



METHODS OF PERFORMANCE APPRAISAL IN PUBLIC BANKING SECTOR WITH SPECIAL REFERENCE TO KANYAKUMARI DISTRICT

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ABSTRACT

Banks are considered as the backbone of a country's economy. The banking sector in India is mostly dominated by the public sector banks. The public sector banks in India alone account for about 75 per cent of the total advances in the Indian banking industry. More and more banks are leaning in favour of conducting performance appraisal because it will help them to accomplish the business goals at a faster pace. The performance appraisal process should be calculated over sometime so that both the public sector banks and its employees can have a better idea about the performance on an annual basis. The performance appraisal process is a formal interaction between an employee and his manager that takes the form of a structured interview to examine and discuss strengths and weaknesses. This is undertaken to improve the current skills and knowledge and offer further opportunities for improvement, development, and growth among the bank employees. In this study, the methods, uses and the benefits of performance appraisal have been studied by the researchers.

KEY WORDS: *performance appraisal, bank employees, performance appraisal process,*

INTRODUCTION

Appraisal means estimation of a person's worth or an object. Performance appraisal implies the evaluation of workers' worth in terms of organisational performance. It is a systematic way of reviewing and assessing the performance of an employee during a given period of time. It is a process of obtaining, analysing and recording information about the relative worth of an employee.

According to Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potentiality for a better job." Employee performance appraisal system is defined as a process in which a predefined standard of factors such as work knowledge, work performance, work attitude, leadership quality, team player behaviour, consistency, decision making abilities and skills are created and then the actual performance as well as personality of employees is compared with these expected standards by the organisation. The comments or feedback in performance appraisal are the most important parts in performance appraisal system. The performance appraisal process has been used as a deciding factor for career development and in most cases, promotions and salary rise are directly dependent on it.

The performance appraisal is an opportunity for the employees who are concerned about their performance in the job. It should not be a top down process or an opportunity for one person to ask questions and the other to reply. It should be a free flowing conversation in which a range of views are exchanged.

OBJECTIVES OF PERFORMANCE APPRAISAL

The following are the important objectives of bank employees' performance appraisal:

1. Maintains the necessary records which determine the compensation and wage structure of the employee.
2. Determine the strengths and weaknesses of the employees.
3. Helps to place the right person at the right job.
4. Provides access to the potential for the future growth and development.
5. Gives necessary feedback on the actual contribution of the employee in the growth of the organisation.

STEPS OF PERFORMANCE APPRAISAL IN PUBLIC SECTOR BANKS

During effective performance appraisal in public banking sector following steps be followed:

1. Select the data to be collected.
2. Determine the person who conducts the appraisal.
3. Decide on rating philosophy.
4. Overcome rating deficiencies.
5. Create a rating instrument.
6. Deliver useful feedback to bank employees.

REVIEW OF RELATED LITERATURE

Koch-Rogge, M., Westermann, G., Wilbert, C. and Willis, R. (2014), examine the good performance measurement and propose the Data Envelopment Analysis (DEA) which is a one of the methods for measuring the performance on individual level in a German Cooperative Bank. It is clear that Data Envelopment Analysis (DEA) provides a clear feedback information on an individual level, which enables to identify the specific fields of improvement accurately.

E. Deepa., Dr. R. Palaniswamy. and Dr. S. Kuppusamy (2014), seeks to report that performance appraisal is defined as the arrangement of measured methods for evaluating the employee's profession linked with manners and results so as to understand the requirement for improving the performance in the future. The productivity of the organisation can be increased by getting the employees engaged in the work with a sense of self belongingness attitude, thorough creating situations of job satisfaction, by motivating the employees in different ways, which can be identified by an effective performance appraisal method.

Caruth, D.L. and Humphreys, J.H. (2008), demonstrated the need and purpose for more aligned and integrated standards for performance assessment to improve effective strategic control as the explicit guidance for the strategic control is inadequate. Instead of a vital control tool, performance appraisal becomes an exercise in measuring the personnel dissatisfaction and implements a systematic strategic tool.

OBJECTIVES OF THE STUDY

The following are the objectives of this research study:

1. To study the uses and benefits of performance appraisal of banking employees working in Kanyakumari district.
2. To examine the various methods of performance appraisal followed in public banking sectors in Kanyakumari district.

USES OF PERFORMANCE APPRAISAL

Performance appraisal is useful for public banking sector in several ways including:

1. To identify the strengths and weaknesses of the bank employees by appraising their performance and implementing the strategies for professional development and improvement.
2. To determine the bank employees training and developmental needs.
3. To make and validate administrative decisions such as pay, promotion, placement and termination.
4. To identify systematic factors which are the predominant barriers or facilitators of effective performance.

5. To create good design and planning performance appraisal system which should be a rewarding and constructive one for all the categories of bank employees.
6. To link performance appraisal with proper recognition.
7. Rewards that motivates the productivity of bank employees and serve better for their retention.

BENEFITS OF PERFORMANCE APPRAISAL

The following are the few benefits for the public sector bank employees after conducting the performance appraisal:

1. Clear growth paths for talented employees.
2. Provide new challenges to rejuvenate their careers to reach the plateau stage.
3. Forge a partnership with experts for managing their careers.
4. Empower bank employees to make decisions without the fear of failing.
5. Embed teamwork in all administrative activities.

METHODS OF PERFORMANCE APPRAISAL

The types of methods of performance appraisal followed by the public banks in Knayakumari district are categorized into two basic parts:

- Results-oriented methods
- Behaviour-oriented methods

I. RESULTS-ORIENTED METHODS

This method analyse the actual performance of workers and bring it in conformity with the pre-determined standards.

(i) GRAPHIC SCALE

Graphic scale is a list of rating factors including general characteristics and behaviours on which the employees are rated by the managers.

(ii) BEHAVIOURALLY ANCHORED RATING SCALES

This method is an extension of graphic scale method. This rating scale is used in situations where the number of workers is performing the same work and a high degree of accuracy is required in their job behaviours.

(iii) ESSAY EVALUATION

This is an unstructured mode of performance appraisal where grades are not assigned to performance parameters. The appraisers or evaluators keep a track on the performance and note down their good or bad job attributes like quality and quantity of performance, employees' strengths and weaknesses, their potentiality to work etc.

(iv) MANAGEMENT BY OBJECTIVES METHOD

In this type, a list of objectives is set up by a manager to assess the performance of an employee on a regular basis.

(v) 360-DEGREE PERFORMANCE APPRAISAL METHOD

This type of performance appraisal method allows co-workers, peers, managers and top officials to fill out a questionnaire which offers detail about that particular employee.

(vi) PERFORMANCE RANKING METHOD

This type of performance appraisal method is used to assess the performance from highest to lowest level of an employee.

II. BEHAVIOUR-ORIENTED METHODS

This method is also called as comparative method of appraisal. The performance of employees being compared against each other and are ranked accordingly.

(i) STRAIGHT RANKING

This is the primary method of ranking where employees are rated as ranks like 1, 2, 3, 4, and 5.

(ii) ALTERNATION RANKING

In this method, instead of ranking the performance of workers in ascending order, the appraisers first choose the best employee and give him first rank, then the worst and rank him 5 and so on.

(iii) PAIRED COMPARISON

In this type of ranking, each individual is compared with others in the group on the basis of particular traits like 1 compared with 2, and 2 compared with 3, and 3 compared with 4 and so on.

(iv) FORCED-CHOICE METHOD

This type of rating involves appraising the performance of workers by choosing between two or more statements that describe the features of workers. The statement may be positive or negative. They are formally related to each other but the appraiser has to choose the best statement that describes the employee.

(v) CRITICAL INCIDENT METHOD

In this type of performance appraisal, process-specific incidents are identified and described. It deals in time when an employee was at his best and even when he performed below par.

(vi) PAIRED COMPARISON ANALYSIS METHOD

There are several relevant options in this paired comparison analysis method. All the options are set in the form of comparison with others on the list and the calculations are derived after looking at the highest scores.

(vii) WEIGHTED CHECKLIST METHOD

In this type of performance appraisal method, the job of an employee is under scrutiny and evaluation is based on effective and ineffective behaviour of the employee on his job.

(viii) ESSAY EVALUATION METHOD

In Essay evaluation method, the manager figures out both the strong and weak behavioural points of an employee and accordingly he will appraise the performance of the employee.

CONCLUSION

Performance appraisal usually reviews past behaviour and so provides an opportunity to reflect on past performance of bank employees. But to be successful, they should also be used as a basis for making development and improvement plans and reaching agreement about what should be done in the future to enhance the bank's effectiveness and smooth running. The satisfied employees are productive employees whose contribution in the long run would be worthwhile. Performance appraisal helps employees to identify the areas where improvement is required. Furthermore, the public sector banks in Kanyakumari district also uses performance appraisal to provide constructive criticism about their employees. Every bank has its own performance appraisal system which is relevant to their job structure. Performance appraisal helps the banks to place the right employees for the right job, depending on their skills. So every bank should need a good performance appraisal system.

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