

Effectiveness of Performance Appraisal Systems of Banks in India

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ABSTRACT: This paper studies the trends in performance appraisal in banking sector in India and understands the effectiveness of appraisal systems on lower level to top level management in banking sectors in India. A Google form survey was circulated among employees working in banks. A total of 220 responses were collected from employees working in banks such as Axis bank, SBI, HDFC, ICICI, Karur Vysya Bank, Kotak Mahindra Bank, RBL, HSBC, Canara Bank, IndusInd Bank etc. pan India. The responses received was analysed with the help of statistical tools such as Excel and SPSS. It was found out that performance appraisals are implemented and are efficient to a large extent on lower level to top level management in banking sectors in India. However, it can be further improved in order to maintain maximum benefits and reach both organisational and individual employee goals. Proper and practical recommendations/implications are also provided.

Keywords: Performance Appraisal, banking sector, Appraisals in banks in India

I. INTRODUCTION

A performance appraisal is basically a regular review of all employees' job performances and overall contributions to the organisations. It is also known as an annual or performance review and evaluation. It thus evaluates an employee's skills, achievements and presence or lack of growth.

Performance appraisal is considered to be valuable for organisations. It is useful for promotion as it helps the supervisors to come up with the promotion programmes for efficient employees. It is also used for compensation as and it helps in the development of employees as the systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees and it also plays a vital role in help frame the future development programmes.

It is also used for Selection Validation such as to understand the validity and importance of the selection procedure. It is also used for effective communication between employees and employers. Through performance appraisal, the employers can understand and accept skills of peers, the employees also understand and create a trust and confidence in superiors, helps in maintaining cordial and congenial labour management relationships, develops the spirit of work and boosts the morale of employees. Moreover, Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved.

Banks use several different appraisal techniques and methods. Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees, 360-degree feedback is a feedback process where not just the superior but also peers evaluate each other. An assessment centre is a process where candidates are examined to determine their suitability for specific types of employment and Behaviourally Anchored Rating Scales (BARS) are scales used to rate performance, psychological appraisals assesses the employee's potential for future performance and it focuses on the employee's emotional, intellectual characteristics etc.

Therefore, to ensure that employees are producing work of proper quality and standards and to find out which employees are performing well and eligible for bonuses and to address performance issues, appraisal methods are used in banks.

II. LITERATURE REVIEW

1. (P.Purang, 2011) Studied the differences between public and private sector banks with respect to the performance appraisal system and satisfaction through nine factors. Independent samples t-test and qualitative

- analysis were used. Found out that private sector bank employees perceive greater satisfaction.
2. (Abdulkadir, 2012) Examination of the effect of performance appraisal practices on employee job commitment by conducting surveys of 14 banks in Nigeria and used regression analysis, correlation analysis and G-test in testing the hypotheses. It indicated that performance appraisal system significantly influenced employee job commitment.
 3. (Shrivastava & Rai, 2012) It was an analysis of bank employee's recent successes and failures through personal strengths and weaknesses along with suitability for further promotions and trainings.
 4. (Malhotra, 2012) It is recommended that banks should be supervised through CAMEL rating model to assess the performance of banks. Found that Bank of Baroda was at the first position while United Bank of India hold the bottom most rank due to inefficient management methods.
 5. (Ibeogu, 2015) Appraisals are found to be problematic but necessary in banking sectors. If employees have perceived appraisals to be free of biasness, positive attitude is emitted. It aimed to understand the perceptions of employees towards performance appraisals. Questionnaires helped to gather data. Satisfaction of employees was possible only in the case of pay rise, other monetary incentives etc.
 6. (Farouk, 2016) To enhance the effectiveness of HRM, it was found higher level of performance appraisal and innovation is required. It is the first study examining the mediating role of organizational innovation on the relationship between HRM and organizational performance in the Middle East. Data were collected from 168 managers working in UAE banks using questionnaires.
 7. (Dash & Das, 2013) Some improvements in the Indian banking sector were observed after the reforms and CAMELS framework is a natural framework to analyze this improvement. It compared the performance of public sector banks with private banks under the CAMELS framework. The data used were the audited financial statements of 58 Indian banks in 2003-08.
 8. (Suman Devi, 2013) It found out the satisfaction level of employees of Public Sector and Private Sector Banks using simple random sampling. The results indicated that significant differences exist between employees of Public Sector and Private Sector Banks regarding various aspects of job satisfaction, performance appraisal and nature of jobs.
 9. (Sapna Taneja, 2015) It examined the impact of employees' perception on their attitude and behaviour. It used data from 219 employees belonging to two public sector banks and two private sector banks in India and factor analysis and multiple hierarchical regression analysis was applied. It concluded that justice should be of utmost importance for organizations in order to generate positive performance appraisal system outcomes.
 10. (Ijigu, 2015) It was a correlation and regression type of research design which was aimed to describe or ascertain if there are significant associations between selected HRM practices and employees' job satisfaction. Results showed that each HRM practices in the banks especially performance appraisal were a source for employees' satisfaction and loyalty.
 11. (Jain, 2014) It compared level of performance appraisal reactions among managers of different banks in India. It was measured by performance improvement and employee development, explaining rating decisions etc. Proving feedback and explaining decisions were higher in foreign banks in India.
 12. (Lalita Rani, 2014) Investigation of the existing status of performance appraisal of private bank employees was done through questionnaire survey in Rohtak City using convenient sampling of 100 respondents. It was revealed that most of the private banks use 360 Degree Appraisal method and it helped in improving motivation & job satisfaction and employees performance.
 13. (Purang, 2009) It examined the job satisfaction level of a public sector and private sector bank employees in India. It used a sample consisting of 340 bank employees from both sectors. It used independent samples t-test and qualitative analysis. It indicated that the means of the public and private banks were significantly different.
 14. (MURPHY, 1985) Performance appraisal researchers had adopted a cognitive approach to analyzing judgment processes in performance appraisal recently. This line of research is likely to widen the already existing gap between research and practice while allowing researchers to tap a wealth of

- knowledge applicable to the appraisal context.
15. (Fan gu, 2017)It investigated the influence of personal relationshipson performance appraisal systems by studying three banks operating in China. Both quantitative and qualitative data was collected through surveys etc. The influence of personal relationships on performance appraisal was strongest in the state-owned bank and weakest in the foreign-owned bank.
 16. (Bhatnagar, 2013)This study focused on finding whether fairness in the performance appraisal process affects employees' satisfaction. Greenberg's taxonomy of four-factor model of organizational justice was taken as a theoretical framework. Better understanding of such systems was needed to improve performance appraisal effectiveness in banking sectors.
 17. (Sanyala, 2014)It studied the employees' attitudes ofbanks in West Bengal towards performance appraisal. Data was collected from 506 employees and analyzed using factor analysis.It found the importance of line managers in appraisal procedures.
 18. (Basak, 2009)It identified and analyzed the trend, progress and problems of urban cooperative banks and offered suggestions for improving the appraisal efficiency and effectiveness. The study is based on secondary data and used statistical tools like trend analysis, chi-square test, and multiple regression analysis.
 19. (Varma, 2007)Using data from 190 supervisors in the US, and 113 supervisors in India, the relationship between interpersonal affect and performance ratings was found. Results from the Indian sample suggested that supervisors inflate ratings of low performers.
 20. (Ms. Ramila Ram Sing, 2016)It provided limitations of various performance appraisal techniques practiced in Indian economy and its effects. Performance appraisal (PA) is extensively used to facilitate salary increments, promotions, staff retention and to reinforce staff behaviour.
 21. (DR. SUBRATA MUKHERJEE, 2011)To improve the performance of the Central Cooperative Banks, changes were suggested in the area of training and development techniques, performance appraisal methods, governance, managerial and financial fronts etc. Survey was conducted for District Central Cooperative Banks (DCCBs) in India.
 22. (Gefi, 2014) It showed the effectiveness of performance appraisal tools in Tanzanian banking sector in Mwanza City, Tanzania. It took a case of four banks: CRDB, NMB, Exim Bank and CBA. It used a qualitative and quantitative, descriptive research design for a sample of 102 employees. SPSS was used and it was found that all banks use Management by Objectives (MBO) and managers are not in favour of this due to the lack of multiple rating.
 23. (Dr. S. Vadivelu, 2018)Economic structures and globalization caused Indian banks, IT companies etc. to move from collectivism nature of HRM practices to more of liberal and widely accepted practices. It provided an insight on the current HRM practices of 360 and 720 degree performance appraisalin Indian organizations.
 24. (Getnet, 2014) It assessed the effect of employees' fairness perceptions on satisfaction towards performance appraisal practices in the University of Gondar. It used stratified random sampling technique. It was found that it had to improve performance appraisal practices specifically on clarification of expectation standards, feedback, rating decisions, employee's performance expectations etc.
 25. (MS. YUVIKA SINGH, 2017)It focusedon whether the introduction of innovative HR practices lead to positive or negative outcomes among the banking sector employees. The HR practices in Indian Banking sector such as employee sourcing and human resource development initiatives were remarkably different.
 26. (Priyadarshini & Venkatapathy, 2005)It was aimed to study the extent of HRD practices in the banking industry due to differences in ownership and performance. They empirically tested the relationship among various types of banks. HRM practices transferred operational system into modern one that suited to the present requirements.
 27. (Shefali, 2006)State Bank of India conducted a study on performance appraisal system and found out about changes in the system made. A critical analysis was done and certain changes were recommended such as changes in reward systems through surveys.

S. No.	Author	Title	Journal	Volume(issu e)Page Number	Methodolog y	Findings
1	P.Purang	Employee perceptions of performance appraisal: A comparative study on Indian banks	The International Journal of Human Resource Management	22(3)632-647	t-test and qualitative analysis	Appraisal system, factors affecting employee satisfaction
2	AbdulKadhir	Effects of Strategic Performance Appraisal and Career Planning	Semantics	5(4)124-133	Surveys, regression analysis, correlation analysis and G-test	Definitions, job commitment, Nigerian banks' appraisal system
3	Srivastava	Performance Appraisal Practices in Indian Banks	Integral Review: A Journal of Management	5(2)46-52	Qualitative Analysis	Definitions, promotions, trainings, appraisals, effect on employees
4	Malhotra	Performance Appraisal of Indian Public Sector Banks	SSRN	3(1)1-18	CAMEL rating model	CAMEL rating model, definitions, appraisal system
5	Ibeogu	Perception of Justice in Performance Appraisal and Effect on Satisfaction: Empirical Findings from Northern Cyprus Banks	Elsevier	23(1)964-969	Questionnaires	Definitions, perceptions of employees, effect on satisfaction, Cyprus banks
6	Farouk	HRM practices and organizational performance in the UAE banking sector: The mediating role of organizational innovation.	International Journal of Productivity and Performance Management	65(6)773-791	Surveys and Questionnaires	Organisational performance, innovation, performance appraisal, UAE banking sector practices
7	Das	Performance Appraisal of	IUP Journal of Bank	12(2)31-42	CAMEL framework,	Indian banking sector after

		Indian Banks Using CAMELS Rating	Management		financial statement	reforms, appraisal, private, public sector banks
8	Suman Devi	Job Satisfaction Among Bank Employees	International Journal of Research in Management, Science & Technology	1(2)93-101	Simple Random Sampling	Private and public sector banks, satisfaction, definitions
9	Sapna Taneja	Consequences of Performance Appraisal, a study of Indian banks	Proquest	14(3)33-57	Factor analysis and multiple hierarchal regression analysis	Importance of justice, definitions, satisfaction, appraisal methods
10	Ijigu	The Effect of Selected Human Resource Management Practices on Employees' Job Satisfaction in Ethiopian Public Bank	Emerging markets Journal	5(1)1-16	Correlation and regression type of research design	Definitions, Associations between HRM practices and employees' loyalty
11	Jain	Employee Reactions to Performance Appraisal System in Indian Banks	Indian Journal of Industrial Relations	49(4) 576-589	Qualitative analysis	Appraisal reactions of employees, rating decisions, providing feedback
12	Lalita Rani	Performance Appraisal Research: A study of performance appraisal practices in private sector banks	Journal of Research In Commerce & Management	3(2277)108-113	Convenient Sampling, Surveys, questionnaires	Definitions, 360 degree appraisal method, employee motivation, satisfaction
13	Purang	Employee perceptions of Job satisfaction: Indian banks	Asian Academy of Management Journal	14(2)65-78	Qualitative analysis	Job satisfaction, public and private sector bank employees' perception, appraisal systems
14	Murphy	Toward narrowing the research gap in performance appraisal	Wiley	38(2)335-345	Cognitive approach	Cognitive approach, gap between practical and knowledge, appraisal methods

15	Fan Gu	Performance appraisal in Western and local banks in China: the influence of firm ownership on the perceived importance of guanxi	The International Journal of HRM	28(10)1433-1453	Qualitative and quantitative data	Effect of Personal relationships in performance appraisal, China Banks, definitions
16	Bhatnagar	Perceived fairness of employees in Performance Appraisal System: with reference to Indian Public and Private Sector Banks	Globsyn Management Journal	7(1/2)67-81	Greenberg's taxonomy of four-factor model	Understanding of Greenberg's taxonomy, employee effectiveness, appraisal systems
17	Sanyala	Employee Motivation from Performance Appraisal	Procedia economics and finance	11(14) 182-196	Factor Analysis	Importance of line managers in appraisal, employees' attitudes
18	Basak	Performance Appraisal of Urban Cooperative banks	IUP Journal of accounting research	8(1)31-44	Trend analysis, chi-square test, and multiple regression analysis. Secondary data.	Definitions, suggestions for improving appraisal efficiency in urban cooperative banks
19	Varma	The role of interpersonal affect in performance appraisal: evidence from two samples – the US and India	International Journal of HRM	16(11)2029-2044	Sampling	Definitions, Interpersonal effects on performance appraisal
20	Ramila Ram	Performance Appraisal in India	International Journal of Applied Engineering Research	11(5) 3229-3334	Qualitative data	Definitions, Staff retention, limitations of appraisal techniques
21	Subrata Mukharjee	Performance appraisal of Central Cooperative	Researchgate	1(1)127-133	Surveys	Definitions, changes suggested, appraisal

		banks in India in liberal				techniques in Central Cooperative banks
22	Gefi	Evaluation of the Effectiveness of Performance Appraisal Tools in Tanzanian Banking Sector: A Case of Commercial Banks in Mwanza City	Master Thesis	2(1)57-63	Qualitative and quantitative data, descriptive research design	Importance of Management by objectives(MBO) ,SPSS, Unfavourable for Managers
23	S.Vadivelu	The Need for 360 and 720 Degree Performance Appraisal System in Indian Organizations	International Journal of Pure and Applied Mathematics	119(15)1101-1118	Quantitative data	Definitions, 360 and 720 degree appraisal, Collectivism nature of HRM practices
24	Getnet	The effect of employees' fairness: Perception on their satisfaction towards performance appraisal processes	International Journal of Management and Commerce Innovations	2(1)174-210	Stratified random sampling	Definitions, clarification of expectation standards, feedback
25	Yuvika Singh	Innovative HR Practices in Indian banking sector	International journal of business management and scientific research	31(1) 9-14	Qualitative data	Definitions, innovative HR practices, positive/negative outcomes on employees, new appraisal methods
26	Priyadharshini & Venkata pathy	Performance and HRD: A Study Among Various Types of Banks	South Asian Journal of Management	12(3)52-66	Empirically testing	Ownership and performance, definitions, HR appraisal methods
27	Shefali	Performance Appraisal in Public	Mangamalay Journal	1(1)75-81	Critical Analysis	Definitions, changes in appraisal

		Sector Banks, A Case of the State Bank of India				systems, reward systems
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Research Gaps:

- 1) The changes made in the performance appraisal methods are clearly explained but the trends or progressive changes in performance appraisal methods in the banking sector is not explained chronologically.
- 2) Comparisons between Indian performance appraisal methods and other countries' performance appraisal methods are not sufficient.
- 3) Information about the existence/effectiveness in appraisal methods in banking sector in the pre-liberalization period are not clearly defined.
- 4) Details about the effect of performance appraisal methods on superiors or top level management in India are missing.

Research Objectives:

- 1) To study the trends in Performance Appraisal in banking sector in India.
- 2) To understand the effectiveness of the Appraisal systems on lower level to top level management in banking sectors in India.

Research Methodology

The type of research method used for collecting data for this research paper is **Primary Research** method. The research design used in this research paper is **Exploratory Research** as the researcher does not know much about the effectiveness of performance appraisal systems of Banks in India and wants to explore and find it. It thus uses Key-informant technique as information is gathered from bank employees in India who could provide us with the relevant information about performance appraisals used in their Banks. We received a total of 220 responses from employees working in different banks all across India.

Since we wanted to find out about the effectiveness of Performance appraisal systems on employees in banks, the independent variable is the system of performance appraisals used in Banks

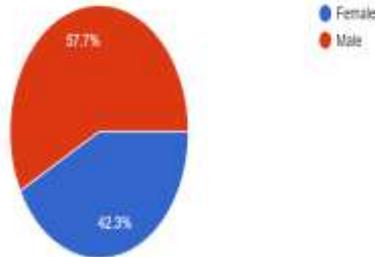
while the dependent variables are the bank employees whose productivity might or might not be affected due to performance appraisals(which has to be found out in the study). There are many intervening variables as well. The bank employees' performance is not only affected due to performance appraisal methods but also due to intervening variables such as job security, fringe benefits, relationship with peers etc.

In order to find out about the age, gender, designation in organisation, satisfaction with appraisal methods etc, nominal/categorical variable based on scale is used as no arithmetic operations or logical operations can be performed on them. For example, in order to find out about the age, categories such as 21-30, 31-40, 41-50, 51-60 and more than 60 years' old were given as the options from where the respondents had to choose. Questions in the survey used a dichotomous scale. A numerical value could be also given to the responses to allow the researcher to better analyse the data such as Yes-1 and No-0. These questions also allows us to understand the attitude of employees towards performance appraisal. We also have to also remember that measurement errors might also occur due to mood, fatigue or health of respondent, a respondent might not understand the question etc.

A questionnaire was used which is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. It consisted of closed-ended questions (multiple choice questions). It is a **self-administered questionnaire** where the respondents can fill it by himself/ herself online. It is administered via emails and texts. It consists of mostly dichotomous questions and three multiple choice questions. It consists of instructions, opening questions, study questions, classification information and acknowledgement. Questionnaire method was used as it is cost and time effective, has a scope of coverage, provides an assurance of anonymity and adaptability.

Data Analysis and Data Interpretation

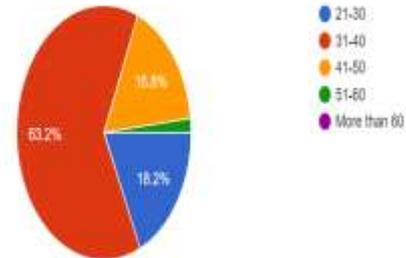
Gender:
220 responses



We received a total of 220 responses from employees working in different banks all across India. The respondents were from different branches of Axis Bank, SBI, HDFC, ICICI, Karur Vysya Bank, Kotak Mahindra Bank, RBL, HSBC, Canara Bank, IndusInd Bank etc. There were 57.7% male respondents and 42.3% female respondents.

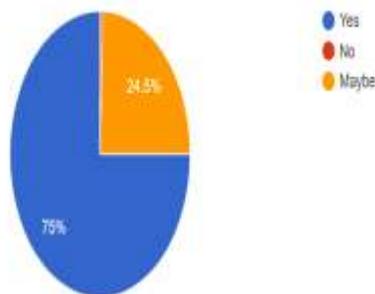
We received responses from varying age groups ranging from 21- 30 years of age to more than 60 years of age. Most of our respondents (139 of our respondents) were from the age group 31-40 years of age, followed by 40 of our respondents from the age group 21-30 years of age, and then 37 respondents from 41-50 years of age and 4 respondents from 51-60 years of age. Their designations or job titles were Bank Teller, Senior Associate, Branch Manager, Loan officer, HR Manager, Compliance Officer, Internal Auditor, Financial Analyst, Product Analyst, Asset Manager, Branch Operations Head, Investment Banking Manager, Client Advisor, Vice President, Fixed Income Analyst, NRI relations manager etc.

Age
220 responses

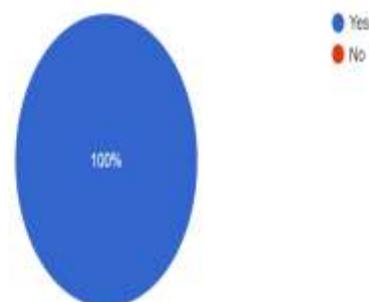


This shows that the number of females opting to work in the banking sector is quite high compared to other sectors such as manufacturing sector, agricultural sector etc. The gender ratio of male employees to female employees in banks of India is about 6:4. This is probably because of the job security, job satisfaction, benefits that they are able to avail from the banks. Moreover, working in a bank does not demand as much as physical work as required in other sectors, making it a suitable and safe option for women to work in, allowing them to strike a balance between work and personal life. Most of the respondents were in the age group of 31-40 years of age. Perhaps they have sufficient work experience and expertise to lead others and at the same time, they have sufficient curiosity to improve on workforce performance and help reach organisational goals. There are numerous designations and departments in banks, allowing employees to work on and focus upon specific duties and responsibilities, producing eustress and boosting productivity levels of employees in banks

Is performance appraisal needed in an organization according to you?
220 responses



Is there a formal appraisal system in the bank that you are working in?
220 responses

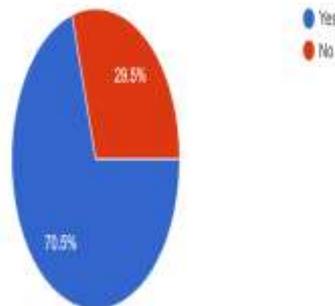


75% of the respondents felt that performance appraisal methods are needed in the organisations while 24.5% of the respondents responded "maybe" implying that they are not sure if appraisal methods are needed in organisations as they are not aware of its importance or their organisations have not implemented performance appraisal methods effectively for the employees to enjoy the benefits. 1 of the respondents responded "No". Since, it was just about 0.5% of the responses, we could say that it might have occurred due to respondent error. He might have clicked accidentally or understood the question wrongly.

Hence, most of the employees have realised and feel that performance appraisals are needed in any organisation.

All 220 of our respondents responded that they have all have a formal appraisal system in the banks that they are respectively working in. Hence, it clearly shows that all banks abide by it and follow it to provide a means to systematically evaluate employees across various performance dimensions to ensure banks are getting what they pay for. They provide valuable feedback to employees and managers, and they assist in identifying promotable people as well as problems.

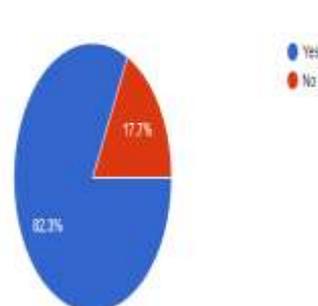
Do you receive constructive feedback from your boss throughout the year?
 220 responses



82.3% of respondents (181 out of 220 respondents), said that their immediate bosses involve them in the performance appraisal process by holding a joint meeting while the remaining respondents said that their bosses do not involve them in the appraisal processes. This shows that most of the top level managers understand the importance of considering their employees as assets to the organisation and know that by involving them in such processes allow the employees to align their individual goals to the overall organisational goals, motivating them to strive for excellence. When the employees feel that they are being valued, their opinions matter and their job expertise is being appreciated, they will feel more happier, energetic and rejuvenated to work better in the organisations.

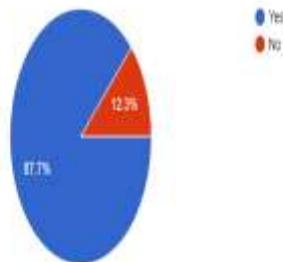
When employees were asked if they get regular and constructive feedbacks from their

Does your immediate boss involve you in the performance appraisal process by holding a joint meeting?
 220 responses



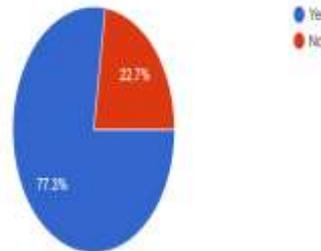
bosses throughout the year, about 30% of the employees said no while about 70% of the employees said that they received regular and constructive feedbacks. This shows that most of the middle to top level managers advise and lead other employees by providing suggestions for improvement. Thus, they believe that banks can achieve overall successes only if they move forward as a team guiding and helping each other. Some of the managers might not be giving regular feedbacks due to the workload that they have, hence they fail to prove appropriate suggestions to others. Thus, all employees should know that the purpose of constructive feedback is to give feedback to an individual in a way that will lead to improvements or corrections. It helps to enhance personal and professional growth, such as increasing employee morale.

Are performance appraisal goals (Key result areas/ Key Performance indicators) clearly communicated to you at the beginning of the appraisal year?
 220 responses



193 of our respondents (87.7%) told that performance appraisal goals were clearly communicated to them at the beginning of the appraisal year while 12.3% of our employees did not get proper communication of performance appraisal goals at the beginning of the appraisal year. By communicating about appraisal goals to employees, employers will rapidly build trust among employees to make sure they are working to the best of their abilities, to address performance issues that they should work upon etc. The lack of proper communication might be due to poor leadership, poor clarity of organisational objectives or conflicting objectives, cultural diversity in the workplace etc. Hence, it is vital for communicating performance appraisal goals at the beginning of

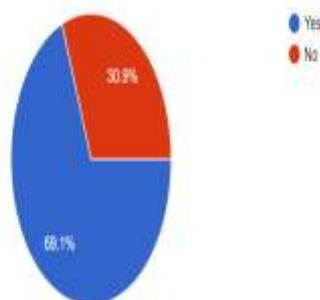
Do performance appraisal methods help your organization in achieving its targets according to you?
 220 responses



every appraisal year. This allows the employees to set targets and feel motivated to achieve them.

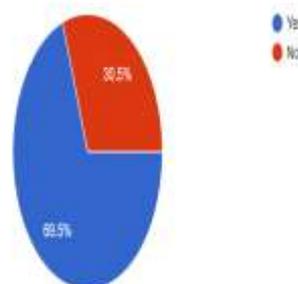
170 of our respondents said that according to them, performance appraisal methods help banks in achieving its targets. Thus, most of the respondents understand and are aware of the importance of organisations to have performance appraisal goals to achieve their objectives and targets. They increase rapport between management and employees, increase job satisfaction and improve employees' sense of loyalty toward the company. It also allow employees in seeing how their roles in the organization contributes to the company's overall success. Hence, organisational workforce must be used to the maximum of its potential to have a gradual positive improvement in most cases.

Do Performance appraisal methods help to identify your strengths and weaknesses?
 228 responses



152 respondents felt that performance appraisal methods had helped to identify their strengths and weaknesses while about 40% of the respondents (68 respondents) did not feel the same. Banks can allow their employees to identify their strengths and weaknesses more effectively by having proper preparation and goal setting, better clarity around evaluation, by focusing on the entire performance

Are you satisfied with the performance appraisal process in the bank that you are working in?
 228 responses



period and having advanced disclosure, include colleague and constructive feedback, encourage two way dialogue, be more trustworthy and by having more regular follow-ups.

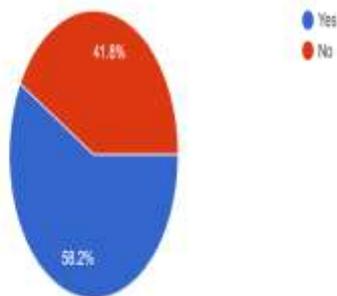
69.5% of the respondents are satisfied with the performance appraisal processes of their banks while the remaining respondents are dissatisfied with such process. Therefore, most of

the respondents are glad that their banks are following such processes to lead them. However, more effective implementation and evaluation of these appraisal processes should be done so that all employees can enjoy its benefits. There is room for improvement for both the organisation and employees. Organisations should recognise the

importance of such processes and make conscious attempts to make it efficient. At the same time, employees should also be concerned to make positive use of such processes. In case of any clarifications, employees should feel free to get it clarified by their bosses.

Are performance appraisal goals set for you realistic and achievable?

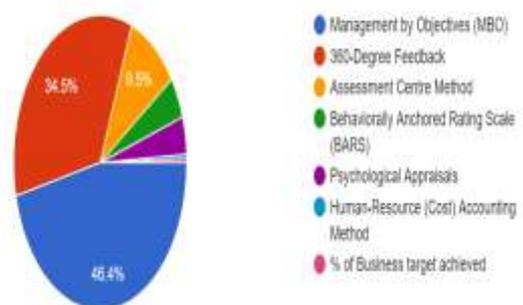
220 responses



58.2% of the respondents (128 respondents) said that their performance appraisal goals set for them are realistic while 41.8% of the respondents said that their appraisal goals set for them are unrealistic and difficult to achieve. Thus, about two-fifths of the respondents are facing difficulties achieving their goals set for them. Hence, banks should consider providing their employees with realistic targets and they should not cause additional stress to them by setting high targets. As by doing so, it results in negative performance of employees due to over strain. Bank managers can have frequent and friendly grievance meeting with their employees to understand their mental state. Accordingly, their work duties can be reduced or enhanced.

What performance appraisal method is used in your organization?

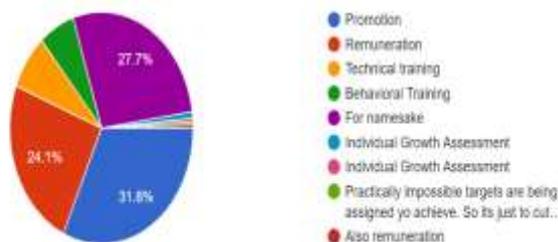
220 responses



Several performance appraisal methods such as Management by Objectives(MBO), 360-degree feedback, Assessment Centre Method, Behaviourally Anchored Rating Scale (BARS), Psychological Appraisals, Human Resource (Cost) Accounting Method etc. are used by different banks to implement these appraisal processes. Management by Objectives (MBO) is used by most organisations, followed by 360 Degree feedback, then assessment centre method, behaviourally anchored rating scale (BARS) and psychological appraisals. Banks employ different appraisal methods and techniques according to their convenience and they generally choose the method that they feel is the most effective in achieving their organisational goals by boosting employee morale and productivity.

What according to you is the motive behind performance appraisals done in your organization?

220 responses



There are several motives behind performance appraisals according to employees such as for Promotion (70 respondents), for remuneration(53 respondents), for Behavioural training (14 respondents), for technical training (17 respondents), for individual growth assessment (2 respondents) etc.28% of the respondents feel that such performance appraisals are done in their banks only for namesake which shows that these respondents are not satisfied with the appraisal methods as they feel that the banks have not

implemented the performance appraisals properly and they should work on it. Most of the respondents say that performance appraisals are done for recognising employees who work to the best of their abilities and produce high quality and productive work, to promote them. Thus, it is important for the employees to change their perception of performance appraisal that they are done just for namesake. They should understand its objectives and importance to be more motivated individuals.

Gender * VAR00003 Crosstabulation

Count		Constructive feedback from boss		Total
		Yes	No	
Gender	Female	52	41	93
	Male	103	24	127
Total		155	65	

The responses for whether the bank employees received constructive feedback from their bosses were tabulated in a cross tabulation using SPSS. Gender was cross tabulated with the yes or no responses that was received. It was found out that more percentage of male employees (81.1%) received constructive feedback. Only 55.9% of female employees received constructive

feedback from their bosses. This might probably be because the bosses are mostly males and they tend to feel more comfortable and have better communication with male subordinates or peers. Thus, banks should work towards lesser biasness towards females when implementing performance appraisals.

Sample Survey

Performance Appraisal in Banking Sector

The survey is being conducted with an aim to study and understand the effectiveness of performance appraisal systems of banks in India. The responses will be monitored and utilized for pure academic and research purposes and the respondents' confidentiality will be our utmost priority at all times. Thanks in advance for sparing 5 minutes of your valuable time.

Gender: *

Female

Male

Age *

21-30

31-40

41-50

51-60

More than 60

Name of the Bank working in: *

Short answer text

Designation/Job title *

Short answer text

Is performance appraisal needed in an organization according to you? *

Yes

No

Maybe

Is there a formal appraisal system in the bank that you are working in? *

Yes

No

Does your immediate boss involve you in the performance appraisal process by holding a joint meeting? *

Yes

No

Do you receive constructive feedback from your boss throughout the year? *

Yes

No

Are performance appraisal goals (Key result areas/ Key Performance indicators) clearly communicated to you at the beginning of the appraisal year? *

Yes

No

Do performance appraisal methods help your organization in achieving its targets according to you? *

Yes

No

Are you satisfied with the performance appraisal process in the bank that you are working in? *

Yes

No

Do Performance appraisal methods help to identify your strengths and weaknesses? *

Yes

No

Are performance appraisal goals set for you realistic and achievable? *

Yes

No

What performance appraisal method is used in your organization? *

Management by Objectives (MBO)

360-Degree Feedback

Assessment Centre Method

Behaviorally Anchored Rating Scale (BARS)

Psychological Appraisal

Human Resource (Dot) Accounting Method

What according to you is the motive behind performance appraisals done in your organization? *

Promotion

Remuneration

Technical training

Behavioral Training

For namesake

III. DISCUSSION AND CONCLUSION

In a nutshell, this exploratory research was done in order to find out about the effectiveness of performance appraisal systems of Banks in India through Google Form Survey. Respondents ranged from low level to top level managerial positions working in banks. Based on the data interpretation and analysis using statistical tools such as Excel and SPSS, it is found out that a formal performance appraisal system is adopted in all Banks in India. It is implemented, evaluated on a regular basis in almost 80% of the time by joint meetings and 70% employees receive constructive feedbacks. Thus, banks should aim to improve their implementation and evaluation of appraisal processes to achieve even better benefits and outcomes.

Key result areas (appraisal goals) should be communicated compulsorily to all employees at the beginning of the appraisal year. This can be done by having a separate body to look over if it is done by the management of the banks.

The number of females opting to work in the banking sector is quite high compared to other sectors such as manufacturing sector, agricultural sector etc. The gender ratio of male employees to female employees in banks of India is about 6:4.

This shows that banking sector is safe and secure for females to a large extent.

Most of the respondents understand and are aware of the importance of organisations to have performance appraisal goals to achieve their objectives and targets. Appraisal goals increase rapport between management and employees, increase job satisfaction and improve employees' sense of loyalty toward the company. It also allow employees in seeing how their roles in the organization contributes to the company's overall success. Hence, organisational workforce must be used to the maximum of its potential to have a gradual positive improvement in most cases.

About two-fifths of the respondents are facing difficulties achieving their goals set for them. Hence, banks should consider providing their employees with realistic targets and they should not cause additional stress to them by setting high targets. As by doing so, it results in negative performance of employees due to over strain. Bank managers can have frequent and friendly grievance meeting with their employees to understand their mental state. Accordingly, their work duties can be reduced or enhanced.

Thus, compared to the earlier times, nowadays, more employers and employees of banks are aware of performance appraisals and they actually implement it.

In conclusion, performance appraisal systems/methods is implemented and is efficient to a very large extent on lower level to top level management in banking sectors in India. However, it can be further improved in order to attain maximum benefits and reach both organisational and individual goals.

Limitations/ Challenges

- 1) Since this research was focused upon only employees working in banking sector of India, the sample from which the results of the survey was to be derived was restricted to a smaller sample size.
- 2) Most of the employees of banks was reluctant in revealing their names as they wanted to remain anonymous. Thus, anonymity of the respondents was protected.
- 3) Some of the respondents failed to respond to the survey on time and required frequent reminders and follow ups.
- 4) For virtual surveys, responses are hard to trust. Some respondents might be impatient and click on random answers instead of reading the questions and answering them efficiently.

IV. MANAGERIAL IMPLICATIONS/ RECOMMENDATIONS

Banks can allow their employees to identify their strengths and weaknesses more effectively by having proper preparation and goal setting, better clarity around evaluation, by focusing on the entire performance period and having advanced disclosure, include colleague and constructive feedback, encourage two way dialogue, be more trustworthy and by having more regular follow-ups.

Banks should aim for employee job satisfaction by setting realistic and achievable targets and expectations by using SWOT analysis, SMART process for each employee .

The communication between the employees and employers of banks should be enhanced through more formal and informal get together and meetings, more beyond the classroom training activities to understand each other's' potential etc.

They should help each other to align their individual goals with the organisational goals to achieve maximum success.

The importance of performance appraisals should be inculcated to all employees of banks

from lower level to top level management through training programmes, fun group bonding activities etc.

Banks should ensure faithful and trustworthy implementation of such appraisals without any biasness.

Both the bank management and employees should have an open mind to learn from their mistakes and have consistent and persistent curiosity and thirst for knowledge and further improvements. They all should work productively not just for monetary benefits but also for non-monetary benefits such as self-satisfaction and holistic development of each individual.

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