

Employee Performance Appraisal Systems and Its Effects on Performance in Selected Commercial Banks of Solwezi District, Zambia

Kukano, C¹; Thole T²
^{1, 2}Chalimbana University

Abstract— This study examines the employee performance appraisal system and its effects on performance in selected commercial banks in the Solwezi district. Employing a sequential mixed methods design, the research involved 50 participants, comprising 20 management members and 30 employees from various categories. The primary purpose of the study was to analyze the relationship between performance appraisals and employee performance. One specific objective was to identify perceptions of the appraisal system's effectiveness among different employee levels. The research utilized purposive sampling for selecting management participants and simple random sampling for employee categories. Data collection methods included focus group discussions and questionnaires. Quantitative data from questionnaires were analyzed using SPSS Version 21.0 software, while qualitative data from focus groups were examined thematically. Findings indicated that while management viewed the appraisal system as a crucial performance driver, many employees felt the process lacked transparency and meaningful feedback. This disparity highlighted a gap in understanding between the two groups. The study recommends enhancing the appraisal system by integrating more frequent feedback mechanisms and involving employees in the appraisal design process. This could foster a more equitable environment, improve employee satisfaction, and ultimately boost overall performance in the banks.

Keywords— Employee, performance, appraisal, management, commercial banks, organization, effectiveness.

I. INTRODUCTION

Employee performance appraisal systems are critical tools in managing workforce productivity and enhancing organizational effectiveness. In the context of commercial banks, these systems play a pivotal role in aligning individual employee goals with broader organizational objectives. This alignment is particularly crucial in the rapidly evolving financial sector, where employee performance directly impacts service delivery and customer satisfaction (Kukano, 2020). In Zambia, particularly in the Solwezi district, understanding the dynamics of performance appraisal systems can offer insights into improving employee engagement and operational efficiency.

The effectiveness of performance appraisal systems can significantly influence employee motivation and job satisfaction. Research indicates that well-structured appraisal systems not only provide employees with clear performance expectations but also facilitate constructive feedback that promotes professional growth (Siwale et al, 2021). However, the implementation of these systems is often inconsistent, leading to varied perceptions among management and staff. This inconsistency can create barriers to achieving optimal performance outcomes, particularly in commercial banking, where competition is fierce and customer expectations are high.

In Zambia, the commercial banking sector is experiencing notable transformations, influenced by technological advancements and changing regulatory environments. As banks adapt to these changes, effective performance management becomes essential. A study by Kukano (2022) highlights that performance appraisals, when aligned with organizational strategy, can enhance employee performance and foster a culture of continuous improvement. However, the challenge remains in ensuring that appraisal processes are transparent, fair, and perceived positively by all employees.

Solwezi district, with its unique economic landscape, provides an intriguing setting for examining the relationship between performance appraisal systems and employee performance. Local banks often face distinct challenges, including resource limitations and varied employee skill levels. This context necessitates an exploration of how appraisal systems can be tailored to meet specific organizational needs while promoting employee development. According to Chanda (2024), the nuances of local banking practices can greatly affect the perception and effectiveness of appraisal systems.

Utilizing a mixed methods approach allows for a comprehensive analysis of the performance appraisal systems in place within selected banks in Solwezi. The combination of quantitative data from questionnaires and qualitative insights from focus group discussions provides a rich understanding of employee experiences and managerial perspectives. This methodology is particularly valuable in uncovering the complexities surrounding performance appraisals and their impact on employee performance (Omondi & Nyerere, 2023).

The primary aim of this study is to investigate the effects of employee performance appraisal systems on performance within selected commercial banks in the Solwezi district. By focusing on both management and employee perspectives, the research seeks to identify gaps and opportunities for enhancing the appraisal process. Ultimately, the findings will contribute to the development of more effective performance management strategies that can drive employee satisfaction and organizational success in the region.

Research Objective

To establish employee performance appraisal systems and its effects on performance in selected commercial banks of Solwezi district.

II. LITERATURE REVIEW

Employee performance appraisal systems are crucial tools for enhancing organizational effectiveness, especially in the banking sector. According to Siwale (2020), a well-structured performance appraisal system not only fosters employee motivation but also aligns individual goals with organizational objectives. In their study of commercial banks in Kenya, the authors found that effective appraisal systems significantly improve employee satisfaction and retention. This aligns with the notion that clear performance indicators and regular feedback mechanisms are essential in creating a performance-oriented culture, which is particularly relevant for commercial banks in the Solwezi district aiming to boost their overall performance.

The impact of performance appraisal systems on employee performance has been extensively documented in various contexts. For instance, Karanja and Mugambi (2022) explored the link between performance appraisals and employee productivity in financial institutions. Their findings indicated that banks implementing regular and systematic appraisal processes witnessed higher productivity levels compared to those with sporadic evaluations. The study emphasizes that feedback derived from performance assessments not only clarifies expectations but also serves as a basis for professional development, thereby enhancing overall performance. This evidence suggests that the banks in Solwezi could benefit from adopting comprehensive appraisal practices.

In ensuring that examines the employee performance appraisal system and its effects on performance in selected commercial banks, it is relevant that bankers do not restrict themselves to the use of official language but become flexible and leverage its advantages. Tembo and Nyimbili (2021) argued that the Zambian sociolinguistics in the community has affected the classroom as well because regions and districts no longer have one language to sustain the community for communication and interaction. As much as there is a mismatch between language of instruction and dominant learner's familiar language Nyimbili and Mwanza (2021), there is need for employees to use their local languages in so that they can work effectively and respect the linguist rights of the customers.

Moreover, the psychological aspects of performance appraisal systems cannot be overlooked. Mwale et al. (2023) highlight that employees often perceive appraisal processes as a form of recognition and validation of their efforts. Their research in the Zambian banking sector indicated that when employees feel valued through structured appraisals, their commitment and engagement levels increase significantly. This perspective is critical for commercial banks in Solwezi, where fostering a supportive work environment can lead to improved performance outcomes. The authors advocate for the integration of employee feedback into appraisal systems to enhance perceived fairness and transparency, ultimately contributing to better performance.

The role of technology in performance appraisals has also emerged as a significant factor influencing employee performance. In a recent study, Chanda (2024) investigated the adoption of digital performance management systems in banks and their impact on employee efficiency. The findings revealed

that technology-driven appraisal systems facilitate real-time feedback and goal tracking, which enhances employee accountability and performance. This technological shift presents an opportunity for commercial banks in Solwezi to modernize their appraisal processes, thus fostering an environment conducive to high performance.

Finally, the challenges associated with performance appraisal systems must be addressed to maximize their effectiveness. Omondi and Nyerere (2023) pointed out that biases and subjective evaluations often undermine the credibility of appraisal systems, leading to employee dissatisfaction. Their research emphasizes the importance of training evaluators and employing objective metrics to ensure fairness in appraisals. For banks in Solwezi, implementing such measures could mitigate issues related to bias and enhance the overall effectiveness of their performance appraisal systems. By addressing these challenges, banks can create a more conducive environment for employee growth and performance enhancement.

Research Design

The study adopted a mixed methods research design, applying both quantitative and qualitative methods to collect primary data from the case study organization. Five target groups were employed for the study. These were as follows; administrators, middle managers, customer service assistants and bank tellers. Hapompwe et al. (2021) clarify that the target population consists of all individuals or items possessing particular traits pertinent to the research. This group includes the complete collection of people that the researcher intends to study. The probability sampling strategy helped identify 50 participants, including six management staff and ten supervisors, who participated and responded to questionnaires. Additionally, 30 participants from the following employee categories: Customer Service Assistants and Bank Tellers, were involved in in-depth, formal, and informal interviews. A thorough, meticulously organized conversation was created to gather views on a specific topic in a safe environment (Kukano, 2011).

Interviews were conducted with the HR manager and other management to uncover performance appraisal and motivation issues in the organization. Both quantitative and qualitative methodologies were considered appropriate for this study to explore participants' experiences in the banking sector.

Data Collection Methods

Data collection involved both primary and secondary data. Primary data included data from interviews, observations, and questionnaires. Secondary data included both published and unpublished documents, obtained from journals, articles from the Internet, and papers from conferences and workshops.

Data Analysis

The data collected during the study were analyzed using various techniques. Semi-structured interviews were conducted to obtain detailed responses on the banks' performance appraisal and employee motivation practices. The interview protocol included questions related to each of the study's objectives. Meanwhile, the questionnaire targeted the

company’s employees. The first section of the questionnaire gathered demographic information, while the second section was divided into subsections, each addressing different research objectives. Closed-ended questions were used to gauge attitudes and opinions on various aspects of employee motivation, with a preference for Likert scale questions due to their ease of analysis (Hague, 2004).

To check data reliability, the same questions from the questionnaire and written interview were repeated to assess consistency and repeatability in examining the bank’s performance appraisal. To ensure validity, the survey questionnaire and interview protocol were reviewed with the research supervisor, and necessary adjustments were made to enhance data relevance. To ensure reliability, all questions in the research instruments were designed with the research objectives in mind, minimizing researcher bias. The data obtained were analyzed and revised for the main study to

maximize internal validity and reliability, uncovering any ambiguities in the process (Kumar, 2011)

III. FINDINGS AND DISCUSSION

The survey results on the frequency of performance appraisals conducted by organizations show that 60% of the respondents reported annual appraisals, 30% mentioned semi-annual appraisals, and 10% stated quarterly appraisals.

The survey results indicate that a substantial majority, 70%, of participants view their current performance appraisal system as "very effective" in improving employee performance. Another 10% consider it "effective," while 20% find it "ineffective." This suggests that the majority of respondents have a positive perception of the impact of their appraisal system.

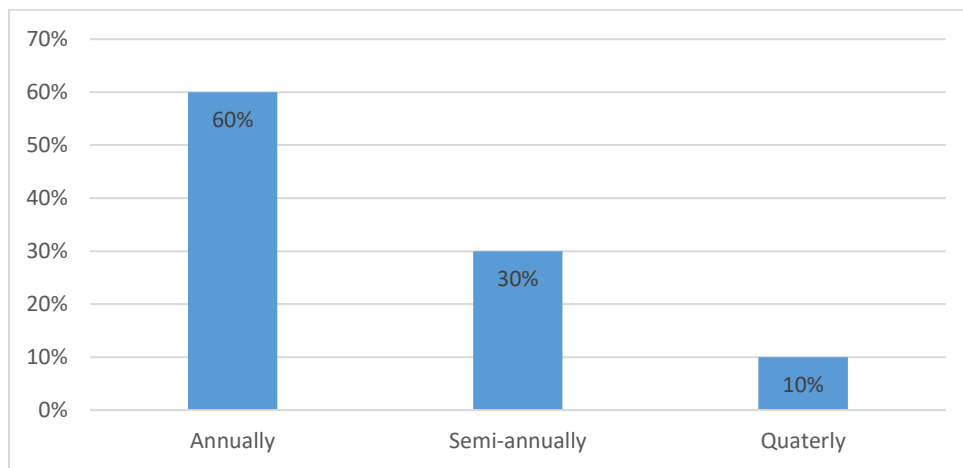


Figure 1. Frequency of performance appraisals

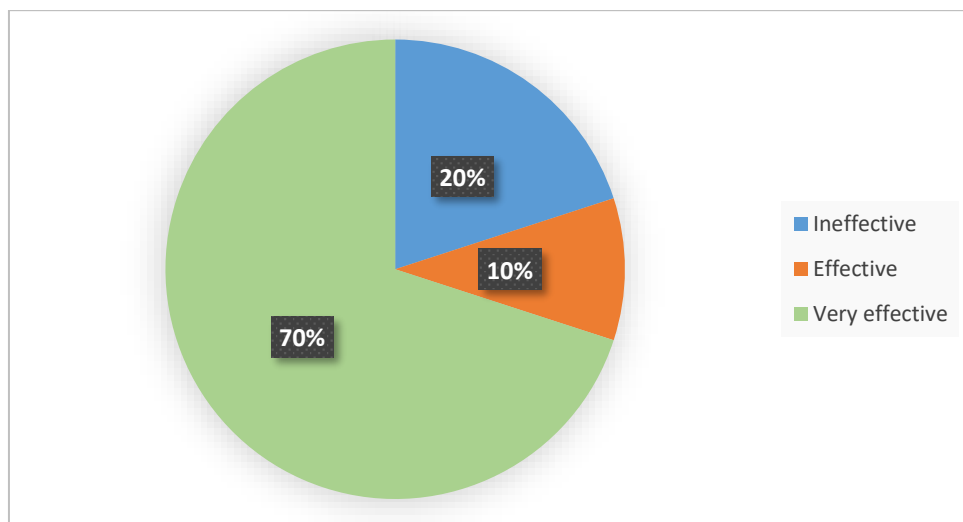


Figure 2. Participant’s perception of current performance appraisal system

The majority of participants, constituting 70%, reported that they occasionally provide training or resources to help employees improve their performance following performance appraisals. Meanwhile, 10% stated that they never offer such

resources, with another 10% indicating they do so rarely, and the remaining 10% reported providing training and resources often.

The majority of participants received annual performance appraisals, reflecting the importance placed on regular feedback by the organizations. Over one-third of participants perceived the current performance appraisal system as highly effective, indicating its alignment with the banks' goals and employee expectations. Three key themes emerged as most beneficial: Goal Setting and Clarity, Regular Feedback and Communication, and Recognition and Rewards. Participants appreciated clear objectives, frequent check-ins, and open communication during appraisals. However, some participants expressed dissatisfaction with feedback, suggesting areas for improvement in the appraisal process to enhance employee satisfaction and motivation.

In comparing the scholarly literature with our study findings on the establishment of performance appraisal systems and their effects on employee performance, several similarities and differences can be observed. The literature emphasizes that performance management is a systematic management tool that aims to achieve more efficient results from organizations, teams, and individuals by motivating them to be aware of their potentials (Kumar & Singh, 2023). Our study findings also highlight the significance of performance appraisal systems in some selected commercial banks of Solwezi district, as a means to provide regular feedback and recognition, leading to increased motivation and improved job performance.

Both the literature and our study emphasize the importance of setting clear objectives and goals during the appraisal process (Kirbaş, 2010). Participants in our study mentioned that having clear performance objectives was beneficial for providing direction and focus on their work, which ultimately motivated them to perform better. Additionally, a study by Mwale et al. (2022) highlights that performance appraisals highlight the value of frequent check-ins and open communication between employees and managers during the appraisal process. Participants in our study expressed that regular feedback and transparent communication were vital for understanding their performance and receiving constructive guidance, contributing to their motivation to improve.

IV. CONCLUSION

The study highlighted the importance of performance appraisal in providing valuable feedback to employees and identified the critical incident method as the most effective approach in this context. Additionally, the study emphasized the link between performance appraisal and employee motivation, with feedback, goal setting, recognition, and career development opportunities playing significant roles in driving motivation and job performance.

Furthermore, the study shed light on the organizational strategies that can increase employee work performance. It emphasized the need for regular training opportunities, implementation of recognition and rewards programs, clear career development paths, a supportive work environment with effective communication and feedback, and work-life balance. These strategies were identified as instrumental in fostering employee motivation and overall job performance.

Recommendations

Based on the study's findings, the following recommendations are suggested for some selected commercial banks of Solwezi district, to optimize their performance appraisal systems and enhance employee work performance:

- The process of identifying and addressing critical incidents should not be confined to annual performance appraisals.
- Organizations should invest in regular training and development programs to enhance employees' skills and capabilities, contributing to improved job performance.
- Establish Recognition and Rewards Programs: Establishing recognition and rewards programs within an organization is a strategic approach that goes beyond just compensating employees for their work.
- Performance-based incentives, such as bonuses or salary increases, introduce an element of healthy competition among employees.
- Recognition programs can be used to encourage continuous improvement. By regularly evaluating performance and providing feedback, employees can strive to meet and exceed their goals, resulting in ongoing progress and innovation.
- Provide Clear Career Development Paths: Providing clear career development paths for employees is a strategic imperative that not only benefits the individual employees but also contributes significantly to the overall success of the organization.
- Foster a Supportive Work Environment: Fostering a supportive work environment is fundamental to the well-being and productivity of employees.

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CORESSPONDING AUTHOR

¹ Dr. Kukano Crispin

Lecturer

Chalimbana University

crispincheelo@gmail.com

²Thole Thomas

thomasthole66@gmail.com