

EMPLOYEE'S PERCEPTION TOWARDS PERFORMANCE APPRAISAL IN PRIVATE BANKS

Deepal Rathod¹, Veena Madaan^{2*}

¹*MBA Student, Faculty of Management Studies, ICFAI University, Raipur.*

deepalrathod31@gmail.com

²*Assistant Professor, Faculty of Management Studies, ICFAI University, Raipur.*

Vin_sam2007@yahoo.com

Abstract

Performance Management plays a vital role in an organization as well as employee development. Banking sector has innumerable contribution in the growth of the economy of any country. The aim of the paper is to analyze the perception of employees who are working in banking sector towards the performance appraisal applied by their respective banks. There were three private banks such as ICICI, HDFC, AXIS bank covered with 100 sample size to identify the method of appraisal used by these private banks and transparency in reward and recognition scheme. Also identified the Key Performance area of these banks and its impact on employees. The results shows that KPA is fixed on the basis of departmental goal/target and employees are also aware about it. It also finds sometimes the lack of clarity in their role and communication gap between superior and subordinate leads to conflict among them.

Keywords: *private bank, performance appraisal, employee perception.*

1. Introduction

Employees are the greatest treasure of each and every organization. Performance appraisal and management helps an organization to achieve their goal or target by playing a paramount role, as their performance reflects the organization's performance and its strength as well. Now-a-days competition is at its peak or raising a high level of bar or benchmark to be on the top or number one in every one's mind. Without matching the benchmark or undermining peak performance, one can't survive in the market.

Banking in India was defined under Section 5(A) as "any company which transacts banking, business" and the purpose of banking business defined under Section 5(B), "accepting deposits of money from public for the purpose of lending or investing, repayable on demand through cheque/draft or otherwise" (Kajal Chaudhary and Monika Sharma, 2011).

Banking sector of India is adequately capitalized and efficient, says Reserve Bank of India (RBI) as banks play key role in allocating resources and mobilization. The Indian banking system is classified into scheduled and non-scheduled commercial banks where scheduled commercial banks are further categorized into 26 private banks and 27 public banks. There are further 93,913 rural cooperative banks and 1,574 urban cooperative banks, but banks of public sector control the banking system assets of more than 70%. (www.ibef.org)

In this era, people like to get their work done by simply sitting at one place. Banks deemed this, and started aspiring their customers to oversee their finances using their own mobile phones i.e., through E-Banking or online banking to become most aspiring on the product and service delivery aspect, which resulted in many positive developments because of its features like- viewing account

balances, viewing recent transactions, paying bills, transfer funds etc, as it has many advantages too like- it saves time and energy, authentic and easy to use etc. Co-founder of Microsoft Corporation, Mr. Bill Gates stated that, to a digital payment banks united with other variables, within seven years, India will move in swift. (www.ibef.org)

Therefore, this study analyzes the perception of employees towards performance appraisal, the ongoing process and method used by banks, what level of key role does performance appraisal play, its impact on the employees. This study has been done in three private banks i.e., AXIS Bank, HDFC Bank and ICICI Bank.

2. Literature review

According to Steve Brooks (2016), Executive Director of Select Statistical Services Ltd, in the early 1900s, a World War I, Performance Appraisal was invented by WD Scott, which wasn't widely known at that era. But, by the mid of 1950s, it was well recognized concept and was in use by many companies for evaluating performance and at the end of the year it started to develop at large. As the 1960s headed way, it began to move in swift and was focused more by everyone. (www.peoplhr.com)

Performance Appraisal is a two-way process, where appraiser desires to evaluate appraisee's performance and appraisee desires to procure something from that very same process, where that process is all about the development of employees as well as to measure and explore the appraisee's potential. (www.le.ac.uk).

Bard Kuvaas (2007), examined with the help of cross sectional survey with 434 employees that, there is no direct relationship between perceptions of developmental performance appraisal with the context of Balance Score Card (BSC) and work appraisal, as it doesn't help in increasing work performance of employee selecting the relevant factors such as- intrinsic motivation, sovereignty orientation and affective devotion. He also found that there was positive relation of weak sovereignty oriented employees and negative relation of strong sovereignty oriented.

Idrees M et. al. (2013), conducted a research in Faisalabad's textile industry with the help of sample size of 204 respondents, using simple sampling technique and found that the most important principle of assessing employees performance is Performance Appraisal System because it improves the employee's allotted task which basically helps the organization to attain the target effectively as employees are the greatest treasure of the organization and continuous motivation is the only tool which plays moderate role and helps in bringing positive results from the employees.

Sitansu Panda & K. Jayarama Reddy (2016), with the help of 500 respondents using correlation and regression analysis, obtained glaring outcome between Performance Management System with the context of parameters (such as- performance planning, performance appraisal, performance management, performance feedback, performance monitoring and performance training) and Organizational Effectiveness by indicating as the performance management system boosts, organizational effectiveness boosts as well.

Dr. Rishipal & Manish (2013), comparing with the help of four major dimensions i.e., effective execution, organizational planning, result producing capability and decision making, among the two groups such as- loyal and disloyal

employees as first they tested the loyalty of employees and on the basis maximum and minimum scored they divided the employees into two groups and analyzed that in performance management there is a positive relationship between employees loyalty and their task and they are also a quality performer rather than disloyal employees in the context of all four parameters.

A.Shrivastava & P. Purang (2011), after comparing both qualitative and quantitative aspect of private bank and public bank sector using t-test and analyzed the perception of employees regarding performance appraisal in respect to factors such as- imparting feedback, authentic evaluation, communicating results, setting standard objective and motivation was high in private banks and low in public bank. He also found that the private banks expressed high confidence in the appraiser rather than public bank expressed.

Cawley (1998), discussed that there is two ways to analyze the satisfaction of employees i.e., satisfaction with appraisal interview and satisfaction with appraisal system. When nature of participation in performance appraisal was expressive, the relationship between employee's reactions and participation was vigorous

3. Objectives

1. To analyze the perception of employees in relation to performance appraisal system in their respective bank.
2. To know the current method used in performance appraisal system in banks.
3. To identify the Key Performance Area of bank.
4. To know the impact on employees after the failure of performance appraisal system.

4. Research methodology

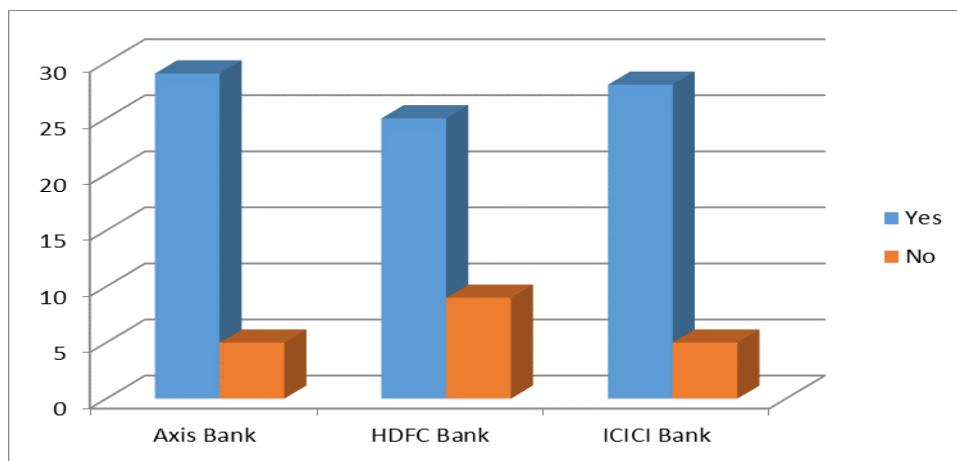
The cross sectional data used with the help of 100 respondents of the three private banks i.e., Axis Bank, HDFC Bank and ICICI Bank in Bhilai city. Data collection was done through both the primary data by framing a set of questions and interacting with the employees and secondary data as well by referring journals and websites.

5. Analysis

Q.1. Do you think rewards & recognition schemes are fair and transparent in your organization?

Table1.

Dimensions → Name of the Bank↓	Yes	No
Axis Bank	29	5
HDFC Bank	25	9
ICICI Bank	28	5
Total	82	19

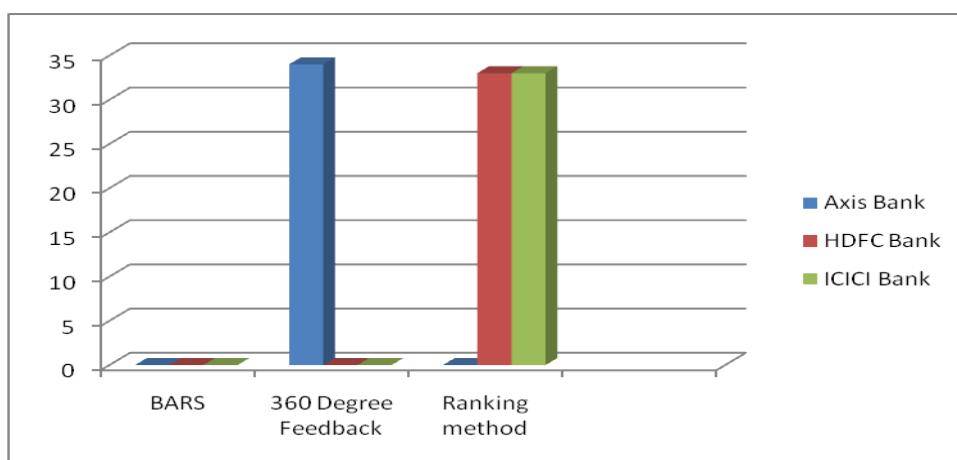
**Figure1. Transparency in reward & recognition**

Interpretation: From the above table we understand that out of 100%, 82% employees think that the reward & recognition schemes are fair and transparent but, according to 19% employee's opinion, they are not well aware about the reward & recognition schemes.

Q.2. Which method is used is used for Performance Appraisal in your organization?

Table 2

Dimensions → Name of the Banks ↓	BARS	360 Degree feedback	Ranking Method	Others
Axis Bank	0	34	0	0
HDFC Bank	0	0	33	0
ICICI Bank	0	20	13	0
Total	0	54	46	0

**Figure 2. Method used for Performance appraisal.**

Interpretation: From the above table we understand that Axis bank follows the modern method of appraisal i.e., 360 Degree feedback whereas, HDFC Bank

follows the tradition method of appraisal i.e., Ranking Method. But, some of employees of ICICI Bank found both the method used for their appraisal.

Que 3. How is the KPA are fixed?

Table 3

Dimensions → Name of the Banks ↓	Based on departmental goal/target.	Based on organization objectives	Based on team requirement.	Based on individual capability
Axis Bank	28	04	0	2
HDFC Bank	17	13	0	3
ICICI Bank	21	10	0	3
Total	66	27	0	8

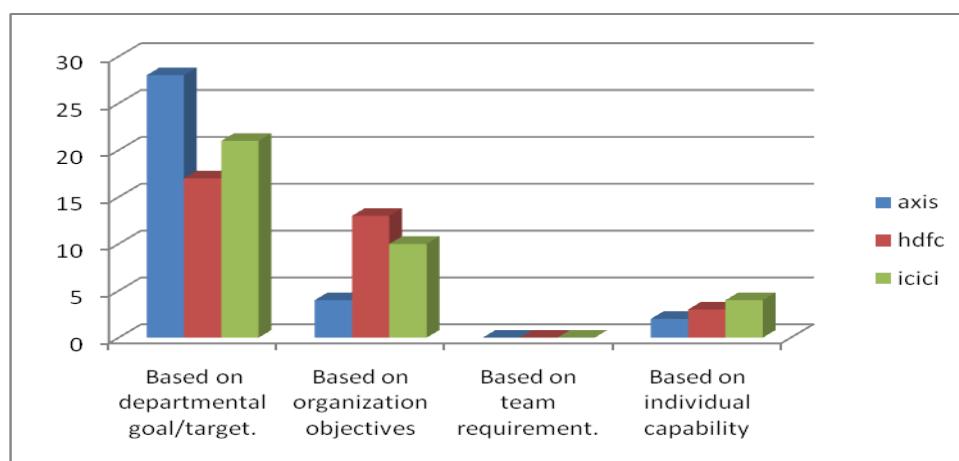


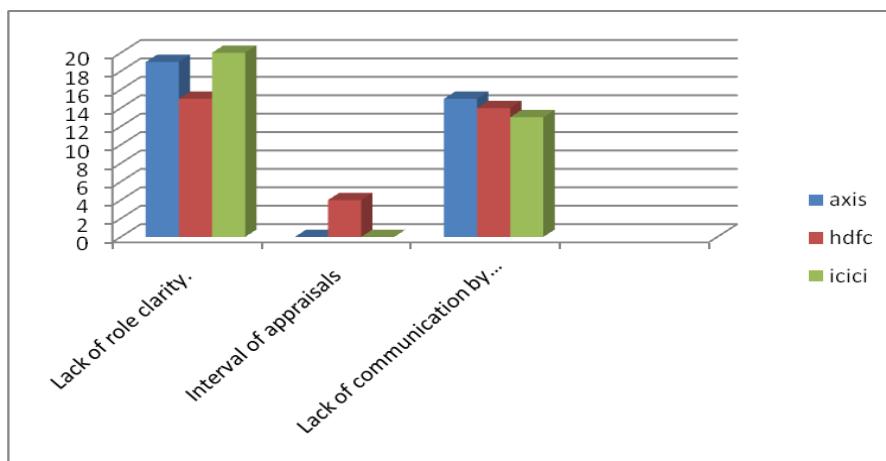
Figure 3. Key performance area fixed

Interpretation: The above table shows that KPA's are fixed on the basis of departmental goal or target in all the three banks with 66%.

Que.4. What are the major cause for failure of Performance Appraisal System?

Table 4

Dimensions → Name of the Bank↓	Lack of role clarity.	Interval of appraisals	Lack of communication by superior.
Axis Bank	19	0	15
HDFC Bank	15	4	14
ICICI Bank	20	0	13
Total	54	4	42

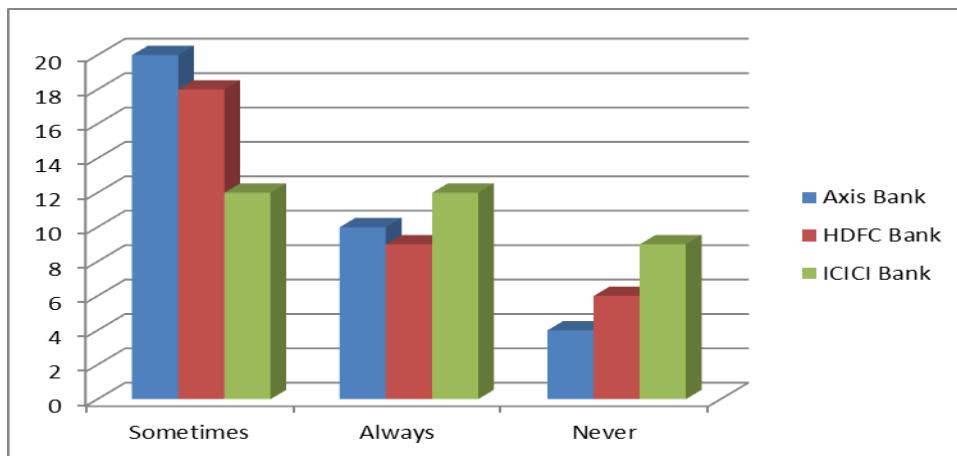
**Figure 4. Failure of Performance Appraisal System**

Interpretation: The above graph shows that 54% of failure of performance appraisal system in the all the three banks is due to lack of role clarity and 42% of failure is due to lack of communication by superiors.

Que.5. Does there any conflict arise between employees after Performance Appraisal is made?

Table 5

Dimensions → Name of the Bank↓	Sometimes	Always	Never
Axis Bank	20	10	4
HDFC Bank	18	9	6
ICICI Bank	12	12	9
Total	50	31	19

**Figure 5. Level of Conflict arise**

Interpretation: From the above graph we understand that 50% of conflict arises frequently between the employees after the appraisal and 31% of conflict arises always between the employees after the appraisal in all the three banks.

6. Findings

1. Most of the employees i.e., 86% of all the three banks receives monetary rewards for their best performance but in ICICI Bank conflict arises less i.e., 12 % in comparison to HDFC Bank i.e., 18% & Axis Bank i.e., 20%.
2. In all the three banks 66% KPA's are fixed on the basis of department goal/target and 27% are fixed on the basis of organizational objectives but the nature of 47% of axis bank and ICICI Bank's current performance system helps to meet business expectation whereas, the nature of 37% HDFC Bank's current performance system is to speed up market expectation.
3. According to the opinions of all the employees of all the three banks Performance Management System identifies the training needs as the manager conducts training programs as a remedial measure for the betterment of the employees after appraisals are done.
4. Major cause for the failure of performance appraisal system is found by 54% of employees due to lack of role clarity but 42% of the employees found failure is due to lack of communication by superior.
5. 91% of the employees of all the three banks are satisfied with the weight age given against each activity that they are supposed to perform in the specific period as according to 96% of employees the organization maintains salary level that compares well to the other organization in their area.

Conclusion

Performance appraisal is the most effective tool to assess performance of employees as, it leads to many desirable results when done systematically, but can also harm when designed poorly. An effective appraisal of employees motivates the employees and rectifies their work quality issues. This study came to crux that the employees are open-eyed with reward and recognition schemes of their respective bank, but sometimes due to unclear job role or lack of communication with superiors, impact as conflict, between the employees arises. The result also shows that KPAs are fixed in all the three private banks on the basis of departmental target/goal and traditional method of appraising performance of employees is in use by HDFC Bank and ICICI Bank i.e., ranking method and modern method of appraising performance of employees i.e., 360-degree feedback is used in Axis Bank. Thus, the study ends with the belief that by nourishing performance appraisal system, goals can be achieved effectively and efficiently

REFERENCES:

- [1]. M. Idress et al., Nexus between Performance Appraisal and Employee's Performance: Assessing the Moderating Role of Motivation, NFC IEFR Journal of Engineering and Scientific Research. 5 (2017). doi:10.24081/nifesr.2017.2.0013.
- [2]. A. Shrivastava, P. Purang, Employee perceptions of performance appraisals: a comparative study on Indian banks, The International Journal of Human Resource Management. 22 (2011) 632–647. doi:10.1080/09585192.2011.543639.
- [3]. M. Rishipal, Performance Management and Employee Loyalty, Global Journal of Management And Business Research. (2013).

- [4]. B. Kuvaas, Different relationships between perceptions of developmental performance appraisal and work performance, *Personnel Review*. 36 (2007) 378–397. doi:10.1108/00483480710731338.
- [5]. K. Chaudhary, M. Sharma, Performance of Indian public sector banks and private sector banks: A comparative study, *International Journal of Innovation, Management and Technology*. 2 (2011) 249.
- [6]. B.D. Cawley, L.M. Keeping, P.E. Levy, Participation in the performance appraisal process and employee reactions: A meta-analytic review of field investigations., American Psychological Association, 1998.
- [7]. S. Panda, K.J. Reddy, A Study on Impact of Performance Management System on Organization, *International Journal of Industrial Management*. Volume 2, pp. 1-6.

www.rbi.org (visited date: 21/01/ 2018).

<https://www.ibef.org/industry/banking-india.aspx> (visited date: 18/01 2018).

<https://www.peoplehr.com/blog/index.php/2015/03/25/a-brief-history-of-performance-management/> (visited date: 20/01/2018).

https://www.le.ac.uk/oerresources/psychology/individualsatwork/unit5/page_02.htm. (visited date: 20/01/2018).