

Report On
**The impact of performance appraisal methods on the performance
of employees**

By

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**An internship report submitted to BRAC Business School (BBS) in partial fulfillment of
the requirements for the degree of Bachelor of Business Administration**

Bachelor of Business Administration
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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

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Subject: **Submission of Internship Report on “The impact of performance appraisal methods on the performance of employees”**

Dear Sir,

It is a pleasure for me to submit my internship report. I have provided every detail of my internship at IPDC Finance Limited. I have mentioned my responsibilities at IPDC. Also, I am grateful to those people who helped me acquire valuable information.

To prepare this report, my on-site supervisor helped me a lot. I have also followed the guidelines that you have provided. I have additionally endeavored to apply every one of the concepts which I have learned all through my program under BRAC University. I have made an honest effort to aggregate the report with the fundamental information and suggested recommendation in a critical smaller and extensive way as could be expected. I will gladly address and to explain in case there are any slip-ups that I might have made without my insight.

I hope that you will find this report worth reading and you will excuse the minor errors. Thanking you for your time.

Saad Ahmed Baset

17304012

BRAC Business School

BRAC University

Date: 13th October 2021

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Executive Summary

IPDC holds a prestigious position in the financial market of Bangladesh being one of the most trustworthy and acknowledged non-banking financial institutions (NBFI) of the country. They began their journey from 1981 and eventually became the pioneer financial association in Bangladesh. IPDC has experienced growth in recent few years. Human Resource department are the essential part of each company to get a competitive workforce and advantage from the adversaries. This report clarifies Human Resource management functions which are practiced by IPDC Finance Limited and how their functional process is improving their efficiency in the market and the strategies they follow in recruiting, assessing, training, and developing their employees. The project gives insights of the performance improvement plan of IPDC Finance Limited. I have collected data from the PIP candidates and their line managers. They have filled up my survey form for the report. From the analysis, it can be said that the performance improvement plan of IPDC Finance is very effective, and it helps the employees to enhance their performance. The Performance Improvement Plan of IPDC Finance is a successful model to assess the performance.

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Chapter 01: Overview of the internship

1.1 Student Information

I am Saad Ahmed Baset (ID 17304012), started my bachelor's in business administration in Summer 2017 at Brac University. I have successfully majored in Human Resource Management & Finance.

1.2 Internship Information

1.2.1 Period, Company, Department and Address:

I have started my internship at IPDC Finance Limited on 13th June 2021. IPDC Finance Limited is one of the top leading NBFIs in Bangladesh. The company started their journey in 1981 and now they have 12 branches in all over Bangladesh. I have worked as HR Intern at their head office which is located in Gulshan 1. My internship period was three months, and my last working day was 12th September 2021.

1.2.2 Internship Company Supervisor's Information: Name and Position

I worked under the Organizational Development team in the HR department. The organizational development team is supervised by Mr. H. M. Ferdous Tusher who is the First Assistant General Manager. Most of my tasks were given by Mr. H. M. Ferdous Tusher. He helped me a lot to make me understand tasks, which was easier for me to complete.

1.2.3 Job Scope – Job Description/Duties/Responsibilities

My main tasks were to assist the organizational team in Performance Improvement Plan, Employee Engagement & Training and Development. When I joined, they were outnumbered as one of their employees left & one of the other employees took maternity leave. I was responsible to fulfil employee engagements on my own as they were outnumbered. Also, I was involved in talking with the vendors to set trainings. I was successful to set 3 different training

programs for their IT & BT Department. I also, supervised different trainings such as Communication Secrets, IT Security, Unlocking Legal Barriers, etc. On the other hand, I made 4 different training feedback forms from the scratch. Which they later modified to make their official training feedback forms. Moreover, I assisted my supervisor to the performance improvement plan reviews.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

My primary goal was to finish each and every one of the task that I was allocated with; being an intern, I had a finite part to play to have the option to contribute generally in the corporation. However, while working on my job, my line manager considered my past experiences and gave me a lot of tasks. I had graphics designing & illustration knowledge and I was given the task to prepare posters for trainings. Also, during my time at IPDC, I was handling few sectors of the employee engagements. Moreover, I also contacted vendors for different training. Vendors such as Mindmapper, IBCS Primax, etc. I was also responsible for preparing training database in HRIS.

1.3.2 Benefits to the student

Being a credit requirement of BRAC Business School for graduation Internship assisted me with accomplishing the 4 credits needed for my undergrad program. Human Resource being one of the majors I got the chance to acquire first-hand knowledge in regards to the subject, from observing my associates perform their day-to-day activities. I have improved my computer proficiency in excel over the entire period of the internship. I was able to use my previous knowledge from MSC142 course. Moreover, with the assistance and direction of my on-site supervisor I could focus on my quality and work on my shortcomings. The internship opportunity provided the best knowledge about the corporate culture and prepare myself to join

the job market. While being in discussion with my seniors, I had the opportunity to gain proficiency with the significance of how to keep up with dependability and finish the work on schedule. I additionally figured out how to keep calm under work pressure likewise how to appropriately deal with the work life balance. I trust IPDC Finance Limited offered me a tremendous chance to jump-start my career, permitting me to get the opportunity to meet experts from my area of studies.

1.3.3 Problems/Difficulties

One of the difficulties was the limited amount of time and the COVID 19 situation. During my internship, there were numerous new things to learn. However, I believe I was not able to learn and develop my insights about all the activities conducted by the department to the fullest. As a result of this, there was a constraint to conduct a more in-depth and detailed analysis and present it in my report. Another constraint included the confidentiality of information. IPDC Finance Limited also maintained their confidentiality ethics in workplace. Due to this, some of my colleagues were bound to not provide sufficient information. Working with the Human Resource team gave the interns exposure to sensitive and classified information which was not allowed to be added on the report. As a result, I could not collect the names of PIP participants for my projects. The Human Resource department has thirteen members including the two interns, however there was not adequate space allocated for the sitting arrangement of the whole team. Also, the lunchroom was congested and due to the ongoing pandemic imposed a great threat of spreading of infections. There was no canteen at the office, so lunch and snacks had to be organized by the employees.

1.3.4 Recommendations

I have observed that the Human Resource Department infrequently hires interns. I would recommend the company to provide opportunities to more graduates to explore the experience in such a reputed organization. Even though during the rise of COVID 19 cases the interns

mostly worked from home, however the department should plan to move to a greater office space. This will help the department to operate without any issues. There should be a bigger lunchroom and it would be a great initiative to introduce canteen facilities. Also, though the employees are required to wear a mask while being on the office due to the pandemic, the authorities should provide hand sanitizers and masks to all the employees, including the interns.

Chapter 02: Organization

2.1 Introduction

A bank is generally defined as an institution for exchanging, transferring, lending, and keeping money. In other words, it is regarded as an institution that facilitates transfer of money from one individual or business to another individual or business. Banks normally tend to receive money from the general public in the form of deposits. The money which has been borrowed from the bank is then invested in agriculture, business, and other opportunities that have a possibility of generating income. This, in turn, helps in creating more employment opportunities, assets, and income. As such, these kinds of activities tend to have a direct impact upon the economic growth of a country.

Apart from these basic functions, banks also tend to perform several other duties which can help in speeding up the economic development of a country. These include growth of different geographical areas in the country, bringing all the citizens of a country under the banking system through financial inclusion, and establishing a formal financial system in rural areas. With the establishment of a sound and firm banking system, it helps to pave the way for agricultural development and industrialization ("Banking Functions and Economic Importance of Banks", 2021).

In this report, the main topic of discussion will be the commercial banking sector of Bangladesh. An overview will be provided regarding Bangladesh's banking sector and its contribution towards the economic growth of the country. The report will then progress into discussing IPDC, the bank which has been chosen. An overview of the company will be provided, along with its objectives, products and services, and strategies that it employs for customer engagement. To further understand the position of IPDC in the banking sector of Bangladesh, an industry analysis will be conducted. Based on SWOT analysis and Porter's Five Forces, recommendations will be provided as to how IPDC will be able to improve its operations for the long run.

2.2 Bangladesh's banking sector and NBFIs

Commercial banks have undoubtedly been playing a pivotal role in the economic development of Bangladesh. This is because they are responsible for providing funds for investment in both the private and public sector.

Despite the major contribution that Bangladesh's banking sector has to play in the economic development of the country, it is facing various challenges. Some of the main ones include non-compliance with ethical standards, lack of strong leadership, poor governance, and weak management. As a result, various banking scams like Non-Performing Loans (NPLs) and scams tend to occur.

Bangladesh, being termed as a country dependent on imports, needs to import machineries, accessories, and raw materials in order to foster development of the industrial sector, particularly the RMG sector. Hence, banks help in facilitating risk management, finance, and payment services to this sector so that they would be able to progress, succeed, and contribute greatly to the country's economic development.

In 2017, the share of private commercial banks (PCBs) in export finance was recorded to be the highest (60%), followed by that of state-owned commercial banks (SoCBs). In the apparel sector, the RMG sector received the highest percentage of financing from banks, with the proportions and volumes increasing between 2014 and 2017. This is due to increased import payments over the years.

Other than that, banks also tend to play an important role in facilitating remittances by migrant workers. Between 2010 and 2017, Bangladesh received lower remittances than what it used to receive in the past. In addition, the amounts that were remitted through banking systems also declined. However, 2019 noticed an increase in remittance due to an increase in global economic activities, particularly the Middle Eastern regions. With the amount of importance that is accredited to the agriculture sector, Bangladesh government has given the highest amount of priority to the agriculture and its related sectors by lending adequate credit at minimal cost (Khuda, 2019).

2.3 Overview of the company

IPDC Finance Limited, which was previously known as Industrial Promotion and Development Company of Bangladesh Limited, was established by a distinguished group of shareholders. These include UK and Government of Bangladesh, Commonwealth Development Corporation (CDC), The Aga Khan Fund for Economic Development (AKFED), Switzerland, German Investment and Development Company (DEG), Germany, and International Finance Corporation (IFC), USA. It is also regarded as one of the first private sector financial institutions to be established in Bangladesh ("IPDC AT A GLANCE", 2021).

In terms of their operations, IPDC strives to be the most passionate financial brand in Bangladesh that enables its customers to live without boundaries by going beyond the pursuit of financial inclusion of its clients. With almost 37 years of operating in the banking sector, IPDC has managed to create meaningful stories in different walks of its most treasured clients. Ever since its inception, IPDC has played a significant role in developing the industrial landscape of Bangladesh. In fact, they are now considered to be one of the fastest growing financial institution in Bangladesh. However, for the future, their priority is to go beyond financial benefits. They would like to focus more on touching the lives of numerous people scattered all across the country and make a positive impact in their lives. This is something which they aim to do by bringing convenience right at the palms of people, supporting SMEs and women entrepreneurs, going beyond all the major cities, and providing affordable home loans. By placing special focus on underserved areas, women, and youth, IPDC aims to fulfil its mission of enabling communities and customers to rise unbound in order to live their lives to their full potential. This is something which they aim to do by providing innovative financial solutions in a cost-effective, transparent, timely, and friendly manner.

In terms of service and product range, this is provided in almost all their branches that are situated all across the country. Products under the IPDC brand include factoring, women entrepreneurship, SME, corporate, and retail.

Lastly, as for their branches, they have 12 of them in total. This includes the Head Office which is situated in Gulshan. Some of their other branches are located in Cumilla, Jashore, Mymensingh, Sylhet, Narayanganj, Gazipur, Bogura, Chattogram, Uttara, Dhanmondi, and Motijheel ("IPDC Annual Report 2018", 2018).

2.3.1 Mission and vision statement

In the context of transformation that is currently taking place in the banking sector, it is imperative than ever before that IPDC's purpose, what it stands for, and what it aspires to be needs to be re-affirmed. Hence, their vision, mission, and values aim at inspiring their actions and decisions that would enable the financial institution to contribute towards a changing world.

That being said, IPDC's vision is to become the most passionate financial brand in the country with special focus being dedicated towards underserved areas, women, and youth. As for their mission, it would be to enable the communities and customers to live to their fullest potential and rise unbound. This is something which they aim to do by providing innovative financial

solutions in a cost-effective, transparent, timely, and friendly manner ("MISSION, VISION & VALUES", 2021).

2.3.2 Strategic Objectives

At IPDC, their main aim is to do things differently which would allow them to stand out from others in the marketplace. Hence, by being inspired from the company's vision and mission statements, several strategic objectives have been developed for the long term. Some of the main ones are as follows:

2.3.2.1 Affordable home loan

In a rapidly growing city like Dhaka, housing has been found to be a major problem since the city cannot cope up with the upsurge in population growth. It is because of this reason that the gap between housing supply and demand tends to become wider. As a result, majority of the financial institutions are targeting middle and upper middle class customers by providing them with affordable housing loans. Hence, IPDC's belief is that with demand remaining unmet for home loans for the low and middle-income groups, they will be targeting these customer segments by going beyond the megacities and enabling them to grow in years to come.

2.3.2.2 Women entrepreneurship development

In recent times, growth in women literacy rate seems to be reaching new heights. By coupling it with higher gender parity, women segment seems to be emerging as another attractive market where only a few members are currently participating. Again, this presents an opportunity for IPDC to grow in this market segment.

2.3.2.3 Creating new entrepreneurs

By keeping in line with their brand promise of creating new entrepreneurs across Bangladesh, IPDC aims act as a catalyst by collaborating with appropriate market players and providing financing to these new entrepreneurs in the form of venture capital and supply chain finance.

2.3.2.4 Consumer white goods finance

According to statistics, the youth generation will be dominating the future workforce. However, with current consumer finance penetration remaining low, there seems to be a good market potential for customer convenience goods. It is this segment that IPDC aims to cater by providing financial solutions through various digital platforms ("IPDC Annual Report 2018", 2018).

2.3.3 Department

Ever since its beginning, IPDC has played a pivotal role in developing the industrial landscape of the country. In fact, it has been a partner in numerous milestone projects that were considered to be one of a kind in the country. Some of the major ones have been mentioned below:

- IDLC Finance Limited – First leasing company
- Fantasy Kingdom – First theme park
- Holcim – First preference share investment
- Summit – First independent power producer
- DBH – First housing finance company
- Apollo Hospitals Dhaka – First international standard private hospital
- Westin Hotels and Resorts – First private sector 5-star hotel
- National Housing – Second housing finance company
- ETV – First TV channel in the private sector
- Scholastica – First institutional investment in education in the private sector (“IPDC AT A GLANCE”, 2021).

There are 17 departments at IPDC Finance Limited. Retail Business is the largest department at IPDC Finance. The smallest department is Procurement. The department names are listed below.

Table 1: List of Departments at IPDC Finance Limited

Department Names
CEO's Office & MT
Retail Business
Corporate Business
Supply Chain Finance
Medium Market Enterprise
Special Asset Management
Credit Risk Management
Operations

Brand & Corporate Communication
Finance & Accounts
Human Resources
Information Technology & Business Transformation
Internal Audit & Compliance
Legal Affairs
Treasury
General Services & Security
Procurement

2.4 Products and services

2.4.1 Retail financial services

IPDC's long heritage allows them to deeply understand the needs of their customers. It is for this reason that they have managed to come up with simple solutions for complex financial requirements. Hence, the following loans are provided:

- Home loan
- Auto loan
- Deposit schemes
- Personal loan
- Saving schemes

2.4.2 SME financing

By labeling itself as a financial partner, IPDC tends to encourage potential and prevailing SME entrepreneurs by offering them with affordable and tailored products. This is done in order to provide them not only with a vision, but also boost and empower women and SME enterprises all across the nation. Schemes provided under this financing option are:

- Lease finance
- Long term finance
- Short term finance

- Joyee for women entrepreneur

2.4.3 Corporate financial services

This is a model that is mainly focused around customer needs, with special emphasis being placed on best in-class execution, tailored solutions and ideas, and informed advice. Schemes under corporate financial services include:

- Lease finance
- Term loan
- Project financing
- Short term financing
- Preference share investments
- Factoring
- Work order financing

2.5 Employee engagement

IPDC's belief is that following the standardized approach will not help them in catering to the varying needs of their different customer segments. It is because of this reason that they have developed customized promotional materials which have been tailored to suit the needs and preferences of different customer segments. Two of their most popular ongoing campaigns include for auto loans and corporate social responsibility centered around fighting the ongoing COVID-19 pandemic ("IPDC Year End Offer", 2021).

IPDC tries to engage employees in a lot of activities. They give birthday gifts to all of the employees every year. Also, they provide new joiners gift when an employee starts working. On the other hand, they send baby gifts to employees when a child is born. Moreover, they celebrate different festivals such as Pohela Boishakh, Pohela Falgun, Valentines day, etc with their employees.

2.6 Industry overview

By being termed to be a developing economy, Bangladesh's banking sector has greatly contributed to its economic growth in the last three decades. In fact, it has gone a step further by promoting financial inclusion of extremely poor people residing in rural areas by offering them microcredit and microfinance as financial instruments. This has helped in expanding the

monetization of the rural economy, thereby facilitating continuous transfer of resources from the rural to urban areas. In addition, increased financialization of Bangladesh economy has created an environment where large amounts of wealth are being accumulated by a portion of the rich people in the form of bank defrauding. It has also been suggested that stock market scams are most likely linked to fraudulent banking and financial practices by bankrupting small investors and taking control of listed companies (Mahmood, 2019).

Other than that, the interest rate seems to have been reduced to 3%, with expectation of a significant gap resulting between supply and demand of loanable funds being anticipated. This gap could lead to liquidity crisis being faced by the banks, whilst keeping pressure for increasing the interest rates.

Another recurring problem in Bangladesh’s banking sector is the NPL issue which is the result of weak regulatory framework, political pressure to sanction loans, weak supervision and corporate governance, poor risk management, and back-to-back loans. Even if a recovery case is filed against a defaulter, it normally takes several years to resolve, particularly those involving large amounts. Lastly, with the ongoing COVID-19 pandemic, the overall banking situation is expected to get worse. In order to combat the pandemic and help the economy, both Bangladesh bank and the government have implemented a series of economic policies with the main target of ensuring sufficient mobility to exist in the financial system (Hadi, 2020).

In the context of IPDC, some of the key challenges along with the company’s response have been highlighted below.

Table 2: IPDC Finance’s response to key challenges

Key challenges	Company response
High cost of fund	<ul style="list-style-type: none"> • Diversify base for funding • Focus on small ticket size deposit • Introduce new products
Limited geographical coverage	<ul style="list-style-type: none"> • Increase the number of branches • Leverage the distribution channel with the help of strategic alliances • Search for alternative modes of distribution

	<ul style="list-style-type: none"> • Introduce application-based services
Brand perception	<ul style="list-style-type: none"> • Build strong brand coverage • Utilize channels of promotion which have low cost but high reach
Highly fragmented market	<ul style="list-style-type: none"> • Differentiate the company from its competitors through unique and innovative customer service • Introduce non-price factors which would be more appealing to customers
Fund matching	<ul style="list-style-type: none"> • Issue capital for the long term • Issue bond • Reduce attrition rate of customer deposit
Low spread	<ul style="list-style-type: none"> • Adopt a lean operation model • Keep classified loans under check • Focus on retail portfolio which tend to have products with high margin

2.7 Competitive analysis

2.7.1 Porter's Five Forces

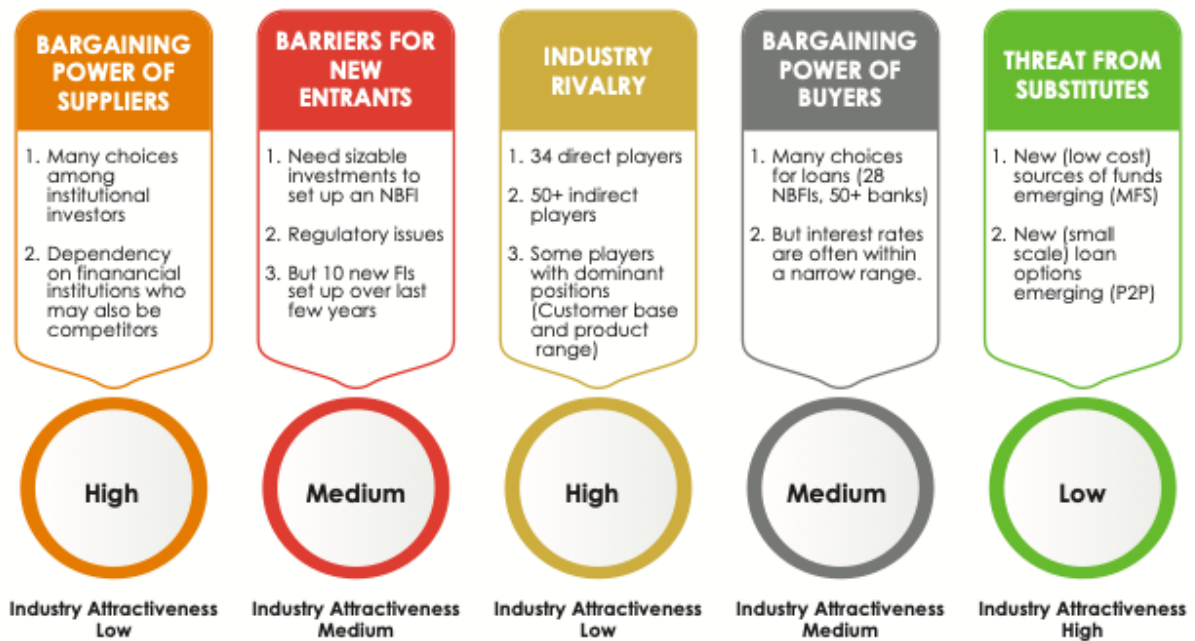


Figure 1: Porter's Five Forces Model

Based on Porter's Five Forces, the financial industry can be deemed to be highly competitive as it tends to be mostly dominated by banks. In addition, the market tends to be mainly centered towards metropolitan areas like Chattogram and Dhaka. Even though banks tend to have an advantage over NBFIs in terms of client perception, access to finance, and scale of operation, it is NBFi which tend to possess clear opportunities of operating through a lean business model and thereby being able to provide personalized, customized, and faster services to its customers. In addition, there seems to exist market opportunities in the low and middle-income, women, and youth customer segments ("IPDC Annual Report 2018", 2018).

2.7.2 SWOT Analysis

With the help of a SWOT analysis, an awareness of all factors that have the power of affecting decision-making and strategic planning of a company can be brought forth to light. In addition, potential problems and opportunities will also be addressed and revealed. It also helps in

establishing an understanding of various customer touchpoints and the impact it tends to have on brand perceptions.

		STRENGTH	WEAKNESS
		<ol style="list-style-type: none"> 1. Unique Shareholding structure 2. Relationship with corporate houses 3. Risk management framework 	<ol style="list-style-type: none"> 1. Scope for improvement in brand recognition in retail & SME 2. Limited distribution network 3. Scope for improvement in Internal capacity of retail & SME
OPPORTUNITIES	<ol style="list-style-type: none"> 1. Regulatory advantage in retail lending 2. Emergence of middle income class 3. Growing women entrepreneurs 4. Collaboration with BRAC 5. Growing services sector 6. Young people coming into workforce 7. Increasing mobile and internet penetration 	<ol style="list-style-type: none"> 1. Leverage corporate relationship for retail lending and supply chain finance 2. Launched women focused products and services 3. Use shareholder strengths for low cost multisource funds 	<ol style="list-style-type: none"> 6. Build HR and IT capacity for retail and supply chain finance 7. Build strategic alliance with stakeholders for incubation of sales and distribution points 8. Build brand in retail segment
THREATS	<ol style="list-style-type: none"> 1. Competition from banks in corporate lending 2. Regulatory restriction on low cost deposit 3. Portfolio infection 4. Limited product 	<ol style="list-style-type: none"> 4. Customize risk management framework for retail and factoring finance 5. Bring in IT enabled products and services 	<ol style="list-style-type: none"> 9. Build strong collection management system for retail lending 10. Optimize ticket size of SME finance
		Strategic Response	

Figure 2: SWOT Analysis

2.8 Summary and Conclusion

Therefore, commercial banks in Bangladesh have undoubtedly contributed considerably in the process of economic growth of Bangladesh. However, their contribution might have been more significant and tangible if the various challenges that were being faced by the banking sector were effectively address. These include non-compliance with ethical standards, lack of strong

leadership, poor governance, and weak management. All of these ultimately lead to various scams being conducted such as NPLs and money laundering (Khuda, 2019).

2.9 Recommendations

Hence, in order to improve the efficiency of the banking sector so that Bangladesh can manage to become a developed country in the coming years, certain measures need to be undertaken. This includes improving the transparency, leadership, governance, and efficiency in the banking sector so that scams such as money laundering would not occur. In addition, money lost to NPLs could easily be recovered which could then be used for productive investment (Khuda, 2019).

Chapter 03: The impact of performance appraisal methods on the performance of employees

3.1 Introduction

Performance is very important for any organization as it helps to determine if an employee is a good fit for the company. Also, it helps the employees to improve their performance so that they can work at their full efficiency and productivity.

3.1.1 What is performance appraisal?

The word performance appraisal refers to the frequent assessment of an employee's work performance and overall capacity and also ability to contribute to the success of a firm. A performance assessment, sometimes referred to as an annual or yearly evaluation, performance review or evaluation, or employee appraisal, evaluates an employee's abilities, accomplishments, and progress, or lack thereof. Performance evaluations are used by businesses to give employees with broad feedback and comments on their work as well as to justify salary rises, incentives, and termination choices. They can be performed at any time, although they are most commonly performed annually, semi-annually, or periodically. A typical performance evaluation is a standard overview of a worker's performance and contribution to a firm. Companies utilize performance value assessments to determine which employees have contributed the most to the company's success, to review progress, and to recognize high-achieving employees. Although there are several special types of overall performance evaluations, the most commonplace is a top-down evaluation in which a supervisor evaluates their direct report. Employees who consider the evaluation's creation isn't always reflective in their company's tradition might also additionally experience upset with the appraisal process. Performance value determinations also are referred to as annual opinions, overall performance opinions or evaluations, or worker value determinations. Performance appraisal enables managers to plan promotional campaigns for green staff. In this sense, ineffective employees may be ignored or demoted if necessary. Employee reimbursement applications can be created using performance appraisal. A merit score is possible through overall performance evaluation. The goal of performance appraisal is to provide a high value to a person's entire performance. Compensation applications that include bonuses, excessive revenue rates, increased perks, allowances, and pre-requisites are based on overall performance evaluation. Instead of seniority, the standards should be based on benefit.

Supervisors can border schooling rules and programs using the methodical technique of overall performance evaluation. It enables the investigation of human strengths and limitations in order to develop new tasks for green employees. It also aids in the development of future development plans. Performance evaluation is used to motivate employees. If the objectives are met, someone's performance may be determined by comparing total performance of employees. This completely drives someone for a greater goal and helps him to improve his entire performance inside the destiny.

3.1.2 Types of performance appraisal

Managers aren't very a lot in want of overall performance appraisal strategies, however still, it's miles required to have the understanding of numerous overall performance appraisal strategies in order that we get to pick out the pleasant viable alternative withinside the time of need. Here are some one of a kind sorts of appraisal methods: **The 360-Degree Appraisal:** This method includes distributing a questionnaire containing questions about a colleague's overall performance that they wish to fill out. The supervisor can recall these comments by comparing the total performance at the end of the quarter/year. **General Performance Appraisal:** This technique entails continuous interaction between the worker and his management, as well as continuous setting and achieving of goals. At the end of the year, the worker is examined to see if he or she has been able to complete the entire process.

Manager Performance Appraisal: A manager's performance must also be evaluated, which includes not only their overall performance at the activity but also control with consumers at his/her disposal. Generally, anonymous comments paperwork is obtained, which is then considered for evaluation.

Management by Objectives (MBO): Management by objectives (MBO) is an appraisal technique in which managers and employees collaborate to develop, plan, organize, and discuss aims to be aware of over a specified appraisal period. Following the establishment of clear goals, managers and subordinates discuss the progress achieved to manipulate and debate the possibility of achieving the ones established targets on a regular basis.

3.1.3 Importance of performance appraisal

The performance assessment increases employee morale and inspires them to work harder to

achieve the organization's goals. Performance evaluations and value judgments help to investigate an individual's overall performance and how the individual employee's role would affect team overall performance. Performance appraisal is the great manner to discover the susceptible regions and the energy regions of the employee, giving them an possibility for self-evaluation and self-improvement thru the open communique and remarks sessions. It establishes a merit-primarily based totally gadget that motivates the personnel to position their great foot ahead with a purpose to be diagnosed for his or her efforts. Performance evaluations offer a scientific technique for attaining out to the control to clean expectancies and feature discussions approximately destiny plans. Also, it clarifies the worker's roles and obligations withinside the enterprise and attaining out to new heights. Performance value determinations are a totally powerful manner to sell personnel primarily based totally on their performances. It additionally allows the control to make the switch choices as according to the agency requirements. Performance scores and evaluations are very useful for the human useful resource branch because it offers them time for human useful resource making plans and be organized for the worker recruitment withinside the destiny if any worker is leaving or getting terminated from the enterprise. Performance value determinations are very essential for the groups while it comes to put off selections because it offers a clean perception into the worker's overall performance whether or not the worker is appearing nicely or underperformance. The underperformers are given possibilities to enhance earlier than being laid off. It allows managers set up refreshments and profession and improvement packages for the personnel as according to their overall performance assessment. Everyone pursuits at a better role withinside the enterprise so the managers can set up schooling packages respectively primarily based totally at the overall performance assessment of the personnel.

3.2 HR Functions of IPDC Finance

The HR department of IPDC Finance Limited is divided in to two teams and the two teams look after different functions of HR. The teams are managed by two managers. The Assistant General Manager manages the recruitment & operations team. On the other hand, The First Assistant General Manager looks after the organizational development team. Both the managers report to the Chief Human Resource Officer.

The recruitment & operations team look after on-going recruitments, talent acquisitions, salary incrementation, insurance, etc. The organizational development team is responsible for training & development, performance appraisal, employee engagement & succession management. Luckily, I was working in the organizational development team.

3.3 Performance Appraisal Model of IPDC Finance Limited - Performance Improvement Plan

The performance appraisal model of IPDC is called Performance Improvement Plan (PIP). The model is built to improve the performance of employees if any employee is not performing to the mark. An employee gets enrolled to the plan if the performance of the employee is poor. Every quarter the line managers are encouraged to do a review based on the employee's performance. According to their performance the individuals are rated. IPDC Finance have their own rating system, which helps the line managers to rate their employees. Their rating standards are mentioned below. If an employee wants to avoid the plan, then he/she needs to achieve a rating of G3L3.

Table 3: Ratings of IPDC Finance Limited

G1: Outstanding Performance	Level-1 (Strategic): Knows, can do, does, implements
G2: Exceeds set objectives	mechanism to involve others;
G3: Achieved Objectives	Level-2 (Expert): Knows, can do, does, inspire others;
G4: Does not fully meet objectives	Level-3 (Competent): Knows, can do, does;
G5: Performance falls substantially short of objectives	Level-4 (Aware): Knows, can do, don't want to do; Level-5 (Negative): Don't know, can't do, don't want to do.

An employee falls under performance improvement plan when he/she gets a rating of G3L4 or G4L3 or below. The line manager is bound to show evidence to support his/her rating. The rating is given to HR with evidence to initiate the performance improvement plan. IPDC Finance Limited's HR team has successfully completed 45 individual's performance plans in the year 2020. This year 14 employees completed the plan, and 26 employees are currently in the plan.

3.4 Methodology

I have used many different methods to gather data. I have gathered data from the company website, the web, financial reports, and my observations. I worked under the Organizational Development team for three months. Therefore, I had the data of the candidates of the performance improvement plan.

I have also run a survey to gather data from the candidates and line managers. This year 14 individuals completed the performance improvement plan. They filled up my survey form. Also, 2 of the individuals resigned and I was lucky enough to get their answers for my survey as well. Moreover, I made a separate survey form for the line managers. I collected data from 7 different line managers to get an overview of the performance improvement plan. However, they did not allow me to take their names and therefore, I could only take the designation only.

3.5 Findings and Analysis

IPDC Finance Limited (previously known as "Industrial Development and Development Company of Bangladesh Limited") is Bangladesh's first private sector financial institution. IPDC Finance Limited's early investors were the Development Company (DEG) of Germany, the Aga Khan Fund for Economic Development (AKFED) of Switzerland, the Commonwealth Development Corporation (CDC) of the United Kingdom, and the Government of Bangladesh.

IPDC Finance Limited was registered with the Registrar of Joint Stock Companies, Dhaka, in 1981 as the country's first private sector firm. On February 7, 1995, the Company also registered as a financial institution under the Financial Institutions Act, 1993. IPDC Finance Limited, formerly known as IPDC of Bangladesh Limited or IPDC, is Bangladesh's largest non-bank private sector financial institution. This is a public limited company that trades on the Dhaka and Chittagong stock exchanges. IPDC has played an important role in developing the private sector and industrializing the country via innovative financial products and services since its foundation. Today, IPDC is a diversified financial organization that provides a diverse variety of goods and services including business consulting and financing, middle market supply chain financing, wealth management, and finance.

The performance improvement plan (PIP) is used to improve the performance of employees. Usually, when an employee lacks performance, then the line manager gives poor rating and suggests for performance improvement plan. PIP is a 3-month plan, and the line manager sets the objective for the 3 months plan. Three mandatory reviews are held in every month. In each review, the employees actual work is compared with the objective. The employee have to fulfill his/her objective in the 3 months plan. Otherwise, he/she must resign. In certain cases, an employee can ask for extension of PIP if he/she failed to meet objective for a serious reason. In that case, the employee has to seek for approval from the Managing Director & Chief Human Resource Officer. After the extension is granted then additional time is maintained.

In the year 2020, 45 employees completed the performance improvement plan (PIP). 26 employees are currently in the plan. Those who are currently in the plan, their data was not useful as they did not complete the plan yet. I took the data from the 14 employees that completed the plan. I received 16 responses and among those 14 employees completed the plan successfully and 2 employees resigned.

All the 14 employees think that performance improve plan (PIP) helped them to improve their work performance. Also, they think that the plan was very efficient that it helped them to meet the company objective. However, the two employees who resigned, thinks that the PIP did not help them to improve or meet company objective. Most of the employees received a rating of G4L4, some of them received G3L4 & only a few of them received G4L3. All most all the employee's plan was for 3 months and only 3 employees extended to 4 months as mentioned in the table below. The assistant relationship manager with G3L4 rating extended the plan for 1 month. The individual thinks the outcome was unsuccessful and his/her opinion is unsatisfactory.

Table 4: List of PIP Candidates

Serial	Designation	Line Manager's Designation	Rating Given By LM	What was the duration of PIP?
1	Senior Relationship Officer	Head of Priority	G4L4	3 Months
2	Assistant Relationship Manager	Sales Manager	G3L4	3 Months
3	Junior Relationship Manager	Regional Sales Head	G4L4	3 Months
4	Management Associate	Head of Priority	G4L3	3 Months
5	Junior Relationship Manager	Head of Priority	G4L4	3 Months
6	Junior Relationship Manager	Branch Manager	G4L4	4 Months
7	Assistant Relationship Officer- Auto Loan	Sales Manager	G4L3	3 Months
8	Management Associate	Head of Priority	G4L4	3 Months
9	Junior Relationship Manager	Branch Manager	G3L4	4 Months
10	Assistant Relationship Manager	Head of SME	G3L4	4 months
11	Junior Relationship Manager	Head of Priority	G4L4	3 Months
12	Assistant Relationship Manager	Sales Manager	G3L4	3 Months
13	Senior Relationship Officer	Regional Sales Head	G4L4	3 Months
14	Management Associate	Head of Priority	G4L4	3 Months
15	Financial Analyst	Head of Strategic Initiatives	G3L4	3 Months
16	Retail Credit Coordinator	Chief Credit Analyst	G4L4	3 Months

Among the 16 employees 11 employees thinks that the outcome of the performance improvement plan was successful, 4 employees think the outcome was neutral and only 1 employee thinks it was unsuccessful. The two individuals who thinks that their opinion is unsatisfactory, they resigned from IPDC Finance. However, 6 employees left no comments

about the performance improvement plan. This means they were not satisfied with the performance improvement plan. Meanwhile, 8 employees are satisfied about the performance improvement plan.

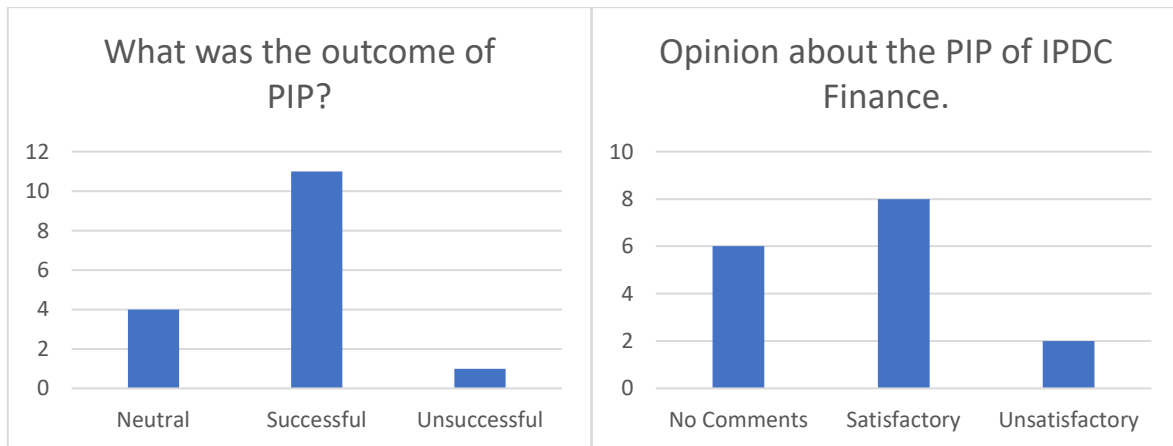


Figure 3: Outcome of PIP & Opinion about PIP of IPDC Finance Limited

I also collected data from 7-line managers as their employees are in the performance improvement plan. All the line managers think the outcome of the plan was successful. Only Head of SME thinks the outcome was neutral. This might be because his/her subordinate was the assistant relationship manager, who extended his/her plan and then resigned.

Table 5: List of Line Managers

Serial	Designation	How many of your subordinates are enrolled in PIP?	What was the outcome of PIP?
1	Branch Manager	3	Successful
2	Chief Credit Analyst	1	Successful
3	Head of Priority	7	Successful
4	Head of SME	1	Neutral
5	Head of Strategic Initiatives	1	Successful
6	Regional Sales Head	3	Successful
7	Sales Manager	3	Successful

The Head of SME also mentioned that PIP did not help his/her subordinate to improve his/her performance and to help reach company objective. However, all the line managers are satisfied with the performance improvement plan, and they do not think that the plan needs any improvement.

3.6 Summary & Recommendation

Performance improvement plan is a three-month plan for the employee to improve his/her performance. So, that he/she can meet the company objectives. The performance improvement plan is effective as most of the employees are benefited. Also, the line managers are satisfied with the process and outcome.

3.6.1 Review plan after PIP

Most of the employees are satisfied with the performance improvement plan. However, they should maintain a review plan after the performance improvement plan. For example, they can create a review plan noticed or unnoticed after the PIP is completed. In that way, they will be able to assess the differences. Also, they will be able to identify the flaws of the system if there's any.

3.6.2 Attendance System

There are few things to praise IPDC Finance Limited since it is such a well-planned institution. There are several well-known finance firms that are always striving to improve. According to my study, IPDC outperforms its competitors in nearly every category. There are several issues with the attendance system. Even after taking a confirmed ID, it occasionally fails to record. To avoid such problems, the system must be upgraded, or a component must be replaced. As technology advances, automated vacation management software should really be deployed since manual modifying leave raises concerns among employees about the correctness of the HR department.

3.6.3 Increase Overseas Training

IPDC Finance should invest in more overseas training to get the most out of its personnel. More international training is required for promising personnel so that full effort may be offered. Plan training programs for all levels of staff based on their needs. Foreign training should be expanded to meet the needs of mid-level personnel. Work has been upgraded at each level in preparation for advancement to the next level. Internal departmental moves should be discussed with the corresponding divisional/departmental head and negotiated in accordance with the appropriate timetable.

3.6.4 Improve HRIS

The HRIS software of IPDC Finance should be upgraded. As the process to enter training data is very lengthy and vigorous. There's a high chance to make mistakes. Therefore, the software needs to upgrade so the mistakes are reduced. Also, the HRIS system should have more functions. Employee should find all the data in the HRIS system. Sometimes, they system does not show employee data.

3.6.5 Install CCTV Cameras in HR Department

There are no CCTV Cameras in the office premises. They should install cameras as it improves the security of the organization. This will help to prevent many problems and the employees will safe around the office. Also, there should be cameras in the HR Department as they keep all the files. The files contains many confidential data.

3.6.6 Seating Arrangements

The whole HR departments work together in one big room. The organization is expanding and the HR personeels are also increasing. As a result, the HR department is very congested. They need to extend the room so that employees can move around easily.

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Appendix

After Performance Improvement Plan (Line Managers)

* Required

Designation *

Your answer

How many of your subordinates are enrolled in PIP? *

Your answer

What was the outcome of PIP? *

- Successful
- Unsuccessful
- Neutral

Did PIP help your subordinates to improve your performance? *

- Yes
- No

PIP Competition Date *

MM DD YYYY

__ / __ / ____

What was the duration of PIP? *

Your answer _____

What was the outcome of PIP? *

- Successful
- Unsuccessful
- Neutral

Did PIP help you to improve your performance? *

- Yes
- No

Did PIP help you to reach company objective? *

- Yes
- No

Please state your opinion about the PIP of IPDC Finance. *

- Satisfactory
- Unsatisfactory
- No Comments

Submit

Clear form

After Performance Improvement Plan (Line Managers)

* Required



Designation *

Your answer

How many of your subordinates are enrolled in PIP? *

Your answer

What was the outcome of PIP? *

- Successful
- Unsuccessful
- Neutral

Did PIP help your subordinates to improve your performance? *

- Yes
- No

Did PIP help your subordinates to reach company objective? *

Yes

No

Please state your opinion about the PIP of IPDC Finance. *

Satisfactory

Unsatisfactory

No Comments

Do you think PIP can be improved? *

Yes

No

If Yes, why?

Your answer

Submit

Clear form