for significance. Additionally, performance appraisal (PA) has impact on employee promotion with significant value of 4.508. Similarly, employee promotion sounds significantly related with job satisfaction with value of 31.735. All the variables have strong covariance at significance level of 0.05.

Table 4: Path coefficient

Variable	Beta	Standard Error	T Statistics
PA -> EPER	0.446	0.042	10.444
EPRO -> EPER	0.350	0.054	6.015
JS -> EPER	0.240	0.063	3.802
PA -> EPRO	0.326	0.073	4.508
EPRO -> JS	0.720	0.023	31.735

Discussion and Conclusion

The findings demonstrated that Performance appraisal (PA) is a major factor that influences employee performance (EPER) and employee promotion, this finding supports the findings of (Rubel et al., 2015). This indicates PA that is significantly linked with employee performance. Employee promotion (EPRO) also affects employee performance and job satisfaction. This indicates that employee promotion creates job satisfaction among employees and causes high employee performance. This finding validates the findings of (Shields and Ward, 2001). [18], which state that bonus, benefits and promotion and employee performance are strongly correlated. According to the Pratheepkanth, (2011)., reward has a positive force on employee performance. Job Satisfaction (JS) also have significant impact on employee performance (EPER). Overall findings of this study suggest that those employees who are satisfied from their job and they perform better. The findings of this study are also in line with recent studies (Saleem, and Shah, 2015). These studies found out that there is a positive relationship of

job satisfaction with work-related factors such as turnover, performance and commitment. This research extends knowledge about the significant HRM factors (such as performance appraisal and promotion) that cause employee satisfaction and higher performance in private banks in Pakistan.

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