

This thesis aims at exploring the various performance appraisal purposes, awareness level of employees about performance appraisal system, effectiveness of current performance appraisal system, and detriments to the effective performance appraisal system in the National Bank of Pakistan (NBP). The thesis also examines the impact of performance appraisal purposes on job satisfaction, employees' commitment, and organizational performance including both financial and non-financial performance, while taking job satisfaction and employees' organizational commitment as mediators. The sample size of this study is 391 employees, which is calculated by applying Yamane's formula, and convenient sampling method is used for survey because it is not easy to access all the population and all population is not relevant 400000000.

The questionnaire is developed for data collection based on five point Likert scale after critically reviewing literature, specifically, the studies including: Nyaoga et al. (2010); Ali et al. (2010); and Moulder, (2001). A pilot study was conducted to check the validity and reliability of the instrument. Structural equations modeling analysis through AMOS version 21 is applied to examine the impact of performance appraisal purposes on job satisfaction, employees' organizational commitment, and organizational performance, and impact of job satisfaction and employees' organizational commitment on organizational performance. Path analysis through AMOS version 21 is used to explore the mediation effect of job satisfaction and employees' organizational commitment between performance appraisal purposes and organizational performance.

The study concludes that: (a) Employees at NBP ranked performance appraisal as a necessary tool for promotion, renewal of service contract, training, finding suitable employee for new assignment, counseling and redevelopment of employees, rewards, discipline, motivation, and transfer of employees; (b) Employees at NBP ranked awareness of performance appraisal system as aware-off with goals of performance appraisal system, aware-off with linkages of performance appraisal system with objectives of organization, and aware-off with purposes of performance appraisal system; (c) Employees at NBP ranked effectiveness criteria of performance appraisal system as employee's contribution is properly assessed, assessment matches with employee's expectation, transparency is maintained, and performance appraisal system is according to the employee's satisfaction level; (d) Employee at NBP ranked detriments to effective performance appraisal system as organizational politics, emotional distress, reluctance of raters to offer feedback, inconsistencies in setting and applying appraisal criteria, rewards on non-performance, performance of targeted employees, and subjectivity of performance appraisal system; (e) Performance appraisal purposes have highly significant positive impact on job satisfaction, employees' organizational commitment, financial performance, and non-financial performance; (f) Job satisfaction of employees has highly significant positive impact on financial performance, and non-financial performance; (g) Employees organizational commitment has insignificant negative impact on financial performance, and non-financial performance; and (h) Financial performance will go up by 0.046 while mediating job satisfaction between performance appraisal purposes and financial performance, financial performance will go up by 0.021 while mediating employees'

organizational commitment between performance appraisal purposes and financial performance, non-financial performance will go up by 0.068 while mediating job satisfaction between performance appraisal purposes and non-financial performance, and non-financial performance will go up by 0.035 while mediating employees' organizational commitment between performance appraisal purposes and non-financial performance of National Bank of Pakistan.

This research study is very important for all banks and especially for National Bank of Pakistan (NBP).