AN EMPIRICAL RESEARCH ON PERFORMANCE MANAGEMENT SYSTEM (PMS) AND JOB PERFORMANCE OF EMPLOYEES: THE CASE STUDY OF MANAGEMENT WORKERS OF MEEZAN BANK LAHORE (PAKISTAN)

A thesis submitted to the Othman Yeop Abdullah graduate school of business in partial fulfillments of requirements for the degree of

Master of Human Resource Management

Universiti Utara Malaysia

By

Hafiz Muhammad Fareed

808355

© Hafiz Muhammad Fareed, 2012. All rights Reserved
DECLARATION

I declare that this substance of this project paper has never been submitted for any degree or post-graduate program and qualifications.

I certify that all the supports and assistance received in preparing this project paper and all the sources abstracted have been knowledge in this stated project paper.

Hafiz Muhammad Fareed
808355
Othman Yeop Abdullah
Graduate School of Business
Universiti Utara Malaysia
06010 Sintok
Kedah Darul Aman
PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the Sultanah Bahiyah Library may take it freely available for inspection. I further agree that permission for copying of this dissertation in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or in their absence, by the Dean of Othman Yeop Abdullah (College of Business). It is understood that the copying or publication or use of this dissertation or parts thereof a financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my dissertation.

Request for permission to copy or to make other use of materials in this dissertation, completely or in part, should be addressed to:

Dean of Othman Yeop Abdullah
Graduate School of Business
Universiti Utara Malaysia
06010 Sintok
Kedah Darul Aman
ABSTRACT

Performance management system (PMS) are mostly undertaken to let management know the performance of employees since employees’ performance is one of the considerable issues for the organizations in this competitive world therefore the need for an efficient and effective performance management system (PMS) has increased over the last decade. Meezan bank is a pioneer bank to introduce Islamic banking in Pakistan and it is growing very fast. This study investigates the correlation of performance management system (PMS) with job performance of management workers of Meezan bank in Lahore. It also attempts to explore the contributing factors of the key dimensions of performance management system (PMS) which are job dimensions, clear goals and objectives, performance appraisal system (PAS) and rewards and recognition that contribute to the job performance of employees. One hundred and fifteen questionnaires were distributed through mail survey using simple random sampling and sixty one responses were returned. As this study attempts to examine the correlation of independent variables with dependent variable so it is quantitative in nature. Instrument was developed by the researcher with the help of experts who are teaching performance management subject since many years. Initially pilot test was done to test the reliability of instrument which showed all alpha values were greater than .80. Pearson correlation, linear regression, mean and standard deviation techniques were used to check the relationship between dependent and independent variables. According to findings all the independent variables ‘job dimension, clear goals and objectives, performance appraisal system (PAS) and rewards and recognition” have strong positive linear relationship with job performance of employee as r values of all variables were between .86 to .93. Linear regression was done to check the influence of independent variable on dependent variable as finding showed R square is .922 which shows the 92.2% influence of
performance management system (PMS) on job performance of employees where the highest beta value comes from performance appraisal system (PAS) which is $B = .396$. This study revealed that out of four variables, three of them are significantly contributed to the job performance. Those three independent variables are job dimension, performance appraisal system and rewards and recognition. Lastly, it is proposed that management of Meezan bank should consider the implementation of the performance management system (PMS) and they should focus these elements of PMS “performance appraisal system (PAS), rewards and recognition and job dimensions” to achieve high job performance of their employees.
ACKNOWLEDGMENT

“In The Name of Allah The Most Gracious And The Most Merciful”

First of all, I wish to express my high gratitude to Allah S.W.T for His all blessings and guidance without which it would be impossible for me to complete this thesis, and to grant me to be a Muslim along with my kind parents and my supportive friends.

I am greatly indebted to my parents, my brother and my sisters for their unconditional love, prayers, understanding and continuous support throughout my life. My special appreciation goes to my sister who always stands next to me and motivates me throughout difficult and challenging time.

My thesis was completed with the help and support of several individuals. First and foremost, my utmost appreciation goes to my supervisor, Dr. Mohd Faizal Bin Mohd Isa for his critical insights, professional guidance, and constructive feedbacks. I am also thankful to Abdullah Omar for his guidance, support and to be always generous to me. Then my humble salutation due to Dr. Khulida Kirana Yahya, Dr. Caroline M. Acosta, and Dr. Muhammad Awais Bhatti for their valuable comments and enlightening thoughts. Many thanks go to all of the researchers who directly or indirectly helped me to support my research. A heartful thanks to all of the managers of Meezan bank for their full cooperation.

Last but not the least, I would like to express my tremendous gratitude to my ex-teacher, Mr. Aqeel Ahmad who is always inspirational personality for me and from whom I learned many things in my life and for his moral support that have motivated me to venture my academic journey.
# Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>I</td>
</tr>
<tr>
<td>Permission To Use</td>
<td>II</td>
</tr>
<tr>
<td>Abstract</td>
<td>III-IV</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>V</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>VI-X</td>
</tr>
<tr>
<td>List of Tables</td>
<td>XI</td>
</tr>
<tr>
<td>List of Figures</td>
<td>XII</td>
</tr>
</tbody>
</table>

## Chapter One: Introduction

1.1 Introduction             1-3
1.2 Problem statement        4-6
1.3 Research question        7
1.4 Research Objectives      7
1.5 Scope of Research        8
1.6 Importance of the study  8-9
1.7 Limitations of Study     9
1.8 Summary                  10
# Chapter Two: Literature Review

11

## 2.1 Introduction

11

## 2.2. Performance

11-14

### 2.2.1 Job Behaviors

14-15

### 2.2.2 Result

15-16

## 2.3 Performance Management System

16-19

## 2.4 Elements of Performance Management System

19

### 2.4.1 Job Dimension

19-21

### 2.4.2 Clear Goals and Objectives

21-22

### 2.4.3 Performance Appraisal System

23-25

### 2.4.4 Rewards and Recognition

25-27

## 2.5 Hypothesis

27

## 2.6 Definitions of Key Terms

27

### 2.6.1 Job Performance

27

### 2.6.2 Performance Management System

27

### 2.6.3 Job Dimensions

28

### 2.6.4 Clear Goals and Objectives

28

### 2.6.5 Performance Appraisal System

28

### 2.6.6 Rewards and Recognition

28-29

## 2.7 Summary

29
<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter Three: Research Framework and Methodology</td>
<td>30</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>30</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>30</td>
</tr>
<tr>
<td>3.3 Population Frame</td>
<td>30-31</td>
</tr>
<tr>
<td>3.4 Sample and Sampling Technique</td>
<td>31</td>
</tr>
<tr>
<td>3.4.1 Sampling Technique</td>
<td>31-32</td>
</tr>
<tr>
<td>3.5 Development of Instrument</td>
<td>32-35</td>
</tr>
<tr>
<td>3.5.1 Expert-A</td>
<td>35</td>
</tr>
<tr>
<td>3.5.2 Expert-B</td>
<td>36</td>
</tr>
<tr>
<td>3.5.3 Expert-C</td>
<td>36</td>
</tr>
<tr>
<td>3.6 Conceptual Framework</td>
<td>36-37</td>
</tr>
<tr>
<td>3.7 Pilot Test</td>
<td>37</td>
</tr>
<tr>
<td>3.7.1 Reliability Test</td>
<td>38</td>
</tr>
<tr>
<td>3.8 Data Collection Method</td>
<td>38-39</td>
</tr>
<tr>
<td>3.9 Data Analysis Methods</td>
<td>39</td>
</tr>
<tr>
<td>3.9.1 Descriptive Statistics</td>
<td>39</td>
</tr>
<tr>
<td>3.9.2 Inferential Statistics</td>
<td>40</td>
</tr>
<tr>
<td>3.9.2.1 Pearson Correlation Coefficient</td>
<td>40-42</td>
</tr>
<tr>
<td>3.9.2.2 Linear Regression</td>
<td>42</td>
</tr>
<tr>
<td>3.10 Summary</td>
<td>42-43</td>
</tr>
</tbody>
</table>
Chapter Four: Findings

4.1 Introduction

4.2 Reliability Test

4.3 Data Screening

4.3.1 Normality Test

4.4 Descriptive Analysis

4.4.1 Demographic Analysis

4.4.2 Mean, Standard Deviation, Variance, Minimum and Maximum Value

4.4.2.1 Level of Variables

4.5 Inferential Statistics

4.5.1 Pearson Correlation Analysis

4.5.1.1 The relationship between Job Dimension, Clear Goals and Objectives, Performance Appraisal System and Rewards and Recognition with the Job Performance

4.5.2 Linear Regression Analysis

4.6 Conclusion

Chapter Five: Discussion, Recommendation and Conclusion

5.1 Introduction

5.2 Overview of Findings

5.3 The relationship between independent and dependent variables

5.3.1 The relationship between performance appraisal system (PAS) and job Performance
5.3.2 The relationship between job dimensions and job performance 60

5.3.3 The relationship between rewards & recognition and job performance 61

5.3.4 The relationship between clear goals & objectives and job performance 61-62

5.4 The contribution of performance management system (PMS) to performance of Employees 63-68

5.5 Recommendations 69-72

5.6 Conclusion 72

References 73-79

Appendix A: Questionnaire 80-84

Appendix B: SPSS Output 85-93
List of Tables

1. Table 3.1: Variables, Operational Definitions, and Items 33-35
2. Table 3.2: Reliability Analysis – Cronbach’s Alpha 38
3. Table 3.3: Level of Agreement 40
4. Table 3.4: Interpreting the R-value for Correlations 41
5. Table 3.5: Interpreting the R-value for Correlations 41-42
6. Table 4.1: Reliability Analysis – Cronbach’s Alpha 44-45
7. Table 4.2: Demographic Analysis (n = 61) 48-49
8. Table 4.3: Mean, Standard Deviation, Variance, Minimum and Maximum Value 50
9. Table 4.4 Level of Variables 51
10. Table 4.5: Pearson Correlation Result 52
11. Table 4.6: Regression Analysis for Job Performance 53
12. Table 4.7: Regression Analysis for Job Performance, Beta Value 54
13. Table 4.8: Summary of Hypothesis Testing 55
List of Figures

1. Figure 3.1 Research Model 37
2. Figure 4.1: Histogram of Standardized Residual 46
3. Figure 4.2: Normal P-P Plot of Regression Standardized Residual 46
4. Figure 4.3: Histogram of Studentized Residual 47
5. Figure 4.4: Normal Q-Q Plot of Regression Studentized Residual 47
The contents of the thesis is for internal user only


