

**IMPACT OF PERFORMANCE APPRAISAL SYSTEM ON
EMPLOYEE MOTIVATION IN LIFE INSURANCE
COMPANIES IN NEPAL**

A Dissertation submitted to the Office of the Dean, Faculty of Management, in partial
fulfilment of the requirements for the Degree of Masters of Business Studies

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**IMPACT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEE MOTIVATION IN LIFE INSURANCE COMPANIES IN NEPAL**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it 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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We have examined the dissertation entitled *IMPACT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEE MOTIVATION IN LIFE INSURANCE COMPANIES IN NEPAL* presented by Ms. Ritu Maharjan for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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The dissertation entitled **“IMPACT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEE MOTIVATION IN LIFE INSURANCE COMPANIES IN NEPAL”** has been prepared in partial fulfilment for the degree of master of business studied (MBS) under the Faculty of Management, Tribhuvan University, in based on research models involving the quantitative aspect of market price of shares.

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Ritu Maharjan

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ABBREVIATIONS

A.D.	Anno Domini
ANOVA	Analysis of Variance
C	Communication
CM	Commitment
EM	Employee Motivation
FD	Feedback System
HRM	Human Resource Management
JS	Job Satisfaction
PA	Performance Appraisal
PE	Performance Evaluation
RR	Reward and Recognition
S.D.	Standard Deviation
SEE	Standard Error of Estimate
SPSS	Statistical Package for the Social Sciences
TD	Training and Development

ABSTRACTS

This study examines the impact of performance appraisal system on employee motivation of Nepalese insurance companies. Employee motivation is the dependent variable. The independent variables are training and development, reward and recognition, communication, commitment and feedback system. This study is based on primary data of 24 insurance companies with 219 observations. To achieve the purpose of the study, structured questionnaire is prepared. The regression models are estimated to test the relationship, significance and impact of performance appraisal system on employee motivation in context of Nepalese insurance companies. The result shows that training and development is positively correlated to employee motivation. It indicates that increase in training and development activities, higher would be the employee motivation in organization. Likewise, reward and recognition are positively correlated with employee motivation. It indicates better reward and recognition system in an organization, higher would be the employee motivation. Similarly, there is positive relationship between communication and employee motivation. It indicates that better the communication system in the organization, higher would be the employee motivation. Furthermore, commitment is positively correlated with employee motivation. It indicates that better commitment in the organization higher would be the employee motivation. In addition, feedback system is also positively correlated with employee motivation. It indicates that higher the feedback to the employee, higher would be the employee motivation. Likewise, the regression results show that beta coefficients for training and development, rewards and recognition, communication, commitment and feedback system are positive with employee motivation.

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Performance management is a collection of operations that guarantee effective and efficient fulfillment of objectives. It can concentrate on an organization's performance, a department, an employee, or the procedures in place to handle specific duties. Performance management is a strategic and integrated strategy aimed at providing organizational success by enhancing individual and team performance capacities (Armstrong, 2005). Angelo and Robert (2006) described performance assessment as a discreet, official, organizationally divided event, generally not happening more frequently than once or twice a year, which obviously identifies the performance dimensions and/or criteria used in the assessment process. Rao (2005) stated that performance assessment is a technique of assessing employee conduct in the workplace, typically involving both the quantitative and qualitative aspects of job performance.

Human resource management focuses on personnel related areas such as job design, resource planning, performance management, selection, compensations, employee relations and recruitment. Out of these functions, performance evaluation plays a critical role for the global success of the organization (Martin & Bartol, 2003). Organization tries to satisfy and motivate their employees to get better result. Performance appraisal is one of the main functions of human resource management. It is a process which evaluate the individual's job performance in accordance with the objectives of the organization. Performance appraisal is effective and efficient for every organization (Daniel & Saeed, 2013). Performance appraisals are designed to serve the organizations and employee's interests. However, performance appraisal is one of the most problematic components of human resource management as some employees are dissatisfied with their organization's performance appraisal (Smith et al., 2006).

The main reason for using performance assessment was to assess employee performance, which has expanded the aims for which they are used (Fare & Levy, 2007). There are two main variables that have played a significant part in raising the amount of reasons for which these techniques are being used. First, a shift in the

theoretical leadership structure that began in the 1950s underscored the need to work alongside their staff in order to get most of the staff for an organization (Katzell & Austin, 1992). Meyer et al. (1965) analyzed the need for managers to shift from a tool for monitoring and controlling employees to one that allows employers to help the employee meet the needs of both the organization and employees.

Another significant factor that enhanced the objective of performance assessment scheme used by organization was performance leadership development (Farr & Levy, 2007). In the 1980s, the use of technology and globalization increased sharply, leading in organizations operating on extremely competitive worldwide markets (Fletcher, 1997; Williams, 2001). Organizations undertook multiple companies' procedures to assist verify their survival and development, such as downsizing and outsourcing. Many businesses have been implemented to performance management to assist improve the performance of employees. Performance management is conceptually the method of connecting organizational policies to the performance of individual employees. In fact, however, it needs different operations. For example, it requires organizations to identify the strategic goals they want to achieve that need to be related to the companies' goals and goals. From there, the goals filter to departmental, team, and individual goals (Williams, 2001).

The increase of innovations in globalization in political, social, economic, and technological fields has a major impact on individual's organizational life in society. Unlike these innovations, management of the organization is compelled to create fresh methods of leadership in order to fight even harder competitive circumstances. To a big extent, these contemporary leadership methods strive to increase the efficiency of staff by using communication authority (Erogluer, 2011). Communication promotes human society's transformation. Communication is a phenomenon of many sides which implies different things for distinct individuals. It is a method of someone else's means of access to the mind or thinking. According to Wilson (1997), communication can also be seen as a decrease in uncertainty. Communication is, therefore, an exchange of meanings for organization and as a social being for human beings. Organizations should therefore frequently articulate policies, goals and objectives in order to enhance the efficiency of the workforce. Communication is thus a means by which the task and resources needed to carry out an assignment, the roles and responsibilities and the expected results are

made known to the subordinates, making work easier for improved style of work. Managers also need to interact frequently with lower-level staff to get feedback and give suggestions in others to avoid confusion about future work tasks; this will assist enhance the efficiency of workers and the productivity of organizations.

The current scenario in corporate world organizations is faced with instability in terms of survival development and profitability. Organizations are being implemented in this respect and are starting to look at staff as an asset so that they can use their skills, capabilities, expertise and capabilities to maintain market competitiveness. According to Gallup (2006), only 29 percent of the U.S. working population are involved (loyal and productive), 55 percent are not involved (just on time), and 15 percent are actively disengaged (dissatisfied and dissatisfied). However, employee communication plays a very vital role in employee engagement to guarantee healthy working-class relationships and also that coherent and honest communication is a significant leadership instrument for employee engagement and involvement. Many organizations have not had a clear knowledge of the significance of inner and external communication and its significance as an element in building mutual knowledge between leadership and staff.

The organization's reward and recognition scheme will help the worker develop their competitive abilities, assume responsibility for their responsibilities, and motivate the worker to work. The organization and government need to motivate and properly reward staff to perform difficult duties in order to attain companies' success. Reward is one of the key components to motivate staff to contribute their efforts to create creative thoughts that functionally lead the better business and further improve both financially and non-financially the companies' performance. According to Dewhurst et al. (2010), there are other ways to reward staff that not only concentrate on economic compensation. Some of these include the praise that staff are willing to take on significant projects or assignments from their supervisors, and even attention to management. Many leader's energies study has discovered that supervisor reward power is favorably correlated with employee performance, efficiency, satisfaction, turnover, and citizenship attitudes of the organization (Simon, 1976; Martin & Hunt, 1980; Jahangir, 2006).

It is regarded vital to provide feedback to staff in order to maintain and increase employee motivation and encourage them by meeting their requirements and desires. Murphy and Cleveland (1995) argued that performance assessment review has traditionally been regarded the perfect platform for managers to provide staff with feedback on how they view employee performance. Longenecker and Nykodym (1996) conducted qualitative case study in the public sector to show some of the performance assessment related issues. Employees observed that feedback in performance assessment was difficult to enhance employee motivation and performance and as a communication instrument to enhance the connection between manager and subordinate. Employee suggestions for enhancing the feedback process were (a) providing managers with more time, (b) increasing their understanding of real performance, (c) clarifying performance expectations, (d) placing higher emphasis on employee development, (e) not focusing on negative outcomes, (f) providing more continuing feedback, and (g) increasing two-way communication. These recommendations indicate that executives may embrace the amount of particular behaviors to support an organization's feedback process that will assist boost efficiency and enhance the subordinate manager connection.

A 360-degree feedback system is a formalized process whereby an individual receives feedback from multiple persons or the evaluators who regularly interact with the person being reviewed, commonly referred to as 'the learner'. The objective is to provide the learner with feedback on their performance, behaviors and outcomes as well as their potential, while formulating and maintaining the developmental goals. The result of this feedback system is expected to make the learner able to set goals for self-development which will support the advancement of their career and in turn benefit in organization. Alexander (2006), revealed that in order to be persistently successful, people and organizations need to adapt continually to their environment. This requires information from the environment. The more active and open the feedback loops, the more effective the adaptation and change can be. A 360-degree process can support this.

Commitment is defined as employee emotional attachment to identification with, and involvement in the organization and its goals. It results from and is induced by an individual and organizational value congruency. As a result, it becomes almost natural for the individual to become emotionally attached to and enjoy continuing membership in the organization (Ugboro, 2006). Commitment is the level of connection that

employees feel towards the organization (Siwal, 2014). More social network boosts the congenial atmosphere and a highly assured working environment. The emotional attachment that is embedded in the worker makes him accountable and responsible towards his task.

Employees may be motivated if the appraisal system is based on accurate, systematic and current job descriptions. The appraisal system should have to be accurate according to the current job description and experience which may have a direct impact on employee's motivation to give their best. Shaw et al. (2008) argued that a well implemented performance appraisal system cannot afford to neglect any constituency and has to show all- round performance. However, on the negative side, receiving feedback from multiple sources can be intimidating, threatening, and expensive and time consuming. Effectively designed and implemented performance appraisals system can bring lots of benefits to the organization and its employees. However, it is demonstrated by several studies that many organizations fail to put the system into practice effectively and it is often viewed negatively by both employees and managers (Gupta & Parmar, 2018). So regularly monitoring and proper communication regarding rating system and method is most for organization performance.

The above discussion showed that the studies dealing with the relationship between feedback system, commitment and employee motivation are of greater importance. Though these are findings in context of different countries and Nepal, no such findings using more recent data exists in the context of Nepal. Hence, this study focuses on examining the effectiveness of performance appraisal system and its effect on employee motivation in Nepalese life insurance companies.

1.2 Statement of the problem

Understanding human behavior in workplace has been one of the most prioritized tasks of any insurance and financial institutions. Besides the ongoing competition and expansion of insurance network unprecedentedly has further aggravated the problem for their smooth functioning. Nowadays most of the companies are taking employee motivation as a key success for the improvement of banks performance.

Performance appraisal also influences other HR practices such as recruitment and selection, training and development, competition and employee relations. As

performance appraisal leads to pay raise, promotion and training, it is assumed that better performance appraisal can have positive impact on organization performance. The study also showed the impact of HR practice on the organization performance showed that performance appraisal has significant impact on organizational performance (Absar & Nimalathasan, 2010).

The important role that performance appraisal plays in organizations, especially in HRM practices has long been recognized (Broman, 1979; Judge & Ferris, 1993; Landy & Farr, 1980). Performance appraisal serves as variety of purposes such as providing the basis for making selection decisions, determining salary increases, and providing a vehicle for feedback between supervisors and employees. However, most study in this field was directed toward establishing methods for improving the properties of performance ratings (Kumar, 2005; Tziner et al., 2000).

The performance of organization employee engagement has been the focus of motivational study effect in recent times. Employee engagement has been the focus of motivational study effect in recent times. Krishnan and Wesley (2013) found that there is positive relationship between employee engagement level and communication. Employee engagement is one of the key integrations in employee performance and productivity. Even when a people have a clear work objective right skill and supportive working environment, they will not get the job done without proper employee engagement either it may be intrinsic and extrinsic. To achieve those work objectives, in any competitive business environment, both locally and globally, it is common for companies to offer employees attractive, lucrative and competitive compensation and remuneration package. These are directly linked or inter related to improving individual job competency, retaining high achievers and finally achieving the organizational performance and goals. An attractive remuneration and employee engagement are very important to ensure that adequate benefits and packages can significantly increase the motivation of individual to increase their work performance. Employee engagement systems have traditionally been designed to attract and retain productive employees as well as to motivate them to increase their effort and output towards achieving the organizational goals (Phillips & Fox, 2003).

In context of Nepal, Biswakarma (2013) examined the employees' perception on performance appraisal and their work outcomes in Nepalese service sector. The result

showed that there is significant and positive relationship of performance appraisal with work performance, affective commitment and employee engagement and a negative relationship between performance appraisal and turnover intention. According to Sharma (2005), managing human resource plays a crucial role in the process of organization's effectiveness. One of the most important functions of HRM is motivation. However, because of complex nature of human behavior, motivation is not easy to understand and use. Performance appraisal is a key factor to motivate employees at work. Performance appraisal system is not only an important tool of HRM to develop their employees, but is also used by different companies to reward their employees in form of bonuses, promotions, and pay raise etc. In addition, Nepal (2016) revealed that training and development, working condition, performance rating system are the major determining variables for employee motivation in Nepalese commercial banks. Likewise, Pokhrel (2016) concluded that the impact of human resource planning, recruitment and selection, training and development, performance rating system and employee compensation are positively correlated with employee motivation. There is positive and significant impact of training and development, performance appraisal and employee participation on employee motivation (Shrestha, 2016). According to Biswakarma (2016), one of the most important and difficult part of managing the human resource is to identify the performers out of non-performers and create an environment in which the performers are rewarded and motivated to perform even better while the non-performers are identified.

Though there are above mentioned empirical evidences in context of other countries and in Nepal. There is no enough evidence about the effectiveness of performance appraisal and employee motivation using the most recent data.

This study, therefore, deals with the following issues in the context of Nepalese life insurance companies.

1. What is the current status of performance appraisal and employee motivation in Life insurance companies in Nepal?
2. Is there any relationship between performance appraisal and employee motivation in Life insurance companies in Nepal?
3. What is the impact of performance appraisal on employee motivation in Life insurance companies in Nepal?

1.3 Objectives of the study

The major objective of this study is to examine the impact of performance appraisal on employee motivation in Nepalese life insurance companies. The specific objectives of the study are as follows.

1. To analyze the current status of performance appraisal and employee motivation in Life insurance companies in Nepal.
2. To examine the relationship between performance appraisal and employee motivation in Life insurance companies in Nepal.
3. To investigate the impact of performance appraisal on employee motivation in Life insurance companies in Nepal.

1.4 Rationale of the study

The aim of the study is to determine the effectiveness of performance appraisal system and its effect on employee motivation in Nepalese life insurance companies. The quality of performance appraisal is hard to determine and is generally characterized by perception of employees regarding their performance appraisal and organizational commitment.

Furthermore, this study will enhance the understanding on impact of communication, training and development, commitment, feedback system and reward system on employee motivation in context of Nepalese life insurance companies. The intention of this study is to help organizations in Nepal to evaluate their existing performance appraisal system by identifying the perceived satisfaction of employees towards their performance appraisal process that can provide and promote excellent feedback towards their employees. Thus, enhancing employees work performance and effective supervision and support system will help for employee motivation.

The study will help those students who wants to understand the relationship between performance appraisal system and its effect on employee motivation in context of Nepalese life insurance companies. Also, this study could be reference or guidelines for other studies who are interested to study on related topic. The study is important in case of insurance companies because it will help to understand, guide and focus the study to test theory regarding the impact that communication system, reward and recognition,

training and development, commitment and feedback system in life insurance companies of Nepal.

1.5 Limitations of the study

In context of Nepal data collection is the major problem in conducting this kind of study. The major limitations of the study are as follows:

- i. The study was limited to life insurance companies of Nepal and does not consider the all the variables of performance appraisal system that have impact on employee motivation.
- ii. This study is primarily based on primary data. Therefore, the reliability of conclusions of the study totally depends on the accuracy of the information provided by the respondents.
- iii. The study excluded the non-linearity assumptions as the study was based on the assumption of linear relationship between dependent and independent variable.
- iv. The data had been granted by using a questionnaire. A series of interview should be conducted to provide other information and it can be affected to outcomes to the outcomes of this study indirectly.
- v. It may also be noted that only primary data are considered for the study purpose. Data analysis conducting secondary is not taken into consideration. Hence, the study is not broad and flexible. It is limited to the perception of the employees
- vi. Only limited statistical and financial tools have been used in the study. Not using more scientific and sophisticated tools may limit the validity of the study findings.

CHAPTER II

LITERATURE REVIEW

This chapter consists of three sections. The first section cover review of related literatures which provides description of the literature of previous study works and articles which are relevant to effect of performance appraisal and employee motivation in insurance companies. The second section is conceptual framework of the study and brief explanation on the employee motivation and its determinants. The third section is the concluding remarks which deals with the different study questions based on the literature review and conceptual framework and also summarizes the findings and future scope.

This chapter draws the previous studies which regards to effectiveness of performance appraisal system and its effect on employee motivation and other closely related concept. In this chapter efforts have been made to provide the theoretical review of performance appraisal and employee motivation. Various literature review provided will support the better understanding of the study.

2.1 Theoretical Review

In any institution, human resource management includes performance evaluation as a crucial component. It is essential to have employee satisfaction toward the existing performance appraisal system as this helps effects their work performance. The value of performance reviews in maximizing workers' output cannot be overstated. According to Armstrong (2006), performance evaluation is the official assessment and grading of employees by their supervisors in a meeting held yearly for review. Murphy (1995) argued that clear communication, openness, and impartiality should be the main focuses of good performance evaluation.

2.1.1 Performance Appraisal

Murphy (1995) described the PA system as a tool for achieving particular objectives, such as improving one's own performance or interpersonal connections. Additionally, PA serves as a benchmark for valuing people in order to reward them both intrinsically and extrinsically, which enhances their performance. "Performance through ongoing dialogue and feedback between the employer and the employee (Charles & Vance,

1992). By comparing a worker's performance to the supervisor's objectives and identifying areas that require improvement, Boice (1997) observed that PA was "most usually done to let a worker know whether his or her performance will be measured to the supervisor's expectations."

The accomplishment of organizational goals depends on employee performance in every business organization. Therefore, performance evaluation is responsible for any business organization's success. One of the basic techniques for encouraging employees to be active and effective at work is performance appraisal. This could be evaluated critically to show that an organization has to focus on human relationships, development, and motivation.

One of the most crucial duties of human resource managers is performance review. This is associated with recognizing, estimating, determining, and improving overall work output of employees within the business in light of the aforementioned rules and requirements for a given period to accomplish several objectives. Employees must show a complete engagement to required specification of work performance and improved job performance in order for the business to continue growing profitably and to create long-term value for customers (Singh, 2010). This comprises maximizing the knowledge, abilities, and skills of the workforce to increase productivity and give a business a competitive edge. The objective evaluation of employees' performance is the goal of performance reviews. The performance evaluation's findings are utilized to are used to determine the course for personal performance improvement by identifying both performance weaknesses and strengths and then developing an action plan to encourage the desired development.

Performance reviews are increasingly used more as a part of employee evaluation than just to encourage desirable behavior and effective performance among employees. In a sophisticated and well-managed firm, the most effective tool for motivating personnel to achieve strategic goals is performance appraisal (Singh, 2010). It happens everywhere and is an essential part of productive job performances, which is required for strong employee management and evaluation. It strives to enhance both individual growth and corporate performance. To improve employee performance and monitor the organization's progress toward its objectives, performance reviews are essential.

A well-designed performance appraisal should define expectations for successful performance, offer performance feedback, and allow for a more equitable pay structure. The evaluation of an employee's performance and contribution to the organization's goal is based on performance criteria. It consists of the expected results for workers. Performance standards must be in line with objectives, pertinent to positions, explicit, measurable, within employees' control, and acknowledged by participants.

2.1.2 Employees' perception of Performance Appraisal

To meet organizational objectives, performance appraisal programs aim to systematically improve individual performance. They should be handled in a way that highlights the assistance role of leadership, who are expected to act more like mentors than judges and have an optimistic future, and clearly demonstrates the objectives of all participants. Fowler (1990) argued that Employees are considerably more inclined to cooperate when they perceive these activities as a procedure meant to assist rather than to hold them accountable. The degree of acceptance will depend on how the employees see the value of their job to the company and the level of management assistance they anticipate receiving.

Effective performance appraisal activities should involve integrating the existing systems with the organizational culture in a way that gives individuals involved in the process a sense of belonging. Their main goal should be to foster an environment where people and groups accept responsibility for their own capabilities and contributions as well as continuously improving business procedures (Philpott, 1992). This must be apparent even in the system's decision-making procedure. The working atmosphere will improve when staff members feel empowered to take part in decision-making (Lawler, 1994). The level of employee involvement necessary and the points of contacts that will be impacted by the involvement should therefore be taken into consideration during the management process. Effective Performance Appraisal activities have been shown to enhance organizational performance (Bevan, 1991) can contribute to other crucial results like increased employee loyalty, engagement, and motivation (Taylor, 1999)

2.2 Empirical Review

A literature review is a concise view of what has been studied, argued, and established about a topic. It is the act of analyzing as well as critically finding the similarities and

differences in previous related studies. The review is based on the performance appraisal like training and development, reward and recognition, communication, performance rating system, and feedback system and its impact on employee motivation taken from different literatures. This literature review has been organized as under.

Al-kharabsheh, et al. (2023) investigated the effect of digital HRM practices on employee motivation and hence employee job performance, or in other words, the mediating role of employee motivation between digital HRM practices and employee job performance. Two digital HRM practices were used in this study: digital training and digital performance appraisal. Collecting data using a valid and reliable questionnaire from employees at industrial companies, the results show that digital training had significant effects on both employee motivation and job performance, digital performance appraisal had significant effects on employee motivation and performance appraisal, and employee motivation exerted a significant effect on job performance. Consequently, it was approved that employee motivation partially mediated the effect of digital HRM practices on job performance. It was concluded that skilled employees who are aware of their performance level are motivated to show higher levels of job performance. Theoretically, the study called scholars to carry out further results to examine the effects of other HRM practices on job performance through employee motivation. Empirically, organizations are requested to conduct training sessions and assess employee performance using digital means.

Aryal (2023) investigated Several anti-corruption laws and dozens of Agencies including the Commission for Investigation of Abuse of Authority (CIAA) have been working against corruption in Nepal. The current constitution has empowered the CIAA as a supreme body for fighting corruption. Nevertheless, the anti-corruption movement is not well enough. Scholars argue that only the establishment of Anti-Corruption Agencies (ACA) cannot assure the cure and substitute for a high level of corruption. Rather, a strong political will, by various means play a key role; for example, by means of the allocation of sufficient personnel and the budget. Others argue that ACA must also be free from political interference and ACA must also be out of fear and favor in investigating political leaders and senior civil servants. Using empirical evidence derived from unstructured interviews with government officials and the net-work

sampling method, this paper investigates the institutional challenges to corruption reduction in order to achieve good governance in Nepal. The study finds that administrative corruption and policy-level corruption are the major hindrances to achieving good governance in Nepal.

Shrestha and Rai (2023) examined the influence level of training on employee motivation in selected Saving and Credit Co-operative Sector in Kathmandu valley. This is a descriptive study. The study applied a quantitative research design. Primary data were collected through a structured questionnaire. The study applied judgmental sampling. Responses were entered in Statistical Package for Social Science (SPSS), where statistical analysis was done. Inferential statistics i. e., correlation, and regression analysis were applied for data analysis. Multiple correlations indicate that employee competency, employee job know job knowledge, technique, skill, and high correlation with motivation. The multiple linear regression model of employee motivation is significantly well-fitted to the given dataset. There is a satisfactory level of a significant and positive relationship between employee competency and motivation. The regression coefficient indicates that there is an insignificant and positive correlation between employee job knowledge and motivation. Both employee technique and employee skill have an insignificant and positive relationship with motivation. There is a significant, positive, and low relationship between employee morale and motivation. It is concluded that there is a significant relationship between dimensions of training and employee motivation. The training program helps to increase the motivation of employees in Cooperative Societies. The findings of this research study particularly support the Goal-Setting Theory. According to this theory, high self-efficacy individuals should be well-trained to achieve goals that lead to employee motivation. The research study will be helpful to the policymaking level both in the government and private sector.

Zharfpeykan and Akroyd (2022) investigates how different factors influence whether companies integrate economic, social and environmental sustainability indicators into their performance management system. A survey was conducted among sustainability managers at 239 Australian and New Zealand companies across a wide range of industrial sectors. Using hierarchical multiple regression analysis, this study found that industry, company size, and managers' perception of the importance of a sustainability

indicator all influenced their integration into a company's performance management system. In particular, larger companies and companies in environmentally low-impact industries generally integrated more sustainability indicators into their performance management systems, especially if sustainability managers considered them important to performance. Large companies and companies from environmentally high-impact industries integrated social but generally not environmental indicators into their performance management systems. Conspicuously, whether or not an indicator was included in corporate sustainability reports did not influence its integration into a company's performance management system. The results thus highlight the lack of synergy between external corporate sustainability reports and internal sustainability performance management which organisations need to address in order to become more sustainable.

Sah and Pokharel (2022) examined the relationship between job satisfaction dimensions and employee performance, and it also explores how satisfaction influences employee performance in life insurance sectors. Descriptive and causal-comparative research designs were employed to examine the relationship and explore the dimensions. Data have been gathered from the 240 respondents through stratified sampling techniques and entered into SPSS version 20 for the analysis. The correlation result of the study clarified that there was a positive and significant relationship between job satisfaction constructs and employee performance. As per regression analysis, payroll had a higher influence on job performance than other factors and was positively significant. So, the payroll system affected employees satisfaction to increase their performances. It has also reported significant positive relationships between interpersonal relationships and employee performance. However, there was an insignificant relationship between working environment and job performance.

Emmanuel et al. (2021) analyzed the impact of reward systems as a motivation tool for employee's performance. The objective of study was to investigate what types of reward motivates employees and also to analyze whether there is comprehensive total rewards system in the financial institutions in Ireland and if there is much awareness of total reward system among employees. The study was carried out using inductive approach to answer the study questions. A qualitative method was used to conduct the study and data were collected through the use of interviews and focused groups. Eight

participants were interviewed. Nine participants took part in focus group discussion. All the individual respondents were from different companies within financial industry in Ireland. The finding from the study showed that most participants favored financial reward system but only for short period as it does not fulfill employee's needs.

Mishra et al. (2021) analyzed the impact of reward on employee's performance which was based on the case of Indian Oil Corporation, Patna region. The study measured the impact of rewards (Intrinsic and Extrinsic) on employee motivation. 102 respondents from managerial level were selected for the study. The study used descriptive statistics-based frequency tables and graphs to find the variables. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. A total of 115 questionnaires were distributed to employees of the Indian Oil Corporation and a total of 102 employees completed the questionnaire properly. The result showed that there is statistically positive relationship of intrinsic and extrinsic rewards with employee motivation.

Haroon and Malik (2018) analyzed the impact of organizational communication on organizational Performance and employee motivation in the universities of Islamabad. The study was quantitative and descriptive in nature. The population of the study was students and teachers of public and private sector universities. Sample of 600 students and 120 teachers was selected from public and private universities through proportionate stratified sampling technique. For the collection of data two self-developed study questionnaires were used; one for students and other for teachers. Experts' opinion was utilized to ensure the validity of the questionnaires. Whereas, reliability was measured through pilot testing on 100 students and 20 teachers; 50 students and 10 teachers from each public and private sector universities. The organizational performance was determined from the Higher Education Commission Ranking scores of universities. Quantitative data was analyzed through SPSS software. Linear Regression was applied to see the impact of overall organizational communication on organizational performance. Findings of the study revealed that there was significant effect of organizational communication on organizational performance. Hence, it was recommended that university may adopt effective and appropriate means of communication to address academic and nonacademic problems and issues which ultimately affect organizational performance.

Bhurltel and Sthapit (2018) aimed at exploring the association of performance appraisal fairness with intrinsic motivation of employees by studying fairness in terms of distributive justice, procedural justice, and interactional justice on intrinsic motivation. Its study approach is primarily a review of related literature published in scholarly research articles and review papers collected through the keyword search technique from electronic databases, which were popular and widely used in contemporary management studies. The review comprised of assessment, analysis, and synthesis of such literary works. The initial review discovered that employees' appraisal fairness generated through procedural and interactional justice made a strong impact on the employee's intrinsic motivation while the impact of performance appraisal fairness through distributive justice was largely insignificant. The review paper should be instrumental in providing important insights (1) to researchers to build a theoretical framework required to perform empirical studies in the captioned issue, and (2) to supervisors to help understand how perceived fairness in performance appraisal intrinsically motivates employees.

Halawi and Haydar (2018) examined the effects of training on the performance of employees to understand the effects on the employee motivation from Lebanese companies Bonjus Companies and Khatib and Alami Companies. The main objective of this study is to find out the challenges and benefits of proper employee training programs. The study collected primary data from 303 respondents. The findings showed that the companies from Lebanon design different training programs. The two companies design training programs that focuses on short-term skills and development programs for long-term abilities. Some of the programs include organizing programs outside the workplace, attending workshops, participating in department activities, and analyzing others. Consequently, training programs benefited employees of both companies and their level of efficiency have increased.

Dahal (2017) investigated the factors affecting employee satisfaction in merged. The study was based on 100 respondents. Descriptive and casual comparative study design was used for the study Kendal's Tau correlation coefficient was used to test the relationship between variables. The study revealed a positive relationship of pay and remuneration ownership, job security, chain of command, employee performance, and training and development with employees' satisfaction. Also, the study concludes that

major factors that affect employee's satisfaction are pay and remuneration, ownership, job security, training and development.

Atambo and Momanyi (2016) studied the effect of internal communication on employee performance of Kenya Power and Lighting Companies, South Nyanza Region, Kenya. The purpose of this study was conducted to explore the effects of communication on employee motivation. The study objectives were narrowed down to three, that is: To establish the effects of downward communication on employee performance, to establish the effects of upward communication on employee performance and to establish the effects of horizontal communication on employee performance at Kenya Power Electric and Lighting Companies South Nyanza Region. The population under study was 256 employees who were currently working at the South Nyanza Region but the study only targeted 30% of this since the number was large. The sampling technique was stratified random sampling so as to improve on precision and representativeness of the whole population. Data was collected by the use of questionnaires which were availed to the sample population. Data from the proposed study was coded; processed and analyzed using computer based Statistical Package for Social Sciences (SPSS). The findings were summarized in tables and graphs. It was found that downward communication is appreciated by KPLC thus information is timely, enhancing performance. Respondents also acknowledged that through upward communication the management gets feedback on performance and employees are able to raise voice to the management hence enhancing performance.

Khanna (2016) analyzed the effect of HRM practices on JS of employees of private sector insurance companies from 92 employees. The sample units included executives, middle level managers and managers from different departments of branches of ICICI Insurance companies in Ludhiana. For analyzing impact of HRM practices on JS the multiple linear regression models was applied using SPSS. The estimated regression model identified that the HRM practices like training, PA, team work and compensation has significant impact on JS. The study concluded that employee participation has no significant impact on JS of the employees of ICICI insurance companies' city.

Abulraheem (2016) investigated the impact of training and development on employee's performance and productivity, which is the case of Jordan private sector transportation companies located in southern region of Jordan. A quantitative approach is used

Relevant data was collected through structured questionnaire. Subjects for the study consisted of 254 employees which constituted 60% of the total target population of 420 people. 254 structured questionnaires were distributed to employees on job location, 212 questionnaires were returned and only 188 were suitable for statistical analysis. Both descriptive and inferential statistics were used for data analysis. The study recommended that effective training programs and development programs should be provided to all the employees to make them able to enhance their skills and upgrade their knowledge.

Kim et al. (2016) analyzed the reward system and its effect on employee motivation to confirm competitive benefits who are working for the organization should have been stimulated by providing a well-balanced reward, benefit and recognition system. This study examines the relationship between compensation, motivation, promotion with employee motivation. The study used qualitative approach and the data were collected from interviews and observation. The study concluded that any organizations accomplishment organization should take into consideration the level of service, which directly affected by employees benefit policy and sustainability of the services. The study also found that incentive plans are a good way of lead to implementation and loyalty for employees.

Gautam (2016) investigated the determinants of employee motivation and their effect on organizational performance in the context of Nepalese life insurance companies. Descriptive study technique has been conducted for the study purpose. Kendal's Tau correlation coefficient is used to test the relationship between variables. Regression analysis is used to estimate the influence of each factor on employee motivation and performance of employees in an organization. The study found that salary and remuneration, nature of work, training and development opportunities, promotion, performance rating system, feedback system and communication system are found as the factor of motivation. The study revealed a positive but insignificant impact of job satisfaction on employee motivation.

Gautam (2016) determinants of job satisfaction and its effect on organizational performance in Nepalese life insurance companies. The study was based on 170 respondents of 12 insurance companies. Descriptive study was used for the study. Kendal's Tau correlation coefficient was used to test the relationship between variables.

Salary and remuneration, nature of work, training and development opportunities, promotion opportunities, working conditions, and performance appraisal was found as the factors of satisfaction. Regression analysis was used to estimate the influence of each factor on job satisfaction of employees and performance of organization. The study revealed positive but not significant impact of job satisfaction on organizational performance.

Pokhrel (2016) examined the impact of human resource practices on employee motivation. The study was based on primary data collected through well framed structured questionnaires to elicit the well-considered opinions of the respondents. The study was based on the sample size of 173 respondents. Multiple regression models were used to test the significance and to test the significance and importance of human resource practice on employee motivation in Nepalese life insurance companies. The study showed that there is significant positive impact of human resource practices on employee empowerment, employee commitment as well as employee retention in Nepalese life insurance companies.

Nepal (2016) analyzed the relationship between job satisfaction and employee performance in Nepalese life insurance companies. The study is based on primary data collected through well-framed structured questionnaires to elicit the well- considered opinions of the employees of insurance companies. The sample size of the study is 220. Multiple regression analysis has been used as study methodology. The study showed that training and development, working condition, supervisory support conditions are the major determining variables for job satisfaction in Nepalese life insurance companies.

Sharma (2016) investigated the impact of human resource practices on employee motivation, satisfaction and loyalty on Nepalese life insurance companies. The study was based on primary sources of data collected from the questionnaire survey collected from 180 respondents of 20 insurance companies. The study concluded that there is positive relationship between recruitment and selection, training and development, compensation, empowerment and performance rating system with employee motivation, satisfaction and loyalty in Nepalese life insurance companies. Recruitment and selection practices are the major factors influencing employee motivation and

employee commitment. Similarly, performance rating system has a major role in influencing employee satisfaction.

Murphy (2015) examined the impact of reward system on employee performance in the modern work environment and how the satisfaction from reward system influences the employee productivity and performance. The studier used deductive and inductive study approaches and the study was done through experiment, survey, case study and grounded theory. The data were collected through Secondary data, questionnaires, interviews, observation, sampling. The study suggested that employees should always be aware with the relationship of reward system with their performance in the organization. The employee and employer should interact the most regarding rewards, motivation and how that affects performances.

Saxena and Rai (2015) analyzed the impact of PA on organizational commitment and job performance to find out the effect of PA system on JS and organizational commitment in the service sector in India. The methodology was based on an online questionnaire survey to collect the data. The results were analyzed statistically by correlation and regression using SPSS software. The conclusion of the study stated that employees who were satisfied with the PA system of their organization were also satisfied with their job and were committed to their organization.

Pandey (2015) examined how employee participation affects three employee outcomes- job satisfaction, employee fairness perception, and organizational commitment. The study was based on 160 observations. The study revealed that employee participation is positively correlated with job satisfaction, employee fairness perception and organizational commitment. Thus, in order to improve the employee's participation in the organizational trust on staff should be built through fairness in judgment, their interest on particular job should be discussed, and involvement of staff in every decision-making process, job rotation should be done to keep staff satisfied and commitment on work.

Asamu (2014) examined the impact of communication on employee motivation in selected organizations in Lagos State Nigeria. This study examines the significant relationship between communication and employee motivation in some selected organizations. Data for the study were collected through questionnaire with sample

population of 120 respondents. The result of this study revealed that a relationship exists between effective communication and workers' performance, productivity and commitment. The study recommended that managers will need to communicate with employees regularly to improve worker's commitment and better performance.

Ali et al. (2014) analyzed the relationship between HRM practices and employees' outcomes to investigate the impact of compensation practice, promotion practice and performance evaluation practice on JS, organization commitment, organizational citizenship behavior, and turnover intention and employees perceived performance. Data were collected from 224 teachers of Malaccan division, Pakistan. The result showed a significant relationship of compensation practice, promotion and performance evaluation practice with JS, organization commitment, organizational citizenship behavior, turnover intention and employees' perceived performance. Performance evaluation practice was proved to be the strongest predictor of job satisfaction followed by compensation practice and promotion practice. Compensation practice was proved to be the strongest predictor of organizational citizenship behavior and organizational commitment and employee's perceived performance followed by promotion practice.

Aglah et al. (2014) examined the effect of feedback on students' performance at the end of semester examinations in health training institutions in central region. Data were collected through questionnaire method with the involvement of 460 students and 50 tutors. The result indicated that feedback does not have any impact on academic performance; however, the students would perform better if the feedback is given on time. The optimal feedback time might vary based on the feedback content.

Erturan (2014) showed the effect of feedback on achievement of goals and perceived motivational climate in physical education. 47 students from grade 9. The design was 2*2 between subject factorial crossing feedback condition i.e. Positive and negative with test condition. A six-week intervention groups by a pre service teacher during 6 weeks, 90 minutes per week in performance evaluation lessons. The result found that mastery and performance approach achievement goals increased and performance avoidance achievement goal decreased in the positive feedback group, while the results were opposite in the negative feedback setting.

Iqbal et al. (2013) investigated role of employee motivation on employee's commitment in the context of banking sector of Pakistan. The core objective of the study is to identify the impact of job involvement and incentives on employee commitment. The study was originated by taking some previous literatures and tried to find out the study gap. A simple random sampling is used with 45 respondents were selected as representative a population. The study showed positive relationship between job involvement and employees' commitment and also there is the positive relationship between incentives and employee commitment. Divisional banks can use the motivational as their key element to improve the performance of their employees. The conclusions are based on motivation of employees is to involve the employees in their job and give them incentives as they become committed with their organization. The purpose is only to improve the employee performance that will leads towards the organization success. Employee motivation must be deeply observed the people and recognize that employees are the most important resources.

Adhikari and Gautam (2011) studied employee commitment and organizational performance in Nepal. The main purpose of the study shows number of new HR mandates recommended for the improvement in the situation of low degree of commitment and compliance affecting level of performance. Base on this framework a new HR mandates recommend for improving HR practices and thus enhancing commitment and compliance. They are increase interpersonal and communication skills of employees, increase professional and vocational skills of employees, and enhance leadership skills of the managers. In fact, these three mandates clearly support to achieve performance goal of the organization through enhancing commitment and compliance. Hard and soft HRM perspectives are incorporate to analyze the issues and develop theories. The hard HR issues comprise employees' commitment to participate and contribute at work for organizational performance.

Chapagain (2011) analyzed the relationship between employee participation and job satisfaction. Four Nepalese life insurance companies were taken as sample. Based on primary data, the study adopted the questionnaire survey on 200 employees. The study sample ranged from assistant to manager levels of the companies. Out of 200 samples, the study received respond from 146 respondents (73 percent). The study took on explanatory study design. The study showed that there is positive relationship between

employee involvement and job motivation. The study revealed that employee participation is an important determinant of job satisfaction. Participative management and employees' participation are also an important dimension or improving and enhancing the employees job satisfaction.

Anuja et al. (1992) analyzed training for the workers tend to be the area of the least consideration. Some of the factory managers viewed training is not necessary on the shop-floor-level, because they learn by doing. Most of the workers are self- trained. In some organizations there are provisions for on-the-job training, but it is irregular. In fact, the process of indoctrination is very poor in manufacturing industries in Nepal. The study conducted on HR practice in Nepalese business organization revealed that there is lack of systematic approach towards the development of human resource. Training and development program were taken as the human resource development and has positive significance with increased productivity, increased motivation of employees create loyal towards organization, improved performance and enhanced the image of organization. Studier attempt had been made to study the human resource development practices in Nepalese organization with due focus on identifying development opportunities provides for employees, measuring investment on them, and examining consequences of providing such opportunities neither have a personnel manager to look after human affairs nor allocate budget in their annual program for human resource development.

The international literature review related to communication, training and development, reward and recognition is shown in table 2.1.

Table 2.1

Review of recent literature

Authors (Date)	Methodology	Major findings
Al-kharabsheh, S., Attiany, M., Alshawabkeh, R., Hamadneh, S., &	The multiple regression analysis.	It was concluded that skilled employees who are aware of their performance level are motivated to show higher levels of job

Alshurideh, M. (2023).		performance. Theoretically, the study called scholars to carry out further results to examine the effects of other HRM practices on job performance through employee motivation.
Aryal R. (2023)	The multiple correlation and regression analysis.	The study finds that administrative corruption and policy-level corruption are the major hindrances to achieving good governance in Nepal.
Shrestha, R. K., & Rai, B. (2023)	The likert scale regression.	The findings of this research study particularly support the Goal-Setting Theory. According to this theory, high self-efficacy individuals should be well-trained to achieve goals that lead to employee motivation.
Zharfpeykan, R., & Akroyd, C. (2022).	The multiple regression analysis.	The results thus highlight the lack of synergy between external corporate sustainability reports and internal sustainability performance management which organizations need to address in order to become more sustainable.
Sah, G. K., & Pokharel, S. P. (2022)	The multiple correlation and regression analysis.	The correlation result of the study clarified that there was a positive and significant relationship between job satisfaction constructs and employee performance. As per regression analysis, payroll had a

		higher influence on job performance than other factors and was positively significant. So, the payroll system affected employees satisfaction to increase their performances.
Mishra, R. R., Singh, M., & Kumar, S. (2021)	The multiple correlation and regression analysis.	Cash bonuses have positive relationship with employee's performance but many employees were not satisfied with cash reward of the companies because the bonuses were not distributed properly.
Emmanuel, A. A., Dato'Mansor, Z., & Rashid, A. (2021)	The likert scale regression.	The managers in the financial institutions share more knowledge of reward of reward management to the employees then more experience will be shared and employees will understand the concept of total reward management.
Bhurtel and Sthapit (2018)	Its study approach is primarily a review of related literature published in scholarly research articles and review papers collected through the keyword search technique from electronic databases.	The initial review discovered that employees' appraisal fairness generated through procedural and interactional justice made a strong impact on the employee's intrinsic motivation while the impact of performance appraisal fairness through distributive justice was largely insignificant.

Haroon, H., & Malik, H. D. (2018)	The multiple regression analysis.	Organizational communication has significant effect on employee motivation.
Halawi, A., & Haydar, N. (2018)	The multiple regression analysis.	The training will influence the conduct of employees and their working abilities resulting in improved performance and further productive changes that serve to build the performance of the employees.
Kim, D. S., Hong, J. B., Nguyen, T. A., Machida, F., Park, J. S., and Trivedi, K. S. (2016)	The multiple correlation and regression analysis.	The employees are given facilities more will be the sustainability of service.
Atambo, W. N., and Momanyi, D. K. (2016)	The likert scale regression.	Strong correlation between the employees' performance in the overall effectiveness and the levels of communication that exist in the organization.
Khanna, D.P., and Sehgal, M.M. (2016)	The multiple correlation and regression analysis.	The HRM practices like training, performance appraisal, team work and compensation has significant impact on job satisfaction, and employee participation has no significant impact on job satisfaction.

Abdul Rahim, A. R., & Mohd Nasurdin, A. (2016)	The descriptive statistics and regression analysis were used for data analysis.	Training and development have positive relationship and strong positive impact on employee's productivity and motivation
Pokhrel, R. (2016)	The multiple regression analysis.	The impact of human resource planning, recruitment and selection, training and development, performance rating system and employee compensation are positively correlated with employee motivation.
Murphy, B. (2015)	The multiple correlation and regression analysis.	Employees are valued in the organizations and their commitment and recognition matters a positive relationship with motivation.
Pandey, J. (2015)	The likert scale regression.	Employee participation is positively correlated with employee job satisfaction, employee's fairness perception and organizational commitment.
Sharma, D. (2015)	The multiple correlation and regression analysis.	There is positive relationship between recruitment and selection training and development, compensation, empowerment and performance rating system with employee motivation system in Nepalese life insurance companies.

Asamu, F. (2014)	The multiple regression analysis.	Effective communication creates mutual understandings between management and workers which helps in building genuine relationship among both parties in the organizations.
Adhikari, D. R., and Gautam, D. K. (2011)	The multiple regression analysis.	The number of new HR mandates recommended for the improvement in the situation of low degree of commitment and compliance affecting level of performance in Nepalese commercial matrix.
Chapagain, R. (2011)	The multiple regression analysis.	Employee involvement is an important dimension of job motivation in Nepalese life insurance companies.
Pandey, D. (2008).	The multiple correlation and regression analysis.	There is a significant positive relationship among the concepts as personal benefits and job-related benefits of training and development and employee's commitment.
Ahuja, A., Adhikari, A., and Ghosh, A. K. (1992).	The multiple regression analysis.	Training for the workers tends to be the area of the least consideration.

2.3 Research Gap

There are number of studies conducted in the field of effectiveness of performance appraisal system and its effect on employee motivation in various sectors like

manufacturing sectors, telecommunication sectors, education sectors and health sectors but there is less research conducted in the banking sector. Some of the research conducted in banking sectors supports in finding that there is positive relationship of performance appraisal system with employee motivation.

In the context of Nepal very few researches are conducted on impact of performance on employee motivation. The empirical results found in other countries cannot be generalized in context of Nepal. Though, number of studies in various developing and developed countries has been conducted, findings of these studies cannot be totally applied in context of Nepal. The concept of human resource management has still not developed and practiced in Nepalese organizations as they are developed and practiced in other developing and developed countries (Gautam, 2011). Baniya (2004) revealed that providing developing opportunities to employees have positive impact on employee motivation, productivity and loyalty towards the organization. Chapagain (2011) concluded that increased employee engagement and reward system make a positive effect on job satisfaction.

This study attempts to find out the effectiveness of performance appraisal and its impact on Nepalese life insurance companies, some of the efforts have been made to test some of the issues related to performance appraisal practices developed by managers in their organization. But the effort made by the researcher in this field seems incomplete so the present study on performance appraisal on employee motivation attempts to fill gap in case of Nepalese life insurance companies.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology describes the method and process applied in the entire aspect of study and helps to resolve the systematic problems. Research methodology is used to collect information and data and sets out overall plan associated with a study. The methodology may include publications study, interviews, survey and other study techniques and could include both present and historical information. It provides a basic framework on which the study is based. Research methodology provides basic framework on which the study is based.

This chapter focuses on the research design, population and sample of the study, nature and sources of primary and secondary data. It also discusses sampling technique and data collection method and procedure along with timeframe. Further this chapter specifies the major statistical tools and models used to examine the relationship between variables of interest. The method employed for data analysis and measurement include the instruments, data analysis technique and detail on overall analysis plan have also been dealt.

3.1 Research Design

This study is based upon descriptive study design and causal comparative study design to deal with issues associated with the effectiveness of performance appraisal system and its effect on employee motivation in Nepalese life insurance companies. This study adopts descriptive study design for fact-finding and searching adequate information about factors affecting employee motivation.

This study is also based on causal comparative design that helps to investigate the possible causes and effect relationship between various dependent and the independent variables. The casual comparative study design has been used in order to determine the impact of performance appraisal (Training and development, rewards and recognition, communication, commitment, and feedback system) on employee motivation.

3.2 Population and Sample

The study is based on the primary data. All nineteen Nepalese life insurance companies are the population of the study. The primary data which were gathered from 219

respondents of Nepal Life Insurance Co. Ltd. and Prabhu Life Insurance Co. Ltd through questionnaire. The respondents' views were collected on impact of performance appraisal system on employee motivation on Nepalese life insurance companies.

3.3 Nature and sources of the data

This study is based on primary data. The primary sources of data are used for the qualitative study. The instrument for data collection was via questionnaire method. Self-administered survey questionnaire was used as the main primary data gathering instrument to assess the opinion of respondent regarding employee motivation. The questionnaire contained the respondent personal detail and multiple questions.

The questionnaires were designed to collect the information's regarding effectiveness of performance appraisal system and its effect on employee motivation in Nepalese life insurance companies. First part of the questionnaire dealt with the demographic information such as gender, age, education level, organizational position and income. Similarly, second part of the questionnaire was designed to analyze the impact of performance appraisal system on employee motivation. There were five statements that characterized each factor that impact employee motivation. Each statement was measured on scale where, 1= strongly disagree and 5= strongly agree used to measure the perception of the respondents about that statement.

The questionnaire in second part considers various statements on training and development, rewards and recognition, communication, commitment and feedback system. These variables were used to determine the impact of performance appraisal system on employee motivation in insurance. This design was adopted to ascertain and understand the directions, magnitude and forms of observed relationship between performance appraisal system and its effect.

The study used various tools such as statistical package for the social sciences SPSS and Microsoft Excel for analyzing the data. These tools help to use few statistical techniques such as Cronbach's alpha, mean, standard deviation, Kendall's Tau. Cronbach's alpha was used to analyze the reliability and validity of the data. Different statistical tools such as mean, correlation and regression were used for the analysis.

3.4 Method of the data analysis

This study has been designed to understand the opinions of the respondents regarding effectiveness of performance appraisal system and its effect on employee motivation in Nepalese life insurance companies. The data were collected from employees of the selected twenty-four life insurance companies of Nepal. Structured questionnaire was handed to each sampled to people through online by using Google drive. People were humbly requested to provide the degree of agreement and disagreement in the five-point Likert scale questions ranging from (1 - strongly disagree to 5 – strongly agree). A single follow-up was done approximately two-weeks after initial delivery. The questionnaire used in the study is presented in the appendix.

3.5 Model specification

This section gives a presentation on how the empirical data was used for study purpose to study on impact of performance appraisal system on employee motivation. First, all data were collected through questionnaire and then it was organized. After gathering all the completed questionnaires from the respondents, for the analysis and interpretation of the data; Statistical Package of Social Science (SPSS) computer software and Microsoft Excel were used. Total responses collected from the respondent were coded and tabulated into SPSS worksheet. Depending upon the nature of the question such as Likert scale, the coding was followed as per the rule. After the analysis and interpretation of the responses, the results were presented. Thus, its reliability and validity test are conducted as per the study by using Cronbach's alpha.

The questionnaires were set up according to the five-point scale in which respondent were asked to express to what extent respondent agree or disagree about the impact of information technology and insurance performance and the coding was followed as per the rule. The questionnaire includes personal information about respondents such age, gender, academic qualification and organizational position.

The final part of data analysis describes regression analysis of primary data. In order to derive the results various tools were used such as frequencies, descriptive statistics for mean values along with statistical test of significance such as regression analysis, t-test, F-test and adjusted R^2 .

3.6 The model specifications

The following econometrics model is employed to test different hypothesis that there is positive relationship between performance appraisal system and employee motivation in Nepalese life insurance companies. The dependent variable is employee motivation and the independent variables are training and development, rewards and recognition, communication, commitment and feedback system.

The model is presented as:

$$EM_i = \beta_0 + \beta_1 TD + \beta_2 RR + \beta_3 C + \beta_4 CM + \beta_5 FD + \varepsilon_i$$

Where,

β_0 = Intercept of the dependent variable

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Coefficient of the variables

EM = Employee motivation

TD = Training and development

RR = Reward and recognition

C = Communication

CM = Commitment

FS = Feedback system

3.7 Analysis plan

This section gives the presentation on how the empirical data were used for study purpose to the study impact of performance appraisal system on employee motivation in Nepalese life insurance companies. At first, the data for independent variables were collected through structured questionnaires. Different types of questionnaires were used regarding impact of employee motivation variables on Nepalese life insurance companies. The questionnaire includes personal information about respondents such as gender, age, income, qualification and organizational position. There are 5 points

questions in which respondents were asked to express to what extent respondents agree or disagree and neutral on impact of performance appraisal system on employee motivation of their respective banks. The study also used descriptive statistics, correlations analysis along with statistical test of significance such as regression analysis, t-test, and f-test and adjusted R².

3.8 Conceptual framework

Conceptual framework is a system of concepts, assumptions, expectations, beliefs and theories that support and informs about the study and is a key part of study design. The study helps to examine the relationship between dependent variable and independent variables. The proxies of independent variables are communication, reward and recognition, supervisory support, training and development, feedback system. Figure 3.1 shows the conceptual framework which depicts the relationship between the performance appraisal system and employee motivation. The conceptual framework above shows the effect of various proxies of performance appraisal system to employee motivation in Nepalese life insurance companies.

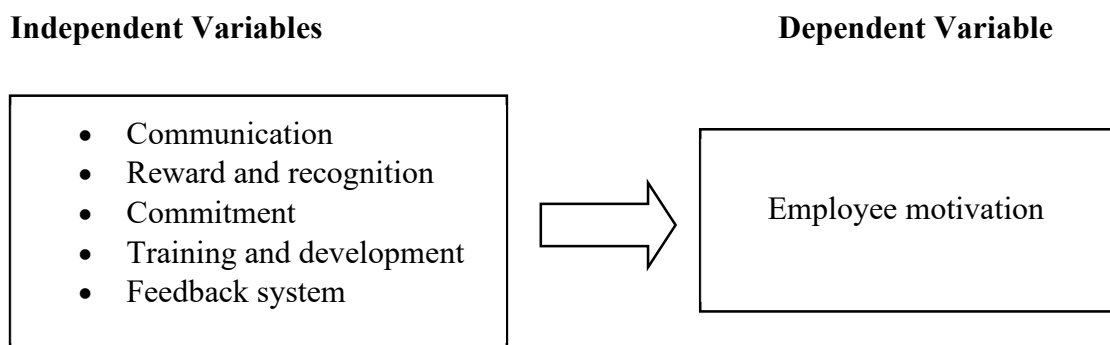


Figure 3.1: Conceptual framework

The above figure shows the communication, reward and recognition, commitment, training and development, feedback system and employee motivation are used in this study to measure the impact of performance appraisal of employee motivation in Nepalese life insurance companies. Similarly, communication, reward and recognition, commitment, training and development and feedback system are taken as independent variables. Likewise, employee motivation is taken as dependent variables.

CHAPTER IV

RESULTS AND DISCUSSION

This chapter provides systematic presentation, interpretation and analysis of primary data to deal with various issues associated with effectiveness of performance appraisal system and its impact on employee motivation in Nepalese life insurance companies. The purpose of this chapter is to analyze and interpret the data collected during the study and present the results of the questionnaire survey. This chapter is divided into three sections. The first chapter deals with the presentation and analysis of primary data. The second section covers the analysis of regression model including correlation analysis. The third section of this chapter deals with concluding remarks associated on the basis of results derived from the primary data.

4.1 Results

This study is primarily based on primary data analysis which mainly deals with qualitative aspects in terms of employee motivation in Nepalese life insurance companies. This section also reports the results of questionnaire survey conducted among different groups of employees.

Questionnaire survey was designed to understand the views of the respondents regarding impact of performance appraisal system on employee motivation in life insurance companies of Nepal. A questionnaire including Likert scale questions was provided. The respondents profile along with their personal characteristics and result of the survey are presented in the following sections. The percentage, frequency, mean value, weighted average mean value has been calculated to do the analysis of the data.

4.1.1 Respondents profile

In this study using primary data analysis, the profile of the respondents is discussed. Demographics characteristics play role in understanding the people's perception and their reliability in the insurance companies. This section describes the respondent's profile which reveals the personal characteristics of respondent's combination of gender, age, education level and income. Table 1 presents the demographic characteristics of the respondents.

Table 1

Demographic characteristics of the respondents

Respondents character	No. of responses	Percentage (%)
Gender		
Male	121	55.25
Female	98	44.74
others	0	0
Total	219	100
Age		
18-24	45	20.54
25- 34	131	59.82
35 – 44	30	13.70
45 and above	13	5.94
Total	219	100
Academic Qualification		
Intermediate and below	13	5.93
Bachelor’s Degree	100	45.66
Master’s Degree	102	46.57
M. Phil. / Ph.D.	4	1.83
Total	219	100
Income Group		
Below 25000	62	28.31
25001-40000	88	40.18
40001- 60000	47	21.46
Above 60000	22	10.04
Total	219	100
Designation		
Officer level	89	40.6
Assistant level	88	40.2
Managerial level	42	19.2
Total	219	100

Note. From Survey, 2023

Gender is an important variable in expressing and giving the responses about the problem. Hence, the variable gender was investigated for this study. The table 4.1 shows that out of 219 respondents the majority of respondents are male (55.3 percent). The rest of the respondents are female (44.7 percent).

Age of the respondents is one of the most important characteristics in understanding the views about the particular problems. The age of the respondent is categorized into 4 group's i.e.18-24, 24-34, 35-44 and 45 and above. This shows that majority of the respondents belong to the age group 24-34 years (59.82 percent) followed by age group 18-24 years (20.54 percent), age group 35-44 years (13.70 percent) and the age group of 45 years and above (5.94 percent).

Education is one of the most important characteristics that might affect attitudes and understanding level towards any social phenomena. The education level of the respondents is categorized into four group i.e. Intermediate and Below, Bachelor's Degree, Master's Degree and M. Phil. / Ph.D. Result shows that majority of the respondents were graduate or having Master's Degree (46.57 percent) followed by graduate with Bachelor's Degree (45.66 percent), under graduate i.e. Intermediate or below (5.93 percent) and Post Graduate i.e. M. Phil. / Ph. D. (1.83 percent).

Monthly income has a significant influence on buying behavior of an individual. The monthly income of the respondents is categorized into four group i.e. monthly income below 25,000, monthly income between25001-40,000, monthly income between 40,001-60000 and monthly income above 60000. This study shows that majority of the respondents were earning 25001-40000 (40.2 percent) followed by income level below 25000 (28.3 percent), income level between 250001-40000 (21.5 percent) and income level of above 60000 (10 percent).

The designation of the respondents is classified into Assistant level, Officer Level, and Managerial Level. Out of 219 respondents, the majority (40.6 percent) of the respondents are working as officer, the assistant level respondents are (40.2 percent) and managerial level respondents are (19.2 percent).

4.2 Descriptive analysis

The descriptive analysis consists of the frequencies, mean, standard deviation, minimum and maximum of each Likert questions under various variables. The descriptive analysis was performed according to each variable based on which the perception of the manager towards that statement was analyzed. Five point Likert scale was used for analysis of the variables under consideration in which 1 denotes towards the strongly disagree, 2 denotes disagree, 3 denotes neutral, 4 denotes disagree and 5 denotes strongly agreed statements. The descriptive analysis was presented in chart and table for the easy understanding the aggregate percentage of strongly agree and is done in order to assess the degree of total percentage of agree and the aggregate percentage of strongly disagree and disagree is done in order to assess the degree of total percentage of disagree.

Table 2 shows the respondents opinion regarding training and development and employee motivation.

Table 2

Training and development of employee motivation

Statement		1	2	3	4	5	N	Mean
Performance appraisal leads to find the gap in performance and help to design training accordingly.	F	5	7	17	104	86	219	4.18
	%	2	3	7.8	48	39	100	
	A%	5.5	7.8	86.8				
Training helps to review the performance of the employees over a given period of time.	F	6	3	15	103	92	219	4.24
	%	3	1	6.8	47	42	100	
	A%	4.1	6.8	89				
Training helps the management in exercising organizational control.	F	3	3	27	115	71	219	4.13
	%	1	1	12	53	32	100	
	A%	2.8	12	84.9				
Successful training and development provide the employees with sense of ownership of their job role while taking pride in their performance	F	6	6	16	100	91	219	4.21
	%	3	3	7.3	46	42	100	
	A%	5.4	7.3	87.3				

On the job training helps employees	F	6	4	19	88	102	219	
to get the knowledge of their job in	%	3	2	8.7	40	47	100	4.26
better way.	A%	4.5	8.7	86.8				
Weighted average mean								4.20

Note. From Survey, 2023

The majority of the respondents (88.68 percent) agreed that, PA leads to find the gap in performance and help to design training accordingly. Few respondents (5.5 percent) disagree that PA leads to find the gap in performance and help to design training. However, some respondents (7.8 percent) are neutral on the statement. The mean value for the statement is 4.18. This indicates that PA leads to find the gap in performance and help to design training.

The majority of the respondents (89 percent) agreed that training helps to review the performance of the employees over a given period of time. Few respondents (4.1 percent) disagree on the statement. However, the rest of the respondents (6.8 percent) are found to be neutral on the statement. The mean value for the statement is 4.24. This indicated that Training helps to review the performance of the employees over a given period of time.

The majority of the respondents (84.9 percent) agreed that, training help the management in exercising organizational control. Few respondents (2.8 percent) have disagreed on the statement. However, the rest of the respondents (12 percent) are neutral on the statement. The mean value for the statement 4.13. This indicates that training and development activities are useful for organizational control.

The majority of the respondents (87.3 percent) agreed that, successful training and development provides the employees with sense of ownership of their job role while taking pride in their performance. Few respondents (5.4 percent) disagreed on the statement. However, the rest of the respondents (7.3 percent) are neutral on the statement and the mean value for the statement is 4.21. This indicated that training and development provides the employees with sense of ownership of their job role while taking pride in their performance.

The majority of the respondents (86.8 percent) agreed that, on the job training helps employees to get the knowledge of their job in better way. Few respondents (4.5

percent) disagreed on the statement. However, the rest of the respondents (8.7 percent) are neutral on the statement and the mean value for the statement is 4.26. This indicated that on the job training helps employees to get the knowledge of their job in better way.

The overall result shows that calculated weighted average scale for training and development is 4.20. It indicates that training and development has positive impact on employee motivation in Nepalese life insurance companies.

Table 3 shows the respondents opinion regarding reward and recognition and employee motivation.

Table 3

Reward and recognition of employee motivation

Statement		1	2	3	4	5	N	Mean
Performance appraisal help to F		6	9	26	112	66	219	
define compensation packages such %		2.7	4.1	11.9	51.1	30	100	
as bonus, high salary rate, extra								3.99
benefits, allowances and pre- A%		6.8		11.9		81.2		
requisites.								
Pay rate affects performance of F		3	12	29	102	73	219	
employees i.e. when I get higher %		1.4	5.5	13.2	46.6	33	100	4.04
pay, I will perform higher. A%		6.9		13.2		79.9		
Nepalese organization can F		9	12	54	88	56	219	
efficiently implement the %		4.1	5.5	24.7	40.2	26	100	3.74
performance-based pay system. A%		9.6		24.7		65.8		
Financial rewards are main source F		8	8	28	87	88	219	
of motivation for employee. So, %		3.7	3.7	12.8	39.7	40	100	4.05
performance-based pay is also a A%		7.4		12.8		79.9		
reward for high performance.								
Weighted average mean								3.95

Note. From Survey, 2023

The majority of the respondents (81.2 percent) agreed that, performance appraisal defines the compensation packages such as bonus, high salary rate, extra benefits,

allowances and pre-requisites. Few respondents (6.8 percent) disagreed on the statement. However, rest of the respondents (11.9 percent) is neutral on the statements. The mean value for the statements is 3.99. This indicates that PA includes the compensation packages.

The majority of the (79.9 percent) agreed that, pay rate affects performance of employees. Few respondents (6.9 percent) disagreed on the statement. However, rest of the respondents (13.2 percent) is neutral on the statements. The mean value for the statements is 4.04. This indicates pay rate affects performance of employees.

The majority of the respondents (65.8 percent) agreed that, Nepalese organization can efficiently implement the performance-based pay system. Few respondents (9.6 percent) disagreed on the statement. However, rest of the respondents (24.7 percent) is neutral on the statements. The mean value for the statements is 3.74. This indicates that Nepalese organization can efficiently implement the performance-based pay system.

The majority of the respondents (79.9 percent) agreed that, financial rewards are main source of motivation for employees. Few respondents (7.4 percent) disagreed on the statement. However, rest of the respondents (12.8 percent) is neutral on the statements. The mean value for the statements is 4.05 this indicates that financial rewards are main source of motivation for employee. So, performance-based pay is also a reward for high performance.

The overall result shows that calculated weighted average scale for rewards and recognition is 3.95. It indicates that rewards and recognition are positive impact on employee motivation in Nepalese life insurance companies.

Table 4 shows the respondents opinion regarding communication and employee motivation.

Table 4

Communication of employee motivation

Statement		1	2	3	4	5	N	mean
Performance appraisal helps to build effective communication between employees and employers.	F	5	9	29	123	53	219	
	%	2	4.1	13.2	56.2	24.2	100	3.96
	A%	6.4	13.2	80.4				
Through performance appraisal, the employees can understand and accept skills of subordinates.	F	4	8	26	108	73	219	
	%	2	3.7	11.9	49.3	33.3	100	4.09
	A%	5.5	11.9	82.6				
The subordinates can also understand and create a trust and confidence it develops the spirit of work and boosts the morale of employees and also enhance the working environment in the organization.	F	4	6	33	120	56	219	
	%	2	2.7	15.1	54.8	25.6	100	4.00
	A%	4.5	15.1	80.4				
Provide a feedback to employees regarding their performance and related status.	F	4	5	19	109	82	219	
	%	2	2.3	8.7	49.8	37.4	100	4.19
	A%	4.1	8.7	87.2				
Weighted average mean								4.06

Note. From Survey, 2023

The majority of the respondents (80.4 percent) agreed that, performance appraisal helps to build effective communication between employees and employers. Few respondents (6.4 percent) disagreed with the statement. However, rest of the respondents (13.2 percent) is neutral on the statements. The mean value of the statements is 3.96. This

indicates that Performance appraisal helps to build effective communication between employees and employers.

The majority of the respondents (82.6 percent) agreed that, through the performance appraisal, the employees can understand and accept skills of subordinates. Few respondents (5.5 percent) disagreed with the statement. However, rest of the respondents (11.9 percent) is neutral on the statements. The mean value of the statements is 4.09. This indicates that through performance appraisal, the employees can understand and accept skills of subordinates.

The majority of the respondents (80.04 percent) agreed that, the subordinates can also understand and create a trust and confidence it develops the spirit of work and boosts the morale of employees and also enhance the working environment in the organization. Few respondents (4.5 percent) disagreed with the statement. However, rest of the respondents (15.1 percent) is neutral on the statements. The mean value of the statements is 4. This indicates that the subordinates can also understand and create a trust and confidence it develops the spirit of work and boosts the morale of employees and also enhance the working environment in the organization.

The majority of the respondents (87.2 percent) agreed that, provide a feedback to employees regarding their performance and related status. Few respondents (4.1 percent) disagreed on the statement. However, rest of the respondents (8.7 percent) is neutral on the statements. The mean value of the statements is 4.19. This indicates that provide a feedback to employees regarding their performance and related status.

The overall result shows that calculated weighted average scale for Communication is 4.06. It indicates that communication has positively impact on employee motivation in Nepalese life insurance companies.

Table 4 shows the respondents opinion regarding commitment and employee motivation.

Table 5

Commitment of employee motivation

Statement		1	2	3	4	5	N	Mean
I am ready to accept any job responsibility in order to keep working in this organization.	F	6	18	43	102	50	219	3.79
	%	2.7	8.2	19.6	46.6	22.8	100	
	A %	10.9	19.6	69.4				
I do not care about the offer of other insurance companies to me.	F	8	24	33	92	62	219	3.80
	%	3.7	11	15.1	42	28.3	100	
	A %	14.7	15.1	70.3				
I feel secure and have fate toward this organization.	F	3	8	54	101	53	219	3.88
	%	1.4	3.7	24.7	46.1	24.2	100	
	A %	5.1	24.7	70.3				
Turnover rate of employee is less in this organization.	F	4	13	66	79	57	219	3.79
	%	1.8	5.9	30.1	36.1	26	100	
	A %	7.7	30.1	62.1				
Weighted average mean								3.81

Note. From Survey, 2023

The majority of the respondents (69.4 percent) agreed that, they are ready to accept any job responsibility in order to keep working in this organization. Few respondents (10.9 percent) disagreed that to accept any job responsibility in order to keep working in this organization. However, rest of the respondents (19.6 percent) is neutral on the statement. The mean value of the statement is 3.79. This indicates that they are ready to accept any job responsibility in order to keep working in the organization.

The majority of respondent (70.3 percent) agreed that employees do not care about the offer of other insurance companies. Few respondent (14.7 percent) disagreed on the statement. Rest of the respondent (15.1 percent) is neutral on the statement. The mean value of the statement is 3.80. This indicate that employee is satisfied with their organization.

The majority respondent (70.3 percent) agreed that employee feel secure and have fate toward the organization. Few respondents (5.1 percent) disagreed on the statement. However, rest of the respondent (24.7 percent) is neutral on the statement. The mean value of the statement is 3.79. This indicate that employee feel secure towards organization.

The majority respondent (62.1 percent) agreed that turnover rate of employee is less in the organization. Few respondents (7.7 percent) disagreed on the statement. However, rest of respondent (30.1 percent) is neutral on the statement. The mean value of the statement is 3.79. This indicate that turnover rate of employee is less in organization.

The overall result shows that calculated weighted average scale for Commitment is 3.81. It indicates that Commitment has positively impact on employee motivation in Nepalese life insurance companies.

Table 6 shows the respondents opinion regarding feedback system and employee motivation.

Table 6

Feedback system of employee motivation

Statement		1	2	3	4	5	N	mean
Accurate and specific feedback is received from the performance manager on past performance.	F	0	13	39	121	46	219	
	%	0	6	17.8	55.3	21	100	3.91
	A%	5.9	17.8	76.3				

The feedback system helps to identify the strengths and weaknesses of employees.	F	0	3	21	118	77	219	
	%	0	1	9.6	53.9	35	100	4.23
	A%	1.4	9.6	89.1				
Respondents in the 360-degree feedback are responsive of the staff stakeholders (Superiors, Juniors and peers).	F	0	7	49	108	55	219	
	%	0	3	22.4	49.3	25	100	3.96
	A%	3.2	22.4	74.4				
Feedback received is followed up to account for needed improvements in order to achieve goals	F	0	4	29	106	80	219	
	%	0	2	13.2	48.4	37	100	4.20
	A%	1.8	13.2	84.9				
Performance feedback culture has strong effects on organizational success and employee loyalty	F	0	4	27	100	88	219	
	%	0	2	12.3	45.7	40	100	4.24
	A%	1.8	12.3	85.9				
The manager who routinely provides honest and effective feedback to subordinates have to be rewarded for doing so.	F	0	6	31	97	85	219	
	%	0	3	14.2	44.3	39	100	4.19
	A%	2.7	14.2	83.1				
Weighted average mean								4.12

Note. From Survey, 2023

The majority of respondent (76.3 percent) agreed that accurate and specific feedback is received from the performance manger on the past. Few respondents (5.9 percent) disagreed on the statement. However, rest of the respondent (17.8 percent) is neutral on the statement. The mean value of the statement is 3.91. This indicate that accurate and specific feedback is received from the performance manager on the past.

The majority of the respondents (76.3 percent) agreed that, the feedback system helps to identify the strengths and weaknesses of employees. Few respondents (5.9 percent) disagreed on the statement. However, rest of the respondents (17.8 percent) is neutral on the statements. The mean value of the statements is 3.91. This indicates that feedback system identifies the strengths and weaknesses of the employees.

The majority of the respondents (89.1 percent) agreed that, respondents in the 360-degree feedback are responsive of the staff stakeholders (Superiors, juniors and peers). Few respondents (1.4 percent) disagreed on the statement. However, rest of the respondents (9.6 percent) is neutral on the statements. The mean value of the statements is 4.23. This indicates Respondents in the 360-degree feedback are responsive of the staff stakeholders.

The majority of the respondents (74.4 percent) agreed that, feedback received is followed up to account for needed improvements in order to achieve goals. Few respondents (3.2 percent) disagreed on that statements. Rest of the respondents (22.4 percent) is neutral on the statements. The mean value of the statements is 3.96. This indicates that Feedback received is followed up to account for needed improvements in order to achieve goals.

The majority of the respondents (84.9 percent) agreed that, performance feedback culture has strong effects on organizational success and employee loyalty. Few respondents (1.8 percent) disagreed on the statements. However, rest of the respondents (13.2 percent) is on neutral on the statements. The mean value of the statements is 4.20. This indicates that Performance feedback culture has strong effects on organizational success and employee loyalty.

The majority of the respondents (85.9 percent) agreed that, the manager who routinely provides honest and effective feedback to subordinates have to be rewarded for doing so. Few respondents (1.8 percent) disagree on the given statements. However, rest of the respondents (12.3 percent) is neutral on the statements. The mean value of the statements is 4.24. This indicates that the manager who routinely provides honest and effective feedback to subordinates have to be rewarded for doing so.

The overall result shows that calculated weighted average scale for Feedback system is 4.12. It indicates that Feedback system has positively impact on employee motivation in Nepalese life insurance companies.

Table 7 shows the respondents opinion regarding employee motivation.

Table 7

Employee motivation of life insurance company in Nepal

Statement		1	2	3	4	5	N	mean
I am satisfied with training and development provided through job description and performance appraisal.	F	7	11	36	103	62	219	
	%	3.2	5	16.4	47	28.3	100	3.92
	A%	8.2		16.4		75.3		
I am motivated with the communication of performance appraisal system in the organization.	F	3	12	32	98	74	219	
	%	1.4	5.5	14.6	44.7	33.8	100	4.04
	A%	6.9		14.6		78.5		
I am satisfied with the performance rating of performance appraisal in my organization.	F	4	16	40	98	61	219	
	%	1.8	7.3	18.3	44.7	27.9	100	3.89
	A%	9.1		18.3		72.6		
My organization has good feedback system of employee performance.	F	5	14	39	76	85	219	
	%	2.3	6.4	17.8	34.7	38.8	100	4.01
	A%	8.7		17.8		73.5		
Weighted average mean								3.97

Note. From Survey, 2023

The majority of the respondents (75.3 percent) agreed that, “I am satisfied with training and development provided through job description and performance appraisal”. Few

respondents (8.2 percent) were disagreed with the statements. However, rest of the respondents (16.4 percent) is neutral on the statements. The mean value of the statements is 3.92. This indicates that the employees are satisfied with training and development provided through job description and performance appraisal.

The majority of the respondents (78.5 percent) agreed that, “I am motivated with the communication of performance appraisal system in the organization. Few respondents (6.9 percent) disagreed on this statement. However, rest of the respondents (14.6 percent) is neutral on the statements. The mean value of the statements is 4.04. This indicates that the employees are motivated with the communication of performance appraisal system in the organization.

The majority of the respondents (72.6 percent) agreed that, “I am satisfied with the performance rating of performance appraisal in my organization”. Few respondents (9.1 percent) disagreed on that statements, and rest of the respondents (18.3 percent) is neutral on the statements. The mean value of the statements is 3.89. This indicates that the employees are satisfied with the performance rating of performance appraisal in their organization

The majority of the respondents (73.5 percent) agreed that, “My organization has good feedback system of employee performance. Few respondents (8.7 percent) disagreed on the statements. However, rest of the respondents (17.8 percent) is on neutral on the statements. The mean value of the statements is 4.01. This indicates that Nepalese life insurance companies has good feedback system of employee performance

The overall result shows that calculated weighted average scale for employee motivation is 3.97. It indicates that the employees are satisfied and motivated by the performance appraisal system in Nepalese life insurance companies.

4.3 Correlation analysis

This section of the study presents the results and discussions of the correlation analysis. The correlation analysis has been carried out to investigate the direction and magnitude of the relationship of performance appraisal variables and the employee motivation of Nepalese life insurance companies. The strength of linear association between two numerical variables in a sample of population is determined by the correlation

coefficient. More specifically, it shows the correlation coefficient of dependent and independent variables for commercial banks. The study has used correlation analysis to show the correlation between the dependent variable employee motivation (EM) and the independent variables Training and Development (TD), Rewards and Recognition (RR), Communication (C), Commitment (CM), and Feedback System (FS). On analysis of data, correlation analysis has been undertaken first and for this purpose Person's correlation coefficients along with mean and standard deviation have been computed and the results are presented in Table 4.8.

Table 8

Correlations Matrix of employee motivation

Variable	TD	RR	C	CM	FS	EM
TD	1.000					
RR	0.426** (0.000)	1.000				
C	0.458** (0.000)	0.443** (0.000)	1.000			
CM	0.292** (0.000)	0.435** (0.000)	0.438** (0.000)	1.000		
FS	0.410** (0.000)	0.452** (0.000)	0.471** (0.000)	0.471** (0.000)	1.000	
EM	0.320** (0.000)	0.433** (0.000)	0.428** (0.000)	0.542** (0.000)	0.502** (0.000)	1.000

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Note. SPSS output

The result shows that training and development is positively correlated to employee motivation. It indicates that increase in training and development activities leads to increase in employee motivation in Nepalese life insurance companies. Similarly, reward and recognition are also positively correlated to employee motivation. It implies that higher the reward and recognition in an organization, higher would be the employee

motivation. Likewise, communication is also positively correlated to employee motivation. It indicates that proper communication system leads to increase in employee motivation. Furthermore, commitment is also positively correlated to employee motivation. It indicates that higher the commitment, higher would be the employee motivation. Additionally, feedback system is also positively correlated to employee motivation. It indicates proper feedback and timely system leads to increase in employee's motivation.

4.4 Regression analysis

Having examined the correlation coefficients, the regression analysis has been carried out and the results are presented in Table 9. More specifically, it presents the regression results of training and development, reward and recognition, communication, commitment, and feedback system on employee motivation.

Table 9

Regression results of employee motivation

Coefficients	
Constant	1.257 (0.000) **
Training and Development	0.645 (0.000) **
Rewards and Recognition	0.646 (0.000) **
Communication	0.724 (0.000) **
Commitment	0.736 (0.000) **
Feedback System	0.922 (0.000) **
F-value	11.37 (0.000) **
R-square (R ²)	0.724
Adjusted R-square (R ²)	0.627

Note. SPSS output

The results are based on 219 observations using linear regression model. The model is $EM_i = \beta_0 + \beta_1 TD + \beta_2 RR + \beta_3 C + \beta_4 CM + \beta_5 FS + \epsilon_i$, where dependent variable is employee motivation (EM) and the independent variables are Training and Development (TD), Rewards and Recognition (RR), Communication (C), Commitment (CM), and Feedback System (FS).

The regression results show that beta coefficients for training and development are positive with employee motivation. This indicates that training and development system has positive impact on employee motivation. This finding is similar to the findings of Elnaga and Imran (2013). Similarly, the beta coefficients for reward and recognition are positive with employee motivation. This indicates that reward and recognition system have positive impact on employee motivation. This finding is consistent with the findings of Kim et al. (2016). The result also shows that the beta coefficients for communication are positive with employee motivation. This indicates that proper communication system has positive impact on employee motivation. This finding is similar to the findings of Asamu *et al.* (2014). Similarly, the beta coefficients for commitment are positive with employee motivation. This indicates that commitment has positive impact on employee motivation. This finding is consistent with the finding of Murphy *et al.* (1995). Likewise, the beta coefficients for feedback system are positive with employee motivation. This indicates that effective feedback system has positive impact on employee motivation. This finding is consistent with the finding of Escarti and Guzman (1999).

4.5 Major Findings

This study has mainly focused on relationship between performance appraisal variables and the employee motivation of insurance companies. The study has used Training and Development (TD), Rewards and Recognition (RR), Communication (C), Commitment (CM), and Feedback System (FS) as independent variables. Whereas, Employee Motivation (EM) is the dependent variable. The results are based on the primary data gathered from 28 life insurance companies of Nepal.

In the study, among 219 respondents the majority of the respondents (55.3 percent) were males, (44.7 percent) were females. The majority of the respondents were (61.4 percent) were under age groups 25 to 34 years, followed by age group 35 to 44 years (21.2 percent), 18 to 24 years (11.6 percent) and age group 45 and above (5.8 percent) respectively.

The correlation analysis showed that training and development is positively correlated to employee motivation. It indicates that increase in training and development activities will help to motivate the employees towards their job. Likewise, reward and recognition is positively correlated with employee motivation. It indicates that increase in reward and recognition system in an organization will be help to motivate the employees. Similarly, there is positive relationship between communication and employee motivation. That means if there is proper communication system in an organization the employees will be motivated to perform better. Furthermore, performance rating system is positively correlated with employee motivation. It indicates that updated performance rating system helps to motivate the employees. In addition feedback system is also positively correlated with employee motivation. It means proper feedback system will help to motivate employees.

The regression results showed that beta coefficients for performance appraisal system are positive with employee motivation. This indicates that training and development system has positive effect on employee motivation. Similarly, the beta coefficients for reward and recognition are positive with employee motivation which reveals that reward and recognition system has positive effect on employee motivation. The result also shows that the beta coefficients for communication are positive with employee motivation indicating the positive effect of communication system on employee motivation. Similarly, the beta coefficients for commitment are positive with employee motivation. This reveals that effective performance rating system has positive effect on employee motivation. Likewise, the beta coefficients for feedback system are positive for employee motivation. This reveals that effective feedback system has positive effect on employee motivation. The result also reveals that the beta coefficients for training and development, reward and recognition, communication, commitment and feedback system are significant at 1 percent level of significance.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter presents the brief summary of the entire study and highlights major findings of the study. Besides, the major conclusions of this study are also discussed in separate section of this chapter. The conclusion is followed by the implications regarding the level of employee motivation in insurance companies. Finally, this chapter presents the recommendation regarding impact of performance appraisal system and level of employee motivation on insurance companies and scope of the future study in this field.

5.1 Summary

Employee motivation has drawn higher attention in today's world because employees make everything possible in the organizations. The performance of the bank is highly depending on level of employee motivation in the developed countries which is showed by different reviewed literature. The performance appraisal can be defined as a process of identifying measuring and managing employee performance in order to enhance organizational efficiency and effectiveness. It is a merit rating that denotes the appraisal of the performance of the employees in the organization.

Performance appraisal is the process of obtaining analyzing and recording information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent success and failures, personal strengths and weakness, and suitability for promotion or further training. Insurance Companies plays great role in increasing GDP. All premiums collecting by insurance companies effect economic development. Besides that, insurance effects to balance of payments, financial stability positively and it also increases employment in economy. These factors also accelerate economic growth. The primary function of an insurance companies is to provide protection from adverse events. The insurance companies accept premium payments in exchange for compensation in the event that certain specified, but undesirable, events occur.

Performance management system is the process that strongly involves assurance and participation of employees within the organization and determine the organizational

results. The evaluation system identifies the gap of performance. This gap is the problem that occurs when performance does not meet the standards that are set by an organization. The feedback system tells the employee about the quality of his or her work performance and motivates them to perform better. Performance appraisal plays a key role to measure the employee's performance and help the organization to check progress towards the desired goals and objectives.

Every organization performs its task with the help of resources as men, machine, materials and money. Except manpower other resources are non-living but manpower is living and generating resources. Manpower utilizes other resources and generate the needed results. If manpower is not available then other resources are useless and cannot produce anything. Out of all factors of production, manpower has the highest priority and is the most significant factor of production and plays a vital role in the area of productivity and quality. Lack of attention to the other factors, those are non-living may result in reduction in profitability in some extent.

Performance appraisal variable such as training and development, reward and recognition. Communication, commitment and feedback system increase the level of employee motivation in an organization. If companies is able to properly utilize performance appraisal system for the purpose of employee performance evaluation, then it leads to increase the level of employee motivation towards their job. Moreover, employee absenteeism, turnover, grievance, dissatisfaction and low performance will reduce. Nowadays Nepalese life insurance companies faces several problems in evaluating employee performance. Thus, performance appraisal practice should be started so that training and development program and compensation package will be more effective among employees. This will lead towards the employee motivation towards the job.

The main objective of the study is to assess the effectiveness of performance appraisal system and its impact on employee motivation in Nepalese life insurance companies. The other specific objectives are to analyze the perception of the customer on the level of communication, reward and recognition, commitment, training and development, feedback system and employee motivation; to examine the relationship of communication, reward and recognition, commitment, training and development and feedback system with employee motivation; to investigate the impact of

communication, reward and recognition, commitment, training and development and feedback system on employee motivation; and to analyze the most important variable affecting employee motivation in Nepalese life insurance companies.

The respondents of the study are the employees of insurance companies. The observation of 219 respondents views were analyze in order to know the perception of employees regarding effectiveness of performance appraisal practice and its impact on employee motivation in Nepalese life insurance companies. The descriptive study design has been conducted for fact finding of different variables. The study focuses on primary data analysis where questionnaires was distributed to employees of 25 life insurance companies of Nepal. SPSS statistics package has been used to process the collected data.

5.2 Conclusion

The study shows that training and development, reward and recognition, communication, commitment and feedback system have positive impact on employee motivation. The study also reveals that effective and updated performance appraisal system helps to motivate employees.

The study concludes that feedback system followed by commitment is the most dominant factors that influence the level of employee motivation in context of Nepalese life insurance companies.

5.3 Implications

Based on the findings of this study, the following implications has been proposed:

- i. The study observed a positive impact of training and development on employee motivation. Hence, an insurance willing to motivate employees should focus more on providing better training and development opportunities to their employees.
- ii. The study revealed a positive impact of reward and recognition on employee motivation. So that an insurance willing to motivate their employees have to provide effective reward and recognition system.

- iii. The study concluded that communication have positive relationship with employee motivation so that the insurance company willing to motivate their employees should focus on sharing ideas and knowledge and communicate properly with different employees differently. Thus, insurance willing to motivate employees should focus more on making the commitment effective
- iv. The study observed a positive relation of feedback system with employee motivation. Hence, insurance company to motivate employees have to focus more on providing timely feedback.

5.4 Future Research Implications

The study can be regarded as the preliminary steps in investigating the impact of performance appraisal system and its impact on employee motivation in context of Nepalese life insurance companies. The study remains enough grounds for future studier's which are listed below:

- i. This study includes respo
- ii. ndents of insurance companies only. Commercial banks, Development banks and finance companies are not taken into consideration for the study. Similarly, study can be between male and female employee of an insurance companies in order to know the impact of performance appraisal according to the gender of employee.
- iii. The future studies can increase the sample size in order to get more valid result. Result can also be compared with the result obtained from different analysis tools.
- iv. Despite of the employee outcomes like organization commitment and job satisfaction, future studies can take other variables. Furthermore, the comparative study between the junior level, middle level and senior level employees of Nepalese life insurance companies.
- v. Only limited statistical and financial tools have been used in the study. Hence, the future studies can be carried out by including more statistical and performance measurement tools.
- vi. Even though the scope of the study is limited, it may be extended to customers of whole Nepal in near future. Employees at various districts may be analyzed and other important factors of information technology should be identified.

- vii. The future studies can select larger sample that lead to much more valid prediction regarding the impact of information technology on the performance of Nepalese life insurance companies.

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Appendix

Dear respondent,

I am MBS student from Tribhuvan University. I am doing study entitled “Impact of performance appraisal on employee motivation in Nepalese life insurance companies”. The information provided by you will be used only for study purpose for MBS and not for any commercial activity. I will be grateful if you provide just few minutes to answer my questions appearing in the enclosed questionnaire. Your ideas and information will be great importance for my study. I do assure that your information will be kept confidential.

Ritu Maharjan

People’s Campus, Kathmandu, Nepal.

Respondents Personal Details									
Gender	Male		Female		Others				
Age (In years)	18-24	25-34	35-44	45 and above					
Academic Qualification:									
	Intermediate and Below	Bachelor’s Degree							
	Master’s Degree		M. Phil./Ph. D.						
Income group:									
	Below 25000		25001-40000						
	40001-60000		Above 60000						

Organizational Position (Designation):			
	Assistant Level		
	Officer Level		
	Manager level		

Analytical Information: □

Analytical information is based on the effectiveness performance appraisal system and its effect on employee motivation. Below are listed various related analytical statements. Please put a tick (☑) mark on the specific argument level as mentioned below.

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

Training & Development

S. N.	Statement	1	2	3	4	5
1	Performance appraisal leads to find the gap in performance and help to design training accordingly.					
2	Training helps to review the performance of the employees over a given period of time.					
3	Training help the management in exercising organizational control.					
4	Successful training and development provide the employees with sense of ownership of their job role while taking pride in their performance.					
5	On the job training helps employees to get the knowledge of their job in better way.					

Reward and Recognition

S. N.	Statement	1	2	3	4	5
1	Performance appraisal help to define compensation packages such as bonus, high salary rate, extra benefits, allowances and pre-requisites.					
2	Pay rate affects performance of employees i.e. when I get higher pay, I will perform higher.					
3	Nepalese organization can efficiently implement the performance-based pay system.					
4	Financial rewards are main source of motivation for employee. So, performance-based pay is also a reward for high performance.					

Communication

S. N.	Statement	1	2	3	4	5
1	Performance appraisal helps to build effective communication between employees and employers.					
2	Through performance appraisal, the employees can understand and accept skills of subordinates.					
3	The subordinates can also understand and create a trust and confidence it develops the spirit of work and boosts the morale of employees and also enhance the working environment in the organization.					

4	Provide a feedback to employees regarding their performance and related status.					
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Commitment

S. N.	Statement	1	2	3	4	5
1	I am ready to accept any job responsibility in order to keep working in this organization.					
2	I do not care about the offer of other insurance companies to me.					
3	I feel secure and have fate toward this organization.					
4	I feel secure and have fate toward this organization.					
5	Turnover rate of employee is less in this organization.					

Feedback system

S. N.	Statement	1	2	3	4	5
1	Accurate and specific feedback is received from the performance manager on past performance.					
2	The feedback system helps to identify the strengths and weaknesses of employees.					
3	Respondents in the 360 degree feedback are responsive of the staff stakeholders (Superiors, Juniors and peers).					
4	Feedback received is followed up to account for needed improvements in order to achieve goals					
5	Performance feedback culture has strong effects on organizational success and employee loyalty					
6	The manager who routinely provides honest and effective feedback to subordinates have to be rewarded for doing so.					

Employee Motivation

S. N.	Statement	1	2	3	4	5
1	I am satisfied with training and development provided through job description and performance appraisal.					
2	I am motivated with the communication of performance appraisal system in the organization.					
3	I am satisfied with the performance rating of performance appraisal in my organization.					

4	My organization has good feedback system of employee performance.					
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Thank you