



PERFORMANCE APPRAISAL SYSTEM – A STUDY ON PERCEPTION OF EMPLOYEES’ IN CO-OPERATIVE BANKS IN KARNATAKA

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Abstract:

Human resource system can become more productive by applying justifiable and precise appraisal system for rating performances of employees’. Regrettably, many organisations crash to adopt effective performance appraisal system (PAS). The Perception of employees’ about the targets, outcomes and uses of performance appraisal (PA) results would be beneficial various factors. In-fact, employees are more likely to be receptive and supportive about Performance Appraisal system, if employees perceive the system as a useful source then it will be more helpful to improve their performance. Performance appraisals are essential for an effective evaluation and management of staff. Since perception influence people’s judgement and attitudes towards particular phenomena, it could be expected that the staff of a Co-operative Banks might hold diverse opinions about the performance appraisal system in the organisation. The study focused on employees’ perception of performance appraisal biases or errors and examined the implications for developing and implementing an effective appraisal system in Co-operative Banks, Karnataka. The study reveals that there is a significant and positive relationship between employees’ perception and work performance and there is a positive and significant influence of work performance on employee performance. The employees’ perception on various aspects of personal and work related characteristics with PMS practices reflected that employees’ was more satisfied with the present performance management practices. The respondents revealed that the employees’ satisfaction towards the dimension of performance management system were effect on their performance planning, feedback, employees’ participation.

Key Words: Co-operative Banks, PAS, participation, satisfaction.

I INTRODUCTION

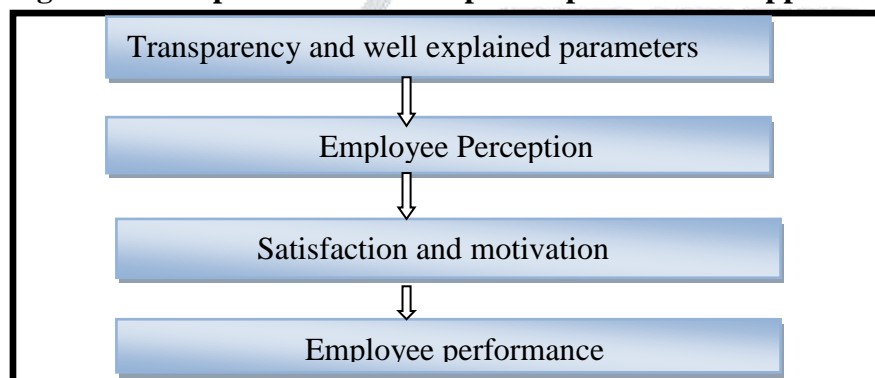
In the present scenario of competitive business world, it is understood that organisations can only compete with their rivals by restructuring the systems and organisations need ability to innovate more than ever by managing their human resources. The human resource system can become more effective by encounter a valid and accurate appraisal system used for rating performances of employees’. Regrettably, many organisations crash to adopt an effective performance appraisal system (PAS). The Perception of employees about the targets, outcomes and uses of performance appraisal (PA) results would be beneficial depending on a number of factors. If employees perceive the system as a useful source then it

will be more helpful to improve their performance. Performance appraisals are essential for an effective evaluation and management of staff.

Employees are likely to embrace and contribute meaningfully to a given Performance Appraisal scheme if they perceive it as an opportunity for promotion and as an avenue for personal development opportunities, a chance to be visible and demonstrate skills and abilities, also an opportunity to network with others in the organisation. On the other hand, if employees perceive Performance Appraisal as an unreasonable attempt by management to exercise closer supervision and control over tasks their employees perform, various reactions may result negative perception on organisational policy. Performance appraisal will be effective if the appraisal process is clearly explained to employees and agreed by the people involved without an adequate explanation or consultation, performance appraisal could turn counterproductive.

In addition, staff motivation, attitude and behaviour development, communicating and aligning individual and organisational aims, and fostering positive relationships between management and staff are essential for successful appraisal. Performance appraisals are essential for effective evaluation and management of staff. Since perception influence people's judgement and attitudes towards particular phenomena, it could be expected that the staff of a Co-operative Banks might hold diverse perception about the performance appraisal system in the organisation.

Fig. 1.0: Conceptual model on Impact of performance appraisal program



(Source: Rinku Sanjeev "Employees Perception towards Performance appraisal program in packing industry" JSHRM Vol 3, Issue 1, Feb 2014)

II REVIEW OF LITERATURE

Shelley, (1999) describes performance appraisal as the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. **Armstrong, (2001)** reveals performance as behaviour the way in which organization's teams and individuals get work done and suggested that performance is not only related to results but it also relates with activities and behaviours of employees that they adopted to achieve their given goals. **Mani, (2002)** explores employee's and administrators' perceptions of a system with these goals, a system specifically designed to appraise performance of North Carolina. The data show that a large proportion of employees, but no supervisors are satisfied with the system; neither the number of subordinates nor the time spent evaluating employees under the system affects supervisors' satisfaction with the system. **Stone, (2005)** the performance evaluation has to be done for every organization and the proper evaluation for the employees is necessary for the better performance of employees within the organization. The correct evaluation of the performance of employees can be done by the performance management system and performance evaluation system which can be used effectively in the organization. **Sen, (2006)** says Performance Management provides an efficient option for implementing a system. It means creating a motivating work environment through appropriate incentives, feedback and rewards; encouragements for wanting to do better jobs. Performance Management system needs certain pre-requisites to function smoothly. **Shastri, (2006)** emphasises the importance of human resource and discusses the ways of making it to excel. The author says it is the motivation that makes the employee performs. Understanding the needs and wants of the work force, culture and its impact on the

motivation and finding out measures to meet those results in performance. **Sethi, (2007)** author says culture of an organisation which is proactive in its action, blocks and weeds out actions and behaviour which cause barriers and destructions and encourages and reinforces those actions and behaviours which are positive, constructive and rewards the same. This will enable the employee to be committed and engaged towards their work and contribution to the organisation.

III RESEARCH GAP

The gap in this study identified in the literature is a lack of research in Co-operative Banks in Karnataka. There are more research conducted on performance appraisal system in manufacturing and service sector. This study is focusing with the aim to explore the relationship that exists between employee's perception of Performance appraisal system and their work outcomes which is specifically conducted to address the problems faced by working individual in Co-operative Banks. The factors that affect employee's work outcomes are their perception towards the performance appraisal practice of the organization. Therefore, Co-operative Banks can realize the current state of the employee outcomes and create strategies to improve work performance to reducing employees' turnover. Thus, the present study attempts to examine the perception of the employee's Co-operative Banks towards the various aspects of the current performance appraisal system and its impact on their work outcomes.

IV OBJECTIVES OF THE STUDY

1. To study the influence of work performance on employee's perceptions towards Performance Appraisal system.
2. To analyse the satisfaction level of employees towards existing Performance appraisal system.

V HYPOTHESES OF THE STUDY

Hypothesis 1

H0: Employees' work performance is not significantly influenced by their perception of performance appraisal practice.

H1: Employees' work performance is significantly influenced by their perception of performance appraisal practice.

Hypothesis 2

H0: There is no significant difference in satisfaction level of employees by performance appraisal system

H1: There is a significant difference in satisfaction level of employees by performance appraisal system

VI SIGNIFICANCE OF THE STUDY

This study is significant in various aspects. Firstly, on the basis of the findings of the study, the study is focusing on some conclusions and identifies the current perception of employees towards the performance appraisal and this might be signal to the human resource management of the organization to take remedial actions on the overall practice of performance appraisal in order to minimize those factors leading to negative perception of employees.

VII RESEARCH METHODOLOGY

The study Plans to apply Descriptive research study to investigate the demographic profile of employees, managers and administrative staff of the Co-operative Banks and descriptive survey design for data collection. This design is considered the most appropriate and helpful in determining the perception and attitude of respondents. The target population comprised employees, managers and administrative staff of the Co-operative Banks. However, the eligible population of the study included all employees, managers and administrative staff who had worked in the industry for at least two consecutive years. This study use to analyse the data by using correlation, regression.

Table 1.0:
List of Co-operative Banks in Karnataka

SL.No.	Name of the Bank	Number of employees
1	The Mysore Co-Operative bank Limited	160
2	Tumkur Grain Merchants Co-Operative bank	210
3	National Co-Operative bank	200
4	Amanath Co-Operative bank	150
5	Muslim Co-Operative bank	55
6	The Mysore Merchants Co-Operative bank Limited	65
7	The Mysore Merchants Co-Operative bank	70
	Total	910

(Source: Primary data)

This study is focusing on all types of employees who are working in Co-operative Banks. As per data 910 employees are working in Co-operative Banks in Karnataka.

VIII DATA ANALYSIS AND INTERPRETATION

Table 1.1:
Correlation between work performance and perception of employees

Correlations			
		Work performance	Perception of employees
Work performance	Pearson Correlation	1	.214**
	Sig. (2-tailed)		.000
	N	862	112
Perception of employees	Pearson Correlation	.214**	1
	Sig. (2-tailed)	.000	
	N	112	862

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Primary data)

The above table represents that there is a positive relationship between employee perception and work performance in the co-operative Banks. Correlation coefficient is 0.214 and p value 0.000 which is less than 0.05. There is a significant and positive relationship between work performance and employee perception.

Table 1.2:
Regression analysis between Work performance and Employees' perception

Independent variable		Work performance	
	Standardized Beta	t	p
Perception of employees	0.214	6.428	0.000
Adjusted R ²	0.45		
F value	41.319		

(Source- Primary data)

The regression analysis shows that the relationship between work performance and employee perception. The standardized beta identified 0.214 which means 21.4% of the total variance in satisfaction could be explained work performance. F- Ratio was 41.319, which is a significant with p value 0.000, which is less than 0.05. The result indicated that the work performance has a positive and significant influence by their perception. **Hence, the null hypothesis is rejected and alternative hypothesis is accepted.**

Table 1.3:

Regression analysis between employee satisfaction and performance appraisal

Independent variable	Performance appraisal system		
	Standardized Beta	t	p
Employee satisfaction	0.192	5.731	0.000
Adjusted R ²	0.036		
F value	32.841		

(Source: primary data)

Regression analysis shows that the relationship between employee satisfaction and performance appraisal. The standardized beta identified 0.192 which means only 19.2% of the total variance in productivity could be explained by employee satisfaction. F-ratio was 32.81, which is significant at p value 0.000 which is less than 0.05.

The regression equation of employee satisfaction was significantly related to performance appraisal F-32.81, for every one unit increases in the employee satisfaction, there is a 0.192 unit increases in performance appraisal, while keeping other variable constant. The result indicated that the performance appraisal system has a direct and significant effect on satisfaction of employees. **Hence, the null hypothesis is rejected and alternative hypothesis is accepted.**

IX FINDINGS

The study reveals that there is a significant and positive relationship between employees' perception and work performance. Correlation 0.214 with p value 0.000, which shows a significant and positive relationship. Employees' perception is most important to execute the performance appraisal practices at every level of management. If employees are satisfied with new innovation in performance appraisal practices, there will be a success for the organization.

The study identified that there is a positive and significant influence of work performance on employee performance. The beta value 21.4% influence on employee perception with significant p value 0.000 ($p < 0.05$).

X CONCLUSION:

The primary objective of this study was to assess the influence of perception of performance appraisal on employee work outcomes, because performance appraisal has been an issue of major concern with its long lasting impacts on the employees' work out comes, in the form of work performance, The employees' perception on various aspects of personal and work related characteristics with PMS practices reflected that employee's have more satisfied with the present performance management practices. The employees' satisfaction towards the studied dimension of performance management system by the sample respondents, performance planning, feedback, employees' participation, perceived system knowledge, procedural justice, distributive justice and interactional justice were positively and significantly associated with employee satisfaction

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