

IMPORTANCE AND NEED OF PERFORMANCE APPRAISAL IN STATE BANK OF TRAVANCORE IN KANYAKUMARI DISTRICT

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ABSTRACT

Performance appraisal is a systematic evaluation of personnel by supervisors or those familiar with their performance. Performance appraisal is carried out to identify the abilities and competencies of an employee for future growth and development. It is aimed at ascertaining the worth of the employee to the organisation. Assessing the employee's actual performance related to the standards and providing feed back to the employee with the aim of motivating them to eliminate the performance deficiency. This study examined the importance and the need of performance appraisal in State Bank of Travancore and the result of the study showed that performance appraisal is a required system which helps the employees to motivate and grant promotion which ultimately increases the increment.

KEYWORDS: *performance appraisal, employees, assessment, banks....*

1. INTRODUCTION

Performance appraisal is the systematic evaluation of employees performance and to understand the abilities of a person for further growth and development. In other words, performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee in performing his/her task. Without a structured appraisal system, there is a little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if an employee's performance was better than supervisor's expectation, an increment was in order. The potential usefulness of appraisal as a tool for motivation and development was gradually recorded.

Mc Gregor discusses the formal performance appraisal plans in view of meeting three needs out of which one is relating to organisation and other two for individual. The first one, organisation level is to provide systematic judgments to back up salary increases, transfers, demotions or terminations. The other two individual levels are relating to certain means which are meant for subordinate to tell subordinate how boss is doing and suggesting needed changes in behavior, attitudes, skills or job knowledge. Making the subordinate to know the level of performance standards and the superior uses them as a base for coaching and counseling the individual employer.

State Bank of Travancore (SBT) was a major Indian bank headquartered in Trivandrum, Kerala, and was a major associate of State Bank of India. SBT was a subsidiary of the State Bank Group, but also have private share-holders. It was the premier bank of Kerala. State Bank of Travancore has 14 branches in Kanyakumari District.

2. SCOPE OF THE STUDY

The study has been made to find out the importance and need of performance appraisal among the employees working in State Bank of Travancore in Kanyakumari District. This study also covers the demographic profile of the employees, the need of performance appraisal of the respondents towards their level of perception.

3. OBJECTIVES OF THE STUDY

The objectives of the study are to know the importance and need of performance appraisal among the employees working in State Bank of Travancore in Kanyakumari District. They are as

follows:

1. To know the demographic profile of the sample respondents.
2. To study the importance of performance appraisal in banking sector.
3. To find out the need of performance appraisal of employees working in State Bank of Travancore, Kanyakumari District.

4. REVIEW OF LITERATURE

Weifeng He, Liping Chen and Wei Liu (2020), focus on the need and influence of performance appraisal system on ownership and governance reforms in state-owned enterprises' (SOEs). Based on the performance appraisal systems in state-owned enterprises' (SOEs), the implementation of economic value-added performance appraisal (EVA-PA), accrual-based earnings management and real earnings management validates the relationship between these types of earnings management. Thus, performance appraisal system plays a vital role for establishing the ownership management system and improves the internal management system of SOEs.

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

Karak and Krishnendusen (2019), analysed that the success of an organisation, depends on its ability to measure accurately the performance of its members and use it objectively to optimise them as a vital resource and strength. The performance of an employee is his resultant behaviour on task, which can be observed and evaluated.

5. RESEARCH METHODOLOGY

Research methodology is to describe the research procedure. The present study is an empirical one based on the survey method. Convenient Random sampling is used for the selection of sample from the employees working in State Bank of Travancore.

It is based on both primary and secondary data.

- ❖ Primary Data
- ❖ Secondary Data

5.1 PRIMARY DATA

Primary data was collected from the respondents by conducting field investigation with the help of well-designed questionnaire. It is mainly prepared to know about the importance and the need of performance appraisal in State Bank of Travancore in Kanyakumari District. The questionnaire/interview schedule was distributed to 116 respondents. After the collection of data it was processed, analyzed and tabulated.

5.2 SECONDARY DATA

Secondary data are the data which have been collected and analyzed by others. They were collected from books, magazines, journals, e-sources, thesis and public projects related to the topic.

6. IMPORTANCE OF PERFORMANCE APPRAISAL

Performance appraisal provides important information for appraising the employee's skill, knowledge, ability and overall job performance. The following are the importance of performance appraisal in an organisation:

- Performance appraisal helps supervisors to assess the work performance of their subordinates.
- Performance appraisal helps to assess the training and development need of employees.

- Performance appraisal provides a ground for employees to correct their mistakes with proper guidance and criticism for the development.
- Performance appraisal provides reward for better performance.
- Performance appraisal helps to improve the communication system of the organisation.
- Performance appraisal evaluates whether human resource program being implemented in the organisation have been effective.
- Performance appraisal helps to prepare pay structure for each employee working in the organisation.
- Performance appraisal helps to review the potentiality of employees so that their future capability is anticipated.

7. RESULTS AND DISCUSSION

The following table shows the demographic profile of the respondents. Demographic profile of the sample respondents are taken into consideration with the help of variables like gender, age, marital status, education and experience.

TABLE 1 - DEMOGRAPHIC PROFILE OF THE RESPONDENTS

DEMOGRAPHIC PROFILE			
CLASSIFICATION	RESPONSE	FREQUENCY	PERCENTAGE
Gender	Male	84	72.41
	Female	32	27.59
Age	Below 30	54	46.56
	31 – 40	30	25.86
	41 – 50	16	13.79
	Above 50	16	13.79
Marital Status	Single	44	37.93
	Married	72	62.07
Education	Diploma/HSC	14	12.07
	Graduate level	56	48.28
	Post Graduate level	45	38.79
	Others	1	0.86
Experience	0 - 10	31	26.72
	11 - 20	47	40.52
	21 - 30	28	24.14
	31 - 40	10	8.62

Source: Primary Data

From the above table, it is inferred that

- 72.41 per cent of the sample respondents are male employees and 27.59 per cent of them are female employees.
- With regard to age group, 46.56 per cent of the sample respondents are below 30 and 13.79 per cent of the respondents are above 50.
- On the basis of marital status, 62.07 per cent of the sample respondents are unmarried 37.93 per cent of them were married.
- On the basis of education 48.28 per cent of the sample respondents are graduates and 0.86 of them falls on other category.
- With regard to experience, 40.52 per cent of the sample respondents have 11 - 20 years of experience and 8.62 per cent of them have 31 - 40 years of experience.

NEED FOR PERFORMANCE APPRAISAL

Banking sector is a sector where a great attention is being paid to performance appraisal systems. It is the process by which employees’ performance can be evaluated and diagnose their deficiency regarding skills and knowledge. Performance appraisal helps the employees to identify the areas in which they require improvement and the top officials can provide constructive criticism on the employees’ performance in their work. It also helps them to identify the right employees for the perfect job depending on the skills on which decision regarding salary fixation, promotion etc., can be done in the banks.

TABLE 2 – FACTORS SHOWING THE NEED OF PERFORMANCE APPRAISAL AMONG MALE AND FEMALE RESPONDENTS

NEEDS	MALE		FEMALE		OVERALL		‘F’ STATISTICS	P-VALUE
	MEAN SCORE	RANK	MEAN SCORE	RANK	MEAN SCORE	RANK		
Social Recognition	3.83	XII	3.92	IX	3.87	XV	131.006	.000
Motivation	4.57	I	2.4	XVIII	4.57	I	64.541	.014
Promotions	4.38	III	4.51	I	4.43	II	42.657	.003
Self-respect	4.17	IX	4.44	II	4.38	IV	29.389	.000
Increase Self Confidence	2.71	XVI	2.71	XVI	2.71	XVIII	193.663	.000
Resolve Grievances	4.27	VIII	4.4	III	4.32	VII	12.434	.021
Salary and Increment	2.4	XVIII	4.17	VIII	4.28	X	3.435	.036
Awards and Gifts	4.14	XI	4.3	V	4.2	XIII	108.810	.014
Team Work	4.34	V	2.62	XVII	4.37	V	64.798	.000
Strengthen Bonds	3.32	XV	4.28	VI	4.25	XII	52.830	.000
Employees Feel Valued	4.14	XI	3.16	XIV	4.14	XIV	14.441	.000
Decision for Promotion	4.34	V	4.39	IV	4.36	VI	11.789	.000
Assess Training Needs	2.65	XVII	3.2	XIII	4.31	VIII	66.395	.000
Know strength and Weakness	4.28	VII	4.23	VII	4.26	XI	94.867	.008
Improve Communication	4.3	VI	3.35	XI	4.3	IX	97.527	.000
Provide Information for Succession Planning	4.4	II	2.84	XV	4.43	II	150.352	.000
Allotment of Work	3.39	XIII	3.28	XII	3.35	XVII	81.455	.072
Current level of Performance	3.35	XIV	3.53	X	3.42	XVI	130.668	.000
AVERAGE SCORE	3.83		3.65		4.11			

Source: Computed from Primary Data

Significant at five per cent level

It is understood from the above table that, the male employees have the main requirements for performance appraisal are based on the factors namely ‘Motivation’ and ‘Provide Information for Succession Planning’ with the mean score of 4.57 and 4.4 respectively. The least important factor considered by male employees is ‘Salary and increment with the mean score of 2.40.

Among the female employees, the important requirements for performance appraisal were scored by ‘Promotion’ and ‘Self-respect’ with the mean score of 4.51 and 4.44 respectively. The least ranked requirement is ‘Motivation’ with the mean score of 2.4.

The special features on the overall analysis shows that the most important requirements are ‘Motivation’ and ‘Promotions’ and ‘Provide Information for Succession Planning’ with the mean score of 4.57 and 4.43 respectively. It is interesting to note that the State Bank of Travancore employees have not felt the factors like Increase Self Confidence which have the mean score of 2.71.

The ‘F’ statistics proves that there is significant variation in the opinion of the bank employees in the reasons on the parameters namely ‘Social Recognition’, ‘Motivation’, ‘Promotion’, ‘Self-respect’, ‘Increase Self Confidence’, ‘Resolve Grievances’, ‘Salary and Increment’, ‘Awards and Gifts’, ‘Team Work’, ‘Strengthen Bonds’, ‘Employees Feel Valued’, ‘Decision for Promotion’, ‘Assess Training Needs’, ‘Know strength and Weakness’, ‘Improve Communication’, ‘Provide Information for Succession Planning’ and Current level of Performance as they are statistically significant. The only one factor which is not significant is Allotment of Work.

TABLE 3 - ROTATED COMPONENT MATRIX FOR THE NEED OF PERFORMANCE APPRAISAL

S. No.	NEEDS OF PERFORMANCE APPRAISAL	CORE DRIVING FACTORS			
		Individuality	Benefits	Psychosomatic Improvement	Instructive
	Social Recognition	.710			
	Motivation	.689			
	Promotions	.671			
	Self-respect	.650			
	Increase Self Confidence	.566			
	Resolve Grievances		.678		
	Salary and Increment		.645		
	Awards and Gifts		.635		
	Team Work		.634		
	Strengthen Bonds		.576		
	Employees Feel Valued			.731	
	Decision for Promotion			.694	
	Assess the Training Needs			.663	

	Know strength and Weakness			.591	
	Improve Communication				.783
	Provide Information for Succession Planning				.681
	Allotment of Work				.650
	Current level of Performance				.529

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalisation

Based on the loadings, four core requirements of performance appraisal of the bank employees are identified. The core driving factors are ‘Individuality’, ‘Benefits’, ‘Psychosomatic Improvement’ and ‘Instructive’. The first core need extracted is ‘Individuality’ comprising of ‘Social Recognition’, ‘Motivation’, ‘Promotion’, ‘Self-respect’ and Increase Self Confidence with the loading of .710, .689, .671, .650, and .566 respectively. The second core need extracted is ‘Benefits’ which includes the factors namely ‘Resolve Grievances’, ‘Salary and Increment’, ‘Awards and Gifts’, ‘Teamwork’ and ‘Strengthen Bonds’ with the loading of .678, .645, .635, .634 and .576 respectively. The third core need extracted is ‘Psychosomatic Improvement’ which incorporates the factors such as ‘Employees Feel Valued’, ‘Decision for Promotion’, ‘Assess the Training Needs’ and ‘Know strength and Weakness’ with the loading of .731, .694, .663 and .591 respectively. The fourth core need extracted is ‘Instructive’ which takes in the factors embracing ‘Improve Communication’, ‘Provide Information for Succession Planning’, ‘Allotment of Work’ and ‘Current level of Performance’ with the loading of .783, .681, .650 and .529 respectively.

It is clearly known from the table that, the five core needs extracted namely ‘Individuality’, ‘Benefits’, ‘Psychosomatic Improvement’ and ‘Instructive’ account for 66.395 per cent of total 18 requirements. It is concluded that these summated factors are the main requirements for the performance appraisal of the bank employees. These are the core drivers or requirements for the performance appraisal. The extracted 4 core factors are shown in the following table with its number of variables, Eigen value and percentage of variation explained.

TABLE 4 - PRINCIPAL COMPONENT ANALYSIS FOR THE NEED OF PERFORMANCE APPRAISAL

NEEDS	No. of Variables	Eigen Value	Per Cent of Variance	Cumulative Per Cent of Variance
Individuality	5	1.726	43.784	43.784
Benefits	5	1.664	8.759	52.543
Psychosomatic Improvement	4	1.540	8.106	60.649
Instructive	4	1.092	5.746	66.395

Source: Primary Data

It is clearly known from the table, the 4 core needs extracted namely ‘Individuality’, ‘Benefits’, ‘Psychosomatic Improvement’ and ‘Instructive’ account for 66.395 per cent of the total requirements for performance appraisal. It is concluded that these summated factors are the main reasons for the need of the performance appraisal of State Bank of Travancore employees. These are the core drivers or the key needs for the performance appraisal.

8. CONCLUSION

Performance appraisal usually reviews past behaviour and so provides an opportunity to reflect on past performance of the 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. Moreover the requirements of the bank employees should be studied beforehand. The major needs of performance appraisal are motivation and promotion, which should be given more emphasis on the process of performance appraisal.

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