

# Satisfaction with performance appraisal from the employees' perspective and its behavioral outcomes (case study of headquarters offices of Bank Refah)

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## Abstract

The aim of conducting the present study is investigating the relationship between satisfaction with performance appraisal and some behavioral indices (work performance, affective attachment to the organization, motivation improvement and willingness to quit job) of employees in Bank Refah. This study is of applied type which has been conducted with descriptive-survey method. The data in this study have been collected from 269 employees in the headquarters offices of Bank Refah and data collection has been done using correlation and regression method and by SPSS software. The results indicate that satisfaction with performance appraisal is regarded as an important index in improving the effectiveness of this function of management and it will have outcomes such as motivation improvement, reduction in willingness to quit job, increasing affective commitment of employees and improvement in work performance. Therefore, it has been suggested that in order to increase the effectiveness of performance appraisal, in addition to fairness and transparency of assessments, it should be tired to continuously and from the perspective of employees, improve and modify this function of management.

**Keywords:** Satisfaction with performance appraisal, work performance, affective commitment, willingness to leave work, motivation

## Introduction

Human capital has always been regarded as one of the critical resources of organizations and the quality of these resources has a direct effect on the organiza-

tional profitability. Also, it can be acknowledged that employees are the factor of competitive advantage in organizations (Ahmed *et al.*, 2013). Other researchers (Chang and Han, 2006) suggest that human capital is considered the most critical factor in gaining sustainable competitive advantage and in the competitive situation of today's world, organizations can be regarded as successful that have skilled and motivated human capital. Thus, improving the human resource management level and its functions, as an essential principle, has been paid attention to by organizations. Performance appraisal is one of the main functions of human resource management and many studies have been done on its importance and its role. Performance appraisal is a process by which the activity of employees is investigated and measured officially and in certain intervals (Saadat, 2006, 214). Regarding the outcomes and advantages of performance appraisal some point have been mentioned, such as identifying strong employees and rewarding them (Kciuk, 2007); creating motivation for improving the performance of stronger and even weaker employees (Ochoti *et al.*, 2012), providing feedback and correcting the weaknesses and strengths of employees (Johnson *et al.*, 2005). Though there is unanimity on the necessity of performance appraisal as one of the main functions of human resource management no comprehensive view regarding benefiting from this function has not been provided. In the past, classic managers were doing performance appraisal only in order to control the work of employees, but today, the guidance aspect of this performance appraisal is more important (Saadat, 2006, 214). Also, nowadays more emphasis has been on providing feedback and awareness of employees of the performance appraisal results (Daonis, 2012).

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Generally, in recent years most researchers emphasize on better utilization of performance appraisal results, providing feedback to employees, fairness of appraisals and changing the ways performance appraisals are done and doing it based on transparent and predetermined indices (Rasheed *et al.*, 2011). In recent view points, there has been mentioning of satisfaction with performance appraisal and it has been referred to as one of the factors that increase the effectiveness of performance appraisal systems (Johnson *et al.*, 2001) and it has been acknowledged that if the employees are satisfied with the results and indices determined in the appraisal systems, as the result of implementing these systems more outcomes and benefits will be gained by the organization; the outcomes such as employees satisfaction and motivation improvement (Jiang *et al.*, 2001), more cooperation in appraisal process and reduction of intra-organization conflicts (Higgs, 2005). However, there is not much studies on the outcomes and benefits of satisfaction with appraisal, especially in Iranian organization and comprehensive views on its outcomes and benefits have not been provided. This study has been done with this aim, meaning investigating the outcomes of “satisfaction with appraisal” on performance and effectiveness of employees.

## Theoretical foundations

### *Performance appraisal*

Performance appraisal is a control system that nearly all organizations use it in order to determine a behavior that is expected from the employees to do, in consistent with the goals of the organization. This system enables the organizations to control their employees individually and collectively and also to involve employees in determining organization's goals (Vance *et al.*, 1992). In addition, performance appraisal plays a role as a tool for managing effectiveness and adequacy of employees. Coutts and Schneider (2004) refer to performance appraisal as a critical element in the broad topic of human resources which is the mechanism of appraisal of employee's everyday performance to achieve the determined goals set by the organization. Lowenberg and Conrad (1988) had a similar opinion. Their investigations indicated that performance appraisal acts as a tool for executive goals within an organization. In a more comprehensive definition, performance appraisal is a set of measures and activities that compares the behavior and performance of employees with predetermined standard and goals and leads to results regarding performance, discipline, strengths and weaknesses, etc. (Iow, 2007).

On the other hand, some scholars have suggested that performance appraisal is a tool for the progress of employees. Murphy and Cleveland (1995) have referred to performance appraisal system as a tool for achieving specific goals like personal improvement and relationship with subordinate. In addition, performance appraisal is a reference for moral and financial appreciation of employees and as a result of development of continuous communication between employees and the organization, it improves employees' performance. Boice and Kleiner suggested that performance appraisal allows employees to compare their performance with the expectations of employer and recognize their strengths and weaknesses.

As it was mentioned, the main pivot of performance appraisal is employees and the results and feedbacks provided in this system is often aims at correcting the behavior or improving employees' performance. Therefore, it can be acknowledged that employees' satisfaction with this system can play an important role in improving their motivation and performance. Thus, it can be said that employees' satisfaction with performance appraisal and its components (like appraisal indices, transparency in providing the results and fairness of the appraisals) is an effective thing in increasing the effectiveness of these appraisals (Toppo and Prusty, 2012).

### *Satisfaction with performance appraisal and doing works better*

The concept of work performance has often been vaguely and poorly defined and interpreted. Work performance is a very broad concept that may be seen too simplified. Work performance can be defined in two ways. First, work execution is considered the result or consequence of action. In this case, work execution can be defined as doing assigned duties. In the second way, when the execution means the action itself, it can be defined as acts or behaviors that are relevant to the goals of the organization and it can be measured on the scale of competency (level of commitment) of the individual (Suliman, 2001). From another point of view, work execution is a behavior or an action that is related to achieving organizational goals (Honibal, 2008).

Vander lind (2005) suggests that work performance includes both the process (performing the work) and the product (output), and therefore performance can be regarded as both performing the service and the service being performed. Work performance can be described as a function of three variables of knowledge and skills; motivation and workload; tools and conditions. This description is related to the model of Saville that has been used to describe the indices of success-

ful work performance. According to this model competencies are clusters of skills and behaviors that are crucial to successful performance and generally, these competencies are abilities, motivations, behavior and knowledge, that the individual gives to his/her work.

Studies indicate that human resource activities affect organizational efficiency through shaping the employee's behaviors and tendencies. These human resource activities increase organizational efficiency through creating situations in which employees are highly involved in the organization and they work intensively for achieving the organization's goals. Human resource activities should influence the organization's performance and the employees' performance through the workforce abilities (e.g. using selective hiring, training), motivation (e.g. paying for performance through using performance appraisal), and opportunity to show oneself (e.g. using teams and suggesting systems) (Gerhart, 2005). In addition, he suggests that performance appraisal process offers some potential benefits such as improved work performance. Performance appraisal is a vital element in a broader domain of human resource activities. Mechanism of assessing the performance is every day assessment of employees in line with achieving the objectives set by the organization. Performance appraisal is an effective factor on job satisfaction that leads to improving employees' performance. Smither (1998) suggests that only factor that contributes to an effective performance appraisal system is ensuring that the focus of the system is on performance. Therefore, the relationship between human resource activities such as performance appraisal and work performance would be very evident. One of the first steps in creating an effective performance appraisal system is determining organizational goals. These would then be interpreted into administrative and individual goals that allow the employee to know beforehand the criterion by which his/her performance will be assessed. This process involves defining the job role, defining job and responsibilities and explaining how the role and responsibilities create relationship between employee and organization's performance. Stroul (1987) suggests that another important goal of performance appraisal is providing feedback for supporting employee growth and development. The aim of determining goals and creating relationship in the process of performance appraisal is improving individual's performance in order that a positive relationship between employee satisfaction with performance appraisal and work performance is created. Therefore the first hypothesis of the study is defined regarding explaining the relationship between satisfaction with performance and work performance:

- Hypothesis 1: there is a significant relationship between satisfaction with performance appraisal and work performance of employees.

### *Satisfaction with performance appraisal and affective attachment to organization*

Commitment is the feeling of identity and individual dependency to the organization (Morhed, Griffin, 1995). Commitment is a situation in which a person sees the organization as his/her representative and he/she wishes to remain as a member of that organization (Robins, 1999). Nowadays it has been recognized that commitment is a multidimensional structure and the consequences of commitment is varying throughout these dimensions. Also, it has been recognized that various forms of commitment may have different hypotheses for behavior. If an organization want to be hopeful that it will reduce absenteeism and transference, and in the same way, it will improve occupational behavior by fostering more commitment among employees, it is important for it to understand the ways commitment develops and the works that can be done for developing proper type of commitment. Allen and Meyer (1990) categorize organizational commitment into three dimensions: (1) attitudinal or affective commitment, which originates from positive work experience, (2) continuous commitment, which originates from prior investment and possible cost of leaving the organization, and (3) normative commitment, which is loyalty or feeling of obligation in remaining attached to the organization. Allen and Mayer (1990) consider affective commitment as the most important component of organizational commitment and they regard it as the affective attachment of an individual to an organization and identifying oneself with the organization, and they consider it to be consisted of three aspects:

- A form of affective attachment to the organization
- Individual's willingness to identify himself/herself with the organization
- Willingness to continue working in the organization.

Allen and Mayer (1990) believe that an individual feels affectively attached to an organization when he regards the organizational goals as his own goals and when he is convinced to help the organization to achieve its goals. They further explain that, individual's identifying with the organization occurs when the individual's values are consistent with organizational values and when the individual is able to internalize organizational values. Without doubt, there is psychological relationship in this identifying with the organization, and the individual feels

somewhat proud of being identified with the organization.

The process of performance appraisal helps in elucidating the expectations of organization from the activities, performances and outcomes of the employee. If the employee does not know in which fields he has the authority for decision making, what activities he/she is expected to do and how she/he is judged, he/she can not decide and therefore he/she will have to resort to trial and error to fulfill the expectations of his/her superior. Jaworski and Kohli also affirm this relationship and they believe it is the communication and interaction of the manager that conveys to the employees what is expected of them, and how much their performance is in congruence with these expectations. Such a transparency increase focus which in turn improves performance and satisfaction. Therefore, in their clarifying role, performance appraisal investigations are often accompanied by reducing role ambiguity, increasing job satisfaction and affective organizational commitment.

Kuvaas (2006) points out that organizations can utilize performance appraisal activities to convey organization's strategies, goals and attitudes. In addition, the affective and emotional impacts of these superordinate goals can capture the heart of employees and give them a reason to continue their activities. Therefore, employees can experience higher levels of organizational commitment as the performance appraisal activities can convey very consistent strategies and as a result, the employee will be affectively attached to his/her organization in an effective manner.

The competitive working involves valuing individuals based on their experiences, beliefs and priorities. Their participation in the organizations is necessary as employees and managers should communicate the organization's goals with each other. Not only specific characteristics of individuals that are necessary for the positions in the organization should be taken into account, but also their experiences, skills and outcomes in the future innovations should be considered. These innovations that are determined by performance appraisal in all the levels of organization's hierarchy are considered important dimensions in the success of an organization's strategy. Levy and Williams (2004) suggest that performance appraisal activities have the potential ability to improve employee's perception of being valued by the organization, a perception that is vital for affective attachment to the organization.

In addition, Kuvaas (2006) points out that if the employees realize that performance appraisal activities

reflect the employees' progress, they will probably show more affective attachment to the organization. Roberts and Reed (1996) suggest that employees' satisfaction with performance appraisal due to improved cooperation of employees and the clarity of organization's goals in the performance appraisal process may be positively related to affective attachment to the organization. Thus, the following hypothesis is stated:

- Hypothesis 2: there is a significant relationship between employees' satisfaction with performance appraisal and affective commitment to the organization.

### *Satisfaction with performance appraisal and decrease in willingness to leave work*

Leader-member exchange is an exchange theory in leadership that focuses on the supervisor and any of the subordinates. This relationship is a binary relationship, in other words, it is a relationship between the supervisor and any of the subordinates in a discrete manner. The process of performance appraisal, to a certain extent, is utilized for constructing the relationship between supervisors (leaders) and employees (members) (Fakhimi, 2004; Morhed and Grifiin, 1995). Performance appraisal system by using interaction helps the relationship between the supervisor and the subordinate. Performance appraisal feedback makes employees involved, aware and motivated. In experimental studies, leader-member exchange has a negative relationship with willingness to leave work. Therefore, there may be a negative relationship between satisfaction with performance appraisal and the willingness of employees to leave work.

The factor that impacts the satisfaction with performance appraisal is being ensured of fairness in the process of performance appraisal. One factor that influences fairness is judgment based on reason—the assessors should use same criterion in assessing all employees without involvement of external factor, distortion or personal prejudice. Performance appraisal based on political considerations can destruct proper assessment. Vigoda (2005) points out that when employees feel that they have been treated unjustly, the first reaction they have is changing in occupational attitudes that in long term results in retaliatory reactions like quitting. Therefore, based on the points mentioned and based on evidences in the related studies the following hypothesis is stated:

- Hypothesis 3: there is a significant relationship between satisfaction with performance appraisal and willingness of employees to leave work.



### *Satisfaction with performance appraisal and motivation*

Motivation can be seen as an attitude in individuals that inclines them to a specific behavior or action (Alvani, 1996). Motivation is the result of mutual relationship (interaction) of the individual with situations and conditions in which he/she is placed (Robins, 1999).

Understanding motivation and its constituent elements is necessary for understanding its relationship with employees' efficiency. Unlike external motivation that is based on reward and punishment, intrinsic motivation is based on valuing the experiences that the individual has directly gained from doing his work. These positive experiences make the individual to be energized by his work, to be excited about it and to be involved in it (Thomas and Tymon, 1997). Intrinsic motivation basically is emotions and passions that individuals gain from their work. These feelings improve and energize self-management efforts of the individual and make the work personally fulfilling. Thus, creating intrinsic motivation helps in creation of an upward stream of feelings and positive experiences (Thomas, 2000). Thomas and Velthouse (1990) suggested that intrinsic motivation enables employees to become self-managers or self-leaders which in turn create higher levels of self-awareness and personal responsibility. Those who have high level of intrinsic motivation become more self-improving in reaction to the changing demand from the environment, without waiting for formal training and correction from the organization.

Thomas and Velthouse (1999) study created a comprehensive model of intrinsic motivation that consist of four main judgment called task assessment that is consisted of the sense of meaningfulness, choice, competence, and progress that when combined, create a set of intrinsic rewards necessary for developing and maintaining power. Also, they pointed out that the feeling of meaningfulness is gained when the individual progress in a path that he/she believes it worth spending time and energy on, and when the purpose that he/she is after is important to him/her. They believe the feeling of progress involves the sense in the individual that he work is proceeding forward and the individual's activities truly helps in completing something. The feeling of power of choice is gained by the individual when he/she feels that he is free in choosing activities that he regards meaningful and he can perform them in a manner that he/she deems appropriate. The last constituent element of intrinsic motivation, competence, is whether the individual is

skillful in the activity that he/she has chosen or not. Based on the investigations that were done on performance appraisal (beginning of this chapter) I believe that these constituent elements of intrinsic motivation are evident in the activities and process of performance appraisal. For example, performance appraisal specifies direction (the feeling of meaningfulness). It allows employees to discuss and investigate the necessary activities and criterion that should be fulfilled. In addition, performance appraisal is used for monitoring performance of employees that is inline with the goals set by the organization or administration (the feeling of progress). Finally, feedback as a result of performance appraisal, defines the feeling of competence that is last constituent element of intrinsic motivation.

From the perspective of performance appraisal, intrinsic motivation is focused on enriching attitudes, experiences and skills. Earlay *et al*, (1990) suggested that goal setting and feedback has a positive effect on performance through enhancing required motivation for work performance. Also, there may be a relationship between satisfaction with performance appraisal and employee efficiency that is affected by intrinsic motivation.

Performance appraisal activities such as cooperation, goal setting and communication affect satisfaction with performance appraisal that consequently affects employee motivation and productivity. Latham has pointed out that by using performance appraisal systems for exchanging and interpreting strategic perspectives and goals for employees, employees may experience enhanced intrinsic motivation through increased meaningfulness of their work. This is based on the discussion that superordinate goals have this potentiality to convey something to the employees that they believe.

Kuvaas (2006) found a positive relationship between intrinsic motivation and affective attachment that indicate some benefits of an interesting and attractive work depends on the organization. The employees that have a more interesting, more attractive and enjoying job, have less willingness to quit their job. This, results in poor possibility for them to be absorbed by other organizations through proposing external motivations. Finally, various studies indicated a negative and important relationship between intrinsic motivation and willingness to quit job. Thus, the same is expected in bank which results in finding the final theory in the present study:

- Hypothesis 4: there is a significant relationship between satisfaction with work appraisal and employees' motivation.

## Methodology

In terms of purpose, the present study has been applied and in terms of methodology it has been of descriptive-survey type. The population was all employees in headquarters offices of Bank Refah. These headquarters offices include: new services department, department of credits and investigating projects, property department, training and knowledge development department, human resource department, inspection department, international affairs department, designing and developing information technology department, organizing and improving methods department, public relations department, risk management department, legal department, department of supplies, department for designing products and market expansion, department of exchanges and treasury, department of combating money laundering, department of litigations, department of follow-up and collecting debts, accounting department, department of employees' salary and benefits, financial affairs department, department of protecting documents and IT, department of building engineering and security department. And the total population was 892 individuals. For calculating sample size, Kukran formula was used with

the assuming limited population (892 individuals), and in the 95% confidence level and 5% acceptable error the sample size was determined to be 269 individuals. Also, stratified sampling method was used for sampling; first, the population was categorized based on headquarters office and then some individuals were chosen from each office using random sampling.

## Sources, validity and reliability of questionnaire

The main tool for data collection in this study has been questionnaire of closed type and based on Likert's seven point scale that has been developed in a standard way after studying previous studies. In table 1 sources of developing each part of the questionnaire can be seen. After developing the questionnaire, its validity and reliability were measured. Validity was investigated through consulting with the related experts and scholars and confirmation by them and making necessary modifications. In order to measure the reliability of items of the questionnaire Cronbach's Alpha coefficient was used. And based on the result of this test (table 9), and all the values being over 0.7, the reliability of various parts of questionnaire is confirmed.

**Table 1. Scale, sources and reliability of questionnaire components**

Variables	Source	Number of questions	Scale	Cronbach's Alpha
Satisfaction with performance appraisal	Meyer & Smith (2000)	7	Likert's seven point scale	0.96
Intrinsic motivation	Meyer & Smith (2000)	5	Likert's six point scale	0.90
Work performance	Kuvaas (2006)	6	Likert's six point scale	0.87
Affective commitment to the organization	Meyer, Allen & Smith (1993)	4	Likert's six point scale	0.89
Willingness to quit job	Meyer & Smith (2000)	5	Likert's five point scale	0.95

## Data analysis

First, for inferential data analysis and for decision making about hypotheses, Kolmogorov-Smirnov test was used in order to measure whether the data are normal; so that it will be clarified that which set of parametric or non-parametric data should be used. The results (table 2) indicate that data distribution regarding all variables is normal as based on the results the value of sig is higher than the standard level of 0.05.

Therefore we use parametric tests (Pearson's correlation coefficient test) for testing the existence of correlation and relationship between dependent and independent variables. The following table shows measurement of the level of relationships between research variables using Pearson's correlation coefficient test.

As the results in table (3) also show, there is a direct relationship (0.130) between satisfaction with performance appraisal and work performance. This relationship is weak and in the 95% level is significant. Also, there is a relationship between satisfaction with

performance appraisal and affective commitment to the organization in a relatively strong level and equal to 0.639 which is significant in 99% level. There is also a significant relationship between satisfaction with performance appraisal and decrease in willingness to quit

job and increase in motivation (table 3). Now, in order to investigate whether research variables are affected by “satisfaction with appraisal” linear regression equation is provided. In order to do this, first the condition of linearity is investigated by ANOVA test (Table 4).

**Table 2. The results of Kolmogorov-Smirnov test**

	Satisfaction with performance appraisal	Intrinsic motivation	Work performance	Affective commitment to the organization	Willingness to quit job
Acceptable number	262	265	269	269	267
Standard deviation	0.90	0.91	0.86	0.88	0.93
Mean	3.52	3.66	4.18	4.10	2.18
Kolmogorov-Smirnov statistic	1.364	1.267	1.111	1.258	1.015
Sig	0.073	0.084	0.091	0.120	0.099

**Table 3. Correlation matrix of research components**

variable		Satisfaction with performance appraisal	Intrinsic motivation	Work performance	Affective commitment to the organization	Willingness to quit job
Satisfaction with performance appraisal	Person's coefficient	1	.729**	.130*	.639**	-.589**
Intrinsic motivation	Person's coefficient	.729**	1	.253**	.651**	-.550**
Work performance	Person's coefficient	.130*	.253**	1	.336**	-.182**
Affective commitment to the organization	Person's coefficient	.639**	.651**	.336**	1	-.545**
Willingness to quit job	Person's coefficient	-.589**	-.550**	-.182**	-.545**	1

**Table 4. ANOVA test for the variables in this study**

		Mean square	F-statistic	sig
Satisfaction with appraisal- work performance	Regression	11.268	88.724	000.
	Residuals	127.		
Satisfaction with appraisal- affective commitment	Regression	10.587	93.690	000.
	Residuals	113.		
Satisfaction with appraisal-reduction in willingness to quit job	Regression	14.563	133.605	000.
	Residuals	109.		
Satisfaction with appraisal-motivation	Regression	12.365	111.396	000.
	Residuals	111.		

The results indicate that based on the f-statistic gained and its level of significance, the condition of linearity exists for both relationships. Then the con-

dition of normality was investigated for the residuals and it was confirmed. Then regression coefficients and their significance is investigated (table 5).

**Table 5. Calculation of regression coefficients and their significance**

		B	t-value	sig
Hypothesis 1	constant	2.821	3.684	000.
	Variable coefficient	136.	4.367	000.
Hypothesis 2	constant	0.796	6.986	000.
	Variable coefficient	724.	10.318	000.
Hypothesis 3	constant	0.869	6.328	000.
	Variable coefficient	630.	9.362	000.
Hypothesis 4	constant	0.703	7.224	000.
	Variable coefficient	776.	12.747	000.

Based on t-values and their significance level and the gained coefficients it can be said that linear equation of different outcomes of satisfaction with performance appraisal is as follow:

$$E(y/\chi) = 2/821 + 0/136 \chi \text{ hypothesis 1}$$

$$E(y/\chi) = 0/796 + 0/724 \chi \text{ hypothesis 2}$$

$$E(y/\chi) = 0/869 + 0/630 \chi \text{ hypothesis 3}$$

$$E(y/\chi) = 0/703 + 0/776 \chi \text{ hypothesis 4}$$

These equations indicate that satisfaction with performance appraisal affects work performance, affective commitment to the organization, reduction in willingness to quit job and increase in employees' motivation. Therefore, the four hypotheses of the study are verified.

## Results

The results indicate that satisfaction with performance appraisal affects various performance elements of employees. This effect, on improving motivation, affective commitment to the organization, reduction in willingness to quit job and increase in work performance is positive and is significant in the 95% level.

In the first place, satisfaction with appraisal has had the highest effect on increasing employees' motivation. In the previous (Lave, 2007) this relationship had emphasized and it had been stated that if satisfaction with performance appraisal is in an appropriate manner, it can have an effective role on improving employees' motivation. It seems that, providing feedback to employees results in correction of behavior and increasing motivation for improving performance when

employees perceive the conditions and the manner of appraisal as fair and when they are satisfied with the way the appraisal is done. Generally, motivating aspects in the process of performance appraisal emphasize those characteristics based on which employees perceive the conditions for providing better performance as favorable. The better and faire and more appropriate the conditions for providing better performance, the more will be the motivation of employees and they will try to gain higher scores in performance appraisal. Thus, one of the most important outcomes and benefits of employees' performance appraisal is increase in employees' occupational motivation.

The results also indicate that satisfaction with performance appraisal directly results in increase in affective commitment to the organization. If the employees perceive that the criteria for performance appraisal is clear and measurable and that the results are used for correcting the behavior and improving performance, they will express more satisfaction with it and they will have a better attitude towards the organization that in turn results in the increase in their affective commitment to the organization.

In fact, the outcomes of performance appraisal have broad applications in an organization. It is often based on these outcomes that employees are promoted, rewarded and their organizational position is determined. Therefore, employees show all their efforts in these appraisals in order to get higher scores. Thus, if they perceive that these appraisals are real and that they are conducted appropriately and their general process is satisfactory and productive, their interest and af-



fective commitment to the organization is increased. Also, the willingness to quit job is highly reduced in them as they have perceived the dealing with employees to be fair and based on competence. As a result, they will have enough motivation for progress in their job and for fulfilling their self-actualization needs.

The next benefit is in the process and manner of work performance, which of course, has a weak relationship with satisfaction with appraisal. This can be explained in this way that satisfaction with appraisal influences the motivation and efforts of employees in their activities and this turn results in improvement in work performance. This improvement can not be extensive as the process of performing activities is predetermined and their correction is not possible through employees' opinions. Change in work performance is generally influenced by employees' mental and psychological condition (such as motivation and commitment) that helps in improving the quality and accuracy of doing things.

### Recommendations of the study

Overall, the results of the study indicate that those employees who are satisfied with performance appraisal system, they are interested in performing work in the best manner and they are more attached to the organization and they are lower willingness for quitting job. Based on the results of the study the following points are recommended:

1. Bank should design the performance appraisal system in a way that gains employees' satisfaction with this system. This objective can be attained by utilizing an appraisal system in which the reason for and the choice of carrying out duties is explained for employees.

2. The satisfaction of employees with the way the performance appraisal is done and with its results, can a play role as an effective factor in behavior and in improving employees' performance. Therefore, it is recommended that first, the indices of performance appraisal should be clear and predetermined and they should be told to all employees. Second, the appraisals should be done in a fair and a just manner. And third, the employees should be informed of the results of the appraisals and the results should be used for correcting and improving the performance of employees and they should not just be a base for promotion or reproach.

3. It is recommended that employees should be surveyed and their satisfaction level and the reasons expressed by them to be investigated and it should be tried that the process of performance appraisal be corrected and modified continuously to be as close as possible to an ideal form that is accepted by everybody.

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