Impact of Performance Appraisal on Employee Retention:
A study on Banking Sector of Pakistan

Saba Gulzar [1]
Avinash Advani [2]
Dr. Tariq Jalees [3]

ABSTRACT

Banking industry despite being one of the most flourishing industries in the world is considered to have high turnover rate. The same is the situation in Pakistan where local banks are also facing this issue. All banks are having a difficulty in employee retention that in return effects their productivity for years. During the past few years. It has been observed that one of the biggest reasons for employee's adverse performance is inadequate HR practices followed by the local banks. Thus the aim of this study is to measure the effects of performance appraisal, career development, and job satisfaction and reward system empowerment with feedback on employee retention. A valid sample size of the study was 316 with a response rate of 98%. The data was collected from 39 leading branches of a private bank operational in different cities. After carrying out preliminary analysis including reliability, validity and normality the overall model was tested through multiple regression analysis. The outcome of the study after conducting comprehensive research, it was found that the performance appraisal, career development, job satisfaction empowerment and feedback and reward system all have positive impacts on employee's retention if practiced regularly and adequately. The findings of the study were seen consistent to earlier conducted studies. By the help of the drawn Implications the managers and policy makers will be able to develop practices and procedures under the policy that will have a significant effect on the productivity of the employees along with promoting job retention.

Keywords: *Employee retention, performance appraisal, job satisfaction, career development, reward system, rating system, empowerment and performance feedback*

INTRODUCTION

Banking industry in Pakistan besides other challenges is also facing the problem of job retention. In view of this high turn-over has been observed and employees' productivity is declining which is also affecting their performance efficiency. Inability of retaining trained employees is affecting banks adversely. Hiring and training new employees is a burden on Bank's resources their focus has shifted for developing and implementing policies for improving their retention rate. In this context organization in general and banks in particular are paying more attention to aspects such as performance appraisal, empowerment, reward system, feedback, career development, motivation and empathy. In the context of improving employees performance organizations are paying more attention to performance appraisal.

In recent years researchers focus on the on the performance appraisal of employees and its impact on their job satisfaction and motivation has increased significantly. However, most of the recent studies Saeed, Lodhi, Naeem, Rehman, Mahmood and Ahmed (2013) exploring the

effect of employees performance on job retention have not adequately consider the factors such as performance appraisal, empowerment, reward system, rating system, feedback, career development, motivation and empathy. Segal (2000); Khana and Sharma (2014) state that some of researchers are of the opinion that performance appraisal lacks in validity and reliability and hence may not improve employees' motivation and retention. While others are of the opinion that performance plays a critical role in Human Resource Development.

In view of the above discussed in literature the aim of this study is to measure the impact of performance appraisal system on longer retention of employees.

Problem Statement

This has been observed in the recent past that banks in Karachi are facing problem in retaining employee on long term basis which results the low productivity and, fewer revenues. This is the major issue that needs to be focused to increase the productivity. This is the basic reason for that researcher wants to find out the impact of on time appraisal practices to retain the employees within an organization.

Research Questions

- What is the effect of performance appraisal practices on employee retention?
- How job satisfaction affects the employee retention?
- What is the effect of reward system to retain the employee?
- How career development leads to employee retention?
- How empowerment effects the employee retention?
- What is the impact of management feedback on employee retention?

Literature Review

It has been observed that there are various researches have been done in the past on the performance appraisal and its impact on employee retention. Moreover, researchers observed different results from those researches and extract the literature review to conduct the study in the effective manner.

Conceptual framework

Based on literature review a conceptual framework has been developed (refer to Figure-1). Literatures grounding to support the relationships for the developed conceptual framework are discussed below; dependent variable is employee retention and independent variables are performance appraisal, job satisfaction, reward system, career development, empowerment and management's feedback.

Employee Retention

The ability of management of an organization to retain thier employees is called employee retention. It can easily be understand that 80% retention rate indicates that organization successfully retain its 80% employees.

Retention is to give employee feeling of ownership so that they can stay in the organization on longer basis Employee retention is a key to organizational success (Gulzar. S, Advani. A, 2016). In today's competitive scenario, as the awareness and technology plays a vital role in

developing the competition more vigorous and intense. Retention becomes one of the biggest issues for the development sector of Pakistan because people are the one who generates profits and considered as the capital or asset of the organization.

Recent study outlined by Memon, I. A. Penhar and C. L. Rohra, (2010) defined that employees' retention is a major challenge for an organization to sustain growth. Studies found that local banks are facing high turnover and have recommended performance appraisal for employees' retention. Additionally, Beheshti & Loller (2008); Chang and Tahn (2006) investigated that it has also been found that performance appraisal systems based on goal setting would be more effective in the context of employee retention. Kossivi1.B, Xu1. M, Kalgora. B. (2015) study the other studies have also validated that the input of the employees would have a positive effect on employees retention.

Performance Appraisal and Employees Retention
D. B. Bagul (2014) stated that Performance appraisal is the procedure of measure the behavior of employees within an organization and included both qualitative and quantitative aspects of job performance.

Mehta, Kerbelli and Dhankar, (2014) focused on the performance appraisal which is an important tool both the employee and employer, from employers perspective employers based on past performance can judge how the employees are fairing. This helps the employers to plan and implement resource planning adequately on the other hand a fair appraisal system not only increases employees motivation and commitment level but also provide them opportunities for improving their performance. Furthermore Performance appraisal has a strong effect on employee retention provided it is fair and transparent. Saeed, Lodhi, and etl; (2013) examined the several studies have validated that performance appraisal has a significant impact on employee retention especially if it is communicated and shared with the employee.

Kossivi1.B, Xu1. M, Kalgora. B. (2015) focused on validating the relationships of performance appraisal and employee retention suggested that this relationship becomes more meaningful if the employers use this tool for counseling the employees and for resource planning. Studies while confirming the relationship also observed that the appraisal system would be more effective if it is based on qualitative and quantitative aspects. Based on the above discussion the following hypothesis has been developed:

H_{1a}: There is an effect of regular performance appraisal on employee retention

Job Satisfaction and Employee Retention
It can be defined in multiple aspects depending upon the relatedness to an individual. Job satisfaction is feeling of an employees related to contentment with his or her work in an organization. The more employee is satisfied and happy in an organization the more job satisfaction can be shown.

Recent study outlined by Showkat. S, (2013) suggested that Job satisfaction plays a significant role in employees' retention a satisfied employee tends to be more loyal to the organization; consequently he stays for a longer period in the organization. Shaikh Abdur Rahim (2012) shows the relationships of job satisfaction have been validated in several studies. Knippenberg

(2000); Terera & Ngirande, (2014) pointed out the relationship of job satisfaction and employee retention pointed out that a satisfied employee tends to own the organization, and his participation and initiative increases.

While others confirming the relationship between job satisfaction and retention observed that increased job satisfaction decreases absenteeism consequently employee tends to stay for longer period in the organization (H. A. Alsemeri (2016). Based on the above discussion following hypothesis has been developed.

H$_{1b}$: There is an effect of job satisfaction on employee retention

Reward System and Employee Retention
In result of the efforts put by the employees organization give them the positive outcome are called rewards. Rewards are always given to those employees who contributed to achieve organizational goals.

Rahim. A. S (2012) focused on a fair and just reward increases loyalty and retention level. Hussain and Rehman, (2013) explored the effect of reward system on employees retention studies found that a transparent reward system is a stronger predictor to employees' retention. Others while confirming the relationship between reward system and employees' retention also suggested that this relationship would be more effective if the rewards to the employees are adequately conferred on the basis of performance. Hong and Kaur (2008) concluded that there is a significant correlation between the reward system and employee retention on longer basis.

Murphy. B (2015) test the hypothesis comprising of reward system and its impact on the employee retention and the results was significant. Based on the above review the following hypothesis has been developed.

H$_{1c}$: There is an effect of reward system on employee retention

Career Development and Employee Retention
The process of providing career ladder and career path to one's job and develop skills, knowledge and expertise in their field is called career management.

A well-structured career plan plays an important role for retaining employees on long term basis studies while validating the relationship of career development and employee retention that most of the employees understand the importance of training and development for career growth. Consequently, Saeed. R, Lodhi .N.R, Abbas. F and etl ; (2013) argued that employees with higher growth prospects stays for a longer period in the organization on the other hand employees who are not motivated enough to develop their career through trainings offered by the organization may not progress in the developed career path and may leave the organization which may leave is a blessing for the organization. Recent study suggested by Megank (2007) concluded that career development positively affects the employee retention. Based on the above discussion the developed hypothesis is given below.

H$_{1d}$: There is an impact of career development on employee retention

Empowerment and Employee Retention

The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority.

It has been observed that empowerment gives employee confidence to show their full potential and it reflects from their performance. Various researchers found that if management of organization empowered their employees it always give fruitful results. Meyerson & Dewettinck, (2012) defined that it is substantiated from the researches that empowerment is the strong predictor of employee retention. The above discussion leads to create the hypothesis as under:

H_{1e}: There is an impact of empowerment on employee retention

Management Feedback and Employee Retention

Kossivi1.B, Xu1. M, Kalgora. B. (2015) stated that in order to improve the employees' efficiency the feedback from management is very important, because once employees get the feedback they can be able to overcome from their deficiencies if needed. Researches proved that the management feedback has direct relation with the employee retention. It is substantiated by the literature.

The recent study postulated by the renowned researcher Levy and Williams, (2004) indicated that there is a strong relationship between feedback and employee retention. The hypothesis for this relationship can be created as:

H_{1f}: There is an effect of performance feedback on employee retention
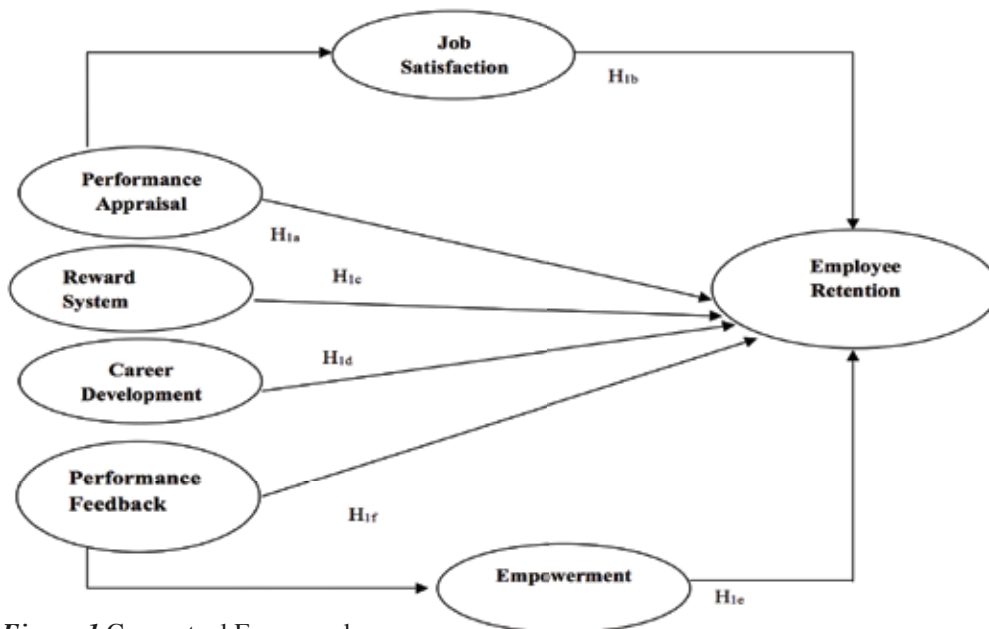

Figure-1 Conceptual Framework

Hypotheses

H1a: There is an effect of regular performance appraisal on employee retention.

H1b: There is an effect of job satisfaction on employee retention

H1c: There is an effect of reward system on employee retention

H1d: There is an impact of career development on employee retention

H1e: There is an impact of empowerment on employee retention

H1f: There is an effect of performance feedback on employee retention

Research Design
Population and Sample Size:

The target population for this study is the employees of head office and branches of a leading bank of Pakistan. The researcher has selected the population from whole category of employees including a leading bank of Pakistan as there are multiple constraints such as time, money and resources to gather the data from whole Pakistan. The A leading bank of Pakistan holds 39 branches in south region and 52 branches at west region of Karachi and had 1756 approximately employees working in different departments. This study was conducted in a commercial bank. The total population of these banks is approximately 26000 all over the Pakistan. The scope of this thesis is limited to Karachi and the population of all the 50 branches in Karachi (South Region) is 1756. Furthermore RaoSoft, (2004); Jelinek el at., (2012) RaoSoft an online sample size calculator was used to determine the sample size for this thesis. Based on 95% confidence level and 5% error the sample size calculator generated a sample of 316 for the population of 1756. Based on the online sample calculator calculator.net initially the sample size for the 50 branches w ere ascertained which were 39 subsequently sample frame for the 50 branches were developed and based on online random table generator GraphPad 39 random numbers were generated to identify the 39 branches. Subsequently the selected branches were visited for administering the questionnaire.

Sampling Technique

The non-probability sampling that is convenience sampling is used in this study as total population is known and it's hard to test overall population so a sample is drawn from the total population and calculated by RaoSoft online Sample size calculator. Due to the non-probability sampling technique Saunders, Lewise and Thornhill, (2009) focused on the insight to the researchers to select appropriate sample which is purposely difficult to identify. Luddy, (2005) this technique is widely used in research studies because it is cost effective, time saving and less complex it's also a bigger advantage then probability sampling.

Scales and Measures
Retention Scale

According to Memon, Penhar and Rohra, (2010) define that employees retention is a major challenge for an organization to sustain growth. To measure the retention 5 option based Likert Scale strongly disagree 1 to strongly agree 5 is used to collect information of 6 items and its reliability is 0.76.

Performance Appraisal Scale

In a study of Jun, MA, Xiao-Hong, and WANG, (2008) promoted that system of the performance review "Performance Appraisal System" (PAS) is not only a structure and practices it a tool to measure the job satisfaction and commitment of employee. To measure the Performance Appraisal 5 option based Likert Scale strongly disagrees 1 to strongly agree 5 is used to collect information of 9 items and its reliability is 0.73.

Career Development Scale

Recent study outlined by Shaikh, and Fariha, (2010) describe the career development and career growth provides the employee maximum satisfaction in their profession. The organization having career development and growth policy always showing the productivity because more satisfied workforce always provide distinctiveness to the organization. To measure the Career Development 5 option based Likert Scale strongly disagree 1 to strongly agree 4 is used to collect information of 6 items and its reliability is 0.75.

Career Development Scale

Khan, M. Shahid, Wahab and Ali, (2013) focused on Employee performance and job satisfaction has a correlation with the rewards system. Employees' performance is boost up with the effective rewards. To measure the rewards system, 5 option based Likert Scale strongly disagree 1 to strongly agree 5 is used to collect information of 6 items and its reliability is 0.88.

Reward System Scale

Khan, M. Shahid, Wahab and Ali, (2013) focused on Employee performance and job satisfaction has a correlation with the rewards system. Employees' performance is boost up with the effective rewards. To measure the rewards system, 5 option based Likert Scale strongly disagree 1 to strongly agree 5 is used to collect information of 6 items and its reliability is 0.88.

Feedback Scale

Camardella (2003) state that performance evaluation of every worker as standard, lacking purposely declaring the strengths and weaknesses, decreases the worth of the assessment procedure and feedback of that work performance is increased their moral To measure the feedback 5 option based Likert Scale strongly disagree 1 to strongly agree 5 is used to collect information of 3 items and its reliability is 0.76.

Job Satisfaction Scale

Recent study outlined by Mehta (2014) study that job satisfaction has greater affect on organizational performance. Job satisfaction plays the important role in retaining employees by providing the boost moral to stay in the organization. To measure the Job Satisfaction 5 option based Likert Scale strongly disagree 1 to strongly agree 5 is used to collect information of 7 items and its reliability is 0.88.

Table 1: Summary of Scales

S.No	Variables	Scale	Adopted from the study
1	Retention	1-5 Likert Scale	Memon, Penhar and Rohra, (2010)
2	Performance Appraisal	1-5 Likert Scale	Jun, MA, Xiao-Hong, and WANG, (2008)
3	Job Satisfaction	1-5 Likert Scale	Mehta (2014)
4	Career Development	1-5 Likert Scale	Shaikh, and Fariha (2010)
5	Feedback	1-5 Likert Scale	Camardella (2003)
6	Reward System	1-5 Likert Scale	Khan, M. Shahid, Wahab and Ali (2013)

Data Collection

According Malhotra and Briks, (2003) and Kumar (2008); Al-Ghumdi (2011) adopted the primary data collection is the easiest way to measure the variables and questionnaire is used to collect the primary data for this research. According to recent study primary data collection is most useful as it is more convenient way to collect the information suggested by Wood & Ross-Kerr (2010) as they have also used in his research study.

Results and Discussion
Descriptive Statistics

Initially the normality of the data was asserted by converting all the items to standardized Z-Scores which were within the prescribed limit of + 2.5. Summarized results of descriptive statistics are presented in table 1

Table 1: Descriptive Statistics

	Mean	Std. Deviation	Skewness	Kurtosis
Career Development	3.55	0.70	-0.38	-1.48
Empowerment	3.20	1.02	-0.49	1.39
Employee Retention	3.46	0.53	-0.59	-0.76
Feedback	3.53	1.17	-0.32	1.22
Job Satisfaction	3.55	0.70	-0.38	-1.17
Performance Appraisal	3.40	0.48	-0.54	-0.72
Reward System	3.60	1.06	-0.49	1.55

Table 1 shows that highest value of kurtosis (1.55) is for reward system (M= 3.60, SD= 1.06) and the lowest value of kurtosis(-0.72) is for performance appraisal (M= 3.46, SD= 0.48). Since highest value of skewness(0.59) is for employee retention (M= 3.46, SD= 0.53) and the lowest value of skewness (-0.77) is for rating system (M= 3.30, SD= 1.10) therefore, the values of skewness and kurtosis are in between + 2.5. The skewness and kurtosis are useful for testing univariate normality of data (Lawrence T. DeCarlo 1997).

Correlation

Inter item correlation was carried out to check that the multicolineariy among the constructs. Summarized results depicted in Table below.

Table 2: Table Correlation:

	ER_T	PA_T	JS_T	CD_T	RW_T	F_T	EM_T
ER_T	1						
PA_T	0.91	1					
JS_T	0.53	0.64	1				
CD_T	0.72	0.68	0.49	1			
RW_T	0.52	0.61	0.86	0.44	1		
F_T	0.64	0.59	0.43	0.67	0.38	1	
EM_T	0.88	0.82	0.53	0.88	0.47	0.75	1

Table 2 shows that there is multicolinearity has been observed among few constructs such as performance appraisal and employee retention (r=0.91); rating system and employee retention(r=0.91); empowerment (r=0.97) therefore, EFA was carried out to extract multicolinearity.

Multicolinearity of the Independent Variables

Multicolinearity of independent variables was analyzed by the Eigen values; it helps to determine the exceptional dimensions in the independent variables. As per the analysis several values are closer to zero that indicates the high correlation among variables UCL (2014). In this study the highest value is 0.15 for employee retention (M= 3.46, SD= 0.56) and worst is 0.04 for career development (M= 3.55, SD= 0.70). According to UCLA (2015) all condition indices should be less than 15. The highest value is of condition indices is 2.6 <15 of employees retention (M= 3.46, SD= 0.56) and the lowest is 1.2<15 of reward system (M= 3.60, SD= 1.06) this indicates that data does not have multi colinearity issues.

Factor loading for reducing the items

Principal Factor Analysis with Varimax rotation was applied on the above seven constructs. The assumption of independent sampling, linear relationships, and moderate correlations were met. The criteria used were: (1) The Barley Test of Spehercity is significant P <.05, (2) Kaiser-Meyer Olikin Measure of Sampling should be greater 0.60 (3)To include the top 4-6 items with factorial loading of at least 0.60.The summarized results are presented below in table 4:

Table 3: EFA result after dropping items

Construct	Original Items	Kaiser-Meyer Olkin	Barley Test of Sphercity	Cumulative Factor loading	Item Retained
Career Development	4	0.67	626	82.47%	3
Empowerment	3	0.73	830	86.42%	3
Employee Retention	6	0.61	662	66.37%	4
Feedback	3	0.70	668	82.75%	3
Job Satisfaction	7	0.61	2142	77.58%	4
Performance Appraisal	9	0.69	930	70.79%	6
Reward System	7	0.70	1258	70.8%	4

Discriminant Validity

Exceptionality of the variables is tested through Discriminant validity (Hair et al. 2010).The discriminant validity was evaluated by comparing the value of average extracted (AVE) with the square correlation coefficient. The summarized results are stated below. Table 3 shows that the values of average variance extracted is lesser than all possible pairs of constructs the variables are unique Fornell & Larcker, (1981)

Table 5: Discriminant validity

	ER_T	PA_T	JS_T	CD_T	RW_T	F_T
PA_T	0.84					
JS_T	0.59	0.78				
CD_T	0.28	0.46	0.91			
RW_T	0.27	0.37	0.74	0.19		
F_T	0.41	0.35	0.18	0.45	0.91	
EM_T	0.77	0.67	0.28	0.77	0.22	0.93

Note: (1) Diagonal entries show the square-root of average variance extracted by the construct **(2)** Off-diagonal entries represent the variance shared (squared correlation) between constructs.

Reliability of the Constructs

The reliability of each construct measured separately through the Cronbach's Alpha. The summarized results are presented below in table 5.

Table 4: Reliability of the construct

Construct	Cronbach's Alpha	Cronbach,s Alpha on Standarized Items	No of Items	Mean	S.D
Career Development	0.75	0.75	4	3.55	0.70
Empowerment	0.71	0.72	3	3.60	1.06
Employee Retention	0.79	0.79	6	3.46	0.53
Feedback	0.72	0.71	3	3.53	1.17
Job Satisfaction	0.88	0.82	7	3.55	0.70
Performance Appraisal	0.73	0.74	9	3.40	0.48
Reward System	0.84	0.81	7	3.60	1.06

Hypothesis Testing
Hypothesis # 1

The hypothesis on the effect of performance appraisal on employee retention was tested through stepwise regression analysis summarized results are presented below. The Stepwise Regression is used to test this hypothesis (refer to Annexure-6). The summarized results are presented below.

Table 6: Regression Summary

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1. (Constant)	-2.293	0.588		-3.901	.000
Performance Appraisal	0.71	0.019	0.906	38.014	.000
2. (Constant)	-2.666	0.6		-4.446	0
Job Satisfaction	-0.044	0.017	-0.08	-2.617	0.009
3. (Constant)	-2.671	0.6		-4.448	.000
Reward System	0.014	0.026	0.025	0.532	0.0595
4. (Constant)	-3.31	0.567		-5.838	.000
Career Development	0.282	0.041	0.21	6.952	.000
5. (Constant)	-4.196	1.151		-3.645	.000
Empowerment	-0.332	0.171	-0.282	-1.944	0.053
6.(Constant)	-4.144	1.155		-3.588	.000
Feedback	-0.019	0.029	-0.017	-0.655	0.0513

Note: R=0.906, R2=0.821, Adjusted R2= 0.821, p<0.05, dependent variable=employee retention.

Interpretation: The results of regression indicated that the predicator performance appraisal (M=3.40, SD= 0.48) explains 90 % of the variance towards employee retention (M=3.46, SD= 0.56), (R2=0.821, F (1,314) =1,445, P< 0.05). It was found that performance appraisal (ß_= 0.710 p<.05) significantly predicted employee retention in a leading bank.

Hypothesis # 2

The hypothesis two is postulated that there is an effect of job satisfaction on employee retention.

Interpretation: The results of regression indicated that the predicator job satisfaction (M= 3.55, SD= 0.70) explains 90 % of the variance towards employee retention (M=3.46, SD= 0.56), (R2=0.82, F(2,313)=739.406, P< 0.05). It was found that Job Satisfaction (ß_= -0.044 p<0.05,) significantly predicted employee retention.

Hypothesis # 3

The hypothesis three given the effect of reward system on employee retention and to check the significance of relationship Stepwise Linear Regression is used.

Interpretation: The results of regression indicated that the predicator reward system (M= 3.60, SD= 1.06) explains 90 % of the variance towards employee retention (M=3.46, SD= 0.56), (R2=0.825, F(4,311)=491.903, P>0.05). It was found that job satisfaction (ß_= 0.014 p<0.05,) significantly predicted employee retention in a leading bank. The renowned researchers Crawl in, (1997); Foley (2008) also concluded that the reward system has an impact on employee retention.

Hypothesis # 4

Hypothesis four was created to determine that there is an impact of career development on employee retention. Step Wise Regression is used to determine the relationship among the variables.

Interpretation: The results of regression indicated that the predicator career development (M= 3.55, SD= 0.70) explains 92 % of the variance towards employee retention (M=3.46, SD= 0.56), (R2=0.921, F(5,310)=436.982, P< 0.05). It was found that career development (ß_= 0.28 p<.05,) significantly predicted employee retention in a leading bank.

Hypothesis # 5

The hypothesis six is shows that there is an effect of empowerment on employee retention. The Step Wise Regression is used to determine the relationship among the variables.

Interpretation: The results of regression indicated that the predicator empowerment (M=3.60, SD= 1.06) explains 95 % of the variance towards employee retention (M= 3.46, SD= 0.56), (R2=0.952, F(7,308)=502.479, P>0.05). It was found that empowerment (ß_= - 0.332 p<0.05,) significantly predicted employee retention in a leading bank.

Hypothesis # 6

The hypothesis seven is postulated to show that there an impact of performance feedback on employee retention.

Interpretation: The results of regression indicated that the predicator feedback (M=3.53, SD= 1.17) explains 95 % of the variance towards employee retention (M=3.46, SD= 0.56), (R2=0.952, F(8,306)=429.962, P> 0.05). It was found that feedback (ß_= -0.19 p<0.05,) significantly predicted employee retention.

Discussions

H. A. Alsemeri (2016) contends that job satisfaction always gives a positive influence to employees in retaining with the organization. Ostracker (1999) shows the employees' job satisfaction and retention always considered as a cornerstone in the success and growth of the organization. Recent study outlined by Frey (1997); Weibel et al. (2007) suggested that the performance of workers and the job satisfaction effects the employee retention.

This finding is consistent to earlier literature Hussain and Rehman (2013) have found the significant relationship among reward system and the retention of employees within the organization. In a study of Hong and Kaur, (2008) it is concluded that there is a significant correlation between the reward system and employee retention on longer basis. Further Crawl in, (1997); Foley (2008) test the hypothesis comprising of reward system and its impact on the employee retention and the results was significant. This finding is consistent to earlier literature. Recent study outlined by Bagga (2013) concluded that there is a strong affect of career development on employee retention. Hay (2001) also found there is a significant relationship exists among career development and employee retention. Furthermore Megank, (2007) defined that Career development positively affects the employee retention. According to (Boudreau & Boswell (2002); Heywood, John S. Brown & Michelle (2005) the rating system significantly affects the employee retention. Khan, M. Shaid, Wahab and Ali (2013) asserts that it has been observed that there is a significant relationship among rating system in performance appraisal and employee retention. As Boudreau & Boswell (2002); Heywood, John S. Brown & Michelle (2005) already identified the significant impact of performance rating system and employee retention. (2000); Williams and Levy (2004) also found the significant effect of performance rating on employee retention.

H. A. Alsemeri (2016) shows the positive relationship exists among empowerment and employee retention. Corsun & Enz, (1999); Yoho, (2005) also found that the empowerment has significant impact on employee retention. Bowen and Lawler, (1992); Spreitzer, (2007) asserted that the empowerment positively effects the employee retention. This finding is consistent to earlier literature. The famous researchers Rfikul, Rasad, Shuib bin Mohd, Honolulu, Hawaii and Islam, (2005) found that there is a positive relationship between feedback and employee retention. Camardella (2003) concluded that there is a partial correlation among feedback and employee retention. Furthermore Levy and Williams, (2004) showed that there is a strong relationship between feedback and employee retention. Recent study outlined by Mehta and Dhankar, (2014) found that the performance appraisal has the strong relationship with the employee retention. Saeed, Lodhi, Naeem, Rehman, Mahmood and Ahmed (2013) mentions that performance appraisal has a significant impact on employee retention. Grote (2002) state that performance appraisal is a strong predicator of employee retention.

Conclusion

The employee retention may affect from the performance appraisal of employees as the null hypothesis 1a, that was developed to find out the significant relationship among them has rejected and it can be said that there is a statistically strong relationship exist between them. As the hypothesis 1b that has been set to determine the statistically significant relationship among employee retention and job satisfaction has also been rejected and it is found that there is the existence of strong relationship among these variables. The result of hypothesis 1c shows that the hypothesis has accepted as the statistically weak relationship has been found

among employee retention and reward system. The findings indicated that the employee retention also affects by the career development of employee and the hypothesis 1d is rejected to show the strong relationship among employee retention and job satisfaction. It has been observed that there is a strong relationship exists among employee retention and rating system. In relation to this the hypothesis 1e has rejected and it is concluded that the variable feedback from boss is a strong determent of employee retention.

There is significant impact of empowerment on employee retention; it has been proved from the result of hypothesis 1f that was rejected after the analysis of data. Therefore, it is concluded that there is a strong relationship among above said relationship.

In result of the acceptance of hypothesis 1g the researcher has concluded that there is a statistically significant relationship exists among the feedback from boss and employee retention.

Recommendations

The findings and conclusions of the study suggested recommendations as under which will help a leading bank to increase the retention rate of the employees. Effective performance appraisal procedure should be implemented in order to retain the best talent in a leading bank. Rating system of appraisal must be authentic and unbiased as it leads to employee retention. Employee career growth and development tools should be introduced as concluded from the study clearly states that both job satisfaction and retention rate depends on growth and advancement. By doing so a leading bank could be better able to motivate their employees at work leading to retention. Effective reward system should be incorporated by the management of a leading bank who has a focus on employee retention. Salary perks and other benefits of employees working in a leading bank should be marked compatible and should maintain internal as well as external equity leading towards better job satisfaction and retention rate. Job satisfaction must be ensured to retain employees at all level in the leading bank. Empowerment in job of all level of employees working in a leading bank should be given and documented to have a better satisfaction level of employees leading to long term retention of talent. It is recommended that management of a leading bank should focus on the immediate performance feedback to retain their talent.

Future Study

As per the reviewed literature and findings of the study the opportunity areas for future research are as under:

More researches in relation to exploring the relationship of performance appraisal and employee retention through demographic factors that have an impact on organization could be done in future in the same industry on different banks. The same research could be done in future on the other banks in Karachi or Pakistan and sectors like oil and gas, agricultural, telecommunication, retail industry and education sector etc.

REFERENCES

Ahmed Muneeb Mehta (2014), "Impact of Performance Appraisal on Employee Performance", Journal of Human Resource Management and Labour.

Bagul D. B. (2014), "Study of Employee's Performance Appraisal System", Scholarly Research Journal of Humanity Sciences and Languages.

Brown, Michelle, S. Heywood, John, 2005, Performance appraisal system: Determinants and change, British journal of industrial relations, 43 (4), 659-679.

Camardella, M.J. (2003) "Effective Management of the Performance Appraisal Process," Employment Relations Today, 30 (1), 103-107.

Chunhachinda, P., and Li, L. 2010. Efficiency of Thai Commercial Banks: Pre-vs. post-1997 financial crisis. Review of Pacific Basin Financial Markets and Policies, 13 (3), 417-447.

Gaurav Bagga. (2013),"How to keep the talent you have got". Human resource management inter Habib digest, 21 (1), 3-4

Gaudreau Meyerson & Blanchard Dewettinck (2012), "Effect of Empowerment on Employees Performance", Advanced Research in Economic and Management Sciences (AREMS) Vol.2. July 2012 ISSN: 2322-2360 WWW.universalrg.org.

Gulati, PM, 2009, Research Management: Fundamental and Applied Research, Global India Publications. ISBN-13: 978-9380228358

Gupta S. C. (2011) Advanced Human Recourse Management –Strategic Perspective, Pearson Pub. 1st edition, 207-230.

H. A. Alsemeri (2016), "Factors affecting job satisfaction: An empirical study in the public sector of Saudi Arabia", Graduate School of Business Victoria University Melbourne, Australia

Honolulu, Hawaii, Islam, Rafikul, Mohd Rasad, Shuib, Bin, (2005), Employee performance evaluation by AHP: A case study, 1-16.

Hussain.T and Rehman S. S(2013), "Do Human Resource Management Practices Inspire Employees' Retention?", Research Journal of Applied Sciences, Engineering and Technology 6 (19), 3625-3633, 2013

Ishaq, Muhammad, Hafiz; Iqbal, Zahid, Muhammad; Zaheer, Arshad, (2009), "Effectiveness of Performance Appraisal: Its Outcomes and Detriments in Pakistani Organizations" European Journal of Social Sciences – 10 (3).

Jun, MA, Xiao-hong, WANG, (2008), "The performance appraisal system types and their applicability: A case study, journal of US-China Public Administration", 5 (3), 1-7

Kossivi1.B, Xu1. M, Kalgora. B. (2015), "Study on Determining Factors of Employee Retention", Open Journal of Social Sciences, 4, 261-268

Khanna. M and Sharma. K. R (2014), "Employees Performance Appraisal and its techniques", Asian J. of Adv. Basic Sci.: 2 (2), 51-58

K.Thulasi Krishna (2014), "Linkage of Performance Appraisal Rating to Rewards: A Study of Select Public and Private Sector Banks", InterHabib Research Journal of Business and Management –(IRJBM), Volume No–II

Lockwood, N.R. (2006). Talent management: Driver for organizational success. 2006 SHRM Research Quarterly. Alexandria, VA: Society for Human Resource Management.

Murphy. B (2015), "The impact of reward systems on employee performance", A thesis submitted to Dublin Business School in partial fulfilment of the requirements for Masters of Business Administration in Business Management, Dublin Business School in association with Liverpool John Moore's University

Nousheen; Herani, M. Gobind; Mahmud, Mohammad; Tariq, Mohammad, "Job Satisfaction for Employees: Evidence from Karachi Electric Supply Corporation". KASBIT Business Journal, (1): (2009), 95-104 http://www.kasbit.edu.pk/journal/index

Pettijohn, C., Pettijohn, L. S., Taylor, A. J., and Keillor, B. D. 2001. Are performance appraisals a bureaucratic exercise or can they be used to enhance sales-force

Rizwan Qaiser Danish 2010, "Impact of Reward and Recognition on Job Satisfaction and Motivation: an Empirical Study from Pakistan" 5 (2).

Saeed. R, Lodhi. N. R, Naeem. A, Rehman. A, Mahmood .Z and Ahmed.M (2013),"Impact of Performance Appraisal on employee retention in the banking sector of Pakistan", Middle East Journal of Scientific Research.

Raosoft Sample Size Calculator. (2004). Seattle, USA: Raosoft, Inc, Retrieved July 01, 2014 from http://www.raosoft.com/samplesize.html

Saunders, Thornhill.A and Lewis. P (2007), Research Methods for Business Students 4th edition, Pearson Publishers.

Saeed. R, Lodhi .N.R, Abbas. F and etl ; (2013), "The Organizational Role in Career Development of Employees", Management and Administrative Sciences Review www.absronline.org/masr ISSN: 2308-1368, 2 (6), 664-669

Shaikh Abdur Rahim(2012)," Performance Appraisal Systems in the Private Banks of Bnagladesh",The Business & Management Review, Volume-IV

Sergeant, A. & Frenkel, S. (2000), "When do customer contact employees satisfy customers?", Journal of Service Research, 3 (1), 18-34.

Sekaran, U. (2002). Research methods for business: a skill-building approach. 2000, NewYork: J. Heywood (eds.), Paying for Performance: An InterHabib Comparison. Armonk, NY: M.E. Sharpe Publishers, 179–213.

Showkat.S (2013), "Performance Appraisal in Banking Organizations ",Journal of Arts, Science and, Issue-3.

Sheikh. M, Qamar and Farhiha,(2010), "The impact of organizational support for career development on career satisfaction" Asian Journal of Management Volume-7.

Terera R. S & Ngirande. H (2014), The Impact of Rewards on Job Satisfaction and Employee Retention", Mediterranean Journal of Social Sciences MCSER Publishing, Rome-Italy 5 (1).

Snieder, R & Larner, K, 2009, the Art of Being a Scientist: A Guide for Graduate Students and their Mentors, Cambridge University Press

Sookpradist(2011). Antecedents and consequences of satisfaction and commitment in turnover models: A reanalysis using latent variable structural equation methods. Journal of applied psychology, 71 (2), 219.