

**EMPLOYEES' PERCEPTION ON PERFORMANCE APPRAISAL IN
NEPALESE COMMERCIAL BANKS**

A dissertation submitted to the office of the dean, faculty of management in Partial
Fulfillment of the Requirements for the degree of Master of Business Studies (M.B.S.)

by

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have not researched and submitted the final draft of dissertation entitled **Employees' Perception on Performance Appraisal in Nepalese Commercial Banks**, the work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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TABLE OF CONTENTS

<i>Title Page</i>	<i>i</i>
<i>Certificate of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>viii</i>
<i>List of Figures</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>
CHAPTER I: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	4
1.4 Objectives of the Study	6
1.5 Rationale of the Study	6
1.6 Limitations of the Study	6
CHAPTER II: LITERATURE REVIEW	8
2.1 Theoretical Review	8
2.2 Empirical Review	22
2.3 Research Gap	39
CHAPTER III: RESEARCH METHODOLOGY	41
3.1 Research Design.....	41
3.2 Sampling, Sample and Sampling Design	41
3.3 Data Collection	42
3.4 Tools of Collecting Data	42
3.5 Data Analysis and Presentation	42
3.6 Research Framework and Definition of the Variables	45
CHAPTER IV: RESULTS AND DISSCUSSION	48
4.1 Demographic Characteristics of the Respondents	48
4.2 Reliability Analysis	50

4.3 Correlation Analysis.....	58
4.4 Results	62
4.5 Discussions	62
CHAPTER V: SUMMARY AND CONCLUSION	64
5.1 Summary.....	64
5.2 Conclusion	65
5.3 Implications	66
REFERENCES	
APPENDIX	

LIST OF TABLES

Table 1	Summary of Empirical Studies	31
Table 2	Qualification.....	48
Table 3	Age	49
Table 4	Position	49
Table 5	Join Year	49
Table 6	Earning Per Month	50
Table 7	Self Efficiency.....	50
Table 8	Descriptive Statics (Employees Perception and Performance Appraisal) .	51
Table 9	Descriptive Statistics (Self-Efficacy)	52
Table 10	Descriptive Statistics (Employee Perception).....	53
Table 11	Descriptive Statistics (Employee Perception).....	54
Table 12	Descriptive Statistics (Performance appraisal)	55
Table 13	Descriptive Statistics (Performance appraisal)	56
Table 14	Descriptive Statistics (Organizational Support).....	56
Table 15	Descriptive Statistics (Performance Appraisal)	57
Table 16	Correlation (Employees Performance appraisal)	58
Table 17	Model Summary.....	59
Table 18	ANOVA Tests.....	59
Table 19	Coefficients.....	60

LIST OF FIGURES

Figure 1: Research Framework	45
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ABBREVIATIONS

C.C.	:	Coefficient of Correlation
C.H.	:	Chi-square
CEO	:	Chief Executive officer
CV	:	Coefficient of variation
DF	:	Degree of freedom
K.P.	:	Karl Parsons Coefficient
N	:	Total no. of observation
R.D.	:	Research Department
S.D.	:	Standard deviation
T.F.	:	Transformational
T.L.	:	Transactional

ABSTRACTS

Performance appraisal is very important aspect of human resources management that increases the employee skills, abilities knowledge and performance. Banking sector in Nepal should focus on conducting the performance appraisal on a regular basis so that the employee job satisfaction can be enhanced. There should be clear dimensions for the banking sector in order to enhance the employee's perception for job satisfaction so that their productivity may be increased. This study tries to find out the impact of performance appraisal on employee performance with reference to banking sector in Nepal. Similarly, this study wants to check whether there is a significant relationship between the Performance appraisal and employee's perception towards it. Moreover, this study tries to find out the impact of Performance appraisal need assessment, mode of Performance appraisal feedback of employee job satisfaction. In this study, a sample size of 202 participants was used to conduct the research. The focus was on employees within the banking sector in Nepal. Data was gathered through a questionnaire, and the convenience sampling method was employed for data collection. Subsequently, the data was analyzed using the Statistical Package for the Social Sciences (SPSS). The various statistical tool used in SPSS are descriptive analysis, Regression assumption tests, correlation analysis, t-test and reliability test. The result indicate that banking industry have good policies regarding Performance appraisal program. As most of the respondents indicated that they have participated in Performance appraisal and most of them were provided with the opportunity to train under on joining the company. In examining the question relating to Performance appraisal quality, the results indicated that program undertaken by bank is relevant.

Key Words: *Employees' Perception on Performance Appraisal in Commercial Banks of Nepal*

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

The term “performance appraisal” cannot be generalized. Instead, it alludes to the relative thinking of the person concerned on the basis of the parameters he has chosen. This is because identification of what is good, better or best can only be a decision of individual concern. As we know the performance of a person cannot be determined by single yardstick as because whether the performance is good or bad has to be decided by the user or beneficiary. Therefore the appraisal is based on the assessment made by the individual who can be named as a judge in correlation with the particular appraisal of performance to be undertaken.

The history of performance appraisal is relatively short, originating in the early 20th century, though modern human resource management practices have similar brief histories. As a formal management procedure for evaluating work performance, performance appraisal formally emerged during World War II, making it a relatively recent development. However, the practice of evaluating others' work and oneself is ancient and can be considered nearly as old as human civilization itself, as noted by Dulewicz (1989). It is a fundamental human tendency to assess the performance of colleagues and oneself, making appraisal both inevitable and universal.

Without a structured appraisal system, people naturally make informal and arbitrary judgments about others' work performance, which can lead to motivational, ethical, and legal issues. A lack of a well-organized appraisal system increases the risk of judgments being unfair, inaccurate, and legally questionable.

Initially, performance appraisal systems were used primarily to justify income, determining whether an employee's salary or wage was appropriate based on their performance. The process was closely tied to material outcomes: subpar performance would lead to pay cuts, while exceptional performance would result in salary increases. Developmental aspects of appraisal were largely overlooked, with the belief that financial incentives alone would drive performance improvement or maintenance.

However, early motivational research revealed that employees with similar abilities could have vastly different levels of motivation and performance despite receiving the same pay. Studies confirmed that while salary was a significant factor, other elements like morale and self-esteem also played crucial roles in influencing employee performance. Consequently, the traditional focus on financial rewards as the primary motivator was increasingly questioned and eventually replaced with a more nuanced understanding of what drives employee performance.

In the 1950s in the United States, the value of performance appraisal as a tool for motivation and development began to be more widely recognized. This period marked the beginning of the contemporary model of performance appraisal. Most individuals have an inherent desire to understand their performance, including what is expected of them, how well they are meeting those expectations, and how they can improve. They also seek to understand how they might be considered for greater responsibilities. The performance appraisal process is designed to address these concerns and enhance communication among employees and managers.

Feedback is a crucial component provided by Human Resources (HR) to managers, serving as a motivational tool. This feedback is typically organized through the performance appraisal process. HR professionals often emphasize the performance management process and the formalization of performance appraisals through various forms. Although feedback is ideally given by managers, the quality of this feedback is essential for the effectiveness of performance appraisals. HR functions aim to control the performance management process and often update performance appraisal forms annually. Despite these efforts, the results frequently fall short, as both managers and employees may view the process as a procedural task driven by HR rather than a beneficial practice.

To improve the perception and effectiveness of performance appraisals, HR must shift the focus from merely completing forms to demonstrating the tangible benefits and positive impacts of the appraisal process on employees' future within the organization. Appraisal provides a comprehensive analysis of an individual's capabilities and potential,

guiding informed decision-making. A critical aspect of this process is the assessment of past and current work behavior and performance.

Human Resources, being integral and dynamic, are essential to any organization. Over the past two decades, HR practices have undergone significant changes due to globalization, privatization, competition, and technological advancements. In today's competitive business environment, success increasingly depends on effective human resource management rather than just technological or financial advantages. Organizations must adopt appropriate HR practices to maintain high performance and secure opportunities amidst competition. The overall performance of an organization largely depends on how well human resources are managed.

In developing countries, including Nepal, research on HR practices is limited. This study aims to explore HR practices within the Nepalese banking industry. The concept of Human Resource Management (HRM) in Nepal gained traction following the liberalization and privatization policies of 1990. Before this period, HR practices were generally inadequate due to poorly defined strategies in public enterprises, limited employee participation, ineffective communication systems between employees and managers, and a hierarchical organizational structure that fostered a sense of status and prestige among top-level managers (Upadhyaya, 2009).

Employees in Nepal have expressed concerns about widespread nepotism and favoritism in the recruitment and selection processes. Decision-making in many organizations is highly centralized, even for minor HR tasks, and managerial roles are often not very challenging. Additionally, there is disconnecting between job performance and the reward system (Adhikari, 1992).

The establishment of private businesses and joint ventures after 1990 opened new opportunities for Nepali organizations. This period saw a gradual shift towards emphasizing performance and offering competitive compensation to capable employees. Despite these changes, personnel management in Nepal remains largely focused on record-keeping and operational matters rather than strategic management (Adhikari, 2008).

Training and development programs have been widely implemented to enhance employees' skills and knowledge (Adhikari's study, cited in Adhikari and Gautam, 2011). However, Nepali organizations are still in the learning phase, and the foundations of Human Resource Management (HRM) are not yet firmly established. To address the need for skilled personnel, higher education in business administration and management has expanded significantly (Adhikari, 2004).

Recent advancements include the adoption of computerized HR information systems, recruitment of qualified staff, and an increased focus on employee training and development. Nonetheless, common HR issues in Nepali workplaces include unproductive staff, lack of corporate culture, inadequate implementation of labor laws, poor integration of business functions, absence of performance-based pay systems, ineffective communication, low wages, rising absenteeism, and increasing union activities (Adhikari, 2010). Organizations often struggle with compliance to labor laws, and the personnel department's role in recruitment, training, and performance evaluation is frequently undervalued, impacting employees' career development (Adhikari and Gautam, 2010).

At a national level, there is a dual challenge: limited job opportunities for university graduates and a mismatch between available skills and the requirements of new job roles (Pant, 1993).

1.2 Problem Statement

Employees are universally recognized as crucial to the existence and success of any organization. They are central to determining whether a business succeeds or fails. Effective organizational practices are key to business success, while poor practices can lead to organizational failure and dissolution (Iqbal & Mir, 2021). Since employees are fundamental resources, organizations must excel in recruiting, selecting, training, compensating, benefiting, retaining, securing, and recognizing their staff. Effective human resource practices are essential for achieving organizational goals (Sah & Pokharel, 2022).

However, questions about the most critical factors among various HR activities such as recruitment and selection, compensation, training and development, job security,

organizational culture, and employee recognition—remain significant, especially in the banking sector in Nepal. Evaluative approaches to performance appraisal typically involve a supervisor informing the employee of their evaluation and then listening to the employee's feedback in a nonjudgmental way (Oladunni et al., 2021).

Developmental approaches, which include counseling, focus on employee growth. In this method, supervisors help employees identify their weaknesses and develop an action plan for improvement, rather than providing direct evaluations. The mixed model combines elements of both coaching and counseling, starting with a problem-solving discussion and concluding with a more directive evaluative approach.

Performance assessment data are recorded, stored, and utilized for various purposes, including motivation, development, and strategic human resource planning (Ackah, 2014; Soleimani et al., 2023). This developmental approach to performance appraisal is tailored to individual employees and aims to enhance motivation, personal development, and overall human resource management.

Development approach of encompassed all traditional purposes of organizational performance appraisal, alongside several additional aims. It provided employees with a formal platform to articulate their ambitions and desired career trajectory. This gesture not only demonstrated the organization's commitment to employee growth but also aimed to retain talented staff by fostering a supportive environment. Structured communication between employees and management clarified mutual expectations, ensuring alignment on job responsibilities and performance objectives (Anakpo et al., 2023). Moreover, the appraisal process aimed to boost employee morale and motivation by recognizing and encouraging their efforts. In conducting performance appraisals, managers were expected to translate organizational goals into actionable job objectives, communicate clear performance expectations, deliver constructive feedback aligned with these expectations, coach employees on achieving their objectives, identify strengths and weaknesses, and recommend development activities to enhance job performance. These practices aimed not only to evaluate but also to empower employees towards continual improvement and career advancement within the organization (Olanrewaju & Bolaji, 2021). The research study would attempt to answer the following questions:

- i. How effective is the performance appraisal system to enhance employee performance?
- ii. Is there any relationship between the employees perception and performance appraisal system?
- iii. What is the impact on the performance appraisal, work performance, affective commitment and turnover intention on workers opinion?

1.4 Objectives of the Study

The specific objectives of the study are as follows:

- i. To assess the employee perception on the existing performance appraisal system.
- ii. To analyze the impact of performance appraisal, work performance, affective commitment, and turnover intention influence employees' perceptions.
- iii. To examine the relationship with employees' perceptions of performance appraisal to their work performance, affective commitment, and intention to leave the organization.

1.5 Rationale of the Study

At the organizational level, the performance appraisal system influences not only other internal systems but also the broader organizational strategy. According to Latham and Wexley (2001), the success of selection, training, and employee motivation practices depends significantly on the effectiveness of the performance appraisal system. Strategically, in today's fast-paced and ever-changing social, economic, and political landscape, it is crucial for employees to continuously adjust their performance to align with the organization's shifting goals and objectives (O'Donnell & Shields, 2002). This study aims to address this gap in knowledge by examining the impact of performance appraisal systems on employee performance within the Kathmandu Valley.

1.6 Limitations of the Study

Limitations often highlight areas for future research. The major limitations of this study are as follows:

- This research is primarily derived from empirical studies conducted by other researchers, who have investigated various aspects of HR practices.

- It focuses on and applies only a subset of these practices for analysis.
- The study relies exclusively on primary data.
- It is based solely on the perceptions of employees working at the corporate office, which may not represent the views of employees across the entire industry.

CHAPTER-II

LITERATURE REVIEW

2.1 Theoretical Review

This chapter examines bank profitability and investigates the factors affecting financial performance in the banking sector and other financial institutions. It reviews relevant literature divided into four sections: the first section introduces the banking sector and the concept of profitability; the second section explores previous research on factors influencing firm performance; the third section focuses on the financial performance of banks in Nepal; and the final section summarizes empirical studies on the determinants of bank profitability.

The internal determinants of banking sectors' profitability are those management controllable factors which account for the inter-firm differences in profitability, given the external environment. These internal determinants can be broadly classified into two sub-categories namely financial statement variables and non-financial statements variables. The financial statement variables are determining factors which are directly driven from items in a balance sheet and profit & loss accounts of the banking sector. On the other hand, the non-financial statement variables are those factors which are not directly displayed on the financial statements accounts.

The impact of these firm level characteristics on performance of selected Banking sectors of Nepal over eight years from 2006 to 2014 has been studied in this research. The variables used in this study to quantify firm characteristics are Size in terms of Total Assets, Market Share in Terms of Premium Collection, Paid Up Capital, Return on Assets, Return on Equity, Leverage, Liquidity, Aviation, Motor, Agricultural & Livestock, Engineering & CAR (Contractor's All Risk) and Miscellaneous business portfolio investment and deposit collection.

Net income is a company's total earnings. Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share.

Company performance is crucial for management as it reflects the outcomes achieved by individuals or groups within the organization, relative to their authority and responsibilities, in pursuing goals legally and ethically. Performance indicates how well an organization utilizes and manages its resources to develop a competitive advantage. It serves as a metric for evaluating what has been accomplished over a specific period, providing insight into financial flows, fund utilization, effectiveness, and efficiency. Additionally, performance measurements can motivate managers to make informed and optimal decisions.

Profitability is a key objective of financial management because maximizing profitability contributes to increasing the owner's wealth and indicates stronger financial performance. According to Hifza Malik (2011), banks are vital in supporting commercial and infrastructural businesses. They play a significant role in fostering financial and social stability by mobilizing and directing savings, supporting trade, commerce, and entrepreneurial activities, and enhancing the quality of life and overall well-being in a country. Malik (2011) examined that banks facilitate financial intermediation by transferring and sharing risks, which helps boost confidence in the face of uncertainty. Additionally, banks, like other financial institutions, channel financial resources between different entities, thereby supporting economic stability and growth.

Theoretically, the level of a firm's profit is influenced by the level of revenue and expenditure. These two factors revenue and expenditure are intend influence by firm-specific characteristics, industry features and macroeconomic variables. The firm-specific features which are mostly under the direct control of management are size, sales growth, capital, and efficiency and risk management. Business researcher has found that the profitability of companies is positively impacted by size, sales growth and investment. Well-capitalized banking sectors can meet regulatory capital requirements and have extra funds available for lending, which enhances their ability to generate profits. Similarly, insurers with strong capital positions can boost their underwriting profits by engaging in large, capital-intensive investments, such as those in hydropower and infrastructure development.

The chart reveals that the majority of companies agree with the statement, while a small proportion disagrees. Specifically, 30% of respondents strongly agreed with the importance of prioritizing a candidate's potential to learn during recruitment, whereas only 5% strongly disagreed. Most respondents, 40%, agreed with the statement, while 7.5% disagreed. Additionally, 17.5% of respondents were neutral. In total, 70% of companies agreed with prioritizing learning potential in candidates, while only 12.5% disagreed. Regarding the emphasis on traits and abilities required for providing high-quality support and services during selection, 32.5% of respondents strongly agreed, and 5% strongly disagreed. Furthermore, 30% of respondents agreed with the statement, while 7.5% disagreed, and 25% remained neutral. Lastly, performance appraisal can be used to evaluate the effectiveness of HR programs, such as selection, training, and transfers. For a performance appraisal system to be effective and successful, continuous documentation of performance is essential. This documentation provides evaluators with evidence and a basis for their ratings.

Performance appraisal systems should establish standards that are clear, understandable, achievable, motivating, time-bound, and measurable. The appraisal format must be straightforward and objective to avoid the complications of lengthy and complex documents. Evaluation techniques should be performance-based and consistent, focusing on observable and measurable employee behaviors. Effective communication is crucial, with clear expectations and feedback provided to engage employees actively. Feedback should be constructive and timely, aimed at development rather than judgment, to enhance future performance. To prevent personal bias, evaluators must be trained to conduct appraisals impartially.

Human Resource Management (HRM) in Nepal evolved significantly after the 1990 liberalization and privatization policies, leading to competitive compensation and a focus on performance. Training and development programs became more prevalent to improve employee skills. Despite these advancements, Nepali organizations are still solidifying their HRM foundations.

HR practices vary by country. In Nepal, where over 90% of organizations are small or medium-sized, 69% have HR departments, with 28% having an HR director on the board, often promoted from within. Most HR representatives in Nepalese firms are male, and 68% of companies have written HR policies. In Japan, HR departments are closely integrated with the administrative center and are predominantly male-dominated. In contrast, HR roles in the US are mostly filled by women, with 90% of US companies having written HR policies.

Recruitment involves identifying and attracting qualified candidates for job positions. This process includes attracting, collecting, short listing, and evaluating applicants. Effective recruitment aims to build a broad pool of qualified candidates, increasing the likelihood of hiring the most capable individuals.

Recruitment sources can be categorized as follows internal sources include promotions, transfers, rehires, and job rotations, while external sources encompass advertising, internet job postings, employment agencies, executive recruiters, educational institution placements, internships, professional associations, and walk-ins (Agrawal, 2009; Dessler, 2009). Selection is the process of effectively screening candidates who apply for positions within an organization (French, 2006). Selecting the right individuals is crucial, as those with the appropriate skills and attitudes contribute significantly to organizational success (Dessler, 2009). In Nepal, referrals, often from friends and family, are a common recruitment method, though nepotism and favoritism can undermine fairness and transparency in the hiring process (Agrawal, 2009).

Post-1990, Nepali organizations have increasingly prioritized combating favoritism to stay competitive and have adapted various recruitment practices according to their HR needs. Company websites and commercial job boards are becoming more prevalent, and some organizations have started to engage in educational institution placements (Gautam, 2011). According to the Cranet report (2005), line managers primarily handle recruitment and selection in Nepali firms.

In Japan, company websites and advertisements are the primary recruitment sources, with a focus on hiring new graduates based on their potential rather than specific job roles. Mid-career hiring is less common but is increasing through private recruiting agencies.

Approximately 60% of Japanese companies have HR departments that handle recruitment exclusively (Cranet, 2011). In contrast, US companies frequently use in-house recruiting, company websites, and newspaper ads, with a growing emphasis on social networking sites for recruitment. A 2012 survey by Jobvite found that 92% of US companies used social networks for recruiting, up from 78% five years earlier. Hiring standards in the US focus on individual competencies, talents, skills, and experience. In about 40% of US companies, recruitment and selection responsibilities are shared between HR and line managers (Cranet, 2011).

Regarding survey data on employee opinions, 32.5% of respondents agreed with the statement, while 20% disagreed. Additionally, 22.5% strongly agreed, and 25% were neutral. This indicates that over 50% of respondents agreed with the statement, with a smaller proportion disagreeing. Similarly, 40% of respondents agreed with another statement, 25% disagreed, 12.5% strongly agreed, and 22.5% were neutral, reflecting a mixed but generally positive view.

Training and development are critical for enhancing employees' capabilities and improving performance. Training helps bridge the gap between employee skills and job requirements, transforming individual behavior. Regarding formal onboarding, 57.5% of respondents reported that new employees receive a structured onboarding program, while 42.5% said they do not. The average number of weeks required for new full-time direct support employees to become fully competent on the job is 10.9 weeks.

According to William, Greene, and Segal (2008), profitability for insurers is primarily determined by underwriting performance, which includes product pricing, risk selection, claims management, and administrative expenses, and by investment performance, which depends on asset allocation and management. Researchers often use Return on Assets (ROA) as a measure of profitability in financial institutions due to its focus on the efficiency of asset utilization in generating profits.

William H. Greene and Dam Segal (2004) contend that the financial performance of the banking sector is typically measured through metrics such as net premiums earned, profitability from underwriting activities, annual turnover, return on investment, and return on equity. These measures can be classified into profit performance indicators and

investment performance indicators. According to Greene and Segal, while various profitability metrics exist, Return on Assets (ROA), which is calculated as after-tax profits divided by total assets, is widely recognized as a key indicator of a firm's profitability. Hafiz Malik (2011) supports this view, suggesting that ROA is a preferred measure due to its comprehensive reflection of profitability.

Variations in profitability among banks in different countries suggest that internal or firm-specific factors significantly impact financial performance. Identifying these factors is crucial for banks to enhance their profitability and for investors to predict future performance, especially in the context of Nepal. Reviewing past studies can provide valuable insights into these influencing factors.

In contemporary contexts, retaining key employees is a significant challenge. Effective management of employee retention and maintaining turnover rates below industry standards are critical concerns for organizations (Philips and Connell, 2003). Organizations must implement favorable HR practices and retention strategies to keep essential employees. Effective retention involves rewarding employees for their performance, fostering good relations between employees and managers, and ensuring a safe and healthy work environment. Essential elements for retention include fair treatment, open communication, face-to-face conflict resolution, teamwork promotion, respect for individual dignity, and merit-based pay increases (Cascio, 2006).

Employee retention focuses on both attracting the right talent and retaining existing employees, especially those with scarce and crucial skills. Human Resource Management (HRM) plays a vital role in this process by designing programs to maximize both employee and organizational effectiveness (Aswathappa, 2005). HRM encompasses the acquisition, development, motivation, and maintenance of human resources (DeCenzo and Robbins, 2005), and it aims to foster employee commitment (Jyoth and Venkatesh, 2006). Effective HRM practices contribute to retaining key employees for extended periods by creating a satisfactory work environment (Griffeth et al., 1995).

Recruiting and selecting the right individuals is only the first step; retaining them is equally crucial (Schuler & Jackson, 2006). Qualified, motivated, and experienced employees are essential for organizational survival and growth. Employee retention

involves maintaining those employees who are vital for the organization's success, particularly in the face of high turnover rates (Johnson, 2000; Samuel and Chipunja, 2009). High turnover rates are a global issue, and employees are critical resources for both private and public institutions. Despite this, many organizations still struggle with retention, often relying solely on salary increases and bonuses (Gumbus and Johnson, 2003).

Effectively managing core employees means addressing their needs and aspirations while providing a work environment where their abilities are utilized, and their basic needs are met. In Nepal, retaining skilled employees is particularly challenging due to difficulties in finding talent and the tendency for employees to seek higher-paying opportunities or further education abroad. Startups face additional challenges as Nepali culture often favors stable careers with larger corporations. Losing employees incurs significant costs and disrupts the internal environment of organizations, emphasizing the need for strategies to retain key personnel.

Performance appraisals are a formal and systematic assessment of how well employees meet job standards and communicate this evaluation to employees (Cascio, 1998; French, 2006). It reviews individual or team performance relative to job requirements, aiding decisions on promotions, pay increments, and career planning (Dessler, 2009). Performance appraisals are typically conducted by immediate supervisors, but other methods such as peer reviews, rating committees, self-assessments, and 360-degree feedback are also utilized (Dessler, 2009).

In Nepali organizations, performance appraisals often lack formality and transparency, with personal judgment and subjective assessments prevalent. A significant number of Nepali firms do not have a formal performance appraisal system, leading to employee dissatisfaction with their work and compensation (Agrawal, 2009). Performance appraisals in these organizations are generally tied to promotions and pay adjustments, with feedback and career planning not being effectively utilized (Gautam, 2011).

In Japan, performance appraisals are typically conducted by line managers and may also include input from subordinates and colleagues. Key factors in Japanese performance appraisals include skills, enthusiasm, and achievements. However, appraisals in Japan are

infrequently used for feedback and can sometimes be employed as a tool for employment discrimination (Endo's study, as cited in Endo, 1998).

A survey conducted by the Japan Institute for Labor Policy and Training (JILPT) in 2004 revealed that approximately 30% of workers felt dissatisfied with their pay and bonuses, noting that these did not accurately reflect their personal evaluations and job performance. Additionally, more than half of the respondents expressed dissatisfaction with their wages as determined by performance appraisals. In the United States, performance appraisals are typically conducted by an employee's immediate supervisor in 92% of cases, with 74% of these being reviewed by the supervisor's own manager. Other appraisal tools used include peer reviews, self-ratings, 360-degree feedback, and management by objectives. These evaluations are primarily linked to decisions on promotions and salary increases, as well as providing feedback on strengths and weaknesses and guiding career planning (Dessler, 2009).

Smith et al. (1996) found that 90% of U.S. companies have a mandatory performance appraisal system, which is subject to the Civil Rights Act to ensure fairness and prevent discrimination (Endo's study, as cited by Endo, 1996).

Compensation encompasses all forms of financial rewards given to employees, including both direct financial payments (such as wages, salaries, incentives, commissions, and bonuses) and indirect benefits (such as employer-paid insurance and vacation time) (Dessler, 2009). An effective compensation system must balance attractiveness and cost-effectiveness to maintain employee motivation while aligning with the organization's financial capacity. Factors influencing compensation structure include legal requirements, market rates, equity considerations, cost of living, and union pressures (Agrawal, 2009). In Nepal, dissatisfaction with compensation is significant, with salaries being among the lowest in South Asia (Adhikari, 2008; Adhikari and Gautam, 2010). There is no specific pay determination system beyond the minimum wage and benefits mandated by law.

Historically, Japanese companies have used a seniority-based wage system, where pay is determined by the length of service. However, a survey by JILPT (2004) indicated that 60% of Japanese companies now employ a performance-based wage system. Chen (2004) reported that salary increments in Japan are influenced by collective bargaining, which

considers company performance and consumer price increases. In firms without trade unions, salary adjustments are based on industry standards, with increases typically occurring once a year. Japanese wages generally consist of age-based and skill-based components, with bonuses determined through collective bargaining and paid twice annually, ranging from 20% of annual wages to 5-6 months' salary.

In contrast, the U.S. predominantly utilizes a job-based wage system, where salaries are determined within specified ranges based on individual evaluations and skills. The U.S. compensation system is market-driven, with higher-performing employees receiving higher pay. Emphasis is placed on individual performance, contribution, and skill competency, rather than seniority. Many U.S. companies offer bonuses or incentives in addition to base salaries, with individual incentive programs providing performance-based pay and variable pay plans linking compensation to productivity or company profitability (Dessler, 2019).

Labor relations are crucial for achieving organizational goals, requiring a balance of interests among workers, employers, and society, including government and pressure groups (Agrawal, 2020). Workers are often represented by trade unions, which advocate for their interests through collective bargaining (Decenzo and Robbins, 2009). According to the Trade Unions Act of Nepal, employees can form enterprise-based trade unions if at least 25% agree. Trade Union Associations and Trade Union Federations can also be established, representing groups of enterprise-based unions or associations. As of recent reports, 57% of organizations in Nepal are unionized, with the number of trade unions increasing significantly (Adhikari, 2020; Poudel, 2022).

Agrawal (2018) notes that the primary motivations for union formation in Nepal include higher compensation, job security, improved working conditions, and influence over work rules. Nepali trade unions often have a political rather than institutional focus, leading to inter-union competition that adversely affects employee welfare and organizational performance. These unions typically concentrate on pay raises and additional benefits rather than improving the quality of work life. Barriers to effective labor relations in Nepal include a hierarchical, centralized management structure, a lack of trust between management levels, and communication breakdowns (Adhikari, 2018;

Gautam, 2022). Additionally, insufficient education within unions and management exacerbates labor issues (Agrawal, 2023).

Japanese companies typically have enterprise-based labor unions with strong bargaining power in wage and working condition negotiations. These unions are known for their flexibility and understanding of the companies' financial situations. They also provide management with valuable feedback on general company practices beyond labor issues.

1. Benefits of Appraisal

Perhaps the most significant benefit of appraisal is that, in the rush and bustle of daily working life, it offers a rare chance for a supervisor and subordinate to have "time out" for a one-on-one discussion of important work issues that might not otherwise be addressed. Almost universally, where performance appraisal is conducted properly, both supervisors and subordinates have reported the experiences beneficial and positive. Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Thus the performance of the whole organization is enhanced.

2. Motivation and Satisfaction

Performance appraisals can significantly influence employee motivation and satisfaction, impacting them positively or negatively. An effective performance appraisal provides employees with acknowledgment for their work, addressing the deep-seated human need for recognition. Research has shown that individuals often prefer receiving negative recognition over no recognition, underscoring the importance of any form of acknowledgment. The mere presence of a performance appraisal system can signal to employees that the organization values their individual contributions and development, which can enhance their sense of worth, commitment, and connection to the company. This innate desire for recognition should not be underestimated, as it can potentially reduce absenteeism and turnover rates if addressed appropriately.

Many organizations are now investing in reward and recognition programs, believing these initiatives will promote cultural change and enhance employee engagement. Significant financial resources are allocated to these programs, and some managers are

even required to allocate budget specifically for such activities (Denning, 2001). The underlying assumption is that these incentives will boost employee loyalty, improve teamwork, and contribute to a culture that encourages knowledge sharing. Additionally, there is a viewpoint that organizations should design reward systems that not only recognize achievements but also promote sharing of goals, tasks, vision, and knowledge (Wright, 2004).

A key element for an effective performance appraisal system is its focus on performance variables rather than personal traits (Smither, 1998). While there is debate among experts about whether performance should be assessed based on the outcomes achieved by employees (Kane, 1995) or work-related behaviors (Murphy & Cleveland, 1991), there is consensus that evaluating personal traits poses significant challenges. Jankowicz (2004) highlights that the validity and reliability of trait-based appraisals are questionable, as the appraiser's perceptions may be influenced by personal biases and opinions unrelated to the employee's actual performance. Furthermore, trait-based evaluations offer limited value for providing constructive feedback or for designing targeted training programs to address skill gaps (Squires & Adler, 1998). Malos (1998) also emphasizes that, for legal robustness, appraisals should be based on job-related behaviors rather than personal traits. Effective appraisal systems should ensure that employees have a meaningful opportunity to participate in the appraisal process (Weick, 2001).

Human Resource Management (HRM) encompasses a range of policies and practices related to various aspects of managing employees, including HR planning, job analysis, recruitment and selection, orientation, compensation, performance appraisal, training and development, and labor relations (Dessler, 2007). HRM involves implementing policies and systems that shape employee behavior, attitudes, and performance (Noe et al., 2007). While some scholars criticize the increased focus on HRM and its impact on workers, research indicates that adopting a range of HR practices can lead to positive employee outcomes. Applebaum et al. (2000) found a positive correlation between the use of comprehensive HR practices and improvements in employee trust, job satisfaction, and commitment.

Ramsey et al. (2000) examined various theories explaining the relationship between HR practices, employee attitudes, and corporate performance. Guest (1997) established a link between HRM practices, such as selection, training, appraisal, rewards, job design, and job security, and HRM outcomes like commitment, quality, and flexibility. Hendry and Pettigrew (1990) focused on identifying and categorizing key environmental factors affecting HRM. Guest (1987) proposed a model integrating HRM practices, suggesting that applying a cohesive set of HRM practices would enhance worker performance and positively influence organizational performance.

Recruitment and selection are crucial functions within HRM, responsible for bringing new talent into the organization. According to Ongori (2010), these processes are integral to human resource management. Bratton and Gold (2007) describe recruitment and selection as interconnected processes that are vital for effective HRM.

Ofori and Aryeetey (2011) describe recruitment as the process of creating a pool of candidates who are eligible to apply for a position within an organization, while selection involves using specific tools to identify the most suitable candidate from this pool.

Huselid (1995) investigated the HR practices of high-performance companies and found that effective recruitment and selection processes enhance employee productivity and reduce turnover rates. Similarly, Cho et al. (2006) explored the role of pre-employment tests in selective hiring and observed that these tests could lead to longer employee tenure. Successful completion of such tests might also foster a stronger sense of belonging, which can increase employee commitment.

Training and development are essential for enhancing employee skills, satisfaction, and commitment. According to McEvoy (1997), training helps employees develop necessary skills and boosts their satisfaction and commitment to their roles and the organization. Huselid (1995) notes that training programs tailored to firm-specific skills can enhance productivity and reduce job dissatisfaction, which in turn helps lower turnover rates. Paul and Anantharaman (2003) argue that career development programs show genuine organizational interest in employee growth, thereby fostering commitment, improving productivity, and boosting overall economic output. Research by Benson, Finegold, and

Mohrman (2004) revealed that tuition reimbursement programs, which allow employees to gain additional qualifications, positively impact employee retention.

In terms of compensation, performance-based pay is a prevalent HR practice used to assess and reward employees' actions (Collins & Clark, 2003). There is a general agreement that performance-based compensation positively affects both employee and organizational performance (Brown, Sturman, & Simmering, 2003; Cardon & Stevens, 2004). However, if employees perceive performance-based compensation as a tool for management control, it can undermine their loyalty and commitment (Lawler & Rhode, 1976; Ahmad & Schroeder, 2003). When designed effectively, incentive pay linked to firm performance can enhance employee commitment to organizational goals, foster teamwork, and support a collective orientation (Collins & Clark, 2003).

Cho et al. (2006) explored the effectiveness of incentive plans in reducing staff turnover rates. They found that well-designed incentive plans could contribute to lower turnover by enhancing employee retention.

Job security plays a crucial role in fostering employee confidence and commitment. However, the modern business environment often fails to provide stable job security. Givord and Maurin (2004) analyzed changes in job security in France between 1982 and 2002, revealing that technological advancements have led to a decreased incentive for long-term employment and increased job insecurity. Conversely, Pfeffer (1998) suggests that job security requires a reciprocal relationship: companies must clearly communicate job stability to employees. In return, employees who perceive their jobs as secure are more likely to invest extra effort for the company. Performance appraisal can enhance employees' sense of value and belonging, which is crucial for fostering commitment (Levy & Williams, 2004).

Turnover is typically measured as the ratio of employees who leave an organization during a specified period to the average number of employees over that period (Price, 1977). It encompasses the entire process of vacancy replacement, including hiring and training new employees. Turnover intention refers to an employee's subjective probability of leaving the organization in the near future (Vandenberg & Nelson, 1999). Perceptions of fairness in performance appraisal systems are critical, as they can mitigate

negative outcomes such as turnover and enhance positive outcomes like job satisfaction and organizational commitment (Selvarajan & Cloninger, 2009).

Mulualem (2015) examined the financial performance of Ethiopian commercial banks using the CAMEL model to assess the relationship between various CAMEL factors and profitability.

Mustafa Hassan Mohammad Adam (2014) assessed the financial performance of Erbil Bank for Investment and Finance from 2009 to 2013, utilizing financial ratios to analyze the bank's financial position and its correlation with performance metrics.

Desta (2016) evaluated the financial performance of African banks, focusing on seven out of the top 30 banks identified by Global Finance Magazine. This study, which covered financial data from 2012 to 2014, employed CAMEL ratings. The findings indicated that these banks were rated as strong in terms of capital adequacy and earnings ability, but less satisfactory in asset quality, management quality, and liquidity.

Helhel (2015) compared the financial performance of foreign and domestic banks in Georgia from 2009 to 2013, particularly before and after January 1, 2012. Using profitability ratios such as return on assets (ROA), return on equity (ROE), net interest margin (NIM), and profit expense margin (PEM), the study found no significant differences in profitability between foreign and domestic banks in terms of ROA, ROE, and NIM. However, there were significant differences in profitability related to ROA and NIM when comparing pre- and post-January 1, 2012, but not in ROE and PEM.

Matthew and Esther (2012) assessed the financial performance of foreign versus local banks in Ghana from 2005 to 2010, focusing on metrics such as Return on Assets (ROA), Return on Equity (ROE), asset quality, capital adequacy, management efficiency, earnings performance, liquidity, and bank size. Their analysis found that local banks performed better in terms of ROA and ROE, while foreign banks excelled in capital adequacy, asset quality, earnings power, and liquidity. Additionally, foreign banks were generally larger than local banks. In a separate study, Jha and Hui (2012) evaluated the performance of Nepali commercial banks with varying ownership structures using the CAMEL model, covering the period from 2005 to 2010. Their findings indicated that public sector banks were less efficient compared to private and foreign-owned banks,

with capital adequacy ratio and net interest margin being significant determinants of profitability. Furthermore, International Survey Research (2003) explored employee engagement, defining it as the extent to which employees invest their physical, cognitive, and emotional selves into their roles. Engaged employees show high levels of commitment and effort, while disengaged employees often exhibit minimal engagement and automatic behavior.

2.2 Empirical Review

Adil, Sapar, Marhani, and Rosa (2024) conducted a study examining the influence of individual characteristics and work discipline on employee performance at PT Bank Syariah Indonesia Palopo Branch. Utilizing a quantitative approach with a descriptive framework, they analyzed data from a sample of 35 employees. The research employed descriptive statistics, classical assumption tests, and multiple regression analysis to evaluate the data. The results demonstrated that individual characteristics and work discipline each had a positive and significant impact on employee performance. Additionally, the F test showed that these factors together significantly influence performance. Specifically, individual characteristics and work discipline accounted for 43.20% of the variance in employee performance, leaving 56.80% attributable to other unexamined factors. This study provides valuable insights into the determinants of employee performance within the Islamic banking sector in Indonesia.

Joshi, Sekar, and Das (2024) assessed the impact of the pandemic on employee experience (EX) through an analysis of online employee reviews. Their study aimed to uncover the various dimensions of EX and how these dimensions were affected by the pandemic. By employing Latent Dirichlet Allocation to process online reviews, the authors identified 20 key EX factors. They further used sentiment analysis, importance analysis, regression analysis, and dominance analysis to assess the sentiments and significance of these factors. The findings revealed that while skill development was crucial in shaping overall EX, salary and growth were perceived as the most critical EX factors, with employees expressing negative sentiments about these aspects during the pandemic. The study emphasizes that employee sentiments play a significant role in shaping EX and suggests that managers should consider multiple facets of EX to

effectively manage changes and enhance employee satisfaction. Additionally, the research highlights the need for online review platforms to incorporate these key EX factors for a more comprehensive understanding of employee experience. This study contributes to the literature on employee experience by updating and expanding existing EX scales with new insights and factors.

Anakpo, Nqwayibana, and Mishi (2023) examined a systematic review to assess the impact of working from home (WFH) on employee performance and productivity. Amid the COVID-19 pandemic, WFH emerged as a prevalent strategy to reduce unemployment, sustain operations, and protect public health. Despite its widespread adoption, the effects of WFH on productivity and performance remain inadequately understood, with existing research being fragmented and context-specific. This study aimed to consolidate findings from various sources to provide a clearer picture of how WFH influences employee outcomes. Out of 112 potential studies reviewed across databases such as Scopus, Google Scholar, and Web of Science, 26 studies met the criteria for inclusion based on PRISMA-P guidelines. The review found that the impact of WFH on productivity and performance varies based on factors such as job nature, employer characteristics, industry specifics, and home environment. Most studies reported a positive effect, while a few observed no significant difference or a negative impact. The study suggests that enhancing technology and providing IT training could improve the outcomes for those continuing to work from home beyond the pandemic.

Jaffu (2023) analyzed the interplay between performance appraisal, career development, and employee performance, focusing specifically on procurement professionals. The study aimed to assess how career development mediates the relationship between performance appraisal and the performance of procurement professionals. Conducted with 204 procurement professionals from Dodoma city, the research employed a cross-sectional survey design and utilized Structural Equation Modelling (SEM) for data analysis. The results indicated that both procurement professionals' performance and career development are positively impacted by performance appraisal practices. Additionally, career development was found to positively influence procurement professionals' performance. Crucially, the study revealed that career development acts as a mediator, enhancing the impact of performance appraisal on employee performance.

These findings suggest that performance appraisal practices can be more effective in improving procurement professionals' performance when integrated with career development initiatives. This study contributes to the human resource development literature by providing new insights into how performance appraisal and career development can be combined to enhance procurement performance.

Soleimani, Dana, Salamzadeh, Bouzari, and Ebrahimi (2023) investigated the impact of internal branding on organizational financial performance and brand loyalty, with a focus on the mediating role of psychological empowerment. The study analyzed data from 200 employees of Pasargad Insurance in Iran using structural equation modeling and R software. Financial performance was assessed through four metrics: Return on Investment (ROI), Return on Equity (ROE), sales growth, and Return on Assets (ROA), covering data from March 2010 to March 2020. The findings indicated that while internal branding and psychological empowerment did not significantly affect financial performance, they both had a positive impact on brand loyalty. Additionally, psychological empowerment was confirmed as a mediator in the relationship between internal branding and brand loyalty. However, it did not mediate the relationship between internal branding and financial performance. These results suggest that insurance industry managers should focus on strengthening internal branding and fostering psychological empowerment to boost employee brand loyalty. The study highlights the innovative use of psychological empowerment as a mediator in these relationships and underscores the value of using R software for variance-based structural equation modeling (VB-SEM) in research.

Endeshaw (2023) assessed the role of job satisfaction as a mediator between employee motivation and job performance. The study aimed to determine how job satisfaction influences the relationship between these variables. Using a combination of stratified and simple random sampling, data were collected from employees at Tikur Anebessa Hospital in Addis Ababa, Ethiopia. The analysis, conducted with SPSS and Amos 23, included descriptive statistics, correlation, and multiple regressions. The results indicated that all independent variables and the mediator were positively related and had a significant effect on job performance, accounting for 53.4% of the variance. Job satisfaction was found to partially mediate the effect of employee motivation on job performance. The

study recommends focusing on both motivation and job satisfaction to enhance employee performance.

Sah and Pokharel (2022) examined how job satisfaction impacts employee performance in Nepalese life insurance companies. The study, employing descriptive and causal-comparative research designs, aimed to explore the relationship between job satisfaction dimensions and employee performance. Data were gathered from 240 respondents using stratified sampling and analyzed with SPSS version 20. The results revealed a positive and significant relationship between job satisfaction dimensions and employee performance. Specifically, payroll was identified as a major factor influencing job performance positively, while interpersonal relationships also had a significant impact. However, the working environment did not show a significant relationship with job performance.

Alsuwaidi, Alshurideh, Al Kurdi, and Salloum (2021) reviewed the impact of performance appraisal on employee motivation through an analysis of 27 articles published between 2015 and 2020. This systematic review aimed to provide a comprehensive understanding of how performance appraisal fairness affects employee motivation. The study utilized descriptive research methods, including surveys and interviews, to gather primary data. The review highlighted that most studies were conducted in Malaysia, China, Pakistan, and India, with a focus on job satisfaction and performance contexts. The findings offer insights into the current trends regarding the influence of performance appraisal on employee motivation.

Iqbal and Mir (2021) examined and validated a scale for measuring employee motivation in the Indian insurance sector. This study, which emerged in the context of post-economic reform changes, aimed to provide a comprehensive measure of employee motivation. The scale initially included six dimensions with thirty items, which were later refined to 19 items and four factors: Intrinsic Motivators, Working Environment Motivators, Social Environment Motivators, and Job Security Motivators. The study's findings offer valuable guidance for organizations and researchers interested in understanding the nuances of employee motivation and its impact on performance in the insurance sector of India.

Oladunni, Agbaji, and Agbo (2021) investigated the impact of employee motivation on the financial performance of insurance companies in Nigeria, focusing on emerging economies. They aimed to assess how intrinsic and extrinsic motivation strategies influence financial performance within this sector. Employing a mixed-methods research design that combined survey and ex-post facto approaches, the study analyzed data from 175 employees out of a potential 313 from insurance companies in Kaduna State, Nigeria. Data were collected via structured questionnaires, annual publications of the Nigerian Insurance Digest (NIA), and financial reports from 2008 to 2019. The regression analysis revealed that intrinsic motivational strategies have a significant positive effect on financial performance, whereas extrinsic strategies did not show a statistically significant impact. These findings align with Herzberg's two-factor theory and self-determination theory, suggesting that effective motivational strategies can enhance financial performance in emerging economies. The study recommends that insurance company decision-makers implement effective motivational strategies to improve financial outcomes.

Olusola and Addeh (2021) explored the relationship between employee motivation and productivity performance. Recognizing that aligning employee motivation with organizational goals is crucial, the study examined how different motivational theories impact performance. The research highlighted that motivation can either boost or hinder performance; depending on how well it meets employee needs. By analyzing various motivational theories, the study concluded that understanding individual motivational needs is essential for enhancing employee performance. Organizations are encouraged to tailor motivational strategies to align with employee needs to optimize performance.

Olanrewaju and Bolaji (2021) assessed how motivation and job satisfaction affect employee productivity in insurance firms. They described motivation as a key driver towards achieving goals and noted that job satisfaction involves multiple variables. Using a descriptive survey design, data were collected through 160 self-structured questionnaires. The findings revealed significant relationships between motivation, job satisfaction, and employee productivity. The study emphasizes the importance of implementing various motivational methods and incentives to enhance productivity and

job satisfaction among insurance employees, recommending additional incentives to support employee engagement and maintain competitive market positioning.

Ullah, Ahmad, Scholz, Ahmed, Ahmad, and Usman (2021) examined the perceived accuracy of electronic performance appraisal systems in a non-profit organization within an emerging economy. The study aimed to evaluate employees' perceptions of the accuracy of e-performance appraisals. Data were gathered from 352 employees who completed close-ended questionnaires. The analysis, using structural equation modeling, indicated that factors such as rater competence and the opportunity to contest appraisals perceived as unfair significantly influence employees' perceptions of accuracy. Additionally, clear communication of standards and responses to previous ratings had a moderate impact. The study highlights the importance of these factors in ensuring the perceived fairness and accuracy of electronic performance appraisal systems.

Al-Jedaiaa and Mehreza (2020) analyzed the impact of performance appraisal on job performance within the governmental sector in Qatar, focusing on the mediating role of motivation. They aimed to evaluate how performance appraisal (PA) affects job performance and to understand the role of motivation in this relationship. The study identified key PA factors from existing literature, including purpose (PAP), criteria (PAC), leadership (PAL), and evaluation methods (PAE), and assessed their impact on employee motivation and performance. Utilizing a descriptive research design, the authors surveyed 294 respondents. The findings indicated that PAP and PAE positively impacted both motivation and job performance, while PAC and PAL did not show significant effects. This study contributes to the literature by highlighting the importance of motivation in enhancing job performance through effective performance appraisal practices, offering practical insights for HR managers in Qatar.

Na-Nan, Kanthong, Joungrakul, and Smith (2020) examined the mediating effects of job satisfaction and organizational commitment on the relationship between performance appraisal problems and organizational citizenship behavior (OCB). The study targeted 450 operational employees in automobile parts manufacturing within Thailand's Navanakorn Industrial Estate. Using structural equation modeling and bootstrapping methods, the researchers tested the relationships among performance appraisal issues, job

satisfaction, organizational commitment, and OCB. Their analysis revealed that both job satisfaction and organizational commitment served as significant mediators in the relationship between performance appraisal problems and OCB. This research enhances understanding of how appraisal issues influence employee behavior and underscores the importance of job satisfaction and organizational commitment in effective human resource management.

Rahman, Islam, Islam, and Sarker (2020) analyzed the effects of Management by Objectives (MBO) on performance appraisal and employee satisfaction in commercial banks in Bangladesh. The study surveyed 60 employees from 33 banks using a self-administered questionnaire to assess perceptions of MBO and its effects on performance appraisal and employee satisfaction. The data, analyzed using IBM SPSS v23.0, showed a significant positive relationship between performance appraisal and employee satisfaction ($r=0.715$). The findings suggest that MBO is an effective tool for performance appraisal, positively influencing employee satisfaction and productivity. The study highlights the importance of proper reward mechanisms to enhance employee satisfaction and performance.

Setiawati and Ariani (2020) analyzed how performance appraisal fairness and job satisfaction, through commitment, impact job performance among employees at Condong Catur Hospital (RSCC) in Yogyakarta, Indonesia. Employing a quantitative approach, data were collected from 187 employees using questionnaires, with 155 responses analyzed through t-tests, F-tests, multiple linear regression, and path analysis. The results indicated that both performance appraisal fairness and job satisfaction have positive, significant effects on job performance, both directly and through employee commitment. The study found that the direct effects of appraisal fairness and job satisfaction on performance were stronger than their indirect effects through commitment.

Ali, Mahmood, and Mehreen (2019) investigated the link between succession planning and employee performance, focusing on the mediating roles of career development and performance appraisal. Based on social exchange theory, the study used survey data from employees at various commercial banks and applied structural equation modeling to test the relationships. The results indicated a significant positive relationship between

succession planning and employee performance, with career development and performance appraisal serving as mediators. This study extends social exchange theory by highlighting how effective succession planning, combined with career development and performance management, can enhance employee performance and address challenges related to sudden vacancies and retirements.

Upadhyay, Ansari, and Bijalwan (2019) examined the relationship between performance appraisal, employee satisfaction, and team effectiveness in the service sector, with a focus on employee retention. They used confirmatory factor analysis and structural equation modeling to analyze data on how performance appraisal affects team effectiveness and the mediating role of employee retention and satisfaction. The study found that performance appraisal significantly impacts team effectiveness, with employee retention partially mediating this relationship and employee satisfaction moderating the link between appraisal and retention. The research provides valuable insights for improving team effectiveness through performance management practices in the service sector.

Ekundayo (2018) investigated how motivation influences employee performance within selected insurance companies in Lagos, Nigeria. Motivation, which encompasses various forces driving individuals to apply their capabilities towards achieving organizational goals, was analyzed to determine its impact on employee performance. The study aimed to evaluate the effects of motivation, identify motivational factors that influence performance, and suggest strategies to enhance employee productivity and profitability. Using a structured questionnaire tested for reliability and validity, the study employed stratified and simple random sampling techniques to gather data from 100 respondents, including management and staff. Data analysis involved simple percentages, distribution tables, pie charts, and Chi-Square tests at a 0.05 significance level. The results showed that motivation is a significant determinant of employee performance, with a strong positive correlation between the two. Recommendations include exploring various motivational tools such as employee involvement in decision-making, job rotation, fringe benefits, bonuses, and promotions to improve performance.

Siddiqi and Tangem (2018) explored how work environment, compensation, and motivation impact employee performance within the insurance industry in Bangladesh. The study used a structured questionnaire with a Likert scale administered to 150 employees at various insurance companies. Data analysis, employing structural equation modeling, demonstrated that all three factors—work environment, compensation, and motivation significantly influence employee performance. The findings provide valuable insights for HR professionals in financial organizations, emphasizing the need for strategic approaches to enhance employee performance through improved work conditions, fair compensation, and effective motivational practices.

Tetteh (2017) examined the effects of employee motivation on organizational performance and productivity at the Electricity Company of Ghana, focusing on the Legon District. The research utilized a mixed-method approach, combining probability sampling with stratified techniques to survey 80 employees. Data were analyzed using SPSS, incorporating both primary data from structured questionnaires and interviews, and secondary data. The study found a positive relationship between employee motivation and performance, suggesting that effective motivational strategies are crucial for maintaining high productivity and organizational success. Recommendations include prioritizing employee motivation to support the company's role as Ghana's sole electricity provider.

Ackah (2014) assessed how motivation affects employee performance in Ghana's manufacturing sector. This research aimed to understand the impact of various motivational factors on job performance, drawing on several motivation theories. The study found that higher employee motivation leads to improved performance and job satisfaction, while a lack of motivation negatively impacts performance. Identified factors contributing to employee dissatisfaction included workplace hazards, long hours, inadequate compensation, and lack of appreciation. Recommendations for improving motivation include addressing these dissatisfaction factors and enhancing motivational strategies.

Shahzadi, Javed, Pirzada, Nasreen, and Khanam (2014) assessed the influence of employee motivation on performance, focusing on the educational sector in Pakistan.

Data were collected from 160 teachers through self-administered questionnaires, with regression analysis used to examine the effects of motivation, intrinsic rewards, and perceived training effectiveness on performance. The study revealed a significant positive relationship between motivation and performance, with intrinsic rewards enhancing this effect. Conversely, perceived training effectiveness had a negative impact on motivation due to dissatisfaction with training relevance. The study highlights the need for effective training and reward systems to boost employee performance.

Asim (2013) studied the impact of motivation on employee performance in Pakistani universities, with training as a mediating factor. The research involved 118 respondents from universities, analyzing how motivation and training influence performance. Using descriptive statistics, correlation, and regression tests, the study found that motivation significantly impacts performance and training plays a mediating role. The results suggest that universities should review salary and reward structures to enhance employee performance, and the study discusses future research directions and limitations.

Balachandar, Panchanatham, and Subramanian (2010) analyzed how job situations affect the motivation of insurance company officers from a developmental perspective. The study focused on the impact of job situation factors on motivation within private and government insurance companies. Using Z-Tests and regression analysis, the research found that officers in both types of insurance companies had similar views on motivational efforts. The results indicated that job situation factors moderately influence motivation, emphasizing the importance of addressing these factors to enhance officer productivity and organizational goals.

Table 1

Summary of Empirical Studies

S.N.	Authors and Date	Study Topic	Major Findings
1	Adil, Sapar, Marhani and Rosa (2024)	The influence of individual characteristics and work discipline on the performance of PT employees Bank Syariah Indonesia Palopo Branch.	Individual characteristics had a positive and significant effect on the performance. Bank Syariah Indonesia work discipline has a positive and significant effect on the performance of PT

			employees. Bank Syariah Indonesia (BSI) Tbk Palopo Branch. The results of the F test show that the characteristics and work discipline simultaneously (together) have a positive and significant effect on the performance of PT employees.
2	Joshi, Sekar and Das (2024)	Decoding employee experiences during pandemic through online employee reviews: insights to organizations.	The result of topic modeling identifies 20 EX-factors that shape overall EX. While skill development plays a major role in shaping overall EX, employees perceived Salary and Growth as the most important EX-factor and expressed negative sentiments during the pandemic. Employee sentiments significantly influence overall EX.
3	Anakpo, Nqwayibana and Mishi (2023)	Impact of work from home on employee performance and productivity: A systematic review.	In this study found that the impact of WFC model on employee productivity and performance depend on a host of factors, such as the nature of work, employer and industry characteristics and home setting with a majority reporting a positive impact and few documenting no differences or negative impact.
4	Jaffu (2023)	Performance appraisal, career development and employee performance: implications from procurement professionals.	This study found that the procurement professionals' performance and career development are positively influenced by performance appraisal practices. The study also found out that career development has positive influence on

			procurement professionals' performance. Finally, the study revealed that career development mediates the influence of performance appraisal on procurement professionals' performance.
5	Soleimani, Dana, Salamzadesh, Bouzari and Ebrahimi (2023)	The effect of internal branding on organizational financial performance and brand loyalty: mediating role of psychological empowerment.	This study found that internal branding and psychological empowerment have no significant effect on financial performance, but both have significant positive effect on brand loyalty and the mediating role of psychological empowerment on the subject of the impact of internal branding on brand loyalty was confirmed.
6	Endeshaw (2023)	The mediating effect of job satisfaction on the link between employees' motivation and job performance.	The result of the study found that the entire independent variables and mediator had positive relation and significant effect on job performance.
7	Sah and Pokharel (2022)	Impact of job satisfaction on performance of employees working Nepalese life insurance companies.	This study found that there were a positive and significant relationship between job satisfaction constructs and employee performance. As per regression there were higher influence on job performance that other factors and there was positive significant. Except the working environment and job performance there were significant relationships.
8	Alsuwaidi, Alshurideh, Al Kurdi and Salloum (2021)	Performance appraisal on employees' motivation: a	This study found that there was frequently conducted in job satisfaction and

		comprehensive analysis.	performance context, employee motivation followed by organizational effectiveness context. To that end, the findings of this review study provide an insight into the current trend of how performance appraisal affects employee's motivation.
9	Oladunni, Agbaji and Agbo (2021)	Effect of employee's motivation on financial performance of insurance companies in emerging economics in Nigeria.	The result of the study found that there was intrinsic motivational strategic significantly affected financial performance of insurance companies while extrinsic motivational strategies have no significant effect on financial performance of insurance companies in emerging economic in Nigeria.
10	Iqbal and Mir (2021)	Measure of employee motivation in insurance sector in India: scale development and validation.	The CFA results condensed the scale into 19 items and four factors defended as intrinsic motivators, working environment motivators, social environment motivators and job security motivators. The study shall guide the organizations and researchers interested in understanding and captivating deeper insight of employee motivation and its influence on performance.
11	Olusola and Addeh (2021)	Employee motivation and its effects on employee productivity performance.	The result of the study shows that motivation can increase or decreased employee performance. If the chosen from of motivation meets the needs of the employee, their

			performance increases. On the other hand, the chosen form of motivation does not satisfy the needs of the employee, the benefit decreases. It therefore encourages organizations to understand the motivating need of each employee to improve performance.
12	Olanewwaju and Bolaji (2021)	Employee's productivity in insurance firms: motivation and job satisfaction.	The result of the study showed that there is significant relationship between motivation and job satisfaction of employees in the insurance firm. There is a significant relationship between motivation and employees' productivity.
13	Ullah, Ahmad, Scholz, Ahmed, Ahmad and Usman (2021)	The perceived accuracy of electronic performance appraisal system: the case of a non-for profit organization from an emerging economy.	The results indicate that rater competence and the possibility to challenge performance appraisals judged as unfair or inaccurate highly influence the employees' perception of accuracy of e-performance appraisals. Furthermore, a clear communication of standards and the reaction to the last rating moderately affect the employees' perception of the accuracy of e-PA.
14	Al-Jedaiaa and Mehreza (2020)	The effect of performance appraisal on job performance in governmental sector: The mediating role of motivation.	It was found that the PAP and PAE had impacts on employee's motivation and job performance, while PAC and PAL did not. In addition, the findings illustrate a positive correlation between employee's motivation and

			performance. Human Resource managers of organizations may use findings to better support employees' motivation and performance.
15	Na-Nan, Kanthong, Joungrakul and Smith (2020)	Mediating effects of job satisfaction and organizational commitment between problems with performance appraisal and organizational citizenship behavior.	This study found that the knowledge of this field and are useful for effective human resource management and performance appraisal. The developed model explains the phenomena of problems with performance appraisal concerning fairness, JS, OC, and OCB. JS and OC are useful mediators to explain and expand knowledge in human resource management and performance appraisal.
16	Rahman, Islam, Islam and Sarker (2020)	The effect of management by objectives on performance appraisal and employee satisfaction in commercial banks.	This study found that the performance appraisal and employee satisfaction have a significant positive relationship. Performance appraisal increase employee satisfaction. Employee satisfaction increase productivity and effectiveness in the organization. Proper reward mechanism increase satisfaction level of the employees.
17	Setiawati and Ariani (2020)	Influence of performance appraisal fairness and job satisfaction through commitment on job performance.	Results indicate that performance appraisal fairness and job satisfaction have positive and significant influence on job performance partially and simultaneously. Moreover, performance appraisal

			fairness and job satisfaction have positive and significant influence on employee commitment partially and simultaneously.
18	Ali, Mahmood and Mehreen (2019)	Linking succession planning to employee performance: The mediating roles of career development and performance appraisal.	The results found that succession planning had a significant, positive relationship with employee performance, and both career development and performance appraisal mediated the relationship. The current study extends the social exchange theory by identifying the relationship between succession planning and employee performance in the context of the banking sector.
19	Upadhyay, Ansari and Bijalwan (2019)	Performance appraisal and team effectiveness: a moderated mediation model of employee retention and employee satisfaction.	The results of the study show that PA and TE have a significant relation. ER acts as a partial mediator between PA and TE, and, on the other hand, ES acts as a moderator between PA and ER.
20	Ekundayo (2018)	Impact of motivation on employee performance in selected insurance companies in Nigeria.	The finding shows that the motivation was the major factor that affected employee performance. The study showed a direct strong and positive relationship between motivation of employees and their performance.
21	Siddiqi and Tangem (2018)	Impact of work environment, compensation and motivation on the performance of employees in the insurance companies of	The study revealed that all factors are significantly creating impact on the employees' performance. This can significantly contribute to the recruiters of human resources of

		Bangladesh.	different financial organizations, especially insurance ones, as it clearly demonstrates how positive contribution can be derives from the employees using appropriate strategies.
22	Tetteh (2017)	Impact of employee motivation on organizational performance and productivity in public enterprises: the case of Electricity Company of Ghana.	This study revealed that there is a relationship between motivation and performance and came to a conclusion that management should put in great effect to motivate members of staff to enhance their performance.
23	Ackah (2014)	Impact of motivation on employee performance in the manufacturing industry in Ghana	This study found that the employees who are more motivated in their jobs are more satisfied with their performance if the employees are de-motivated.
24	Shahzadi, Javed, Pirzada, Nasreen and Khanam (2014)	Impact of employee motivation on employee performance.	The result of the study was significant and positive relationship exists between employee motivation and employee performance. There was significant positive relationship with employee performance and employee motivation. Employee perceived training effectiveness has a negative relationship with motivation.
25	Asim (2013)	Impact of motivation on employee performance with effect of training: specific to education sector of Pakistan.	The findings of the study were there was significant and positive relationship between the study variables.
26	Balachandar, Panchanatham and Subramanian (2010)	Impact of job situation on the motivation of insurance company's officers: a	The findings of the study was the Z-tests highlight that officers of private and government insurance are

		developmental perspective.	of the same opinion about the motivational efforts taken by the organization. More than half of the total respondents are of the opinion that they are moderately influenced by the motivational factor.
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2.3 Research Gap

Employee perception on the existing performance appraisal can be measured in many ways however net income/profit for financial parameters and net profit analysis have been taken as measure of financial performance/profitability of commercial banks in Nepal. Also, the employee perception on the existing performance appraisal of banks has been found to be influenced by various internal and external factors. The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge. Conducted study about the employee perception on the existing performance appraisal. However this research will move ahead from analyzing the performance of banking in Nepal and would undergo empirical review of the factors affecting the performance of banking sector in Nepal. This study will provide new insights to the future researchers, players involved in the banking sector, government, regulatory authority and many others for academic as well as policy perspectives. The financial and statistical tools used by most of the researchers are ratio analysis; this study focuses on descriptive analysis and comparison of various financial parameters and different portfolios that are the determinants of profitability of banking sector. This study is more focused in identifying various aspects of banking sectors and their impacts in employee perception on the existing performance appraisal.

Performance appraisal measurement practices are essential for assessing whether firms meet their objectives, determining manager compensation, and crafting strategic plans. Research conducted in the banking sector across various economies has highlighted the growing need to reconsider how performance is measured due to increasing competition. Organizations often focus heavily on quantitative metrics, which can overshadow the importance of qualitative measures. Given this context, it is clear that Nepalese commercial banks need to implement both quantitative and qualitative performance

measures to ensure their survival and achieve long-term success. This area remains underexplored, particularly in developing countries like Nepal. Therefore, this research aims to address the lack of studies on performance appraisal measurement and contribute to the management accounting field. It also seeks to evaluate the extent to which performance measures are utilized in Nepalese banks.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter outlines the detailed steps and procedures used to analyze the factors influencing the profitability of the banking sector in Nepal. It describes the approach taken to evaluate how key determinants impact employees' perceptions of the current performance appraisal systems. The chapter covers the types of data utilized, the techniques employed for data collection, and the methods used for managing and analyzing the data. Research methodology encompasses the description, explanation, and justification of the various research methods employed. According to the Advanced Learner's Dictionary of Current English, research is defined as a thorough investigation or inquiry, particularly aimed at discovering new facts within any field of knowledge.

3.1 Research Design

The current research design serves as a comprehensive blueprint for testing hypotheses, encompassing all subsequent procedures in the study. It represents the plan, structure, and strategy employed to address research questions and manage various influencing factors. Essentially, the research design outlines the entire process of planning and executing a study. In this research, both descriptive and causal-comparative designs were utilized. These designs were chosen to allow the target group to explain or describe key issues related to the study's important variables. This approach was considered suitable for exploring the relationships and understanding how the factors under investigation interact and support the research objectives.

3.2 Sampling, Sample and Sampling Design

Among 20 commercial banks (2028-04-15) only three commercial banks are sampled for the study. For the current study the employees of commercial banks such as NMB Bank Limited, Siddhartha Bank Limited and Nabil Bank Limited has been considered 202 respondents. For this study altogether 202 respondents assumed by administrating the schedule questionnaire. Hence, for the research 202 employees of three banks i.e. NMB Bank Limited, Siddhartha Bank Limited and Nabil Bank Limited of Kathmandu were selected as the sample size-respondents and convenience sampling method was used for the distribution of questionnaires. NMB Bank, SBL (Siddhartha Bank Limited), and

Nabil Bank were selected for the study due to their representation of Nepal's commercial banking sector, accessibility for data collection, and varying organizational profiles, offering a comprehensive view of industry dynamics and employee perspectives.

3.3 Data Collection

The present study is basically based on primary data. This primary data or firsthand information was used in qualitative as well as quantitative information. Highlighting has been given to collect quantitative data or information. But some important qualitative information is also gathered. Similarly other relevant secondary data and information used in this study have been collected from different authorized sources. The primary tool for data collection was a questionnaire, which was distributed to employees in the selected departments. The questionnaire was crafted to gather both qualitative and quantitative data, with questions designed to capture a comprehensive range of responses. This study is mainly based on first hand information, which is collected by researcher. Primary data are collected by using different techniques. According to the nature of the problem, required data's information is collected with help of Personal Interview and Questionnaire survey and field observation.

3.4 Tools of Collecting Data

Various statistical tools were also used to collect and analyze the primary data. Different library of University and organizations were visited to collect the related documents. Analyzing annual reports and verifying the statements made during the interviews of experts.

The information related to outside region (other part of Nepal and Globe) was studied from internet. Topic related journal articles, periodicals records and reports, electronics/internet search, was carried out. Various policies from National organization were dealt in details by referring various government publications and reference book, journals, published data from time to time.

3.5 Data Analysis and Presentation

The data analysis process involved summarizing key features and relationships to identify patterns and outcomes. Prior to analysis, the completed questionnaires were reviewed for

completeness and consistency. Content analysis was used to examine respondents' opinions on the impact of performance appraisals, while descriptive analysis was employed to organize the data. This included grouping responses into frequency distributions to show the values and occurrences of various variables. This chapter starts with an introduction then portrays the research design employed in this study. Population and sample study is also mentioned before discussing the research methodology used to conduct this research. In collecting data, library and field research are used. For field research, qualitative method is chosen in which group of interviewees are involved in the research procedure. The data that were collected are then analyzed and discussed and the results are shown.

Statistical Tools

1) Mean

Arithmetic Mean has widely used in this study. It has been used to calculate the average for five year of data. This tool has been used to calculate the single figure that can represent the whole data for the period. It is computed by using following formula:

$$\text{Mean } (\bar{X}) = \frac{\sum X}{n}$$

Where,

X = Mean

$\sum X$ = Sum of all the variable x

n = Variables involved

ii) Standard Deviation

Standard deviation measures the absolute dispersion or variability of distribution. The greater the amount of dispersion, larger will be the standard deviation. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series; a large standard deviation means just the opposites.

$$SD = \sqrt{\frac{\sum X^2}{n} - \frac{(\sum X)^2}{n}}$$

iii. Coefficient of Variation (C.V.)

Coefficient of variation is the ratio of standard deviation to mean of the observation. When two frequency of distribution have same arithmetic mean, their variability of these two distributions may be compared by calculating their respective standard deviations. It is the tools of relative dispersion which measure the risk per unit. This is called the coefficient of variation which calculated as:

$$C.V = \frac{\text{Standard Deviation}}{\text{Mean}} \times 100$$

iv. Correlation Analysis

Correlation analysis is a statistical method used to assess the strength and direction of the relationship between two variables. It provides a numerical measure, called the correlation coefficient (denoted as "r"), which ranges from -1 to +1. A correlation coefficient close to +1 indicates a strong positive relationship: as one variable increases, the other tends to increase as well. Conversely, a coefficient close to -1 signifies a strong negative relationship: as one variable increases, the other tends to decrease. A coefficient near 0 suggests little to no linear relationship between the variables. Correlation analysis is valuable for understanding associations between variables in research, allowing researchers to identify patterns, validate hypotheses, and make informed predictions. It is important to note that correlation does not imply causation; it simply indicates the degree to which changes in one variable are associated with changes in another. This technique is widely used in fields such as economics, psychology, sociology, and business to explore relationships and inform decision-making based on empirical data.

v. Regression Analysis

In this study, both simple and multiple regression analyses were utilized to examine and test the relationships between dependent and independent variables. Simple regression was employed to explore the relationship between a single dependent variable and a single independent variable. This model evaluates how changes in the independent variable affect the dependent variable.

Hypothesis Tests

H1: There is positive relation in Self-efficacy and Performance Appraisal employee.

H2: There is positive relationship between Employees perception Learn and Performance Appraisal.

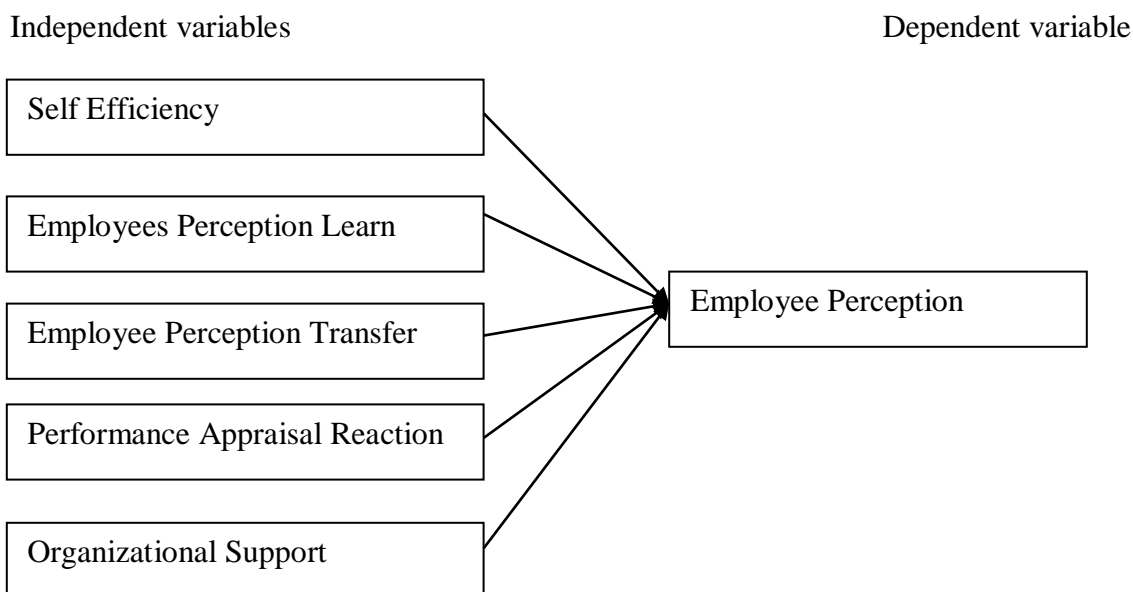
H3: There is positive relationship between Employees perception Transfer and Performance Appraisal.

H4: There is positive relationship between Performance appraisal reaction and Performance Appraisal.

H5: There is positive relationship between Organizational Support and Performance Appraisal.

3.6 Research Framework and Definition of the Variables

Figure 1: Research Framework



(Source: Jaffu, 2023; and Adil, Sapar, Marhani & Rosa, 2024)

1. Dependent Variables

i. Employee perception

Employee perception refers to how employees perceive and interpret various aspects of their workplace environment, job roles, relationships, and organizational policies. It influences their attitudes, behaviors, job satisfaction, and ultimately, organizational

performance. Understanding and managing employee perceptions is crucial for fostering a positive work environment, enhancing employee engagement, and improving overall organizational effectiveness. Employers often use surveys and feedback mechanisms to assess employee perceptions, enabling them to identify areas for improvement and implement strategies that support employee satisfaction and organizational success.

2. Independent Variables

i. Self Efficiency

Self-efficacy refers to an individual's confidence in their ability to successfully accomplish tasks and achieve goals. It influences motivation, effort, and resilience, impacting how individuals approach challenges and persist in the face of difficulties. Self-efficacy beliefs are shaped by past experiences, feedback from others, and the observation of others' successes. High self-efficacy leads individuals to set challenging goals, exert effort to attain them, and bounce back from setbacks, while low self-efficacy can result in avoidance of challenges and decreased performance. Understanding and fostering self-efficacy is crucial in promoting personal development, enhancing performance, and fostering a positive outlook towards achieving desired outcomes.

ii. Employees Perception Learn

Employee perception learning refers to how employees interpret and understand information, experiences, and events within their workplace environment. It involves the cognitive processes through which employees form beliefs, attitudes, and judgments about various aspects of their job, organization, colleagues, and supervisors. These perceptions are shaped by individual experiences, interactions with others, organizational communication, and the overall workplace culture. Understanding employee perception learning is essential for organizations to effectively communicate messages, manage change, foster positive attitudes, and address potential misunderstandings or misinterpretations among employees.

iii. Employee Perception Transfer

Effective management of employee perceptions is crucial for fostering a positive and productive work environment. By actively shaping how employees perceive their roles,

organizational culture, and leadership, companies can enhance engagement and alignment with company goals. This involves transparent communication, consistent feedback mechanisms, and initiatives that promote a clear understanding of the company's values and strategic direction. Ultimately, cultivating a shared perception among employees fosters cohesion, boosts morale, and strengthens organizational resilience.

iv. Performance Appraisal Reaction

Performance appraisal reaction refers to how employees respond to the process and outcomes of their performance evaluations. It encompasses their emotional and cognitive responses, such as satisfaction, motivation, and perceptions of fairness. Positive reactions often correlate with increased job satisfaction, motivation to improve, and alignment with organizational goals. Conversely, negative reactions may lead to demotivation, disengagement, and even turnover if employees feel unfairly evaluated or inadequately supported. Effective performance appraisal systems consider these reactions to foster a constructive feedback culture and support continuous employee development.

v. Organizational Support

Organizational support refers to the resources, encouragement, and assistance that an organization provides to its employees. This support can take various forms, including training opportunities, access to necessary tools and technologies, mentorship programs, and policies that promote work-life balance. When employees perceive strong organizational support, they tend to feel valued, motivated, and committed to their jobs. This, in turn, can enhance job satisfaction, reduce turnover rates, and contribute to overall organizational success by fostering a positive work environment where employees can thrive and contribute effectively.

CHAPTER-IV

RESULTS AND DISSCUSSION

The main objective of the study is Employees' Perception on Performance Appraisal in Commercial Banks of Nepal. The idea behind this research study is expected to be fulfilled with the outcomes derived from the analysis of the data. This chapter is based on the analysis and interpretation of data collected during the study. The data is analyzed with the objective of drawing out valuable conclusion and implication. Several tests have been utilized for this analysis and summary of results are given in below tables. After getting confirmation about the assumption of equal variances ($p > 0.05$), T-Test is used to estimate the difference level of job satisfaction between different Performance appraisal factors. The result of T-Test indicates that the responses are significantly different.

4.1 Demographic Characteristics of the Respondents

A total of 202 respondents from employee of banking sector were surveyed for this research.

Table 2

Qualification

S.N.	Frequency	Percent
10+2	11	5.4
Bachelor level	99	49
Master Level	92	45.5
Total	202	100

Source: Online Survey, 2024

Table 2 show about the educational qualification of respondent where only 11 persons 5.4 percentage are +2 Holders. Similarly, 99 person i.e., 49 percentage people are bachelor holder and remaining 92 person 45.5 percentage people are masters holder.

Table 3

Age

S.N.	Frequency	Percent
Year 1 above -25 below	23	11.4
Below 25 Years	172	85.1
Year 25-40 Years	6	3
Above 40	1	0.5
Total	202	100

Source: Online Survey, 2024

Table 3 shows that age group of respondent (25 to 35) higher respondent age group which consist 85.1 percentage whereas (46 to 55) lowest respondent only 0.5 percentage similarly under 25 11.4%, (46 to 55) 3%.

Table 4

Position

S.N.	Frequency	Percent
1 st	8	4.00
2 nd	59	29.20
3 rd	120	59.40
4 th	15	7.40
Total	202	100

Source: Online Survey, 2024

Table 4 contain position of respondent where only 8 percent people are managers and 59.40 percentage people are assistant similarly 29.20 percentage respondent are officers and 7.40 percentage people are others.

Table 5

Join Year

S.N.	Frequency	Percent
Below 10 years	4	2.00
Above 2 years	26	12.90
Above 3 years	172	85.10
Total	202	100

Source: Online Survey, 2024

Table 5 explains Joint year of the employees where before 2010 joint employee contain only 2 percentage where 85.10 percentage (2016 to 2021) and remaining 12.90 (2011 to 2015).

Table 6

Earning Per Month

S.N.	Frequency	Percent
Rs 20,000	80	39.60
Below Rs. 20,000	107	53.00
Rs. 20,000-Rs. 40,000	10	5.00
Above Rs. 60,000	5	2.50
Total	202	100

Source: Online Survey, 2024

Table 6 consist of earning per month of employee where above 75000 is only 2.50 percentage and (25001 to 50000) 53.00 similarly (up to 25000) and (50001 to 75000) 39.60 percentage and 5 percentage respectively.

4.2 Reliability Analysis

Cronbach alpha (α) was calculated to assess the internal consistency reliability of the variables.

Table 7

Self Efficiency

Instruments	Cronbach's Alpha	N of Items
Self-Efficacy	0.954	16
Employees perception Learn	0.951	9
Employees perception Transfer	0.900	4
Performance appraisal Reaction(AR)	0.885	3
Performance appraisal Reaction(UR)	0.920	3
Organizational Support	0.908	5
Job Satisfaction	0.898	3

Source: Online Survey, 2024

Table 7 presents the mean of the entire variable which range in between 3.71 to 4.01. The calculation of the quantity of variation of the data is of high indicating data point is spread across wide range of value. The minimum number of the question item is 1 and

maximum is of 5. To test the normality of data Skewness and Kurtosis test were examined. Skewness and Kurtosis are the indicators to see if the variable is normally distributed. Self-efficacy have -0.41 Skewness and 2.68 Kurtosis, Similarly, the value of Skewness and Kurtosis of other variable (Employees perception Learn, Employees perception Transfer, Performance appraisal Reaction and Organizational Support) are mentioned in the table 4.1. Since the standard range of the Skewness is ± 3 which is fully satisfied by the generated value. Again, the standard Kurtosis range is between ± 10 . Since, all the variables of the kurtosis range from 0.57 to 2.98 which shows both Skewness and Kurtosis are acceptable suggesting the normality and uniformity of the data. Table 6 presents the questionnaire instruments for the further data reliability test the different instruments with variation in question numbers. Each of the instruments for the independent variable has a range of from 0.885 to 0.954. Both dependent and independent variables that suggests the reliability of the data are good at the range of above 8. This shows the increase inter correlation among the test item possessing higher internal consistency and validity of the study.

Table 8

Descriptive Statics (Employees Perception and Performance Appraisal in Banking Sector in Nepal)

	Variables	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
1	Self-Efficiency	1	5	3.84	0.79	-1.41	2.68
	Employees	1	5	4.01	0.88	-1.51	2.52
2	perception						
	Learn						
3	Employees	1	5	3.97	0.92	-1.33	1.81
	perception						
	Transfer						
	Performance	1	5	3.84	1.01	-1.14	1.15
4	appraisal						
	Reaction						
5	Organizational	1	5	4.00	0.95	-1.36	1.85
	Support						
6	Employee	1	5	3.71	0.89	-0.71	0.57
	Perception						

Source: Online Survey, 2023

Table 8 presents the mean of the entire variable which range in between 3.71 to 4.01. The calculation of the quantity of variation of the data is of high indicating data point is

spread across wide range of value. The minimum number of the question item is 1 and maximum is of 5. To test the normality of data Skewness and Kurtosis test were examined. Skewness and Kurtosis are the indicators to see if the variable is normally distributed. Self-efficacy have -0.41 Skewness and 2.68 Kurtosis, Similarly, the value of Skewness and Kurtosis of other variable (Employees perception Learn, Employees perception Transfer, Performance appraisal Reaction and Organizational Support) are mentioned in the table 7. Since the standard range of the Skewness is ± 3 which is fully satisfied. Again, the standard Kurtosis range is between ± 10 . Since, all the variables of the kurtosis range from 0.57 to 2.98 which shows both Skewness and Kurtosis are acceptable suggesting the normality and uniformity of the data. The test is done to ensure the reliability and availability of the survey questionnaire, the analysis is done to check the Cronbach Alpha effect of the each of the item which is generated from the SPSS software.

Table 9

Descriptive Statistics (Self-Efficacy)

Statement	Mean	Std. Deviation
When I make plans, I am certain I can make them work.	3.83	1.03
I can get down to work when I should.	3.81	1.01
If I can't do a job the first time, I keep trying until I can.	3.93	1.07
When I set important goals for myself, I achieve them.	3.98	1.07
I continue on things before completing them.	3.96	0.99
I face difficulties.	3.75	1.03
If something looks complicated, I will try it.	3.76	1.03
When I have something unpleasant to do, I stick to it until I finish it.	3.47	1.07
When I decide to do something, I go right to work on it.	3.96	1.03
When trying to learn something new, I continue if I am not initially successful.	3.95	1.05
When unexpected problems occur, I can handle them well.	3.76	0.97
I try to learn new things even when they look too difficult for me.	3.85	0.96
Failure just makes me try harder.	3.85	1.04
I feel secure about my ability to do things.	3.81	1.00
I don't give up easily.	3.86	1.09
I am capable of dealing with most problems that come up in life.	3.88	1.03
Valid N (List wise)	202	

Source: Online Survey, 2024

Table 9 shows the descriptive statistics of one of Performance appraisal self-efficacy in banking sector in Nepal. Among the sixteen statements “When I decide to do something,

I go right to work on it.” Has least mean 3.47 and statement “When I set important goals for myself, I achieve them. “ha the highest mean 3.96 with the standard deviation of 1.07 followed by statement “When I make plans, I am certain I can make them work.”, “I can get down to work when I should.”, “If I can’t do a job the first time, I keep trying until I can.”, “I continue on things before completing them.” , “I face difficulties.” , “If something looks complicated, I will try it.” , “When I decide to do something, I go right to work on it.”, “When trying to learn something new, I continue if I am not initially successful.” , “When unexpected problems occur, I can handle them well.” , “I try to learn new things even when they look too difficult for me.”, “failure just makes me try harder.”, “i feel secure about my ability to do things.” “I don’t give up easily.” And “i am capable of dealing with most problems that come up in life.” All these statement are having average mean in between 3.47 to 3.96. The respondent was in between strongly disagree (1) and strongly agree (5). the mean of performance appraisal self-efficacy in banking sector in nepal is 3.84 with standard deviation 0.79 which shows that the respondent i.e. performance appraisal self-efficacy of banking sector of Nepal is positive.

Table 10

Descriptive Statistics (Employee Perception)

Statements	Mean	Std. Deviation
I think the Performance appraisal program will help me to improve my knowledge.	4.04	1.045
I am motivated to learn the knowledge emphasized in the Performance appraisal program	4.02	1.019
I will try to learn as much as I can from the Performance appraisal program.	4.05	1.033
I will get more from the Performance appraisal program than most people.	3.93	1.063
The knowledge I will gain in the Performance appraisal program may help advance my career.	4.1	1.048
I desire to attend the Performance appraisal program as soon as I can.	4.08	1.048
If I attend the Performance appraisal program, I will learn how I can improve my knowledge.	3.96	1.055
I want to improve my knowledge during the Performance appraisal program.	4.02	1.024
If I can’t understand some part of the Performance appraisal program, I will try harder.	3.9	1.041
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 10 shows the descriptive statistics one of Performance appraisal Employees perception Learn in banking sector of Nepal. Among the nine statements “If I can’t understand some part of the Performance appraisal program, I will try harder.” Had least mean 3.90 with standard deviation 1.04 and the statement “The knowledge I will gain in the Performance appraisal program may help advance my career.” Had highest mean 4.10 with standard deviation of 1.04 followed by statements “I think the Performance appraisal program will help me to improve my knowledge.”, “I am motivated to learn the knowledge emphasized in the Performance appraisal program.”, “I will try to learn as much as I can from the Performance appraisal program.”, “I will get more from the Performance appraisal program than most people.” , “I desire to attend the Performance appraisal program as soon as I can.” , “If I attend the Performance appraisal program, I will learn how I can improve my knowledge.” , “I want to improve my knowledge during the Performance appraisal program.” Has mean at average in between 3.78 to 4.08. The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of the Performance appraisal Employees perception learn is 4.01 with standard deviation of 0.88 which shows that the respondent i.e. Performance appraisal Employees perception learn in banking sector of Nepal is positive.

Table 11

Descriptive Statistics (Employee Perception)

Statements	Mean	Std. Deviation
Performance appraisal will increase personal productivity.	4.06	1.03
When I leave Performance appraisal, I can’t wait to get back to work to try what I learned.	3.78	1.09
I believe the Performance appraisal will help me do my current job better.	4.05	1.03
I get excited when I think about trying to use my new learning on the job.	3.99	1.03
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 11 shows the descriptive statistics of the Performance appraisal for job satisfaction Employees perception transfer in banking sector in Nepal. Among the four statements “When I leave Performance appraisal, I can’t wait to get back to work to try what I learned.” Has least mean 3.78 with standard deviation 1.09 and the statement “Performance appraisal will increase personal productivity.” Has highest mean 4.06 with standard deviation 1.03 followed by the statement “I believe the Performance appraisal will help me do my current job better.” And “I get excited when I think about trying to use my new learning on the job.” Has mean value 4.05 and 3.99 also standard deviation 1.03 and 1.03 respectively. The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of Performance appraisal Employees perception is 3.97 with standard deviation of 0.92 which shows that the respondent i.e. Performance appraisal Employees perception transfer of banking sector in Nepal is positive.

Table 12

Descriptive Statistics (Performance appraisal)

Statements	Mean	Std. Deviation
I really enjoyed his course.	3.94	1.09
This course was a lot of fun.	3.74	1.15
This course was extremely interesting.	3.85	1.13
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 12 shows the descriptive statistics of another Performance appraisal for job satisfaction Performance appraisal reaction in banking sector in Nepal. Among the three statements “This course was a lot of fun.” Have least mean 3.74 with standard deviation 1.15 and the statement “I really enjoyed his course,” has highest mean 3.94 with 1.09 standard deviation and remaining another statement “This course was extremely interesting,” has 3.85 with 1.13 standard deviation. The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of the Performance appraisal reaction in banking sector of Nepal is 3.84 with standard deviation 1.01 which shows that the respondent i.e. Performance appraisal Performance appraisal reaction of commercial banks in Nepal is positive.

Table 13

Descriptive Statistics (Performance appraisal)

Statements	Mean	Std. Deviation
This course was very relevant to my job.	3.99	1.05
This course was of great practical value to my for my job.	4.03	0.99
This course was closely related to my job.	3.99	1.02
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 13 shows the descriptive statistics of the Performance appraisal for job satisfaction Performance appraisal Reaction in Banking Sector in Nepal. Among the three statements “This course was of great practical value to my for my job.” Have highest mean 4.03 with standard deviation 0.99 and other two statements “This course was very relevant to my job.” And “This course was closely related to my job.” Have same mean 3.99 with standard deviation 1.05 and 1.02 respectively. The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of the Performance appraisal reaction in banking sector of Nepal is 4.00 with standard deviation 0.95 which shows that the respondent i.e. Performance appraisal Performance appraisal reaction of commercial banks in Nepal is positive.

Table 14

Descriptive Statistics (Organizational Support)

Statements	Mean	Std. Deviation
There is a performance appraisal system that ties financial rewards to use of newly acquired knowledge and skills.	3.87	0.97
This organization offers excellent Performance appraisal programs.	3.74	1.06
Employees are provided with the resources necessary to acquire and use new knowledge and skills.	3.68	1.06
There are rewards and incentives for acquiring and using new knowledge and skills in one’s job.	3.62	1.04
This organization rewards employees for using newly acquired knowledge and skills on the job.	3.62	1.06
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 14 shows the descriptive statistics of the Performance appraisal for job satisfaction organizational support in banking sector in Nepal. Among five statements “There are rewards and incentives for acquiring and using new knowledge and skills in one’s job.” “And statement this organization rewards employees for using newly acquired knowledge and skills on the job.” Has least mean 3.62 with 1.04 and 1.06 respectively and statement “There is a performance appraisal system that ties financial rewards to use of newly acquired knowledge and skills.” Have highest mean 3.87 with 0.97 standard deviation followed by the statement “This organization offers excellent Performance appraisal programs.” “And Employees are provided with the resources necessary to acquire and use new knowledge and skills.” Has mean 3.74 and 3.68 respectively with 1.06 standard deviation both statements. The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of the Organizational Support in banking sector of Nepal is 4.00 with standard deviation 0.89 which shows that the respondent i.e. Performance appraisal Organizational Support of commercial banks in Nepal is positive.

Table 15

Descriptive Statistics (Performance Appraisal)

Statements	Mean	Std. Deviation
All in all, I am satisfied with my job.	3.74	1.04
In general, I like my job.	3.83	1.04
In general, I like working here.	3.85	1.11
Valid N (list wise)	202	

Source: Online Survey, 2024

Table 15 shows the descriptive statistics of the Job Satisfaction in banking sector in Nepal. Among the three statements “All in all, I am satisfied with my job.” Has least mean 3.74 with 1.04 standard deviation and the statement “In general, I like working here.” Has the highest mean 3.85 with 1.11 standard deviation followed by statement “In general, I like my job.” Has mean 3.83 with 1.04 standard deviation. . The respondent was in between Strongly Disagree (1) and Strongly Agree (5). The overall mean of the Performance appraisal reaction in banking sector of Nepal is 3.84 with standard deviation

1.01 which shows that the respondent i.e. Performance appraisal Performance appraisal reaction of commercial banks in Nepal is positive.

4.3 Correlation Analysis

Table 16

Correlation (Employees Performance appraisal Banking Sector in Nepal)

Variable	1	2	3	4	5	6
Self-efficacy	1					
Employees perception to Learn	.829**	1				
Employees perception towards Transfer	.741**	.846**	1			
Performance appraisal	.761**	.830**	.809**	1		
Organizational Support	.677**	.656**	.636**	.690**	1	
Employee perception	.721**	.725**	.728**	.754**	.749**	1

Note: **Correlation is significant at $p < 0.01$ level (2 tailed and

* Correlation is significant at $p < 0.05$ level (2 tailed)

Note: Online Survey, 2023

Table 16 shows that the strong and significant relation between the components of the dependent variable and independent variable. The value shown in the table shows that the strong relation among all components of the independent variable (Self-Efficacy, Employees perception to Learn, Employees perception towards Transfer, Performance appraisal reaction and Organizational support) and with the dependent variable (Employee perception). The relationship between Self-efficacy and employee perception has strong correlation ($r = .721$, $p < 0.01$). Similarly, there is strong relation between Employees perception to learn and employee perception ($r = .725$, $p < 0.01$). Another dimension employees perception towards transfer also have strong relation with employee perception ($r = .728$, $p < 0.01$). Similarly, another dimension Performance appraisal reaction have also strong positive relation with employee perception ($r = .754$, $p < 0.01$). Lastly, organizational support and employee perception have also strong relation ($r = .749$, $p < 0.01$). Since, all the values generated from the Table 4.12 Clarified that there

is a significantly strong relation with all the dimension form employee perception in banking sector in Nepal.

Table 17

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.837a	0.70	0.691	0.53964

a Predictors: (Constant), Self-Efficacy, Employee perception to learn, Employees perception towards transfer, Performance appraisal Reaction, Organizational Support

Table 17 shows that the Model Summary reveals a strong relationship ($R = 0.837$) between the dependent variable and the predictors: Self-Efficacy, Employee perception to learn, Employees perception towards transfer, Performance appraisal Reaction, and Organizational Support. The model explains 70% of the variance in the dependent variable ($R^2 = 0.70$), indicating a robust fit. The adjusted R^2 (0.691) suggests that the current set of predictors adequately explains the variance, with little benefit from additional predictors. The model's predictive accuracy is high, as reflected by the low standard error of the estimate (0.53964). Overall, while the model effectively explains the dependent variable's variability, further refinement could focus on optimizing predictor selection to enhance explanatory power without unnecessary complexity.

Table 18

ANOVA Tests

	Sum of Squares	df	Mean Square	F	Sig.
Regression	132.646	6	22.108	75.916	<.001b
Residual	56.787	195	0.291		
Total	189.433	201			

a Dependent Variable: Employees Perception

b Predictors: (Constant), Self-Efficacy, Employee perception to learn, Employees perception towards transfer, Performance appraisal Reaction, Organizational Support

Note: Online Survey, 2023

Table 18 shows that the ANOVA table evaluates the significance of the regression model and its predictors in explaining the variance in Employees Perception. The regression model shows a significant effect overall ($F(6, 195) = 75.916, p < 0.001$), indicating that

the predictors (Self-Efficacy, Employee perception to learn, Employees perception towards transfer, Performance appraisal Reaction, Organizational Support) collectively explain a substantial amount of variance in Employees Perception. The Regression Sum of Squares (132.646) significantly exceeds the Residual Sum of Squares (56.787), underscoring the model's effectiveness in explaining the dependent variable. With a high F-statistic and a very low p-value, the results indicate that the model is statistically significant and that the included predictors contribute significantly to predicting Employees Perception. This suggests that the model provides valuable insights into the factors influencing how employees perceive various aspects within their organizational context.

Table 19

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.106	0.198		-0.534	0.594
Self-efficacy	0.173	0.092	0.141	1.884	0.061
Employees perception to Learn	0.049	0.104	0.044	0.469	0.64
Employees perception towards Transfer	0.128	0.091	0.121	1.414	0.159
Performance appraisal Reaction	0.176	0.081	0.184	2.172	0.031
Organizational Support	0.347	0.064	0.317	5.431	<.001

a Dependent Variable: Employees perception

Note: Online Survey, 2023

Model: EP = -0.106 + 0.173 + 0.049 + 0.128 + 0.176 + 0.144 + 0.347

The coefficients table provides valuable insights into the factors influencing Employees perception within the organizational setting. The constant term (-0.106, p = 0.594) represents the baseline perception level when all predictors are zero, but it is not statistically significant, suggesting that Employees perception is not reliably predicted by this baseline alone. Self-efficacy shows a positive but marginally non-significant effect (B = 0.173, Beta = 0.141, p = 0.061), indicating that higher levels of self-efficacy tend to correspond with more positive perceptions among employees. However, its influence

does not reach conventional levels of statistical significance. Conversely, Employees perception to Learn ($B = 0.049$, $p = 0.640$) and Employees perception towards Transfer ($B = 0.128$, $p = 0.159$) do not significantly impact Employees perception. Performance appraisal Reaction demonstrates a statistically significant positive effect ($B = 0.176$, Beta = 0.184, $p = 0.031$), indicating that favorable reactions to performance appraisals are associated with higher levels of Employees perception. Importantly, Organizational Support emerges as the strongest predictor ($B = 0.347$, Beta = 0.317, $p < 0.001$), significantly enhancing Employees perception. This highlights the critical role of organizational support structures in shaping positive perceptions among employees. Collectively, these findings underscore the importance of fostering supportive organizational climates and effective performance appraisal processes to enhance overall employee satisfaction, engagement, and organizational effectiveness.

Testing of Hypothesis

H1: There is positive relation in Self-efficacy and employees performance appraisal.

The p-value for self-efficacy is 0.061, which does not meet the 5% level of significance. Therefore, Hypothesis 1 is not supported.

H2: There is positive relationship between Employees perception to Learn and Performance Appraisal.

The p-value for employees' perception of learning is 0.64, which is not significant at the 5% level. Thus, Hypothesis 2 is not supported.

H3: There is positive relationship between Employees perception towards Transfer and Performance Appraisal.

The p-value for employees' perception of transfer is 0.159, which is not significant at the 5% level. Consequently, Hypothesis 3 is not supported.

H4: There is positive relationship between Performance appraisal reaction and Performance Appraisal.

P-Value of Performance appraisal reaction is 0.031 which is accepted.

H5: There is positive relationship between Organizational Support and Performance Appraisal.

P-Value of Organizational Support is <0.01 which means null hypothesis is rejection. Hence hypothesis 5 is accepted.

4.4 Results

The study analyzes the impact of Employees' Perception and Performance appraisal. The focus of the study was to reflect how Performance appraisal factors such as Self-efficacy, Employees perception to learn, Employees perception towards transfer, Performance appraisal reaction and organizational support was affect to Employees perception of employee. The research was conducted with a sample size of 202, which represents the target population. Both descriptive analysis and hypothesis testing were employed in the study.

The research examined several demographic factors as moderating variables, focusing on five key components: age, educational qualification, job position, and income. Among the 202 respondents, 49% held a graduate degree, while 5.4% had completed only undergraduate studies. Similarly, 45.50% are post graduates. Another variable position of employee 59.40 % holds assistant position and 4% holds manager position similarly 29.20% and 7.40 % holds officer and others position respectively.

Ages in between (25 to 35) are highest respondent holds 85.10% and over 0.50% lower respondent (above 45). Similarly, 11.40% and 3% are under 25 and (35 to 45) age groups. Similarly, another variable earning per month is in between 30000 to 60000 are high in percentage holds 85.10% where only 12.90% above 60000 and 2% are below 30000.

4.5 Discussions

The research was conducted among 202 employees in the banking sector of Nepal, examining the relationship between job satisfaction and various factors of performance appraisal. It was found that factors such as self-efficacy, perception of learning and transfer, reaction to performance appraisal, and organizational support are closely

intertwined. Specifically, providing opportunities for performance appraisal in the workplace was noted to significantly benefit job satisfaction among employees.

Previous studies, including those by Velada et al. (2007) and Hartel and Walberg (1988), have explored similar themes. Velada et al. (2007) concluded that there exists a positive correlation between performance appraisal and job satisfaction, a finding consistent with the current study's results indicating a positive relationship between performance appraisal factors and job satisfaction.

Additionally, the study underscores the importance of career expectations and flexibility in influencing job satisfaction. As noted by Flessler and Christensen (cited in Lynn, 2002), employees are more likely to be satisfied when their career expectations are met adequately, whereas poor working conditions can lead to decreased job satisfaction and effectiveness of performance appraisal.

However, discrepancies also emerged. While previous research generally supports a positive relationship between performance appraisal and job satisfaction, this study emphasizes the need for tailored performance appraisal programs that align with organizational culture and meet employees' real needs. It highlights that effective performance appraisal not only boosts job satisfaction but also enhances self-efficacy among employees.

In conclusion, while affirming the positive link between performance appraisal and job satisfaction observed by earlier scholars, this research underscores the critical role of tailored, culturally fitting appraisal programs in promoting overall employee satisfaction and efficacy.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

Performance appraisal is very important aspect of human resource management that increases the employee skills, abilities knowledge and performance. Banking sector in Nepal should focus on conducting the Performance appraisal on a regular basis so that the employee job satisfaction can be enhanced. There should be clear dimensions for the banking sector in order to enhance the job satisfaction so that their productivity may be increased.

This study tries to find out the impact of Performance appraisal on employee performance with reference to banking scoter in Nepal. Similarly, this study wants to check whether there is a significant relationship between the Performance appraisal and job satisfaction. Moreover, this study tries to find out the impact of Performance appraisal need assessment, mode of Performance appraisal feedback of employee job satisfaction.

This study utilized a sample size of 202 to conduct the research, focusing on employees within the banking sector in Nepal. Data was collected using a structured questionnaire as the primary research instrument. The convenience sampling method was employed for data collection. The collected data was analyzed with the help of the Statistical Package for Social Sciences (SPSS). Various statistical tools within SPSS were used, including descriptive analysis, regression assumption tests, correlation analysis, t-tests, and reliability tests. The result indicated that banking industry have good policies regarding Performance appraisal program. As most of the respondents indicated that they have participated in Performance appraisal and most of them were provided with the opportunity to train under on joining the company. In examining the question relating to Performance appraisal quality, the results indicated that program undertaken by bank is relevant.

This study aims to explore how individual characteristics, situational factors, motivational levels, and trainee reactions influence employees' perceptions of performance appraisal transfer. It focuses on whether these individual and situational

variables account for variations in performance appraisal results. Unlike cognitive ability factors, which are often studied in relation to performance appraisal success, individual and situational factors are aspects that organizations can more effectively influence. Additionally, the study examines how trainee motivation impacts performance appraisal outcomes. As for trainee reactions, there have been many studies conducted to ascertain the relationship between levels of Performance appraisal evaluation. One study addressed transfer of Performance appraisal from the perspective of trainee intention to transfer Performance appraisal after the Performance appraisal intervention concluded, but before trainees returned to the work environment. The study results indicated trainees reported greater intentions to transfer learning to the workplace when positive situational/environmental factors were present. The positive situational/environmental factors included condition where trainees received information from coworkers or supervisors about the Performance appraisal prior to attending the Performance appraisal program, became aware that they would be accountable to their superiors for learning the Performance appraisal material, and believed the Performance appraisal program was viewed by the organization as mandatory.

A number of studies have been carried out by scholars on job satisfaction but a few of them have been incorporated in present study to supplement theoretical background. Job Satisfaction stated that job satisfaction is any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job. According to this approach although job satisfaction is under the influence of many external factors, it remains something internal that has to do with the way how the employee feels. That is job satisfaction presents a set of factors that cause a feeling of satisfaction.

5.2 Conclusion

This paper examines the impact of performance appraisal on employees' job satisfaction within the banking sector of Nepal. It posits that there is a significant relationship between performance appraisal practices and job satisfaction among employees. Based on the responses of the sample population as well as interpretations and findings discussed above, the researcher the following conclusions:

Primary data were collected through survey in the form Questionnaire (distributed among 202 employees from which 202 questionnaires were selected). The literature review was carried out to identify the various factors as Performance appraisal need assessment, mode of Performance appraisal, Performance appraisal duration, and Performance appraisal feedback and job satisfaction.

From the study that various factors like Performance appraisal need assessment, mode of Performance appraisal, Performance appraisal duration, and Performance appraisals feedback plays an important role to maintain the employee job satisfaction. It can be observed that these factors play a role that is considered as a determining factor that impacts on the overall performance of an employee.

The research has been conducted in a particular setting, hence we are aware of the possibility that the finding could have turned out differently in another context. The same study thus could have been conducted in another context of human resource management. This could therefore be suggested for further research. Additionally, this research tries to find out the impact of Performance appraisal and its aspects such as need assessment, duration, and feedback on job satisfaction.

Although the data sample captures limited banks only, it is recommended that future researchers should include more banks including all the levels of employees working in the different banks in order to give concrete generalization and policy that measure on how far the Performance appraisal impacts on the employees' job satisfaction.

Managers in Nepalese Banks are facing various hazards due to low employee job satisfaction which is the result of inadequate Performance appraisal, need assessment, untimely provision of Performance appraisal, duration of Performance appraisal; therefore, further research can be conducted in large samples which can bring more accuracy in data analysis.

5.3 Implications

The implications of the study can be general that can be useful for different stakeholders like management, human resource departments, general service departments and government and policy makers. This study can also support researchers for further studies.

Management, human resource and general service departments are mostly involved in choosing resource person and topic for Performance appraisal for Job satisfaction. However, they are not much concerned about what the employees seek to develop. While filling out appraisal forms employees do submit what they want to improve and how it would benefit them. However, it is the supervisors in most of the cases who decide on who goes for what Performance appraisal. In addition, there have so be qualified and experienced professionals leading human Resource department across industries.

This study is limited to only some of Performance appraisal factors. Future researchers can do similar research in other factors as well. This study can be regarded as the preliminary steps in investigating the effect of Performance appraisal factors in Job satisfaction of employee. The study remains enough ground for future researchers which are listed below:

The future studies can be carried out by selection other organizations like development organization and finance companies as well as other public organization to grab wider view of impact of online Performance appraisal for job satisfaction in these organizations.

This study is based on the survey of banking sector of Nepal and took only 202. Therefore, to incorporate wide geographical character of the respondents, further studies can be carried out by extending the number of respondent while doing survey.

Future studies also can carry this type of study in financial organization such as insurance companies, mutual fund or also other non-financial institutions like manufacturing companies and other industries to find out the effect of Performance appraisal for Job satisfaction. Further, this research is quantitative study that was based of hypothesis that Performance appraisal for job satisfaction.

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Appendix I

Dear respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is “**Employees Perception on Performance appraisal in Commercial banks of Nepal**”. I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information you provide will be used only for the academic purpose.

Thanking you for your cooperation.

1. Name:.....
2. E-mail:.....
3. Age:
4. Gender: Male Female
5. Marital status: Married Unmarried Divorced Widowed
6. Income: Less than 30000 30000-60000 60000-90000 Above 90000
7. Education: Under graduate Graduate Post-graduate & above

S.N	Statement	Strongly satisfied	Satisfied	Neutral	Not Satisfied	Strongly not satisfied
	Self Efficiency					
1	Self-Efficacy					
2	Employees perception Learn					
3	Employees perception Transfer					
4	Performance appraisal Reaction					
5	Performance appraisal Reaction					
	Employee Perception Transfer					
1	I think the Performance appraisal program will help me to improve my knowledge.					
2	I am motivated to learn the knowledge emphasized in the Performance appraisal program					
3	I will try to learn as much as I can from the Performance appraisal program.					
4	I will get more from the Performance appraisal program than most people.					
5	The knowledge I will gain in the Performance appraisal program may help advance my career.					
	Performance Appraisal Reaction					
1	All in all, I am satisfied with my job.					
2	In general, I like my job.					
3	In general, I like working here.					
4	In general Like good Work					
5	In general Like will gain in the Performance Appraisal Reaction					
	Organizational Support					
1	There is a performance appraisal					

	system that ties financial rewards to use of newly acquired knowledge and skills.					
2	This organization offers excellent Performance appraisal programs.					
3	Employees are provided with the resources necessary to acquire and use new knowledge and skills.					
4	There are rewards and incentives for acquiring and using new knowledge and skills in one's job.					
5	This organization rewards employees for using newly acquired knowledge and skills on the job.					
	Employee Perception					
1	Performance appraisal will increase personal productivity.					
2	When I leave Performance appraisal, I can't wait to get back to work to try what I learned.					
3	I believe the Performance appraisal will help me do my current job better.					
4	I get excited when I think about trying to use my new learning on the job.					

Thank You!

EMPLOYEES' PERCEPTION ON PERFORMANCE APPRAISAL ...

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