PERFORMANCE APPRAISAL IN BANKS: A STUDY

Swapnil Moyal  
Faculty  
Amity Global Business School  
moyal_swapnil@yahoo.co.in

Dr. Vijaylaxmi Iyengar  
Director  
BM College of Management  
vijaylaxmiyengar@rediffmail.com

ABSTRACT

Banking sector in India with its rapid expansion in the number of branches and the new functions allotted to them have started feeling pressure on their organizational abilities. The various valuable factors contributing towards the effectiveness of an organization and highlighting the organizations ability are the processes of recruitment, placement, training, promotion and appraisal. Appraisal is one of the important factors of organizational ability which is also the main mark of the study undertaken. The present study aims to know the opinion of bank employees of public and the private sector bank on performance appraisal systems and criteria followed in their banks.

Keywords: Performance Appraisal, Public Sector Bank, Private Sector Bank

INTRODUCTION

The human resource management is a blend of managerial and operative functions. The operative functions are concerned with clear actions of procuring, developing, compensating and maintaining a proficient work force. In order to make proper implementation of development functions the role of human resource development is of key importance as it is the process of improving the skills, aptitudes and value of employees so that they can perform the current and future jobs more efficiently. The development function comprises the activities of performance appraisal, training, and career planning. To initiate the human resource development process, techniques like performance appraisal, training, counseling and organization development are used. In enhancing the competencies, motivation, and effectiveness of the work force, human resource development possesses the highlighting role.
CONCEPTUAL FRAMEWORK OF PERFORMANCE APPRAISAL

Performance appraisal is the process of assessing the performance and progress of an employee or of a group of employees on a given job and his/her potential for future development. It is an objective study. Its main purpose is to secure necessary information for making objective and correct decisions on employees. Being the process of determining the performance of the employees on the job it helps in communicating to them the scope for improvement if any with a proper plan of action which leads to enhancement of performance along with building good relations amongst superior and subordinates. It also plays an important role in the managers to take the administrative decisions effectively relating to promotions, fringes, payoffs and merit pay. So, performance appraisal is a must for all organizations.

IMPORTANCE OF PERFORMANCE APPRAISAL

Performance appraisal is a significant element of the information and control system of the organisation. It can be put to several uses concerning the entire spectrum of "smart resource management functions. Some common applications of performance appraisal are given below:

- Performance appraisal provides valuable information for personnel decisions such as pay Increases, promotions, demotions, transfers and terminations. Thus, performance appraisal serves as the basis of suitable personnel policies.
- It helps to judge the effectiveness of recruitment, selection, placement and orientation systems of the organisation.
- It is useful in analysing training and development needs. These needs can be assessed because performance appraisal reveals people who require further training to remove their weaknesses. It also identifies individuals with high potential who can be groomed up for higher positions.
- Performance appraisal can be used to improve performance through appropriate feedback to employees. It serves as a pathway for the superior for conveying a subordinate about how he or she is performing on the work assigned and suggesting necessary changes if any with respect to developing field knowledge, improving behavioural aspects and attitudinal levels.
• Performance appraisal facilitates human resource planning, career planning and succession planning as it helps in documenting and evaluating an employee’s performance on job and this process of systematic evaluation of the performance of employees leads to the proper understanding of the abilities of a person for further growth and development. It promotes a positive work environment which contributes to productivity. When achievements are recognised and rewarded on the basis of objective performance measures, there is improvement in work environment.

• A competitive spirit is created and employees are motivated to improve their performance which helps to develop confidence among them. Employee grievances can be reduced.

Performance Appraisal Process

1. Setting Performance Standards
2. Communicating Standards
3. Measuring Performance
4. Comparing with Standards
5. Discussing Results
6. Taking Corrective Actions

Performance Appraisal Process Model

PERFORMANCE APPRAISAL SYSTEMS IN INDIAN BANKS

Banking services is one sector where a great degree of attention is being paid to Performance Appraisal Systems. Several of the public sector banks (PSBs) have changed their PAS or are in the process of changing them. State Bank of India has recently adopted an open system of appraisal. Its associate banks are likely to follow the same after detailed experiences of State Bank of India are available. Several banks also have self-appraisal as a part of performance appraisal, although mostly such self-appraisal is more of a communication of achievements.

Allahabad Bank has introduced a system that aims in helping officers to identify their strengths and weaknesses and encourage improvement of performance on the job. Indian Overseas Bank has a system in which a branch manager gives a self-appraisal on business growth, customer service, internal administration and training requirements in great detail. Union Bank of India has an appraisal system in which the reporting officer is required to assess each of his appraise officers on technical skills, human skills and conceptual skills. All these are defined for different categories of roles and the assessment has to be made on a five-point scale. Corporation Bank, UCO Bank, Central Bank of India, Dena Bank and Bank of Baroda has introduced similar self-appraisal formats.

Source: Dr. Shambhu Nath Chowdhury, “Developing Performance Appraisal System for Performance Leadership in Banks”, CAB CALLING, July-September, 2008

RELATED STUDY

Lalita Rani, Naveen Kumar and Sushil Kumar (2014), in their study come to the crux that appraisal process is necessary as it staffs the very important purpose of improving the future performance. The study clarifies that most of the banks uses 360 Degree Appraisal Method and almost all of the employees settled on the grounds that performance appraisal helps in improving performance, achieving organization goals, helps in increasing motivation and satisfaction.

Dr. Shagufta Showkat (2013), in her study examined that performance appraisal system should be HRD oriented. Above and beyond being a base for making administrative and developmental decisions, performance appraisal can be beneficial mechanism for building a good relationship with employees,
planning employee performance, discovering employee potential and improving organizational effectiveness.

Pallavee Shrivastava, Usha Kiran Rai (2012), in their study discussed that performance appraisal mechanism analyses frequently the past behavior and accordingly provides an opportunity to redirect on past performance of the bank employees. In order to be successful they should also be used as a platform for making development and improvement plans and should reach to an agreement about what should be done in the future to enhance the bank’s effect and effectiveness.

Migiro S.O., Taderera M.M. (2011), in his study addresses varied scope of improvement for the Bank’s performance appraisal system and the performance based pay system to be effective. The researcher suggested that training should be provided to both the employees and the evaluators, there must be the delivery of continuous feedback to employees on their performance and the bank should consider adoption of a new system of assessing performance such as multi-rater feedback or 360 degree feedback, to remove the biasness and subjectivity reported on the part of the supervisors.

RATIONALE OF THE STUDY
For all vigorous organization HRD is the essential requirement. Every organizations success depends on the development of its human resources in an increasingly varying environment. Under the development function performance appraisal act as the process of obtaining, analyzing and recording information about an employee to improve and evaluate their performance. The research is based on the study of the performance appraisal in banks, thereby will be helpful for understanding the achievability of performance appraisal systems in banking industries.

OBJECTIVE OF THE STUDY
To study the performance appraisal criteria at ING Vysya Bank and Punjab National Bank

HYPOTHESIS
Ho 1: There is no significant difference in ING Vysya and PNB bank on performance appraisal criteria.

RESEARCH METHODOLOGY
The primary study is conducted in Indore City branches of ING Vysya Bank and Punjab National Bank, based on a constructed questionnaire on the basis of likert scale and sample size taken was 60.
The data was collected from the respondents of ING Vysya bank before the merger of ING Vysya & Kotak took place. The analysis of data was done by using MS Excel and SPSS 16.0.

**FINDINGS**

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**INTERPRETATION**

Since $Z$ Statistics $< z$ critical (1.959963985$<1.96$) and $p$-value$>0.05(0.530804361>0.05)$, we cannot reject the null hypothesis and it could be concluded that there is no significant difference in the mean score of ING Vysya and Punjab National Bank on performance Appraisal criteria.

**DISCUSSIONS**

The effective performance appraisal at place of work conveys improvement in the employee’s performance. Success and failure of the task undertaken relay on the performance of employees. Training and development programmes help remove performance insufficiencies in employees as there is a significant effect of training on performance. The training system in banking sector has been transformed to build a smarter workforce and produce the best results.

**SCOPE FOR FURTHER RESEARCH**

The study considered only few criteria of understanding the impact of performance appraisal systems in an organization, there are other criteria also which can be used to study the importance of performance appraisal in an organization. After the merger of ING Vysya & Kotak took place the study opens up to take the feedback of the respondents further more about performance appraisal in a different manner.
CONCLUDING REMARKS
The success of the organization depends on the performance of the employees. An appropriately developed and implemented performance appraisal can facilitate an organization in achieving its goals by escalating productive employees. Performance appraisal has vital importance in almost every organization and it is beneficial to undertake different performance measurement systems in an appropriate way to get true outcomes in the organization. Banking sector is evolving with the passage of time, by using different tools to make its operation more sophisticated the banks are getting better results. Performance appraisal is the great tools of measuring the level of performance of employees and is an important system which helps in providing better scope for employees’ expression on their development needs.

BIBLIOGRAPHY

WEBLIOGRAPHY