

Impact of Performance Appraisal on Employees: A Study on Employees of Insurance Organization in Bangladesh

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Abstract

Performance appraisal is an essential activity that determines how the employees behave and perform. From scholarly articles, it can be said that it creates both positive and negative impact on employees' performance, which affects the overall organizational performance. The aim of this research paper is to understand how the method of performance appraisal used in a leading insurance organisation can have an impact on employees' attitude towards work. It focuses on how technological factors, financial factors and feedback system of the appraisal system can have a significant impact on the fairness of the system. Taking a sample size of fifteen respondents from one organization has identified how the feedback system used by an organization and involving employees' voice in decision making can contribute to making the process fair.



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1. Introduction

In today's global and competitive world, every organization is striving to become leaner more agile and performance oriented. As important as it is to employ the right employees, organizations also need to focus on other activities rather than just hiring. To make an organisation prosperous, the HR department has to initiate other activities after they have selected their candidates such as, identify ways to motivate them, identify the problems and encourage employees to perform better in order to help the organisation progress and accomplish what they are aspiring towards. How strong and effective the HR team of an organization is, would determine the organization's success. To manage an organization's human resources, organizations have to assess their employees to identify whom to promote, who needs training and recognize any lacking and guide them towards the right direction (Longenecker and Ludwig, 1990). However, this subject has not gained much popularity in developing countries compared to developed countries (Absar, Nimalathan and Jilani, 2010). HR practices are becoming important day by day and according to Muhammad Masum et al. (2015), HRM activities are directly linked with development of organization's performance. More attention needs to be paid in making performance appraisal work effectively for the growth of an organization.

This research paper starts with the description about the study and the importance of the study. Research was conducted around a problem that was identified. Literatures about performance appraisal system all over the world has been discussed to understand the gap. Research on performance appraisal in developed countries are more available compared to developing countries. Very few researches have been found in context of Bangladesh. To address the problem, understand why the gap exists and find solutions, three important research questions are recognized. To find answers for the questions, qualitative method is used. Thematic analysis and Challenging Values Framework are used to interpret and analyze the results. This research paper focuses on a case study conducted on one of the leading Insurance companies of Bangladesh. Case study on one organization has been chosen instead of comparing many organizations, as, it helps go in depth of the organization's practices and identify the issues that needs attention. Sample size of fifteen respondents using purposive sampling has been selected to get more relevant and accurate results. The short time period for conducting the research was a limitation of this research paper. The research paper ends with the conclusion of the whole study.

1.1 Problem statement

Focusing on employee performance management can have direct impact on organization's success. But lack of skilled employees in the market is making it difficult for Bangladeshi firms (Khan and Khan, 2010). Performance appraisal is not a very unknown topic for organizations in Bangladesh but, its practice in organizations are very few (Hossain, Abdullah and Farhana, 2012). There has been quite a lot of discussions on other financial institutes', but lacks research on insurance companies' performances in Bangladesh (Rahman, 2013). In a developing country like Bangladesh, where risks are high and lack of personal wealth to overcome the damages, insurance can come as a great help (Faruk and Rahaman, 2015). Not much has been discussed about the performance appraisal methods in insurance companies of Bangladesh, as it is discussed in later chapters. So, the problem of inadequate performance appraisal system in insurance companies affects the overall performance of the organization. A country where insurance industry has a lot of growth potential, without appropriate performance appraisal, organizations cannot remain competitive. Businesses cannot succeed if they do not put their focus on developing their existing employees and make sure that the employees are pleased (Hosain, 2016). When organizations are putting their efforts in providing the best services to

their customers but fail to realize the fact that without employees, an organization cannot succeed. Therefore, it is necessary to conduct research on performance appraisal in insurance companies to identify the loopholes and take initiatives to overcome them and improve employees' performances in order to make the organizations successful. There are quite few reasons why the insurance industry is not as popular as it is in the developed countries. So, to understand why this situation exists and how more frequent and adequate use of performance appraisal can make it easier for insurance companies to grab more opportunities to be more profitable. Thus, the research investigates the following research question.

Does performance appraisal process affect the profitability of the organisation?

2. Theoretical Framework

2.1 Performance Appraisal

To identify what and how performance appraisal creates an impact on employees of insurance companies in Bangladesh, it was vital to first check what has been discussed about it as a general topic and later discuss in details on the methods and influence of performance appraisal in insurance companies of Bangladesh. *Performance appraisal, performance appraisal methods, performance appraisal in Bangladesh, performance appraisal in insurance companies* has been used as key words to look for literature. HRM deals with the human aspect of an organization and therefore, performance appraisal has been playing a vital role in organizations for several years. Performance appraisal is used as a means to boost the performance of employees and *retain* them (Tuytens and Devos, 2012). Lists of definitions of performance appraisal has been discussed below, from various authors over varied periods.

Table 1: Definitions of performance appraisal

To assess employees' performances in a <i>fairer</i> and <i>cost-effective</i> way, performance appraisal is used (Murphy and Cleveland, 1995).	<i>Quantitative research</i>
Performance appraisal is a tool for the growth of both the organization and employees as it <i>recognizes, assesses</i> , and enhances an employee's performance (Lansbury, 1988).	<i>Conceptual study</i>
Placing employees in the right position, pay raise, <i>training program</i> and <i>promotion</i> are the reasons why performance appraisal is conducted (Cleveland, Murphy and Williams, 1989).	<i>Quantitative research</i>
Performance appraisal acts as a motivator factor compared to as a demotivating issue as it reveals the correct results (Iqbal, Akbar and Budhwar, 2015).	<i>Empirical research</i>

Over the years, the methods used for researching performance appraisal has changed. Even though the methods have varied, but the definitions are quite similar as almost all of them focuses on how performance appraisal is beneficial to both the organization and employees. Out of many reasons for conducting performance appraisal, one of the vital reasons has been to identify if the employees are capable of achieving the organization's objectives or not. However, performance appraisal has faced more *criticism* than *appreciation* (Wiese and Buckley, 1998). Few factors need to be considered before deciding whether performance appraisal will be a useful tool or not. More than the size of the organization, number of employees, *fairness* is the major issue for which the tool is criticized. As Keeping and Levy (2000, p.708) presents a similar view, as, to make the performance appraisal just, how employees view the process and *accept* it, is important. According to Birecikli et al. (2016), how effective performance appraisal will be, would depend on how employees view the process. If

they consider the procedure and incentives to be *fair*, performance appraisal will help employees to improve their performance and vice versa. Kampkotter (2017)'s research conducted on *10,500 employees* and found out that if the assessment is linked with financial rewards, then employees feel motivated. Following a different research process, the authors have come to comparable results. The huge *sample size* in Kampkotter (2017)'s article is its forte and he also discussed how the *personality* of each candidate creates an impact on the effectiveness of the appraisal process. But focusing on one nation, which is Germany, makes the research very restricted. However, the impact of performance appraisal on *employee's performance* is vague (Cappelli and Conyon, 2018). An *empirical research* was performed and observed how performance appraisal influences *job level, compensation level* and *labour market*, concluding that the relationship between performance appraisal and *employee productivity* is *positive*. *High marks* would act as an encouragement for the employees to deliver their ability better and can lead to an *increment* as well. But, the lack of discussion of the issues such as the *need of individuals* as well as how a person would translate the scores would have an impact on their performance. For example, what someone considers as a high score, might mean a low score to someone else. The issue is *subjective*. those who will not be satisfied with their scores, will cause a deterioration in their performance. Performance appraisal pays more attention on the way it is performed, but focusing more on how it can develop employees and help them to reveal their true capabilities would reduce the criticism (Cappelli and Conyon, 2018).

2.2 Performance Appraisal in Bangladesh

Sogra, Shahid and Najibullah (2009) Conducted a research on *67 MBA students* from Bangladesh about their views on performance appraisal. And came to a conclusion that, in Bangladesh, senior managers tend to use performance appraisal system as a tool to fulfill their own need and not to benefit the employees. The strong point of this article is that it brings out how differences in generation and education background can have an impact on how individuals perceive and use performance appraisal. However, the research sample is small, and it cannot be used to understand the organizational scenario of all the organizations in Bangladesh. Tabassum (2012) says, that performance appraisal has emerged and gained its importance over time around the world but not in Bangladesh. According to the author's finding, only *20%* of the organizations in Bangladesh, uses performance appraisal (Tabassum, 2012). As agreed by Haque (2012), Bangladesh has not yet realized the importance of performance appraisal and the author has identified from research that *India* and *Pakistan* along with other developed and developing countries, uses advanced performance appraisal compared to Bangladesh. Bangladesh is lacking behind in terms of introducing advanced and effective performance appraisal system. It is needed to help employees identify the problems and improve their performances as well as it is an important part of HRM department as discussed earlier.

2.3 Performance Appraisal in Insurance Companies in Bangladesh

Research on performance appraisal has been conducted periodically by different authors as briefed so far. How performance appraisal is explained according to different authors over different periods has been discussed so far. Societal cultures, organization's cultures differ among different nations. And within each organization in a particular country, the requirements, organization's objectives and employees' background vary. As mentioned by Tabassum (2012), in developing countries like Bangladesh, not many organizations are putting their best effort in conducting a fair performance appraisal which as a result is leading to employee turnover. Motivated and well performing employees would lead to a growth of an organization and in the bigger picture, it helps a country to grow. According to Outreville (2013), the amenities provided by insurance companies creates a positive impact on

investment, savings and costs of intermediation, which as a result improves the economic growth of a country. The author of this research paper focuses on the insurance industry of Bangladesh. As mentioned by Uddin, Mazumder and Chowdhury (2014), Bangladesh being an over populated country with natural disasters and political unrests taking place recurrently, insurance acts as a security measures as well as a domestic saving measure. Insurance has been very well practiced in developed countries, and it acts as a hand for the people in need. But in a country like Bangladesh where political unrests are common, laws are not strongly enforced and lives are at stake all the time, insurance helps people to overcome the unexpected risks and accidents (Hasan, Islam and Wahid, 2018). But most of the people in Bangladesh are either not aware of the concept of insurance or do not think investing on insurance is valuable. The strong point of Hasan, Islam and Wahid (2018)'s article is that it is one year old and has focused on performance appraisal system of 32 insurance companies in Bangladesh. When employees are assessed justly and given appropriate feedback, they do not just make progress with their performance but are also able to serve their customers better (Karim, 2019). Which is crucial for insurance companies because, if employees cannot gain customer's trust and sell insurance to them, the organisation would fail. But one of the weak points of Karim (2019)'s survey is that, it included 33 questions. Which can be considered as a huge number of questions to answer, for a working employee and might not provide sufficient answers.

2.4 Research Gap

From earlier discussion, performance appraisal is considered to be a great tool for understanding employees' work status and where one needs improvement and as a result it also affects how an employee interacts and participates with customers (Tuytens and Devos, 2012). Performance appraisal is a topic which is widely discussed around the world. But it can be seen while searching for articles for *performance appraisal in Bangladesh* or *performance appraisal in insurance companies in Bangladesh*, only five recent articles appeared out of 100 articles. As, Tabassum (2012) has discussed how the Bangladeshi organizations do not realize the importance of performance appraisal and one of the main reasons behind it is, lack of discussions. This implies that there is a gap in Bangladesh regarding performance appraisal in insurance companies of Bangladesh. Out of the very few articles found about the insurance companies in Bangladesh, all of them talks about how insurance is important for a nation and how an *effective* performance appraisal would help the employees to build and bring in more customer for the companies which will enhance an organization's profitability (Uddin, Mazumder and Chowdhury, 2014). But does not mention, how aware are the people of the nation about the importance of insurance. Also, whether the companies are actually implementing an *effective* and *fair* performance appraisal for the employees or not so that it helps them to improve the quality of their performance which will not just improve the insurance sector's damaged reputation as well as make the organizations more profitable. So, the aim of this research is to find out how contributing has the insurance companies been towards developing a better performance appraisal, to motivate their employees. And to do that, it is important to understand how do they evaluate their employees and identify their shortcomings.

3. Methodology

3.1 Methods for collecting data

The author's aim is to focus on the leading insurance organisation of Bangladesh. The reason being, when an organisation is in the leading position, it is assumed to have bigger and more organized HR department which relatively smaller companies might not have. If the lackings of a leading organisation can be identified, a better process can be planned and other

organizations can follow it as well. *Qualitative method* is assumed to be the right method for this research. Because, Morgan (2014), has mentioned that it helps to understand an individual's view points and understandings. Before going in to detailed and more related questions, few other questions can be asked to make the conversation more comfortable as well as get greater insights for the research. For example, 'what is their motivation to work for an insurance organisation?', 'Do they feel, they are contributing to the society by working for an investment sector?'. *Qualitative method* helps to get detailed answers from the respondents and supports to make the research *evaluative* as comparisons can be made between the present practices and results obtained. For this research, *quantitative method* would be misappropriating as it is used when results need to be *calculated* (Morgan, 2014). In this case, the research focuses on only one organization and thus *quantitative method* cannot be used. As agreed by Saunders, Lewis and Thornhill (2015), *quantitative research* is more suitable for researches where *more than one variable* need comparison and *statistical data* are used to *translate* the results in to more profound manner. It could also be confusing for people from other departments than statistics, to relate the answers with theories. *Open-ended semi-structure interview* will be carried out as this would help both the *interviewer* and *interviewee* to share their knowledge and views in a wider range (Morgan, 2014). Three questions will be asked to both the top management and mid-level managers, to evaluate better by comparing. More than three questions might change the track and respondents might rush to answer the key questions. It is important to take interviews of both the top level and mid-level management as; top level management makes the policies and need to understand whether the performance appraisal is acting as support or as a disadvantage. Mid-level managers' answers are vital as they are the ones who interact directly with customers.

3.2 Method for data analysis

As described by Burnard (1991), to actually understand and analyze the data, it is important to make detailed notes of each interview. This would help to identify the similarities and differences among the responses from different respondents. Even though, the article is quite old, but even in the recent years, Clarke and Braun (2013) also suggests thematic analysis, which is to identify a *common pattern* in answers. However, there can be several common things in answers but not necessarily, all are important (Clarke and Braun, 2013). So, author like Saunders, Lewis and Thornhill (2015), agrees with the idea and identified *thematic analysis* to represent the results by dividing answers by *specific category* which are relevant for the research. Just finding a *common pattern* in answers or dividing into groups is not enough for a high-quality research. But, bring a meaningful result for the research (Maguire and Delahunt, 2017). When a common point exists in everyone's answers, it gives an indication about the most important issue related to that research. After conducting the interviews, it was evident that there will be differences and parallels in their responses. The similar answers would be used to identify a trend in the organizational practice and it would help to understand if the process is being *fair* or not. One difference in the answers can be expected because of the duration of the employees' service in the organization. The employee who served the organisation for the longest period, would have different answers compared to a new employee. This would create a variation in the results. Finding and comparing the *common patterns* in senior employees and new employees would help to understand and find solutions for the gap.

Another way to analyze the data collected and to narrow down the broad answers, analysis could be done by setting a benchmark. For example, what the author of this research considers *fair*, would be used to compare with the respondent's definition of *fair*. As well as, it could be used to determine from the author's perspective whether the organization is actually making

the process just for every employee or not. However, some of the problems that might arise while interpreting the answers and finding out one common problem to provide solutions could be *integrate multiple interpretations* (Richards and Hemphill, 2018). Even though, the categories have been identified to divide the answers into, but, when 15 different respondents have different answers for the same question, it might be a challenge to interpret correctly. To avoid such problem, the responses from different genders can be compared against each other to identify a gap, later, the responses from the same gender can be compared amongst each other depending on the seniority. So, two gaps can be identified according to the gender classification and seniority classification. This would help to develop performance appraisal system that can reduce the gap. After coding, the answers need to be used to check how they would contribute in making the organization's internal factors improve and how to assess the external factors better. At last, the author's definition of a just method can be compared with the actual method followed by the organization to understand the gap where improvement is needed. As explained by Richards and Hemphill (2018), the researcher of the issue can identify the appropriate method to analyze and translate the data in to meaningful answers.

4. Results and Analysis

4.1 Results

Pragati Life Insurance Limited is the leading insurance organisation in Bangladesh, founded in the year 2000. The organization has created its impact all over the country in a short period of time and has re-insurance agreement with a German organisation. The organisation aims to provide high quality, innovative products ethically to their customers and stakeholders. With the aim of being the best policy provider in the country, the organization started its journey (Pragati, 2019).

Before getting into in-depth interview with senior managers and mid-level managers, it was important to get an overview of the organisation from the top management. The interview has provided details about their SWOT analysis which is not available online.

Table 2: SWOT analysis

Strengths <ul style="list-style-type: none"> • Well known sponsors • Innovative products • Adapted to latest technology 	Weaknesses <ul style="list-style-type: none"> • Employees • Nepotism
Opportunities <ul style="list-style-type: none"> • Insurance penetration • Scope for expanding the market 	Threats <ul style="list-style-type: none"> • Competition • Government policies • Negative image

Interview with the senior management of Pragati life insurance, has disclosed the main *strengths, weaknesses, opportunities and threats* of the organisation. According to Interview #001, their biggest strengths are their sponsors, who are influential and well-known members of the society. Innovative products such as, providing insurance for garment's workers, Uber riders, employees of telecom industries are initiatives of this organization which did not exist earlier. One of the most noticeable point from this interview was that, employees are their weakest point. "Unprofessional employees are our weakest point" (Interview #001). The reason behind it as disclosed, previously, in insurance companies, employees were more concerned about making money rather than providing quality services to their customers. Which is why, not many people are willing to work for insurance companies and those who are currently working, do not possess professional attitude required to make an organization successful. As agreed by Interview #002, *pay structure* and *unfair promotions* are one of the

main reasons that lead to poor performance of employees. And as mentioned in the chart, Interview #001 has mentioned nepotism to be a problem and cause for unprofessional employees. When unqualified candidates have to be chosen over qualified candidates, and gets promotion, the deserving employees feel demotivated and start unethical practices to earn money. It is more clearly discussed in Mamun (2016)'s article, how the insurance companies in Bangladesh has suffered because of immoral practices. Starting from the root, selection of unprofessional and unqualified candidates has led to increase in unethical practices to increasing the business. The already built negative image of insurance companies has made it difficult for the organization to attract and hire the right candidates. Which is acting as a threat for the organization as well (Interview #001). As a means of improving the damaged reputation of the organization, the top management of Pragati Life Insurance thinks, performance appraisal system acts as tool to improve the quality of the existing employees (Interview #002). As discussed by Islam and Hossain (2018) to improve the quality of the services of insurance companies in Bangladesh, proper and *trained* employees are required. And to identify the loopholes and provide adequate training and feedback to the employees, performance appraisal is required.

Performance appraisal in Pragati Life Insurance is divided into few steps. Forms are provided to employees in different departments, it includes sections about department knowledge, quantity and quality of work, punctuality (Interview #003). The results are compared against set conditions required for promotion. The top management considers it to be a fair process as the evaluation is done on one-to-one basis with the employees. Later, it is forwarded to senior management, who reviews it to declare if the process was conducted in an appropriate manner or not. From senior managers, it is passed on to the Managing Director, who later sends it to the Board of Directors (Interview #001). There are some drawbacks of performance appraisal system as mentioned by Bansal, Soni and Mishra (2018), *verbal feedback* is not enough to improve an employee's performance. It should be provided in *written form*. It helps employees to remember and have a better understanding of what is expected of them if the feedback is provided in not just *verbal*, but also in *written form* (Islami, Mulolli and Mustafa, 2018). Whereas, Imran, Haque and Rebilas (2018) argued, the presence of *politics* in performance appraisal makes it a *complex* process. From the article it can be deduced that the authors have identified issues such as managers manipulating marks for their own gain, or being biased towards an employee makes the process unfair despite following a structured and well-organized method. Several problems exist in performance appraisal system, but when employees are provided with a *written* feedback, they can have a look at it anytime when needed. But more concerning matter related to performance appraisal system is its *fairness*. As already discussed, how results can be *manipulated* and *biasness* exist while conducting the surveys, the management team of Pragati Life Insurance has given a similar view. The employees who are unlawfully hired because of their connections with Board of Directors, are usually ranked higher in their performance appraisal. Which again makes the process unfair even though a structured process is followed and reviewed by different authorities. This might lead to the feeling of *unfairly treated* among other employees and as a result affect their approach towards their work. Which in the *long-run* results in *vacancy* of the position (Imran, Haque and Rebilas, 2018). Despite of having strong sponsors, innovative products and the opportunity to expand their market, Pragati Life Insurance is struggling to improve their existing human resource. Instead of attracting better quality candidates and training the existing ones to develop the organization's performance, they are at a risk of losing the current employees. After getting an overview from the top management, the interviews with the managers has given some detailed information about the appraisal system conducted in Pragati Life Insurance. The answers have provided some valuable insights for the research questions.

Before getting into the discussion of the answers, it is important to have a knowledge about the performance appraisal system they follow. Interview #004, mentioned, that the appraisal system is divided into two parts, one that has questions about the job and the second part focuses on the employees' performance for a year. Each section has fifty marks and if an employee gets above eighty, gets a promotion. This system is used for every employee in the organization. The results have been identified and categorized under three themes to relate with and answer the research questions.

4.2 Analysis

From scholars to respondents of the interview has agreed that performance appraisal system does lead to an improvement in employee's performance. As arguments by different scholars in the earlier part of the research paper shows how *fairness* of the process creates a great impact on how effective the process is to bring out the best performance in employees. From the interview sessions, it was identified even though, the employees are not really satisfied with the appraisal system, but does believe that it helps them to develop their performance. It can be interpreted from their answers and *secondary* research that, a more appropriate and updated method would help to increase the satisfaction level of employees and help them to improve their performance. *Fairness* of the process is not only linked to the system but also how feedback is provided. The feedback system that Pragati Life Insurance follows, does not provide in-depth details about employees' recognitions and failures. As argued by (Smit, 2016) *employee's perception* is vital to make a process effective. If employees do not feel valued, their productivity would decline as it might lead to demotivation. Ismail and Gali (2016) agreed that employees' opinion about what they think of the process is required to bring the best and useful results from the appraisal system. Not just applying new techniques for the appraisal process but implementing new approaches for providing feedback is required. Assessment for learning would be more effective instead of using assessment of learning (Dickson, Harvey and Blackwood, 2018). One to one conversation with employees about their progress and lackings would give them a detailed guideline as well as employee's perception can be taken into consideration by following this process. However, this process is time consuming and can lead to delay in taking action (Dickson, Harvey and Blackwood, 2018).

Using the *Challenging Value Framework*, the *internal factors* of the organization such as the employees, the performance appraisal system, feedback system, organization's resources are getting affected by the *external factors*. For example, despite having influential sponsors, the organisation has not been able to adopt advanced performance appraisal system due to lack of advanced technologies. In case of *finances*, the organization's sponsors are their forte but if technology is not advanced or involves high cost in implementing them, then the effort given from within the organization would not come to help. In accordance with the framework, the organization should focus more on performing evaluation more frequently than just conducting it annually. This would give them the opportunity to understand the problems before it gets out of control and provide feedback in a manner that would help the employees improve their future performances. If supervisors pay more attention to how employees feel about the process and involve them in decision making, then it would help them to develop (Ismail and Gali, 2016). Lack of appropriate use of advanced technologies to keep records of employees' performances, makes it difficult to provide relevant feedback that can improve performance and as a result, it makes it difficult for the organization to achieve their purpose of providing efficient services to their customers. According to Ikramullah et al. (2016)'s framework, internal practices such as providing feedback frequently, along with appropriate use of external practices, such as implementing latest technologies to improve evaluation process can make performance appraisal a tool for developing an organization's performance.

However, the feedback process does not involve technological factors or any *external* influence. If the organization focuses more on providing feedback based on not just their performance but also on how they can improve it and involve employees' opinions about the process, then the process would improve, resulting in more satisfied employees, who are willing to perform better and lead to the development of the organization's achievement. Improving *internal* resources and with involvement of *external issues* such as support from government and technological advancements, can lead to a growth in the organization's performance. Keeping in mind that *external factors* cannot be controlled by the management of the organization and therefore, strategies need to be build and employees need to be trained well enough, so that they can cope up with unexpected changes.

4.3. Limitations

The short period of time to conduct both *primary* and *secondary research* on complicated issue like performance appraisal is not enough. The distance barrier between the countries, Bangladesh and England has made the communication difficult and time consuming. For future research, comparison between companies can make the concept and loopholes clearer.

5: Conclusion

The research paper started with introducing one of the important HR concepts, performance appraisal and its contribution in an organization. Given the importance of performance appraisal, it has gained less attention in developing countries like Bangladesh. And therefore, the human capital of Bangladesh is not developed enough to provide high-quality performances and thus affecting the organizations' growth. So, a particular organization has been selected to identify their performance appraisal system and understand how it is affecting their profitability. Three research questions have been identified that are crucial in understand the impact of performance appraisal in the organization as well as on employees. To identify how to eliminate the research gap identified, a framework has been discussed where the internal and external practices are compared to develop a better appraisal plan. Three themes are discussed in relation with the research questions. Advanced technological factors would help to improve employees perform better by keeping proper track records of their performances and allowing them to recognize the lackings and positive points about an employee's performances. Giving the employees the chance to deliver their view points and allow them to discuss the problems they are facing with their task would create a fairer evaluation process. And when employees are performing at their highest capability, the organization is performing better and thus the profitability increases. Using both primary and secondary research, has helped to compare and contrast what previously has been discussed about the issue and helped to gain detailed knowledge from candidates which was not possible with only secondary research. However, there are some issues that make the performance appraisal difficult according to the scholars from the above discussions. Employees' personality, psychological factors vary from person to person. So, the definition of fair, differs from person to person. It is problematic and time consuming to prepare appraisal system according to each employee's needs and provide detailed feedback individually. Also, focusing on one organization does not provide adequate information about the whole sector. Purposive sampling has helped to get information from relevant participants within the limited time. Referring to thematic analysis, it has been useful in identifying the commonality in the answers of the participants. Ethics is a crucial part while conducting a research. The author of this research paper made sure to not disclose the identity of the candidates in the paper and discussed the purpose of the research with the participants before starting the interview. Particularly insurance organisation was selected because of its negative reputation in the country. From secondary research, it has been unveiled that the practices in insurance

companies in Bangladesh has been ethical and has created a mistrust among the public. Which as a result has affected the quality of the employees in the organization. Very few qualified people are willing to work for insurance companies. Therefore, focusing on developing the current employees with adequate and effective performance appraisal would improve the organization's performance which in return will improve its image in the market. Some issues such as technological factors and financial factors need more attention. This way, the organization can improve their system, as result, employees' performances would improve and thus, the organization would gain more profit.

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