

Performance Appraisal Quality, Performance Measures and Job Satisfaction of Universal Bank Employees

Henry D. Rufino
Tarlac State University, Philippines

— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

This descriptive – correlational study explored the relationship between employee job satisfaction to performance appraisal quality and performance measures. A total of 135 universal bank employees were the respondents of the study from all thirteen universal banks in the City of Tarlac, Philippines. Data were collected through survey questionnaire. The relationships between the variables were tested using Pearson correlation coefficient. Findings of the study showed that universal bank employees have experienced quality performance appraisal. Employees agreed that there is quality on performance appraisal in terms of clarity of performance expectations, level of communication, fairness of appraisal process and trust in supervisor. The study also found out that financial performance measures and non-financial performance measures that include internal operating performance measures, employee-oriented performance measures and customer-oriented performance measures are reported and discussed with the employees at high extent. Overall, universal bank employees are satisfied at work. However, universal bank employees are dissatisfied in operating conditions and procedures. The study concluded that employee job satisfaction is significantly related to performance appraisal quality and to its four indicators. Likewise, employee job satisfaction is significantly related to performance measures and to its four perspectives. The study contributes to human resource management and performance management system.

Keywords: Performance Appraisal Quality, Performance Measures, Job Satisfaction, Universal Banks.

1. INTRODUCTION

The success of an organization is measured by realizing its goals and objectives. The performances of both the management and employees are critical in the attainment these goals and objectives. Performance management system (PMS) is a systematic and continuous process that is designed to assess and evaluate both individual and organizational performances with the aim to improve their performances and help ensure that the organizational goals and objectives are achieved (Zuriekat et al., 2011). To improve the performances of the organization, it is necessary to enhance the employee performance to optimize their efficiency and effectiveness. Employees are the most important asset of any organization who act, perform, and implement the company strategies and methods to achieve the organizational goals and objectives. Indeed, the employees or human resource is the heart of performance management.

Performance management system is a cycle that includes planning, designing, monitoring, and reviewing the performance appraisal to ensure that it leads to motivate the employees and give them opportunity to perform better and achieve the individual and organizational targets. Therefore, performance appraisal must conform to quality standard. Performance appraisal, or performance evaluation, is an assessment tool or instrument used in the assessment and evaluation of the performances of the employees. The quality of the performance appraisal must be assessed and evaluated, that is the employees' experience,

agreement, and conformity with how performance appraisals are conducted because the employees' background, motivation level, progress, and development are examined to acquire a clear image of their performance (Dangol, 2021) and that employees' satisfaction with performance appraisal is an effective factor in increasing the effectiveness of these appraisals (Fakhimi & Raisy, 2013).

Brown et al. (2010) describes the performance appraisal quality as a function of both the methods and treatment used in the appraisal, for example, by describing how well employees can assess formal organizational procedures, how they are carried out, and how they are treated during the appraisal. The effectiveness of performance reviews is measured by four factors. The first is the clarity of performance expectations, which relates to the extent to which staff members are aware of the goal, purpose, and function of the performance review. Managers and employees should agree on performance expectations prior the conduct of the performance appraisal. With this, employees can assess their performance and make timely modifications while performing their duties if they are aware of the requirements and thus, eliminates the need to wait for the formal evaluation review. (Robbins & Coulter, 2005), because employees know how and what are being measured and evaluated.

The exchange of information between the employee and supervisor is referred to as the second indicator or the level of communication. It is an opportunity to gather, provide, and assess information, give workers process control, express one's opinion, and confirm one's membership in the organization, among other things (Brown et al., 2010). The most effective reviews involve a two-way dialogue and center on the employee evaluating his own performance and establishing objectives for development (Dangol, 2021). One common way of communicating evaluation of performances is giving feedback. A good appraisal system gives employees and supervisors the opportunity to review the goals and targets they jointly set, as well as to confirm whether the employee is on course and what has been done and what needs to be improved. It also provides highly desired feedback on a regular, ongoing, and current basis (Bekele, 2016; Maina, 2015; Upadhaya et al., 2014).

Fairness of performance appraisal process is the third indicator that covers the employees' perception or judgment on how they are treated and evaluated during the appraisal process (Brown et al., 2010). Employees want to be treated fairly and that the evaluation is objective, truthful and with accurate information throughout the performance appraisal process that is based on employee work related performance indicators and must reflect the actual performance implementation as this may have an impact on how well the appraisal process's findings are done (Gaol, 2014; Fakhimi & Raisy, 2013).

Lastly, trust in supervisor refers to the perception or judgment of the employees on his/her supervisor's competency, knowledge, skills and values on the conduct of the appraisal process. Performances of employees that are not measured fairly and objectively by the supervisors or raters can lead to dissatisfaction with the system. This will affect the process of evaluation because bias, unfairness and unreliability may happen (Maina, 2015).

PMS varies on the status and nature of the organization and its goals and objectives; hence, the performance appraisal must be company - specific. One of the most critical elements of the PMS is to select key performance indicators and their measurement units. A performance measure is an activity, indicator and unit of measure that determines the level of performance. Traditional performance measure focuses on financial measures that quantify performance in terms of money or financial ratios. However, various researchers have found shortcomings of financial measures which primarily focus on historical accounting data thus, the Balanced Scorecard (BSC) introduced by Kaplan and Norton (1993, 2001) has been used in the different management control and performance measurement systems of different organizations. The evaluation of success of a company includes its sustainability practices and no longer confined to the single measure of financial performance (Kuo et al., 2022).

The Balanced Scorecard translates organizations strategies into sets of performance measures that incorporates financial performance measures and non-financial performance measures in the areas of internal business process perspective or internal operating performance measure that refers to an organization's internal processes or the methods used to meet its performance goals, such as its standard operating practices, policies and procedures; the learning and growth perspective or employee-oriented performance measure which refers to employee-related measures such as employee training, employee empowerment and employee satisfaction; and the customer perspective or customer-oriented performance measure which refers to customer-related measures that creates customer value and why they are willing to pay for it. The BSC has been implemented by various companies in both developed and developing countries. According to Armstrong (2009) the performance appraisal can be said as a good performance appraisal if it is linked to the goals of the organization. Reporting and discussion of these performance measures is expected to create value to its stakeholders particularly the management and employees that identifies strengths and weaknesses of the employees and the organization and consequently take actions to better their performances. While there is no perfect financial measures and non-financial performance measures that fit to banks and even other companies, the use of diversified performance measures is vital for value creation and to achieve organizational goals and objectives.

Good organization performance refers to the employee's performance (Iqbal, et al., 2013). Employees perform better and become more productive when they are motivated and satisfied at work. Therefore, an organization must not progress merely by its operations but together and along with the growth of its employees at work and in their job roles. Job satisfaction is one measure of the growth and progress of the employees. It is the overall positive feeling, sentiment, attitude, perception or behavior toward the job and organization. It is a measure of satisfaction toward the different aspects of jobs that influence them to behave and perform their job. According to Spector's (1994) Job Satisfaction Scales (JSS), job satisfaction is influenced by nine scale facets which include contingent rewards, pay, supervision, fringe benefit, communication, operating procedures, promotion, coworkers, and nature of work. Employees must be satisfied first with the services provided to them by the management before they provide the same or greater level of satisfaction to their customers and clients.

A method for improving work performance and increasing employee motivation is performance appraisal rating (Dangol, 2021). Performance appraisal system influences employee job satisfaction (Bowra & Nasir, 2014). A company can experience functional collaboration and attain organizational excellence by using effective appraisal methods to motivate people to perform better (Maina, 2015). Employee productivity increases when employees are motivated and when satisfied with their job (Roy et al., 2017). Therefore, workers who had positive experiences with performance reviews were more likely to be satisfied with their jobs. (Antara et al., 2020; Saleem & Shah, 2015; Darehzereshki, 2013). Additionally, Neha & Himanshu's (2015) study discovered that workers who were satisfied with their organization's performance appraisal system were also found to be satisfied with their work. According to Rani et al. (2014), employees concur that performance reviews improve job satisfaction, employee performance, and assist the firm achieve its goals. Employees' opinion of PA systems is crucial to job satisfaction because Brown et al. (2010) observed that those who perceived low performance appraisal quality also reported lower levels of commitment and job satisfaction (Saleem et al., 2013). Agyare et al. (2016) discovered an association between fairness of an appraisal system, clarity of roles, rewards, and the provision of performance feedback for employees, as well as a favorable relationship between job satisfaction and these aspects. Therefore,

Hypothesis 1. Job Satisfaction is related to Performance Appraisal Quality

Ngari & Ndirangu (2014) discovered that work performance is significantly impacted by the clarity of performance expectations. Employees who perceive or fully understand that the criteria for performance appraisal is clear, measurable (Fakhimi & Raisy, 2013), have agreed (Warokka et al., 2012) and that the results are used for correcting the behavior and improving performance, express more satisfaction with it and they will have a better attitude towards the organization. Therefore,

Hypothesis 1a. Job Satisfaction is related to clarity of performance expectations.

Coetzee (2009, as cited by Bekele, 2016) analysis noted that job satisfaction is favorably connected with the overall quality of performance appraisals, and communication quality is one of the best indicators of job satisfaction. For performance evaluation to reflect job satisfaction, performance appraisal systems must establish accurate and efficient communication strategies (Vasset, 2014). According to Stone et al.'s (2006) study, without a feedback mechanism, employees are more likely to be dissatisfied with their jobs because they perceive the system to be unfair and ineffective thus, satisfaction with appraisal feedback is positively related to job satisfaction (Jawahar, 2006). Therefore,

Hypothesis 1b. Job Satisfaction is related to level of communication.

Employee satisfaction with the system has been demonstrated to be correlated with their impression of the fairness of performance reviews (Sabeen & Mehboob, 2008). Coetzee (2009, as cited by Bekele, 2016) also observed the fact that job satisfaction may be predicted well by how fair the performance review procedure is. According to Singh & Rana's (2015) research, the fairness of performance reviews and the use of performance-based reward methods stood out as important predictors of bank workers' commitment. According to Dechev (2010), an effective appraisal process is associated with greater levels of employee engagement and satisfaction. Khan (2013) found a negative correlation between job satisfaction and employees' perceptions of an unhealthy work environment, such as unfair performance evaluations. Therefore,

Hypothesis 1c. Job Satisfaction is related to fairness of appraisal process.

According to Qureshi & Hamid (2017), employee job satisfaction is significantly boosted by supervisor support and the moderating effects of fairness perception relationships. Yang (2016) argued that job satisfaction may be hampered or in some other way driven by employees' perceptions of supervisors' personal commitment to workplace fairness and their acceptance of implementing change. Furthermore, Ghamari et al. (2013) demonstrated a favorable association between employee immediate supervisor variable and job satisfaction. Additionally, Sattar & Ali (2014) discovered a favorable association between job satisfaction and leadership behavior and supervision, all of which are components of employee immediate supervisor factor. Empirical support for positive benefits of authentic leadership of management serves as further evidence that leads to employees' job satisfaction (Penger & Černe, 2014). Similarly, Poon (2004) discovered that employees exhibited lower job satisfaction when they believed their performance reviews were influenced due to the personal prejudice and desire to discipline subordinates of the raters. This has been supported by Dirks & Ferrin (2002, as referenced by Bekele, 2016), who found that job performance and job satisfaction relate to how much employees trust their immediate supervisor. Therefore,

Hypothesis 1d. Job Satisfaction is related to trust in supervisor.

Various studies also suggested that the organizational performance of the company affects the overall satisfaction of the employees. In Saudi banks, Allahem (2018) found a significant correlation between workers' job satisfaction and financial and non-financial incentives. In Nigerian Banks, Ibrahim and Murtala (2015) found that management agrees that BSC is effective for evaluating performance because it tends to boost employee satisfaction and overall business performance. Alajlouni et al. (2015) survey in banks in Jordan concluded that

there is an obvious and significantly positive correlation between financial performance and job satisfaction. On the other hand, Lau & Oger (2012) results of the study indicate that the use of nonfinancial measures is positively related to employee job satisfaction. The findings of the Burney & Swanson (2010) study revealed a significant correlation between managers' work satisfaction and how closely the respondent's company relates performance indicators to organizational strategy. The study suggested that the BSC improves businesses through job satisfaction because evidence also shows substantial connections between some non-financial categories of performance measurements and managers' job satisfaction. Suryanarayana (2022) study show that training and development opportunities, safe and good working conditions have a considerable positive impact on employees' affective commitment.

Likewise, Lau & Sholihin (2005) also demonstrated how managers' job satisfaction is impacted by the adoption of performance measures for performance appraisal. Fair performance appraisal and comprehensive performance appraisal give them more satisfaction rather than performance appraisal which is focused only on few points (Srivastava, 2016). Tariq et al. (2014) found that using the BSC model in banking sector of Pakistan provides favorable outcomes and improves banks' performance significantly. With these, a feedback, knowledge and understanding of the overall organization performance through performance measures is expected to influence the employee job satisfaction as it reflects the strengths and weaknesses of the individual and organization performances. Therefore,

Hypothesis 2: Job satisfaction is related to performance measures.

Hypothesis 2a: Job satisfaction is related to financial performance measures.

Hypothesis 2b: Job satisfaction is related to internal operating performance measures.

Hypothesis 2c: Job satisfaction is related to employee-oriented performance measures.

Hypothesis 2d: Job satisfaction is related to customer-oriented performance measures.

One of the industries that focuses on the performance management system is the banking institution due to its diversified products and services. In the light of regional efforts towards banking integration due to the legislation allowing the foreign banks participation in the local banking system, domestic banks in the Philippines must not only focus on financial profit but also to address employees' technical competencies and skills, improve business processes and strengthen the human resource' values and ethics for customer value creation. With their enlarged commercial banking licenses, universal banks are able to engage in non-traditional commercial banking operations include investing in non-allied undertakings and carrying out investment house tasks like underwriting securities.

With these, the study has focused on the performance appraisal quality, performance measures and job satisfaction of universal bank employees particularly in the City of Tarlac, Philippines. There are 13 operating universal banks with around 30 branches in the city. The City of Tarlac ranked 35th among the 113 component cities in the Philippines in 2021 based on the sum of their scores on 4 Pillars: Economic Dynamism, Government Efficiency, Infrastructure, and Resiliency. The contribution of the banking institutions in the city is indeed undeniable from giving employment to the people to providing financial services such as savings and investments, collecting agents, credit card provider, loan provider and many more to various customers and clients. The level of employee work satisfaction is a major factor in the performance of both commercial and public banks (Jegan & Gnanadhas, 2011). Employee job satisfactions and dissatisfaction are two critical variables that heavily influence a bank's financial performance (Sehgal, 2012) and success and survival of banks (Madu, 2014). Therefore, it is important for banking institutions to keep their employees satisfied and

motivated. The findings of this study added to the collection of knowledge in management accounting, performance management, and human resource management.

2. METHODS AND MATERIALS

The study used a descriptive-correlational research design. Pertinent data were collected from the employees of all operating thirteen universal banks located in the City of Tarlac in late 2021. A total of 135 valid responses were considered in the paper. The study primarily used a survey questionnaire to gather data which was composed of performance appraisal quality, performance measures and employee job satisfaction in universal banks. The study adopted the performance appraisal quality designed by Brown et al. (2010) which is composed of four indicators - clarity of performance expectations, level of communication, fairness of appraisal process and trust in supervisor. In particular, the standard questionnaire on performance appraisal quality by Tang & Sarsfield – Baldwin (1996) which was used in the study of Tefera (2017) on banks was adopted. In terms of performance measures, the study adopted the concept of Balanced Scorecard by Kaplan & Norton (1993,2001) that measures organizational performance with financial and non-financial measures. In particular, the evaluation indexes for banking industries by Wu et al. (2009) based form Fuzzy Multiple Criteria Decision Making (FMCDM) approach and are grouped according to the four perspective of Balanced Scorecard-four perspectives – financial performance measures, internal operating performance measures, employee-oriented performance measures and customer-oriented performance measures was adapted in the study. In terms of Job Satisfaction, the 36-item nine facet scale Job Satisfaction Survey (JSS) by Spector (1994) was adopted. The performance appraisal quality was rated as 5 – strongly agree to 1 – strongly disagree. The extent to which the performance measures are reported and discussed to the employees were rated as 5 – very high extent to 1 – not at all. The Job Satisfaction Survey was evaluated based on the original scoring and interpretation of Spector (1994). To measure the relationship between performance appraisal quality and performance measures with job satisfaction, Pearson Product Moment Correlation Coefficient was used on a 95% confidence level and 5% margin of error.

3. RESULTS

Table 1: Performance Appraisal Quality

Performance Appraisal Quality	Mean	Adjectival Rating
Clarity of performance expectations	4.40	Agree
Level of communication	4.33	Agree
Fairness of appraisal process	4.37	Agree
Trust in supervisor	4.57	Strongly Agree
Overall Mean	4.40	Agree

Analysis of the study show that universal bank employees agreed, with mean score of 4.40, that they experience performance appraisal quality. Moreover, employees agreed that there is clarity of performance expectations (4.40), good level of communication (4.33), fairness in the appraisal process (4.37) and strongly agreed that they have trust in supervisor (4.57) related to the conduct of performance evaluation.

Table 2: Performance Measures

Performance Measures	Mean	Adjectival Rating
Financial Performance Measures	3.91	High Extent
Internal Operating Performance Measures	4.13	High Extent
Employee – oriented Performance Measures	4.18	High Extent
Customer - oriented Performance Measures	4.27	High Extent
Overall mean	4.11	High Extent

Results of the study show that performance measures are reported and discussed with the employees at a high extent. It is true to all four perspectives that Financial Performance Measures, Internal Operating Performance Measures, Employee – oriented Performance Measures and Customer - oriented Performance Measures are reported and discussed with employees at a high extent or most of the time.

Table 3: Job satisfaction

Job Satisfaction Facets	Mean	Adjectival Rating
Pay	4.39	Satisfied
Promotion	4.20	Satisfied
Supervision	4.94	Satisfied
Fringe Benefits	4.19	Satisfied
Contingent Rewards	4.17	Satisfied
Operating Conditions	2.79	Dissatisfied
Coworkers	4.86	Satisfied
Nature of work	4.93	Satisfied
Communication	4.67	Satisfied
Overall Mean	4.35	Satisfied

Universal bank employees are generally satisfied in eight out of nine job satisfaction facets that include Pay, Promotion, Supervision, Fringe Benefits, Contingent Rewards, Coworkers, Nature of work and Communication. However, they are generally dissatisfied in Operating Conditions. Overall, universal bank employees are generally satisfied at work.

Table 4: Relationship of Job Satisfaction to Performance Appraisal Quality

	Pearson's r	p value
Performance Appraisal Quality	0.597***	< .001
Clarity of performance expectations	0.512***	< .001
Level of communication	0.562***	< .001
Fairness of appraisal process	0.543***	< .001
Trust in supervisor	0.533***	< .001

Analysis of the results of the study shows that there is a moderate positive significant relationship (0.597) between employee job satisfaction and performance appraisal quality. In particular, the findings of the study reveal that job satisfaction has moderate positive and significant relationship with clarity of performance expectations (0.512), level of communication (0.562), fairness of appraisal process (0.543) and trust in supervisor (0.533). Therefore, H1, H1a, H1b, H1c and H1d are accepted.

Table 5: Relationship of Job Satisfaction to Performance Measures

	Pearson's r	p value
Performance Measures	0.383***	<.001
Financial Performance	0.223**	0.009
Internal Operating Performance	0.320***	< .001
Employee - oriented Performance	0.378***	< .001
Customer - oriented Performance	0.416***	< .001

Analysis of the study shows that there is a low positive significant relationship (0.383) between employee job satisfaction and performance measures. In particular, the findings of the study reveal that job satisfaction has low positive and significant relationship with financial performance measures (0.223), internal operating performance measure (0.323), employee-oriented performance measures (0.320) and customer-oriented performance measures (0.416). Therefore, H2, H2a, H2b, H2c and H2d are accepted.

4. DISCUSSIONS

4.1 Performance Appraisal Quality

The findings of the study indicate that employees have experienced quality performance appraisal. Universal bank employees are satisfied on their performance appraisal system. Employees have trust in their supervisor as they strongly agreed that their manager or supervisor has the competence and fairness on the conduct performance appraisal and that employees are treated fairly during the performance appraisal process. The study highlighted the importance of relationship between rater and ratee – employee to quality performance appraisal.

It was disclosed that the managers or supervisors set clearer target and discussed with the employees the objectives and purposes of performance appraisal such as the different targets or quotas for different products and services including loans, deposits, new accounts and other goals of their respective universal bank branches and divisions. Employees who have a better understanding of the performance expectations, measurement tool, performance indicators or evaluation system seemed more satisfied with the performance management (Nyembezi, 2009), and have developed positive perceptions of the performance appraisal system (Darehzereshki, 2013).

Employees at Universal Banks participate in the development of the performance appraisal system, so they are aware of how their work will be reviewed on a regular basis. This proves that there is a good level communication between the supervisor and employees. Employees receive feedback on the results of their performance evaluation on a regular basis to examine the objectives they set jointly and to determine whether they are on track (Bekele, 2016; Mania, 2015; Upadhaya et al., 2014), and to enhance their performances to contribute to the attainment of individual and organizational targets. Managers or supervisors openly explained the results of the evaluation to the employees. When an employee's performance falls

short of minimum expectations, the supervisor talks and discusses with them about the reasons why and potential solutions to help them perform better. All information collected during the performance appraisal are treated with confidentiality as it is in conformance with data privacy law in the country.

The findings of the study also reveal that performance appraisal process is fair and objective based on their company-specific rules, policies and procedures. Employees are evaluated using their performance appraisal report or evaluation that consists of all targets, outcomes, and expectations from them for a given period. Some of the performance factors and indicators are quality of work, job knowledge, productivity, efficiency, dependability, initiative displayed, communication, and interaction with coworkers among others. Employees revealed that they are satisfied that their last performance evaluation was considered fair.

4.2 Performance Measures

In terms of performance measures, the results of the study show that universal banks use both financial measures and non-financial performance measures to determine overall organizational performance. The high extent of reporting and discussions with employees indicate that both financial and non-financial performance measures are given high importance. Financial targets are still reported and discussed with the employees through various financial performances. These financial indicators or ratios mostly determine the profitability and efficiency of the universal banks in utilizing their economic resources and investments (Kaplan & Norton, 2002; Jillo, 2016). Further, these are the typical financial performance indicators presented and discussed in their financial statements and reports for business decision such as return on assets, return on investment, and earnings per share. It proves that profitability remains to be a major measure for financial performance of universal banks and so the driver to perform better.

It is noteworthy to observe that financial performance measures got the lowest means scores of 3.91 among the four performance measures with customer-oriented performance measures with highest mean score of 4.27. Non-financial performance measures are given more attention in measuring and monitoring the organizational goals and objectives since universal bank is a service institution and its value largely depend on the delivery of financial product and services to customers and clients. This is true to the fact that more clients have switched or availed, partially or entirely to online banking and that increased profitability has been achieved (Pham et al. (2022). Employees are likewise evaluated based on their non-financial criteria and targets such as technical compliances and personal competencies.

It is therefore believed that when universal banks strengthened its organizational learning and growth that focuses on training and competencies of their employees, and that backed with efficient and effective systems, mechanisms or internal business processes, universal bank employees could satisfy more the needs and demands of their customers and clients thus, it creates customer value and eventually translate to financial success.

4.3 Job Satisfaction

On job satisfaction, universal bank employees are generally satisfied on their pay and remuneration package which is fair and equitable to the work or job assigned to them. Employees are also satisfied with the fringe benefits package they receive which is equitable and as good as most other universal banks offer. Employees are satisfied when their efforts and good performance are rewarded, recognized, and appreciated by the company. Though raises of salary and promotion may not be certain or as frequent as possible, employees are satisfied whenever there were chances for salary increases and promotion. Promotion is fairly given to those who perform well in work.

The findings of the study also show that employees have good relationship with their supervisor and coworkers. Employees are satisfied with the competency or ability of their supervisor and coworkers in performing their work tasks, fair and value the feelings of their subordinates and coworkers. Universal bank employees are also satisfied with the communication system within the universal banks. Employees enjoy the things they do at work, and they feel belong to the company as specific work assignments and organization goals are clearly explained to them. Generally, employees are also satisfied on the tasks and responsibilities of their job as they take pride in performing their job because it is meaningful and relevant to them.

On the other hand, the results of the study show that universal bank employees are generally dissatisfied on the operating conditions of the universal banks with mean scores of 2.79. Employees are dissatisfied on the volume of work and paperwork. Employees are also dissatisfied on the mismanagement that prevented their efforts to perform a good job. The results may support Suryanarayana's study (2022) that emphasized that managers in the banking sector in may concentrate on developing good and safe working conditions as it greatly impact organizational commitment. Overall, employees in universal banks are generally satisfied on their job as evidenced by grand mean score of 4.35.

4.4 Relationship between Job Satisfaction and Performance Appraisal Quality

The findings of the study reveal that employee job satisfaction is significantly related to performance appraisal quality. Employee job satisfaction is likely to increase (0.597 unit) when performance appraisal quality increase. Thus, a low performance appraisal quality would report low level of job satisfaction (Brown et al., 2010).

Employee job satisfaction is significantly related to clarity of performance expectations (Ngari & Ndirangu, 2014; Agyare et al. (2016). The more clearly performance expectations, purpose, roles and process of performance appraisal are discussed with the employees, the more they get satisfied at work (Prodosh & Siddique, 2015) because employees understand how and when they are evaluated and what performance indicators they are appraised.

Employee job satisfaction is significantly related to level of communication. Communication on performance appraisal process predicts job satisfaction (Coetzee, 2009; Bekele, 2016) as employee job satisfaction is positively related to feedback on performance (Agyare et al., 2016). When employees receive feedback about their performances, they see the appraisal system as transparent, effective, and efficient hence, employees get more satisfied at work. Stated the other way, the absence of feedback mechanism could generate job dissatisfaction among employees (Stone et al., 2006) as employees are clueless on how they perform and contribute to the organization's success and how they could improve their performances achieve the targets and even exceed them.

Employee job satisfaction is significantly related to fairness of appraisal process (Agyare et al., 2016; Bowra & Nasir, 2014). When employees are treated fairly and objectively during the appraisal process, they feel that their performances and efforts are paid off justly and squarely, so they get motivated, and they get more satisfied at work (Srivastava, 2016) to perform better.

Employee job satisfaction is significantly related to trust in supervisor (Ghamari et al., 2013; Sattar & Ali, 2014). The supervisor's competence and ability to handle performance appraisal play relevant roles in employee job satisfaction such as when the leadership and support of the supervisor is being felt by the employees, it would lead to employee's job satisfaction (Penger & Černe, 2014; Qureshi & Hamid, 2017). When employees have trust in supervisor, they believe that the organization is ran and managed properly as the employees' perception on organization is largely influenced by supervisor.

Overall, the findings of the study reveal that employees are satisfied with the current performance appraisal system and agreed that performance evaluation helps a company achieves its goals and promotes job satisfaction. (Saleem & Shah, 2015; Neha & Himanshu, 2015; Bowra & Nasir, 2014). Agreed that performance evaluation helps a business achieve its goals and promotes job satisfaction (Antara et al., 2020; Saleem & Shah, 2015; Darehzereshki, 2013).

4.5 Relationship between Job Satisfaction and Performance Measures

The findings of the study reveal that employee job satisfaction is significantly related to performance measures. Employee job satisfaction is likely to increase (0.383 unit) when the extent of reporting and discussion of the performance measures to the employees increase. The more the financial and non-financial performance measures are known and understood by the employees, the more they get satisfied at work as universal bank employees are able to see how their performances contribute to the organizational targets. The study also supports that using a balanced scorecard that incorporates variety of performance measures, both financial metrics and non-financial performance metrics, tends to improve employee job satisfaction and an organization's success overall (Ibrahim & Murtala, 2015; Allahem, 2018). Likewise, the study may agree to Rufino (2022) that suggested to look into segmental information, both financial and non-financial information, of a bank's operating segments to give a better picture of the entity's status and performance.

In terms of performance measures dimension, employee job satisfaction is significantly related to the extent to which financial performance measures are reported and discussed with employees. When employees are more aware and informed of the financial performances, employees get more satisfied at work (Alajlouni et al., 2015) primarily because they monitor and understand the financial position of the universal banks whether the financial targets through revenue and profitability ratios are achieved or not. Moreover, they somehow confirm how their performances contributed to the overall organizational financial performances as they are evaluated based on some financial targets.

Employee job satisfaction is significantly related to the extent to which internal-operating performance measures are reported and discussed with employees. When employees are more aware and understand the development and progress of organization's internal processes, employees would be able to provide more efficient and effective methods and procedures on how to satisfy their customers and create customer value. When customers' needs and financial targets are achieved, employees get satisfied at work as they are also evaluated based on effective and efficient implementation of banking rules, processes, and procedures.

Employee job satisfaction is significantly related to the extent to which employee-related performance measures are reported and discussed with employees. Universal banks that provide organizational and employee learning and growth through training, workshop, cultural attitudes and self-improvement promote more motivation to the employees hence, employees get more satisfied at work. Universal bank employees have high organizational satisfaction when it reflects to their technical skills and personal competencies at work.

Employee job satisfaction is significantly related to the extent to which customer-oriented performance measures are reported and discussed with employees. When employees are aware and recognize how their services and products affect their customers, whether they meet the customers' needs and expectations or not, it affects their performances and job satisfaction at work. Employees get more satisfied at work when they see that they create customer value by meeting the customers' needs and expectation. Satisfied employees produce satisfied customers.

5. CONCLUSIONS

Performance management system helps employees get motivated and satisfied at work to improve their performances and contribute to the attainment of the individual and organizational goals and objectives. Employee job satisfaction has positive and significant relationship to performance appraisal quality and to its four indicators that include clarity of performance expectations, level of communication, fairness of appraisal process and trust in supervisor. Job satisfaction is likely to increase when performance appraisal quality increase. Universal bank employees who experienced more quality performance appraisal are seemed to be more satisfied at work. Thus, the study suggests that performance appraisal expectations, roles and purposes and results of performance appraisal be clearly explained and discussed consistently with the employees, and that supervisors or raters must be fair and objective in the conduct of performance appraisal process.

Employee job satisfaction has positive and significant relationship to performance measures and to its four perspectives that include financial performance measures, internal operating performance measures, employee-oriented performance measures and customer-oriented performance measures. Job satisfaction is likely to increase when the extent of reporting and discussion performance measures with universal bank employees increase. This proves that diversified performance measurement like Balanced Scorecard that integrates financial and non-financial performances influences job satisfaction and job performance. Universal bank employees who are more informed and understand about the positions of their performance measures are seemed more satisfied at work. The study suggests that banking institutions pay more attention on non-financial performance measures that focus on delivering effective and efficient goods and services to their customers and clients to create customer and market value which is expected to translate eventually to financial success and the achievement of individual and organizational goals and objectives. The results and analysis of the study contribute to various literature and related studies on performance management system and to management accounting practices as well.

ACKNOWLEDGEMENTS

Due acknowledgement is given to all the employees and universal banks who have participated in the study. The author thanks the anonymous referees.

REFERENCES

- [1] Agyare, R., Yuhui, G., Mensah, L., Aidoo, Z., & Ansah, I. (2016). The impacts of performance appraisal on employees' job satisfaction and organizational commitment: A case of microfinance institutions in Ghana. *International Journal of Business and Management*, 11, 281. 10.5539/ijbm.v11n9p281.
- [2] AlAjlouni, J. (2015). Job satisfaction and performance in Jordanian banks. *International Journal of Humanities and Social Science*, 5, 110–119.
- [3] Allahem, M. S. (2018). The impact of monetary and non-monetary rewards on job satisfaction. "A case study of Saudi bank in Qassim".
- [4] Antara, G. P. W., Landra, N., & Putu Agung, A. A. (2020). The effect of performance appraisal and work environment towards employee performance mediated by job satisfaction. *International Journal of Contemporary Research and Review*, 11(05), 21798–21806. <https://doi.org/10.15520/ijcr.v11i05.806>

- [5] Armstrong, M. (2009). *Armstrong's handbook of human resource management practice*. London: Kogan Page
- [6] Bekele, T. (2016). Effect of performance appraisal quality on employee performance. The case of Ethiopian Airlines. *Addis Ababa, Ethiopia*
- [7] Bowra, Z. A. & Nasir, A. (2014). Impact of fairness of performance appraisal on motivation and job satisfaction in banking sector of Pakistan. *Journal of Basic and Applied Scientific Research*, 4(2), 16–20.
- [8] Brown, M., Haytt, D., & Benson, J. (2010). Consequences of the performance appraisal experience. *Personnel Review*, 39(3), 375–396.
<https://doi.org/10.1108/00483481011030557>
- [9] Burney, L. & Swanson, N. (2010). The relationship between balanced scorecard characteristics and managers' job satisfaction. *Journal of Managerial Issues*, 22. 166-181.
10.2307/20798903.
- [10] Dangol, P. (2021). Role of performance appraisal system and its impact on employees' motivation. *Quantitative Economics and Management Studies (QEMS)*, 2(1).
<https://doi.org/10.35877/454RI.qems119>
- [11] Darehzereshki, M. (2013). Effects of performance appraisal quality on job satisfaction in multinational companies in Malaysia. *International Journal of Enterprise Computing and Business Systems*, 2(1), 1-18.
- [12] Dechev, Z. (2010). Effective performance appraisal – A study into the relation between employer satisfaction and optimizing business results. *Erasmus University Rotterdam Faculty of Economics of Business Department of Economics*
- [13] Fakhimi, F., & Raisy, A. (2013). Satisfaction with performance appraisal from the employees' perspective and its behavioral outcomes (case study of headquarters offices of Bank Refah). *European Online Journal of Natural and Social Sciences: Proceedings*, 2(3), 296-305.
- [14] Gaol, J. L. (2014). *A to Z Human Capital Manajemen Sumber Daya Manusia*, Jakarta: PT. Gramedia Widiasarana Indonesia.
- [15] Ghamari Z., Purfarzad, Z., Anoosheh, M., Seraji, A., & Ghorbani, G. (2013). The correlation between quality of performance appraisal and job satisfaction of nurses. *Iranian Journal of Nursing Vision*, 1(4).
<https://paulspector.com/assessments/pauls-no-cost-assessments/job-satisfaction-survey-jss/>
- [16] Ibrahim, M. & Murtala, S. (2015). The relevance of balanced scorecard as a technique for assessing performance in Nigerian banking industry. *European Journal of Business, Economics and Accountancy*, 3(4), 71-80.
- [17] Iqbal, N., Ahmad, N., Haider, Z., Batool Y., & Qurat-ul-ain (2013). Impact of performance appraisal on employee's performance involving the moderating role of motivation. *Arabian Journal of Business and Management Review*, 3(1), 37–56.
<https://doi.org/10.12816/0002354>
- [18] Jawahar, I. M. (2006). Correlated of satisfaction with performance appraisal feedback. *Journal of Labor Research*, 27(2), 213–236. doi: 10.1007/s12122-006-1004-1
- [19] Jegan, P., & Gnanadhas, M. D. (2011). Job satisfaction of bank employees working with e-channels. *Asian Journal of Business and Economics*, 1(11), 1–8.
- [20] Jillo, W.B. (2016). Employee performance measures used in performance management in KCB bank limited. *School of Business, University of Nairobi*.
- [21] Kaplan, R. S., & Norton, D. P. (1993). *Putting the Balanced Scorecard to Work*. Harvard Business Review. <https://hbsp.harvard.edu/product/93505-PDF-ENG>
- [22] Kaplan, R. S., & Norton, D. P. (2001). *The Strategy Focused Organization: How Balanced Scorecard Companies Strive in the New Business Environment*. Massachuset: Harvard Business School Press.
- [23] Kaplan, R. S., & Norton, D. P. (2006). *Alignment: Using the Balanced Scorecard to Create Corporate Synergies*. Boston Massachusetts: Harvard Business School Press.
- [24] Kaplan, R. & Norton DP. (2002) The Balance Scorecard- Measures that drive performance. *Harvard Business Review*.
- [25] Khan, R. A. (2013). Effect of employee's perception of performance appraisal process on the job satisfaction in the Pakistani banking sector. *Global Management Journal for Academic & Corporate Studies*, 3(1), 111-121.

- [26] Kuo, YC., Wu, YM. & Liu, YX. (2022). Identifying Key Factors for Sustainable Manufacturing and Development. *Review of Integrative Business and Economics Research*. 11(1), 30-50.
- [27] Lau, C. & Oger, B. (2012). Behavioral effects of fairness in performance measurement and evaluation systems: Empirical evidence from France. *Advances in Accounting*. 28. 323–332. 10.1016/j.adiac.2012.09.009.
- [28] Lau, C. M., & Sholihin, M. (2005). Financial and nonfinancial performance measures: How do they affect job satisfaction? *British Accounting Review*, 37(4), 389-413. <https://doi.org/10.1016/j.bar.2005.06.002>
- [29] Madu, M. C. (2014). Job satisfaction of bank employees after a merger and acquisition *Doctoral dissertation. Available from ProQuest Dissertations and Theses database.*
- [30] Maina, J.M. (2015). Effect of performance management system on employee performance: A study of Food and Agriculture Organization. *United States International University Africa*
- [31] Neha, S., & Himanshu, R. (2015). Impact of performance appraisal on organizational commitment and job satisfaction. *International Journal of Engineering and Management Sciences*, 6(2), 95-104.
- [32] Ngari, J. & Ndirangu, L. (2014). Effects of performance appraisal quality on performance of employee in the financial sector: A Case of Investment Management Firms in Kenya,. *International Journal of Scientific Engineering and Research*. 2. 100-106.
- [33] Nyembezi, V. (2009). Development of a performance management system. *International Journal of Productivity & Performance Management*, 54(2). 137-145
- [34] Penger, S. & Černe, M. (2014). Authentic leadership, employees' job satisfaction, and work engagement: A hierarchical linear modelling approach. *Economic Research-Ekonomska Istraživanja*. 27. 508-526. 10.1080/1331677X.2014.974340.
- [35] Pham, D., Wentz, B., Nguyen, T. & Pham, T. (2022). The Decline of Branch Banking and the Transformation of Bank Accessibility. *Review of Integrative Business and Economics Research*, 11(3), 1-19.
- [36] Poon, J. M. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Personnel Review*, 33(3), 322-334. <https://doi.org/10.1108/00483480410528850>
- [37] Prodosh & Siddique, A. M. (2015). A study on effective performance appraisal, job satisfaction and employee engagement in multinational company- a case study. *International Journal of Innovative Science, Engineering & Technology*,2(7)
- [38] Qureshi, M. A., & Hamid, K. (2017). Impact of supervisor support on job satisfaction: A moderating role of fairness perception. *International Journal of Academic Research in Business and Social Sciences*, 7(3), 235-242. <http://dx.doi.org/10.6007/IJARBS/v7-i3/2729>
- [39] Rani, L. Kumar, N., & Kumar. S. (2014). Performance appraisals research: a study of performance appraisals practices in private banks. *National Monthly Refereed Journal of Research In Commerce & Management*.3.108-113
- [40] Robbins, S., & Coulter, M. (2005). *Management*. Pearson Education Inc.
- [41] Roy, B. N., Hossain, A., & Shammi, E. J. (2017). Job satisfaction of the bank employees in Bangladesh: A study in Bogra City. *American Scientific Research Journal for Engineering, Technology and Sciences*, 37(1), 34–43.
- [42] Rufino, H. (2022). Relationship of Operating Segments (IFRS 8) and Profitability of Universal Banks in the Philippines. *Journal of Algebraic Statistics*. 13(3), 1006-1018
- [43] Sabeen, Z., & Mehbob, A. A. A. (2008). Perceived fairness of and satisfaction with employee performance appraisal and its impact on overall job satisfaction. *The Business Review - Cambridge*, 10(2), 185–192.
- [44] Saleem, S., Majeed, S., Aziz, T., & Usman, M. (2013). Determinants of job satisfaction among employees of banking industry at Bahawalpur. *Journal of Emerging Issues in Economics, Finance and Banking*, 1(2), 150-162.
- [45] Saleem, H. & Shah, F. M. (2015). Impact of performance appraisal on job satisfaction in banking sector of Pakistan. *International Journal of Management Sciences and Business Research*, 4(11), 74–82.
- [46] Sattar, S., & Ali, N. (2014). Level of job satisfaction among employees of banking industries at Bahawalpur. *Developing Country Studies*, 4(3).

- [47] Sehgal, S. (2012). Job satisfaction of bank employees in Shimla- A comparative study of private and public sector bank. *International Journal of Marketing, Financial Services and Management Research*, 1(7), 124–146.
- [48] Sharma A. et. al. (2014). A comparative study of sleep habits among medical and non-medical students in Saifai, Itawah. *International Journal Community Medical Public Health*, 5,9-16.
- [49] Singh, S. & Rana, S. (2015). The impact of performance appraisal on organizational commitment of bank employees. *International Journal of Science and Research (IJSR)*. 4. 2964-2967.
- [50] Spector, P. (1997). *Job satisfaction: Application, assessment, causes and consequences*.
- [51] Srivastava, P. (2016). Analyzing job satisfaction and performance evaluation for employees of public sector banks in Shahjahanpur district (UP).
- [52] Stone, P. W., Larson, E. L., Mooney-Kane, C., Smolowitz, J., Lin, S. X., & Dick, A. W. (2006). Organizational climate and intensive care unit nurses' intention to leave. *Critical care medicine*, 34(7), 1907–1912.
- [53] Suryanarayana, A. (2022). Perceived HRM Practices and Organizational Commitment in Nepali Banking Sector: Mediating Role of Person-Organization Fit. *Review of Integrative Business and Economics Research*, 11(1), 1-29.
- [54] Tang, T., & Sarsfield-Baldwin, L. (1996). Distributive and procedural justice as related to satisfaction and commitment. *SAM advanced management journal*, 61.
- [55] Tariq, M., Ahmad, S., & Rafi, S. K. (2014). Investigating the impact of balanced scorecard on performance of business: A study based on the banking sector of Pakistan. *Journal of Business Studies*, 9(1), 125-136.
- [56] Tefera, A. D. (2017). Effects of performance appraisal quality on Employee performance: the case of Berhan International banks. *St. Mary's University School of graduate Studies, Addis Ababa, Ethiopia*.
- [57] Toppo, L., & Prusty T. (2012). From performance appraisal to performance management. *IOSR Journal of Business and Management*, 3(5), 1-6.
<https://doi.org/10.9790/487X-0350106>
- [58] Upadhaya, B., Munir, R. & Blount, Y. (2014) Association between performance measurement systems and organisational effectiveness. *International Journal of Operations & Production Management*. 34(7).853-875
- [59] Vasset, F. (2014). Various perspectives on performance appraisals in the health service. *Health*, 2014, 6(10), 929-967.
- [60] Warokka, A., Gallato, C., & Moorthy, T. (2012). Organizational justice in performance appraisal system and work performance: Evidence from an emerging market. *Journal of Human Resources Management Research*.
- [61] Wu, H. Y., Tzeng, G. H., & Chen, Y. H. (2009). A fuzzy MCDM approach for evaluating banking performance based on Balanced Scorecard. *Expert systems with applications*, 36(6), 10135-10147.
- [62] Yang, Y.-F. (2016). Examining competing models of transformational leadership, Leadership trust, change commitment, and job satisfaction. *Psychological Reports*, 119(1), 154-173. doi:10.1177/0033294116657586
- [63] Zuriekat, M., Salameh, R., & Alrawashdeh, S. (2011). Participation in Performance Measurement Systems and Level of Satisfaction. *International Journal of Business and Social Science* 2, 159-169.