

# PERFORMANCE APPRAISAL OF SELECT PRIVATE SECTOR BANKS IN COIMBATORE CITY

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## Abstract

*Performance appraisal (PA) with the swift expansion in the number of branches and the new functions assigned to them, banks are beginning to feel a new pressure on their organizational abilities. In the organisational planning to fulfill their new role, this concerns the process of training, development and performance appraisal. One of the underlying purposes of performance appraisal schemes is to elicit corporate compliance. To find which strategic factors influence on appraisal system in banking industry, data has been collected with help of structured questionnaire from 100 employees each from the private sector banks.*

*A banking sector which aspires to grow must be in the tune with the changing needs of the environment. Training becomes a relevant in this context since it is only through the help of the training that the gap between performance of the bank and the felt needs of a changing environment can be neutralized. Training reduces the gap by increasing the employee's knowledge, skills, ability and attitude in the bank.*

**Key Words:** Performance Appraisal, Banking industry and Private sector.

## 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.

## 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. 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 analyzing 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 behavioral aspects and attitudinal levels.

## PERFORMANCE APPRAISAL SYSTEMS IN PRIVATE 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.

## 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 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.

## NEED OF THE STUDY

Overall, some researchers focus on organizational goals as the key purpose, much focus on individual performance improvement. In Banking industry, appraisal system that meets individual as well as organizational goals is important. Hence the present study focuses on the performance appraisal of private sector banks and their comparison.

## OBJECTIVES

The present research paper has set the following objectives:

1. To find the factors influence on appraisal system in private banks
2. To know the present appraisal system and practices followed in private banks

## SAMPLE DESIGN

S.NO	SELECT BANKS IN COIMABTORE CITY	
	PRIVATE BANKS	SAMPLE
1.	THE SOUTH INDIAN BANK LTD	100
2.	THE FEDERAL BANK LTD	100
3.	ICICI BANK LTD	100
4.	HDFC BANK LTD	100
5.	CITY UNION BANK	100
	TOTAL	500

## Sampling Method

Stratified Random Sampling Method has been adopted for collecting the data from Private Sector banks covering 5 banks, viz. THE SOUTH INDIAN BANK, THE FEDERAL BANK LTD, ICICI BANK LTD, HDFC BANK LTD AND CITY UNION BANK Since each bank has homogeneous performance appraisal methods throughout all its branches, 100 officers from each bank randomly selected irrespective of the size of the officers. Hence the size of the sample 500 representing 100 officers from each bank.

## Data Collection

Data has been collected with help of structured questionnaire from 50 samples from the two private sector banks (South Indian bank and Federal bank).

## Tools Used

The primary data has been tabulated and computed with Multiple Regression Analysis and ANOVA Test.

## DATA ANALYSIS AND DISCUSSION

### Administration Process of Performance Appraisal

The Administration process of performance appraisal private sector banks

**TABLE 1**

### MULTIPLE REGRESSION ANALYSIS OF THE SELECTED VARIABLES WITH FACTORS RELATED TO THE PERFORMANCE APPRAISAL IN PRIVATE BANK

S.NO.	FACTORS	Standardized Coefficients ( $\beta$ )	t-value	p-value	S/NS
	(constant)		6.805	0.000**	S
1	<i>Pre-Training Factor,</i>	.100	2.305	0.022**	S
2	<i>Learning Motivation</i>	.136	3.148	0.002**	S
3	<i>Expectations</i>	-.044	-1.005	0.315	NS
4	<i>Training Management</i>	.170	3.859	0.000**	S
5	<i>Other Facilities</i>	.043	0.959	0.338	NS
6	<i>Post Training Factors</i>	-.217	-4.907	0.000**	S
7	<i>Organizational Support</i>	-.035	-0.801	0.423	NS

<b>R</b>	<b>0.832</b>
<b>R<sup>2</sup></b>	<b>0.726</b>
<b>Sample size (N)</b>	<b>500</b>

SOURCE: PRIMARY DATA \*\*p<0.05 S-Significant NS- Not significant

Table – 1 this table, the Adjusted R Square value tells us that our model accounts for 72.6 per cent of variance – a good model and the Standardized Beta Coefficients give a measure of the contribution of each variable to the model. A large value indicates that a unit change in this predictor variable has a large effect on the criterion variable. The t and Sig ( p) values give a rough indication of the impact of each predictor variable namely X<sub>1</sub> (*Pre-Training Factor*, t- -2.305, P<0.05), X<sub>2</sub> (*Learning Motivation*, t- 3.148, P<0.05), X<sub>4</sub> (*Training Management*, t- 3.859, P<0.05) and X<sub>6</sub> (*Post Training Factors*, t- -4.907, P<0.05). It is found that p-value suggests that a predictor variable is having a large impact on the criterion variable.

**TABLE 2**  
**ANOVA-**

Model	Sum of Squares	Df	Mean Square	F-value	p-value	S/NS
Regression	32.841	7	4.692	8.837	.000**	S
Residual	261.197	492	.531			
Total	294.038	499				

\*\*p <0.01, S-Significant

Hence, Overall ANOVA results, which assesses the overall significance of this model (F- 8.837, p value- 0.00, p<0.05). This model is statistically significant.

## SUGGESTIONS

1. Post graduates can be recruited as an officer, because they can take decisions in a better way than a graduate.
2. The review of performance appraisal is ideal once in 6 months instead of one year.
3. The performance appraisal formats can be refined further by taking the feedback from the field level officers.
4. Sharing of performance appraisal is more effective through intranet than circulars.

## CONCLUSION

One of the underlying purposes of performance appraisal schemes is to elicit corporate compliance. More than 86 per cent of the respondents opined that the performance appraisal policy of the banks is good, circular is the main mode of sharing of performance appraisal in private sector banks(63 %) and 72 per cent

of the respondents of private banks opined that the performance appraisal formats are reviewed every year. But limited respondents opined that the performance appraisal policy of the banks is not good. Above all, the performance of appraisal of select private sector banks is good.

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