

A study of performance appraisal system in unscheduled cooperative Banks in Noida region and its effect on employee's and organisation's growth and performance

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Abstract- Performance appraisal is a systematically aligned process that accesses the individual's performance in the job responsibilities given to him. It is a holistic process which brings together many activities which in a combined way contribute to the high levels of organisational performance. It helps the organisation to make the effective and efficient utilisation of their resources towards attaining their strategic goals by providing feedback to the employees. This study is focussed on current scenario of performance appraisal system of cooperative banks and its implication to employee's performance and organisational growth as a whole.

The respondents of this study are the on roll employees of the Bank. The purposive sampling technique was used in the selection of the respondents. Interview, focus group discussion and survey questionnaire were the main instruments used for this study. The result of the study showed that the Performance appraisal system needs improvement. The main factors resulting in effectiveness of the current appraisal system are-

1. The goals are not set in the beginning of the financial year. The evaluation criteria are a threat and at the same time surprise element for the respondents
2. No feedback is given to the employees for further improvements

It is recommended that the Bank should revamp and redesign its appraisal in a more futuristic and effective manner otherwise this system will lead only to de-motivation of employees and wastage of time and resources

Index Terms- Employee Performance Appraisal System, Employee Motivation, organisational development

I. INTRODUCTION

The appraisal system in any cooperative Bank depends upon many factors like –

- a) Size of the Bank
- b) Importance and role of HR in policies formulation
- c) Perception of senior management of the Bank about the performance appraisal
- d) Future predictions in terms of growth and expansion
- e) Current status of Business growth

Banks are service oriented organisations and the way staff members behave and conducts themselves in public defines the graph of growth of the Bank and increment in customer base directly. Als (1999) has defined performance appraisal as a process involving deliberate stock taking of the success, which an individual or the organisation has achieved in performing assigned tasks or meeting set goals over the period of time. Wise (2005) said that performance appraisal system helps an employee to discover his strengths and weaknesses and helps him in decision making about his career choices. Cooperative Banks in India are regulated by the Reserve Bank of India through the Banking Regulation Act 1949 as applicable to cooperatives. These Banks have special roles to play for the economic development of rural areas which directly leads to development of poor class. These Banks play a major role in empowering rural India and hence strengthens concept of financial inclusion.

Cooperatives Banks mainly focuses on Branch Operations, Credit and advances, Technology up gradation and HR in decreasing order of priority.

HR department is a supporting department and is also a driving force for the staff to keep themselves motivated enough by focussing on the staff recruitment, retention, engagement, training and development, staff welfare etc. Performance appraisal system is the building block of the organisation's growth. By optimum use of the same any organisation can find out the hidden talent to provide them better job responsibilities and results in growth of the individual and the organisation both.

Performance Management is the most critical function for human resource managers which incorporate the disciplines of organisation structure, strategy and elements of operations management. The integrated approach to performance management has become the trend amongst HR managers. Hence Bank's management needs to think and revamp to monitor that how they are performing and how are their competitors performing.

The tacit mission of any unscheduled Cooperatives Bank is to become a Scheduled Cooperative Bank and it can only be achieved by

- a) Motivating the staff to perform better by surpassing the targets and goals set for them
- b) By performing the duties with loyalty and sincerity. Before any task they

should think whether this activity is in accordance with the policies and principles of the Bank.

By doing a fair performance appraisal Bank's can motivate their staff and boost them for better growth and job opportunities

From, the above discussion it can be inferred that the performance appraisal is a very effective tool of HR by which a platform for improvement can be provided to the staff and in turn it will pave the road for the developments of the unscheduled Cooperative Banks and fulfilling the strategic goals and objectives to strive for excellence.

II. LITERATURE REVIEW

Performance appraisal system provides information to management about employee's performance which can be used for succession planning by identifying people with potentials. It helps the management to take administrative decisions such as , pay increase, promotion, placement ,transfer and lay off to help supervisors know their subordinates and gives an opportunity to the subordinates to know where they stand with the boss (Spiegel and Mumma, 1961 Rudrabsavaraj 1969; Levinson 1970; Monapa 1974 Caroll, 1982 Saiyadain, 1985; Mufeed 1995; Robberts, 1995; and Mufeed, 1998), Unfortunately, the early development of appraisal systems relied on informal judgments of personality traits. These personalities were difficult to measure objectively and supervisors tended to evaluate subjectively according to their own preconceived biases, rating errors rampant, feedback wars viewed as punishment by employees.

Attempt to improve ratings, to increase the extent to which they are valid indicators of difference in performance, have proved extremely difficult. A major reason for this, according to Carrol and Schiner (1990) is that very little is still known about the cognitive processes that underlie the act of judging the performance of others. They argue that improvements in performances appraisal rest on a better understanding of such processes. In the recent past, research studies witness that only few organizations are satisfied with their existing performance appraisal systems and the dissatisfaction is greater enough. This is mainly due to the fact that existing system is not effective, reason being the objective of this system are not spelled out nor made known to the employees.

Many managers view that performance appraisal system occupies too much of their productive time. Many organizations are in need of a perfect performance appraisal system for their organization to promote and inculcate a performance culture among the employees. In the present research efforts will be made to find the factors involved for discontent among the on roll employees of the Bank about the process of the performance appraisal system that is followed and to find the gaps in the same. Action plan can be devised for bridging the gaps. The present piece of work is also an attempt to identify the factors responsible from the employees and organisational point of view to make the appraisals more effective , acceptable and an example to be followed by other organisation as well.

III. PERFORMANCE MANAGEMENT

Performance Management includes strategic Management. Strategic Management incorporates strategy formulation, devoting adequate resources, defining the structure within which organisational members would function, design and monitor workflows to ensure that the activities in the organization are aligned to its strategic goals (Dessler 2008). All organisational processes that determines how well employees, teams and ultimately, the organisation perform are included in performance Management (Mondy and Noe, 2007).The performance management is conceptualised as consisting of following two distinct components-

- a) Performance Management process: It is the process by which a company manages its performance and meets the corporate and functional objectives and goals. Also it helps to identify, prioritize, make corrections and reinforce activities to achieve the results
- b) Performance Information system: This integrates present relevant information regarding goals and objectives of the organisation with future corrective measures. This system can provide insights and information on all the variable related to Bank's development including external factors like changing customer's preference, evolution of new segments of customers, level of customer service expectation from the staff, changes in Banking needs etc.

Performance Management facilitates the effective output of operational and strategic goals of the organisation. The benefits of employing the Performance Management are –

- a) Growth in profit
- b) Optimum use of resources
- c) Elimination of project run outs
- d) Improved Time Management
- e) Improved control by supervisors
- f) Creating transparency during goal setting
- g) Increases employee engagement

IV. PERFORMANCE APPRAISAL IN UNSCHEDULED COOPERATIVE BANKS

Performance appraisal is a tool to monitor and restructure the HR practices in accordance to the data obtained from the appraisal. Appraisal should be such which provides the accurate picture of the HR practices being followed in the Bank so that if these require any revamping it should be started by the HR Manager. The following details can be analysed from the appraisal forms if it can take recommendations from the Supervisor-

- a) To start stress management training for managerial staff
- b) To provide coaching on interpersonal skills development

- c) Setting of an employee grievance redressal system
- d) Providing mentoring sessions to staff dealing with personal issues
- e) Finding new ways of rewarding the employees

To provide the correct picture of the performance as done by the staff –

Every employee, irrespective of the designation and the age wants feedback for the work done, which should be fair enough to be accepted. A fair feedback increase motivation and loyalty of the employee towards the Bank. Staffs are always grateful when the supervisor does the fair trail and unfair feedback leads to higher level management and HR intervention if the employee writes in Grievance redressal cell. It totally reflects the management's interest in the employee's career graph.

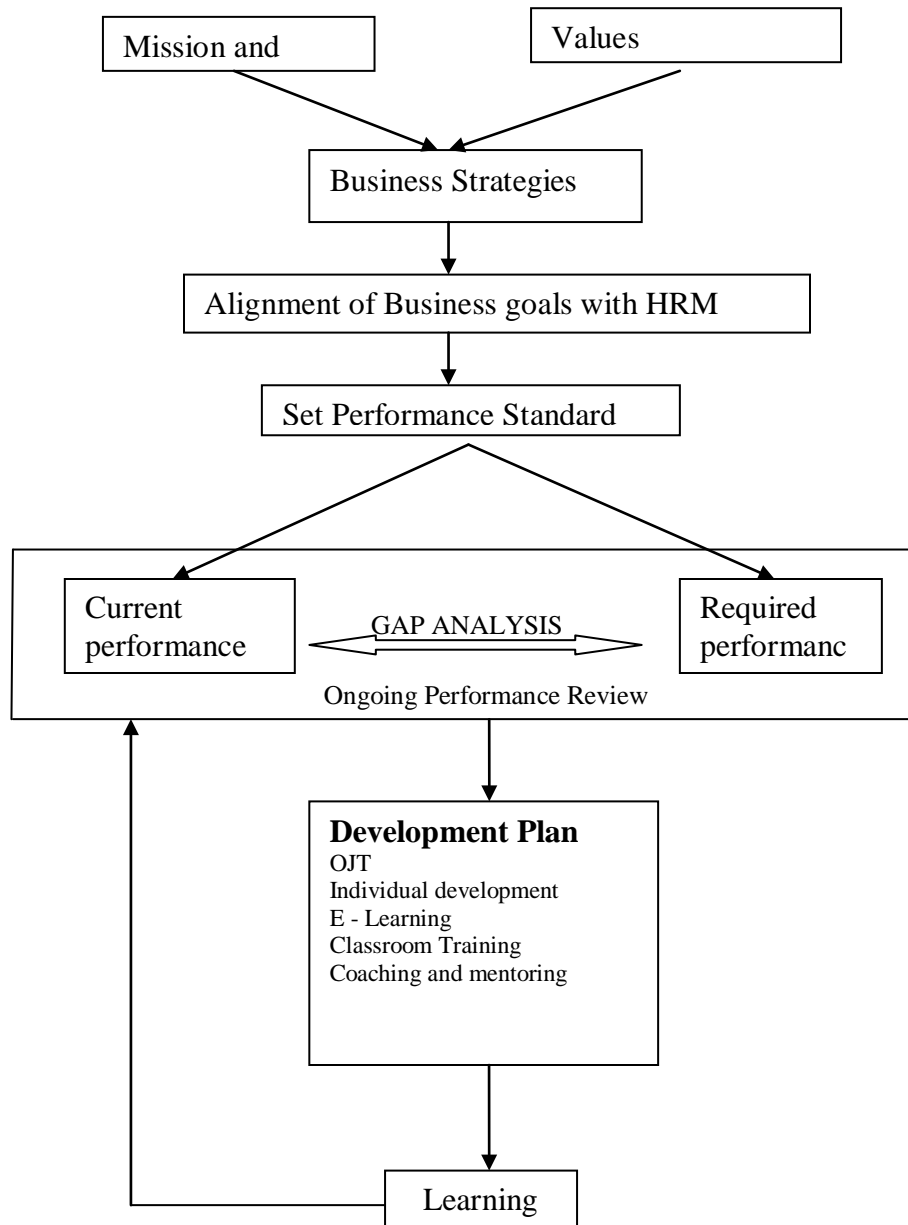
V. OBJECTIVE OF THE STUDY -

Following are the main objectives from the study which can be analysed -

1. To find the perception of the employees regarding the current appraisal system
2. Its implications on the employees motivation for improvement and self development
3. Recommendations proposed for improvements of the Bank's appraisal system

VI. CONCEPTUAL FRAMEWORK –

The below framework is intended to demonstrate the broader view of the flow of information within the functions to enhance the employees output to achieve the organisation goals.



Performance appraisal is not just a HR practise. Rather it's a very powerful tool to define the action plan for the individual and the organisation as a whole for improvement and positive growth. With the help of above framework I want to draw attention towards setting performance standard and gap analysis to find out the degree of skewness from the desired behaviour at work and the measures of correcting the same.

VII. RESEARCH METHODOLOGY –

In depth literature review and available secondary data from various sources has been used to develop this paper. A purposive sampling technique was utilised in the selection of 35 respondents. The survey was done to analyse the current status of the appraisal system as followed by the Bank, the post appraisal

effect on the employees of the Bank, analysisation of the gaps in the appraisal system.

VIII. DISCUSSION

- a) Current status of the appraisal system – The respondents moderately agree that the appraisal system is fair and accurate. Since the goal setting is not done in the beginning of the financial year it leads to surprise and threats on the evaluated parameters at the end of the year. There is not any well defined objective for appraisal. The biggest drawback is that no feedback is provided to the employees for further improvements. There is only discussion on the rating which leads to

increase in salary which is also not being treated as fair appraisal by the staff.

b) Post appraisal effects of the system- The current appraisal system is not effective as no changes are seen in the employee's performance. Since it lacks feedback and healthy discussion at the end of the appraisal it is not effective enough to lead to improvements. Employees are sometimes led to grapevine discussions on reasons of promotions, reasons of grades given by the appraiser, percentage increase in the salary etc.

c) Gaps in the current system – Gaps in the current system and not many. As per the respondents if the parameters of evaluation are shared by the appraiser with the appraisee in the beginning of the year then the sabbatical officer will be aware about the important things to work on. Also it does not discuss on recommendations for training either from the appraisee or the appraiser.

IX. SUGGESTIONS FOR IMPROVEMENTS OF THE APPRAISAL SYSTEM-

The performance appraisal system should involve development of Human resource as the building block. It should be actively used for planning and increasing employee's performance by finding the training needs for them, building good relationships among the working colleagues by making the system transparent and reducing the grapevine discussions. Though employees can make guesses regarding the evaluation parameters on which they shall be judged as per job responsibilities they are involved in and working in the system but the employees should have prior understanding of the evaluation parameters on which they shall be evaluated so that these parameters are not a threat or a surprise for them.

The input of all the staff ranging from managers to clerks should be taken when the process of review is taking place since it affects the staff of all strata. By defining performance tasks and goals, by providing avenues for the quality of informal and formal feedback, by providing transparency in the promotion, transfer, career planning system the employees will feel the importance of their presence in the system and which directly affects their loyalty and motivation to perform better and results in full filling of the organisational strategies and organisation growth.

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