

## Evaluation of performance appraisal system in private banks

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### Abstract

Performance Appraisal is a model that stated in the early 20<sup>th</sup> century. It is the practice of obtaining and recording information about an employee to evaluate and improve their performance. Appraisal of the employees is necessity at a continuing basis. The HR department is responsible for fixing the qualities and characteristics to be rated in determining appraisal of employees. The success of the organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. Performance appraisal is very important in planning for the employees' training and development and in assessing their relative strengths and weaknesses. It is the right tool to assess the employee which justifies the selection of a particular employee, training and promotion exercises. In the present study researcher investigated the existing status of performance appraisal of private bank employees. Primary research was done through questionnaire survey in Haryana using convenient sampling of 200 respondents. The study revealed that most of the private banks use 360 Degree Appraisal method for performance appraisal. Furthermore, it was again revealed that employees are satisfied with the current appraisal method and agreed that performance appraisal helps in achieving organization goals, helps in improving motivation & job satisfaction and employees performance.

**Keywords:** performance, information, responsible

### Introduction

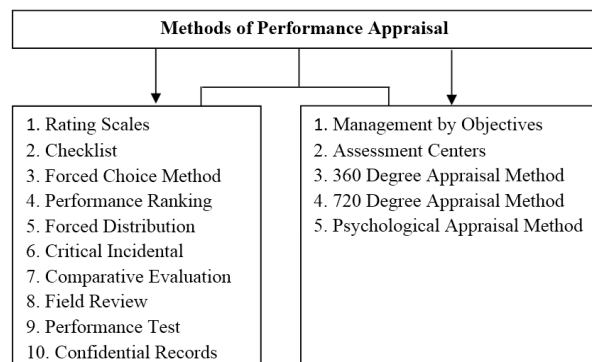
Appraisal of the employees is undoubtedly necessity at a continuing basis during the working life. It is very desirable, useful and constantly being done. The HR department is responsible for fixing the qualities and characteristics to be rated in determining appraisal of employees. It is to prescribe the appropriate procedure for performance appraisal. Performance appraisal is very important in planning for the employees' training and development and in assessing their relative strengths and weaknesses. It is the right tool to assess the employee which justifies the selection of a particular employee, training and promotion exercises. The career prospects of employees depend largely on their appraisals. In case of small scale enterprises employee's performance may be evaluated by the superiors or foremen. But in multinational companies, formal systems of performance appraisal are required for a rational judgment of employees' efficiency, performance and capacity. The issues like clarity of performance goals and standards, appropriate resources, guidance and support from management are central focus now. The first and foremost important objective of performance appraisal system relates to increase the employees' moral and to smooth the progress of employee development. The second objective is to establish suitable rewards and compensation system. Data collected from the process of performance appraisal is very much helpful in assessment and evaluating various important HR issues like remuneration, wages, promotion, demotion, retention, transfer and bonus etc. No doubt, the third objective of managing performance is to boost employee motivation. Finally, performance management process smooth the progress of the human resource planning [1]. Broadly, performance appraisal is useful for HR professionals in

taking crucial decisions like HR forecasting, in implementing various programmes like recruitment and selection, training for lower level employees and development of higher level employees.

### Methods of Performance Appraisal

There are two types of measures are used in performance appraisal: Objective measures which are directly quantifiable and Subjective measures which are not directly quantifiable. Performance Appraisal can be broadly classified into two categories: Traditional Methods and Modern Methods. The performance appraisal methods are:

1. Traditional Method
2. Modern Method



### Review of Literature

Chen and Eldridge (2010) conducted a research to know whether there was any requirement of the standard performance appraisal practices or not in Chinese

multinational companies [2]. That study was conducted through interviews and found that the appraisal system practices were not considered good because the practices were not perceived fair. The main reason of this particular behaviour was the influence of seniority-based rewards system. Even the managers didn't take responsibilities of performance reviews. That study was pioneer in finding whether Chinese multinational companies follow and implement standard performance appraisal system or not.

Suhaimi Sudin (2011) [3] conducted a study on "Fairness of and satisfaction with Performance Appraisal process" to determine how perceived fairness in performance appraisal process affects employees satisfaction. Data were collected from companies in Malaysia to test these relationships. The findings showed that distributive and informational justice are significantly related to satisfaction with the last appraisal ratings, distributive, interpersonal and informational justice are significantly related to satisfaction with supervision, and distributive and informational justice are related to satisfaction towards the performance appraisals system.

Agyen-Gyasi and Boateng (2015) examined the research in Ghana to know the performance appraisal systems in the libraries [3]. Both primary as well as secondary data were used in this research. The primary data involved the use of a structured questionnaire to 60 respondents, but 50 of them, representing 83.3 per cent, responded. This was supplemented by secondary sources such as records on file, journals, books and Internet sources. It was found that the key objectives to conduct appraisal system were to know the training requirements, to reduce the grumblings and unfairness of employees, and to identify the employees' potential and increasing the commitment level of employees. To achieve these objectives the organisations conduct regular appraisal systems annually. Further, it is found that the organisations do not have common format available. The great disadvantage of the process is that only the head of the library is involved in the parasail process. The paper is of significant value to policymakers and administrators in academic and research institutions in the planning and implementation of performance appraisal systems. Challenges facing these institutions in implementing effective performance appraisal have been highlighted and appropriate recommendations have been made to ensure quality service delivery.

Omboi Bernard Messah (2011) in their study investigated on the effectiveness of performance appraisal system in Kenya Tea Development Agency. A total of 70 respondents were included in this study. Data were analyzed by using multiple regression analysis. Results revealed that competence, assessment and development, management by objectives, performance based pay and employee training all had an effect on employee performance in Kenya Tea Development Agency.

Shikh Abdur Rahim (2012) conducted research on performance appraisal systems in private banks of Bangladesh to evaluate the existing performance appraisals system of Mercantile Bank Limited. Data were collected from 80 respondents. Results revealed that bank is suffering from uniform policy of performance appraisal because in some branch employees are evaluated by the Head of the

respective department and in some branches employees are evaluated by the Head of the branch.

Pallavee Shrivastva (2012) conducted a study on "Performance Appraisal Practices in Indian Banks" to understand the role of performance appraisal as one of the key factors for enhancing organizational ability. Results revealed that performance appraisal is one of the key factors of the organization ability and usually reviews past behaviour and so provides an opportunity to reflect on past performance of the bank employees.

**Research Methodology**

**Objective of the study**

To study the status of current Performance Appraisal System in Private Banks.

**Data source and type**

The study is mainly based on primary data. The required data has been collected from the response of the selected private banks employee of Haryana.

**Sample size and sampling technique**

In this study the target sample size was 200 respondents from Haryana. Simple random sampling technique was used for the purpose of selecting the respondents.

**Data collection and tools for analysis**

A simple Questionnaire consisting 12 questions are framed for the purpose of collection of data. The collected data were tabulated for the purpose of analysis. Data is analyzed in percentages.

**Limitations of the study**

- Research was generated for small sample size only.
- The research was limited to Haryana only.

**Findings of the study**

The study included respondents from diverse age groups. The table below shows the categorization of the age groups and gender of the respondents.

**Table 1:** Profile of the Respondents

Particulars	Category	Frequency	Percentage
Gender	Male	104	52%
	Female	96	48%
Age Group	Below 30	64	32%
	30-39	76	38%
	40-49	42	21%
	Above 50	18	9%

Above table shows that most of the employee's respondents are of the age group 30-39 and male employees are more than female employees.

**Table 2:** Current Appraisals Methods Used

Performance Appraisal Method	Frequency	Percentage
360 Degree Appraisal Method	62	31%
Management By Objectives	52	26%
Rating Scale	46	23%
Checklist	40	20%
720 Degree Appraisal Method	0	0%

Table 2 indicate that 26% Private Banks uses 360 Degree Appraisal Method and Management by Objectives. Only 20% banks use Checklist method for performance appraisal of employees. 720 Degree Performance Appraisal method is not used in the preferred private banks.

**Table 3:** Employee Opinions about Performance Appraisal

Employees Opinion	Frequency	Percentage
Evaluation of Employees	84	43%
Promotion of Employees	46	23%
Job Satisfaction of Employees	40	20%
Motivation	28	14%

From the above table we understand that 43% employees opinion that performance appraisal is the evaluation of employees, 23% employees opinion that performance appraisal is the promotion of employees, 20% employees opinion that performance appraisal is job satisfaction of employees and only 14% employees opinion that performance appraisal is the motivation of the employees.

**Table 4:** Current Status of Performance Appraisal

Dimensions	Yes	No
Increment in salary after Performance Appraisal	108	92
Helps in achieving goals	180	20
Improve employees performance	172	28
Improve motivation and job satisfaction	180	20
Helps to change employees behavior	172	28
Encouraged to share one another burden	150	50

Table 4 showing that most of the employees are happy with the current appraisal method. Most of the employees stated that performance appraisal helps in achieving goals, helps to improve employee’s performance, employee’s motivation & job satisfaction and helps to change employee’s behaviour.

**Table 5:** Satisfied Current Appraisal Method

Option	Value	Percentage
Yes	144	72%
No	56	28%

Table 5 reveals that 72% of the employees stated that they were happy with the current appraisal method only 28% employees showed their unhappiness with the current appraisal method.

**Table 6:** Influence from Top Level Management Biasness

Option	Value	Percentage
Yes	48	24%
No	152	76%

Table 6 shows that most of the employees stated that their appraisal is not influenced by top level management biasness only 24% employees agreed that their appraisal is influenced by biasness of top level management.

**Conclusion**

From the above study it is clear that most of the selected banks use 360 Degree Appraisal Method. 720 Degree Appraisal method is not used by the selected private banks.

From the study it has been clear that most of the respondents are happy with the current appraisal method.

From the above sample study it is clear that most of the employees are satisfied with the current appraisal method and agreed that performance appraisal helps in improving performance, achieving organization goals, helps in increasing motivation and satisfaction.

Finally this study found that employees are satisfied from current appraisal method and most of the employees stated that their appraisal is not influenced by biasness of top level management. Performance Appraisal is often the central pillar of performance management in the bank to keep the motivation of the employees high.

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