

EXAMINING HOW THESE APPRAISAL SYSTEMS INFLUENCE EMPLOYEE PERFORMANCE AND SATISFACTION

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Abstract

This study examines the impact of performance appraisal systems on employee performance and satisfaction in public and private sector banks. Public sector banks emphasize seniority, job security, and stability, while private sector banks focus on merit-based rewards, performance metrics, and competition. The research compares the influence of these systems on employee outcomes and provides insights into optimizing them to improve both performance and well-being. A total of 600 employees (300 from each sector) participated, with data collected through structured questionnaires and semi-structured interviews. The study employed regression analysis to explore the relationship between feedback frequency, transparency, reward linkage, and employee performance and satisfaction. Descriptive statistics summarized the demographic characteristics of the respondents. The findings reveal that private sector banks score significantly higher than public sector banks in performance (4.1 vs. 3.2), job satisfaction (4.3 vs. 4.0), and overall appraisal effectiveness (4.0 vs. 3.4). Feedback frequency (0.40), transparency (0.28), and reward linkage (0.47) were positively correlated with performance in private banks, whereas public sector banks showed weaker correlations. The results suggest that while performance-driven systems in private banks foster higher performance, they also contribute to higher stress levels. Public sector banks could benefit from incorporating more dynamic and performance-oriented appraisal methods to enhance employee motivation and satisfaction.

Keywords: Appraisal, Feedback, Performance, Motivation, Satisfaction, Transparency

1. Introduction

Performance appraisal systems are integral to assessing employee performance, driving motivation, and fostering satisfaction within organizations. In the banking sector, these systems significantly impact the way employees engage with their roles, influencing both individual performance and organizational outcomes. However, performance appraisal practices differ across sectors, particularly between public and private sector banks. Public sector banks tend to emphasize seniority, job security, and stability, while private sector banks prioritize performance metrics, rewards, and competition. These differences shape employee perceptions, motivation, satisfaction, and, ultimately, the success of the organization. This study aims to examine how these distinct performance appraisal systems in public and private sector banks influence employee performance and satisfaction.

Research by Puri & Sahai (2019) and Kumar & Sharma (2017) suggests that public sector banks may have a more bureaucratic approach to performance evaluations, which can potentially lead to lower motivation and performance, despite providing job security and stability. In contrast, private sector banks' emphasis on performance-based rewards has been shown to increase motivation and job satisfaction (Agarwal & Anand, 2020). However, while the meritocratic approach in private banks encourages higher performance, it may also introduce pressures that could lead to stress or burnout. Thus, understanding the comparative influence of these appraisal systems is crucial for improving both employee outcomes and overall organizational success.

This study seeks to address two primary objectives. First, it aims to compare the impact of performance appraisal systems on employee performance and satisfaction in both public and private sector banks. Specifically, it will investigate whether the seniority-based systems in public sector banks hinder performance, despite fostering job security, or whether the performance-driven approach in private sector banks enhances motivation but leads to higher stress levels. Second, the study aims to offer insights into how these appraisal systems can be optimized to improve employee outcomes, balancing performance expectations with employee well-being.

The purpose of this research is to provide a detailed comparison between the two sectors regarding their performance appraisal systems and how they affect employee motivation, performance, and satisfaction. By drawing on empirical

data, this study will also offer practical recommendations for improving these systems in both public and private sector banks. The ultimate goal is to contribute to a better understanding of performance appraisal mechanisms and provide evidence-based strategies to enhance employee engagement and performance in the banking sector.

This study examines how performance appraisal systems in public and private sector banks shape employee satisfaction and performance. By focusing on these two sectors, it aims to highlight the strengths and limitations of each approach and offer guidance on how these systems can be improved to create a more motivated, productive, and satisfied workforce. As noted by Hossain & Islam (2023) and Dayanand (2015), the way organizations implement these systems can significantly affect employee outcomes, making it essential to explore their impact in-depth.

2. Review of Literature

The relationship between performance appraisal systems and employee outcomes has been widely studied, with scholars focusing on how these systems affect employee motivation, satisfaction, and performance. However, there is a noticeable gap in research that compares the appraisal systems of public and private sector banks and their specific influence on these outcomes. This review of literature explores key studies on the subject, categorized into four main themes: the structure of appraisal systems, employee performance, employee satisfaction, and the challenges faced in the implementation of appraisal systems.

2.1 Structure of Performance Appraisal Systems

Performance appraisal systems differ significantly between public and private sector banks, primarily in their focus on seniority versus merit. Public sector banks tend to emphasize seniority and job security, which often leads to a less dynamic approach to employee performance evaluations (Puri & Sahai, 2019). These systems typically focus on maintaining stability and ensuring long-term employee retention rather than rewarding high performance (Shrivastava & Purang, 2016). On the other hand, private sector banks adopt a more meritocratic approach, where performance is directly linked to rewards such as promotions, bonuses, and incentives (Agarwal & Anand, 2020). This distinction in the structural design of appraisal systems plays a significant role in shaping employee perceptions of fairness and motivation.

2.2 Employee Performance

The impact of performance appraisals on employee performance is crucial in understanding how appraisal systems influence organizational success. Research indicates that private sector banks, with their performance-based appraisal systems, generally witness higher employee performance due to the clear linkage between effort and reward (Kumar & Sharma, 2017). Employees in these institutions are motivated to excel as their efforts are directly recognized and rewarded (Hossain & Islam, 2023). However, the focus on merit may also increase pressure and stress levels, potentially leading to burnout for employees striving to meet high expectations (Kaur, 2022). In contrast, public sector banks' reliance on seniority and lack of performance-related rewards can result in lower motivation and, consequently, reduced employee performance (Puri & Sahai, 2019). While employees enjoy job security, they may lack the incentive to perform beyond routine tasks, as performance appraisals are not directly tied to tangible rewards (Raina & Shahnawaz, 2017).

2.3 Employee Satisfaction

Employee satisfaction is another key outcome influenced by performance appraisal systems. In public sector banks, employees often report higher job satisfaction due to the job security and long-term benefits associated with their roles (Gulia, 2023). The bureaucratic nature of these institutions can offer employees a sense of stability, which contributes positively to their overall satisfaction, even if performance appraisals are not closely tied to rewards (Dayanand, 2015). On the other hand, employees in private sector banks may experience greater satisfaction when their performance is recognized and rewarded (Kumar, Sharma, & Singh, 2020). However, the pressure to perform and meet targets can negatively impact their well-being and work-life balance, leading to stress and lower satisfaction for some employees (Huda, Shakil, & Chowdhury, 2020). The satisfaction of employees in private sector banks, therefore, is often dependent on individual achievements and the reward system tied to performance (Andaleeb & Basu, 2020).

2.4 Challenges in the Implementation of Appraisal Systems

While performance appraisal systems have the potential to enhance employee performance and satisfaction, there are several challenges in their effective implementation, particularly in the banking sector. In public sector banks, the focus on seniority often leads to inefficiencies in the appraisal process, as it fails to differentiate between high and low performers (Kour & Gakhar, 2015). This can result in a lack of motivation for employees who feel their efforts are not adequately recognized. Furthermore, the bureaucratic nature of public sector banks may hinder the flexibility required to adopt more modern and dynamic performance management systems (Chavda, Mistry, & Deshpande, 2022). In private sector banks, the pressure to perform can sometimes lead to a focus on short-term results at the expense of long-term employee well-being (Taneja, Srivastava, & Ravichandran, 2020). The emphasis on quantifiable metrics in private banks may also overlook important qualitative factors such as teamwork and leadership, which can lead to a skewed evaluation of employee performance (Fenech, 2017). Therefore, both sectors face unique challenges in ensuring that their performance appraisal systems are fair, effective, and conducive to employee satisfaction.

The review of literature highlights that while performance appraisal systems in both public and private sector banks play a crucial role in shaping employee performance and satisfaction, the structural differences between these systems lead to divergent outcomes. Public sector banks focus on stability and seniority, which enhances job security but may reduce performance motivation. In contrast, private sector banks emphasize merit and performance-based rewards, which drive higher performance but may also increase stress levels. Both sectors face challenges in implementing appraisal systems that balance performance recognition with employee well-being.

3. Methodology

The research focused on understanding how performance appraisal systems influenced employee performance and satisfaction in public and private sector banks.

Sampling Design:

The study targeted a total of 600 employees across selected banks in Haryana, India, with 300 employees from each sector (public and private). Stratified random sampling was employed to ensure diverse representation from various roles within the banks, such as branch managers, clerks, senior officers, and other relevant employee categories.

Data Collection:

- **Primary Data:**
 - **Structured Questionnaires:** A set of structured questionnaires was distributed to assess employee perceptions of the performance appraisal systems, their satisfaction, motivation, and the perceived effectiveness of the appraisal systems. These surveys focused on how performance appraisals impacted both personal and organizational outcomes.
 - **Semi-Structured Interviews:** Semi-structured interviews were conducted with HR managers and selected employees to gather deeper insights into the practical aspects of the performance appraisal systems, their challenges, and how they were implemented and perceived in both public and private sector banks.
- **Secondary Data:** Existing literature on employee performance and satisfaction in the banking industry was reviewed to provide context and theoretical grounding for the study. This helped in comparing the findings from primary data with existing research, ensuring a comprehensive understanding of the topic.

Data Analysis Tools:

The data was analyzed using SPSS (Statistical Package for the Social Sciences). The following analysis techniques were employed:

- **Regression Analysis:** Regression analysis was used to explore the relationship between performance appraisals and employee performance and satisfaction. The goal was to understand how different components of performance appraisal systems (such as feedback frequency, transparency, and reward linkage) affected employee performance and satisfaction.
- **Descriptive Statistics:** Descriptive statistics were used to summarize the demographic information of the respondents and provide an overview of the general trends and characteristics in the data.

4. Data Analysis

4.1 Demographic details for Public and Private Sector Banks

This section provides the demographic profile of employees from both public and private sector banks, covering aspects such as gender, age, and years of experience. It highlights key trends within the workforce to ensure a balanced representation across sectors.

Table 1: Demographic details for Public and Private Sector Banks

Category	Public Sector Banks (PSBs)	Private Sector Banks (PSBs)	Total	Percentage
Total Employees	300	300	600	100%
Gender				
Male	135 (45%)	149 (49.67%)	284	47.33%
Female	165 (55%)	151 (50.33%)	316	52.67%
Age Group				
18-30	77 (25.67%)	85 (28.33%)	162	27%
31-40	103 (34.33%)	95 (31.67%)	198	33%
41-50	63 (21%)	73 (24.33%)	136	22.67%
51+	57 (19%)	47 (15.67%)	104	17.33%
Experience (Years)				
0-5	93 (31%)	95 (31.67%)	188	31.33%
6-10	99 (33%)	111 (37%)	210	35%
11-20	72 (24%)	68 (22.67%)	140	23.33%
21+	36 (12%)	26 (8.67%)	62	10.33%

This table presents the demographic profile of the employees from Public Sector Banks (PSBs) and Private Sector Banks (PSBs), with 300 employees from each sector, making up a total sample size of 600 employees. The gender distribution is fairly balanced, with 47.33% male and 52.67% female employees across both sectors. Age-wise, the largest group falls in the 31-40 years category, accounting for 33% of the sample, while 27% of employees belong to the 18-30 years group. The remaining employees are split across the 41-50 years (22.67%) and 51+ years (17.33%) categories. Regarding experience, the data shows that 35% of employees have 6-10 years of experience, while the remainder is spread across the other experience brackets. This demographic breakdown ensures a balanced representation of gender, age, and professional experience from both public and private sector banks.

4.2 Employee Performance Analysis

This section presents a regression analysis exploring the impact of feedback frequency, transparency, and reward linkage on employee performance in both public and private sector banks. The findings highlight how these factors influence overall performance across the two sectors.

Table 2: Regression Analysis of Employee Performance

Independent Variables	Public Sector Banks	Private Sector Banks	Total (N=600)
Feedback Frequency	0.22*	0.40*	0.31*
Transparency of Process	0.16*	0.28*	0.22*
Reward Linkage	0.11	0.47*	0.29*
R² Value	0.45	0.52	0.48
F-statistic	18.23*	24.01*	22.67*

Note: The asterisks (*) indicate statistical significance at the 0.05 level.*

The regression analysis of employee performance reveals that feedback frequency, transparency, and reward linkage play significant roles in driving performance, but their impact varies between the two sectors. In Public Sector Banks, the relationship between feedback frequency (0.22) and performance is weaker, indicating that feedback may not be as frequent or impactful in motivating employees compared to Private Sector Banks, where feedback frequency has a stronger influence (0.40). Transparency also has a greater impact in Private Sector Banks (0.28) than in Public Sector Banks (0.16), suggesting that employees in private banks perceive their performance evaluation process as more transparent and, as a result, are likely more motivated. Reward linkage is another area where Private Sector Banks stand out, with a stronger relationship (0.47) between performance and rewards compared to Public Sector Banks (0.11). This indicates that employees in Private Sector Banks are more likely to feel that their performance is directly linked to rewards, which can drive higher motivation and overall performance. The R² values further support this analysis, with Private Sector Banks having a higher R² value of 0.52 compared to 0.45 in Public Sector Banks, meaning the independent variables (feedback, transparency, reward) explain more of the variance in performance in Private Sector Banks.

4.3 Correlation Between Performance Appraisal and Satisfaction

In this section, the correlation between various performance appraisal components (such as job security, reward linkage, and feedback frequency) and employee satisfaction is analyzed. The results offer insights into how these factors are interrelated and affect satisfaction levels in both sectors.

Table 3: Correlation Between Appraisal Components and Employee Satisfaction

Variable	Public Sector Banks	Private Sector Banks	Total (N=600)
Job Security	0.63*	0.48*	0.55*
Reward Linkage	0.38*	0.52*	0.45*

Feedback Frequency	0.29*	0.44*	0.37*
Job Satisfaction	0.58*	0.63*	0.61*

Note: The asterisks (*) indicate statistical significance at the 0.05 level.*

The correlation analysis between performance appraisal components and employee satisfaction reveals some interesting insights. Job security has the strongest positive correlation with satisfaction in Public Sector Banks (0.63), which makes sense given that Public Sector Banks are often perceived as more stable and secure. In contrast, job security has a smaller, but still significant, correlation in Private Sector Banks (0.48). Reward linkage shows a stronger correlation with satisfaction in Private Sector Banks (0.52) compared to Public Sector Banks (0.38), reflecting the higher importance of reward systems in driving satisfaction among employees in the private sector. Feedback frequency also plays a more significant role in satisfaction in Private Sector Banks (0.44) than in Public Sector Banks (0.29), suggesting that employees in private banks may feel more engaged and motivated when they receive regular feedback. These correlations indicate that while job security is a key driver of satisfaction in Public Sector Banks, factors like reward linkage and feedback frequency are more important in Private Sector Banks, highlighting the different factors that contribute to employee satisfaction in each sector.

4.4 Comparative Performance Analysis

This section compares the mean scores for employee performance, job satisfaction, and overall appraisal effectiveness between public and private sector banks. The analysis sheds light on the differences in perceptions and experiences across the two sectors.

Table 4: Average Performance Scores in Public and Private Sector Banks

Aspect	Public Sector Banks (N=300)	Private Sector Banks (N=300)	Difference
Performance (Mean)	3.2	4.1	0.9
Satisfaction (Mean)	4.0	4.3	0.3
Overall Appraisal Effectiveness (Mean)	3.4	4.0	0.6

Note: Mean scores are based on a 5-point Likert scale, where 1 = Strongly Disagree and 5 = Strongly Agree.

A direct comparison of performance, job satisfaction, and overall appraisal effectiveness between Public and Private Sector Banks shows that employees in Private Sector Banks consistently report higher scores across all areas. Private Sector Banks have a mean performance score of 4.1, which is significantly higher than the 3.2 reported by employees in Public Sector Banks. This suggests that employees in private banks are more likely to feel that their performance is aligned with organizational expectations and goals. Job satisfaction is also higher in Private Sector Banks, with a mean score of 4.3 compared to 4.0 in Public Sector Banks, indicating that private bank employees are generally more satisfied with their work environment and the rewards they receive. Additionally, the overall effectiveness of the performance appraisal system is rated higher in Private Sector Banks (4.0 vs. 3.4), reflecting the more favorable view employees in private banks have about the fairness and impact of the performance evaluation process. These findings highlight that employees in Private Sector Banks have a more positive outlook on their work environment, which is likely driven by the more frequent feedback, stronger reward systems, and more effective appraisal mechanisms in place.

4.5 Feedback Frequency Impact on Performance

Here, the impact of feedback frequency on employee performance is assessed. The data shows how the regularity of performance feedback influences motivation and productivity in both public and private sector banks.

Table 5: Impact of Feedback Frequency on Employee Performance

Feedback Frequency	Public Sector Banks (N=300)	Private Sector Banks (N=300)	Total (N=600)
Weekly	93 (31%)	165 (55%)	258 (43%)
Monthly	135 (45%)	90 (30%)	225 (37%)
Quarterly	45 (15%)	30 (10%)	75 (12%)
Annually	27 (9%)	15 (5%)	42 (7%)

The data on feedback frequency shows a stark difference between Public and Private Sector Banks, with Private Sector Banks providing more regular feedback to their employees. A substantial 55% of employees in Private Sector Banks report receiving weekly feedback, compared to only 31% of employees in Public Sector Banks. The higher frequency of feedback in Private Sector Banks is likely contributing to the higher performance scores in this sector, as regular feedback helps employees stay aligned with organizational expectations and improve their performance. Monthly feedback is more common in Public Sector Banks (45%) than in Private Sector Banks (30%), while quarterly and annual feedback is less common overall, but more frequent in Public Sector Banks. The overall pattern indicates that the more frequent and consistent feedback in Private Sector Banks has a positive impact on employee performance, suggesting that a stronger feedback culture may be a key factor in their higher performance outcomes.

4.6 Transparency in Performance Appraisal

This section examines employees' perceptions of the transparency in the performance appraisal process. It compares the level of perceived transparency in both public and private sector banks and its relationship with employee trust and satisfaction.

Table 6: Transparency in Performance Appraisal Process

Transparency Level	Public Sector Banks (N=300)	Private Sector Banks (N=300)	Total (N=600)
Very Transparent	75 (25%)	123 (41%)	198 (33%)
Somewhat Transparent	150 (50%)	132 (44%)	282 (47%)
Not Transparent	75 (25%)	45 (15%)	120 (20%)

The transparency of the performance appraisal process plays a significant role in employee trust and satisfaction. Employees in Private Sector Banks perceive the appraisal process as more transparent, with 41% rating it as "very transparent" compared to only 25% in Public Sector Banks. This difference may contribute to the higher satisfaction and performance levels in Private Sector Banks, as employees who feel that the appraisal process is clear and fair are more likely to trust their evaluations and feel motivated to improve. Additionally, fewer employees in Private Sector

Banks (15%) feel that the appraisal process is "not transparent," compared to 25% in Public Sector Banks, indicating that Public Sector Banks may need to work on making their performance evaluations more transparent to build trust among their employees.

4.7 Reward Linkage Impact on Employee Satisfaction

This section explores the impact of reward linkage on employee satisfaction. It investigates how the connection between performance and rewards varies across public and private sector banks and its effect on overall job satisfaction.

Table 7: Impact of Reward Linkage on Employee Satisfaction

Reward Linkage	Public Sector Banks (N=300)	Private Sector Banks (N=300)	Total (N=600)
Strong Linkage	60 (20%)	195 (65%)	255 (43%)
Moderate Linkage	150 (50%)	75 (25%)	225 (37%)
Weak Linkage	90 (30%)	30 (10%)	120 (20%)

The connection between performance and rewards is a crucial factor influencing employee satisfaction. In Private Sector Banks, a strong performance-reward linkage is reported by 65% of employees, while only 20% of employees in Public Sector Banks feel a similar connection. This stronger reward linkage in Private Sector Banks likely explains their higher levels of satisfaction, as employees in this sector feel that their hard work and achievements are more likely to be recognized and rewarded. On the other hand, the weaker performance-reward linkage in Public Sector Banks may contribute to lower employee motivation and satisfaction, as employees may not feel as incentivized to perform at their best.

4.8 Job Satisfaction Based on Appraisal System Effectiveness

In this section, employee job satisfaction is evaluated based on the perceived effectiveness of the performance appraisal system. The analysis highlights how employees in both sectors view the fairness and impact of their respective systems on job satisfaction.

Table 8: Job Satisfaction Based on Appraisal System Effectiveness

Appraisal Effectiveness	Public Sector Banks (N=300)	Private Sector Banks (N=300)	Total (N=600)
Very Effective	45 (15%)	120 (40%)	165 (28%)
Somewhat Effective	149 (50%)	138 (46%)	288 (48%)
Not Effective	106 (35%)	42 (14%)	147 (24%)

Employees in Private Sector Banks are more likely to perceive their performance appraisal systems as "very effective" (40%) compared to just 15% in Public Sector Banks. This perception of effectiveness correlates with higher job satisfaction in Private Sector Banks (mean satisfaction score of 4.3). In contrast, a larger proportion of employees in Public Sector Banks (35%) believe their appraisal system is "not effective," which could be a contributing factor to the lower satisfaction and performance scores in this sector. When employees perceive that their appraisal system is

ineffective, it can lead to feelings of frustration and disengagement, reducing overall job satisfaction and performance.

Private Sector Banks tend to outperform Public Sector Banks in key areas such as feedback frequency, transparency, reward linkage, and overall job satisfaction. These differences suggest that Private Sector Banks have more effective performance management systems, leading to higher employee performance and satisfaction. Public Sector Banks could benefit from adopting similar practices, such as more frequent feedback, clearer reward linkages, and a more transparent appraisal process, to enhance employee engagement and performance.

5. Discussion

Performance appraisal systems are a critical aspect of employee management in both public and private sector banks, directly influencing motivation, performance, and job satisfaction. The structures of these systems are shaped by the contrasting priorities of each sector. In public sector banks, the emphasis on seniority, job security, and stability often results in a more bureaucratic approach to performance appraisals (Puri & Sahai, 2019). These systems prioritize long-term employee retention and institutional stability over performance-based rewards, which can sometimes hinder motivation and result in complacency among employees (Shrivastava & Purang, 2016). Despite this, employees in public sector banks report high levels of job satisfaction, largely due to job security and long-term benefits (Gulia, 2023). However, the lack of strong performance-related rewards may discourage employees from pushing beyond the minimum required efforts, leading to lower overall performance. In contrast, private sector banks adopt a meritocratic approach, directly linking performance with rewards such as promotions, bonuses, and other incentives (Agarwal & Anand, 2020). This emphasis on performance often drives higher motivation and productivity, as employees see a clear relationship between effort and reward (Kumar & Sharma, 2017). However, this focus on performance can lead to stress, burnout, and a potentially unhealthy work-life balance, as employees constantly strive to meet high expectations (Huda, Shakil, & Chowdhury, 2020).

One of the key findings from this research is that employees in private sector banks generally report higher performance scores compared to their counterparts in public sector banks, which can be attributed to the clear linkage between performance and rewards. The analysis of feedback frequency further highlights that private sector banks are more consistent in providing feedback, which significantly boosts employee motivation and helps employees align their performance with organizational expectations (Hossain & Islam, 2023). In contrast, feedback in public sector banks tends to be less frequent, and employees report lower motivation levels due to the weaker connection between feedback and tangible rewards. Additionally, employees in private sector banks perceive their performance appraisal systems as more transparent, which further reinforces the effectiveness of these systems in fostering trust and motivation (Taneja, Srivastava, & Ravichandran, 2020). Transparency is a crucial factor in employee satisfaction, as employees are more likely to trust and engage with performance evaluation systems when they feel the process is fair and clear (Fenech, 2017).

In terms of job satisfaction, employees in public sector banks benefit from job security, but this does not necessarily correlate with high performance. The satisfaction they derive is more aligned with the stability and long-term benefits associated with their roles, rather than performance-based rewards (Dayanand, 2015). Conversely, employees in private sector banks experience higher satisfaction when their performance is recognized and rewarded, although the stress associated with meeting high performance targets can negatively impact their overall well-being (Kaur, 2022). The study also reveals that private sector banks tend to have a stronger reward linkage, which significantly contributes to employee satisfaction, with 65% of employees in private banks reporting a strong connection between performance and rewards, compared to just 20% in public sector banks (Agarwal & Anand, 2020). This strong linkage in private sector banks not only boosts motivation but also enhances job satisfaction, as employees feel their contributions are acknowledged and valued (Kaur, 2022).

Both sectors face challenges in implementing effective performance appraisal systems. Public sector banks struggle with inefficiencies caused by their seniority-based systems, which fail to recognize high performers adequately, leading to a lack of motivation for employees (Kour & Gakhar, 2015). The bureaucratic nature of public sector banks also limits the flexibility needed to adopt more modern and dynamic performance management systems (Chavda, Mistry, & Deshpande, 2022). In private sector banks, while the focus on performance leads to higher productivity, it can also result in a narrow focus on quantifiable results, often overlooking important qualitative factors like teamwork and leadership (Fenech, 2017). Additionally, the pressure to perform can lead to burnout, making it essential for private sector banks to implement strategies that balance performance expectations with employee well-being (Taneja,

Srivastava, & Ravichandran, 2020).

6. Conclusion

The comparative analysis of performance appraisal systems in public and private sector banks highlights that while private sector banks excel in motivating employees through performance-based rewards and transparent feedback mechanisms, they also face challenges related to stress and burnout. Public sector banks, on the other hand, benefit from job security and stability, which positively impacts employee satisfaction, but their performance management systems tend to be less effective in driving high levels of performance. Both sectors must find ways to improve their systems—public sector banks could benefit from more frequent feedback and performance-based rewards, while private sector banks should implement strategies to reduce stress and focus on long-term employee well-being.

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