

PERFORMANCE APPRAISAL IN BANKING ORGANIZATIONS

Dr. Shagufta Showkat, MBA, Ph.D (HRD)

Assct. Professor, Department of MBA
MVJ College of Engineering
Hope farm, Near ITPB, Bangalore, India.

ABSTRACT

Performance appraisal is a concept associated with Human Resource Management and by this association one concept of the broader concept of management. Much work has examined Performance appraisal practices from a critical stance and this paper provides a brief review with reference to two banking organizations of India viz, SBI and J&K Bank. The concept of performance appraisal is still emerging and finding space in both academic and practitioner spheres. This paper is an attempt to do the empirical evaluation of performance appraisal by applying some of the strands of critical thinking to performance appraisal practices and discourses.

Keywords: Performance, appraisers, appraisees, development, growth, potential, participation, reward.

INTRODUCTION:

Performance appraisal system (PAS) is an important Human Resource Development (HRD) mechanism designed and utilized for the all round development and growth of employees as well as organizations. PAS is being used to evaluate whether employees at various levels perform their assigned jobs as per the expectations of their supervisors & set standards. The information generated from such performance appraisal programmes generally help the management to implement certain administrative and developmental decisions regarding selection, placement, promotion, rewards training and termination. Additionally, performance appraisal system provides management with information that helps in identifying employees potentials giving suitable directions to administration decisions. Performance appraisal is a key in the hands of people to reflect upon their own competencies and issues related to their performance. The performance appraisal process enables building a resourceful organization capable of solving its problems and attaining targeted business goals.

Performances appraisal system provides information to management about and employee's performance which can be used for succession plan by identifying people with potentialities. 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 (Spriegel 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, feed back was viewed as punishment by employees (Gomez Mejia, 1989). 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) and Landy and Farr (1983), 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, a view supported by Denisi et al (1984), Feldman (1981) and IJgen and Feldman (1983).

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. Research has also indicated that quite often appraisal system practices are ill designed in most organizations (Thathachary 1981, Latham & Wexley 1982 and Rao 1992). 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 PAS occupy too much of their productive time without adequate rewards, quite a few organizations are in search of perfect performance appraisal system for their organizations to promote and inculcate a performance culture among the employees. In the present research efforts will be made to diagnose the factors involved for discontent among the employees at different levels about the operations of PAS and to know the remedy for the same. The present piece of research is also an attempt to identify the factors responsible at the employees and also at the organizational levels to make the appraisals more acceptable, more effective, more workable and more palatable.

REVIEW OF LITERATURE:

Contemporary research reflects several themes, General models of job performance are being developed, the performance domain is being expanded, research continues to explore the psychometric characteristics of performance ratings, research is developing on potential bias in ratings, rater training is examined, and research continues in terms of efforts to attach utility values to the rated performance. Research studies state that research is progressing in traditional content areas as well as in the exploration of new ground. Researchers are recognizing that job performance is more than just the execution of specific tasks and that it involves a wider array of important organizational activities. There is also an increased optimism regarding the use of supervisory ratings and recognition that such 'subjective' appraisal instruments do not automatically translate into rater error or bias.

There is no dearth of literature on the theoretical and conceptual aspects of performance appraisal system as many researchers and authors have made significant contributions in this field. The streams of research which are identifiable and which differ in their focus include:- (a)Historical treatment & context (Landy & Farr; 1983,De Nisi 1997, Cascio 1995;Fletcher 1994, Cardy and Dobbins; 1994),(b)Definition

of Job performance (Van Scotter 2000, Coleman & Borman; 2000, Rotundo & Sackett; 2002, Pugh 2001 and Fritzsche 2000), (c) Those which focus on the rating scales & formats and rating methods (Harris et al; 1995 Yang et al; 1996, Boswell and Boudreau; 2002 Dinesh & Palmer 1998).

(d) Research which focus on the sources of appraisal (Drexler et al; 2001, Bracken, et al; 2001, Atwater et al; 2002; Luthans & Peterson 2003; (e) Those whose focus is on rating errors (Henessey & Bernardin 2003; Austin & Bernardin 2002, Beatrice et al; 2004, London et al; 2004, Curtis et al. 2005, Oppler et al. 1992)

The categories discussed above provide a basis for the present study. Much research has been done to measure perceptions of how well the individual components of the appraisal systems are working and also to gauge perceptions of overall effectiveness of the performance appraisal system practices. Through most of the performance appraisal systems aim to serve multiple objectives, however not much of research exist to test the efficiency of such systems in achieving the multiple objectives. Several other studies have highlighted the main purpose of performance appraisal and identification of training & development needs, performance feedback (Spiegel & Mumma, 1961, Mayer & French, 1965, Barrell 1996, Latham & Wexley; 1982)

A review of the historical literature concerning personnel evaluation also shows a substantial gap between research and practice in performance appraisal. This was most obvious in 1980s when many of the studies in this area were conducted in the laboratory and focused on the cognitive processes in appraisal and evaluation (Banks & Murphy 1985). After briefly referring to the literature available on performance appraisal system, it is imperative to state that there are several gaps in the previous research works relating to performance appraisal system. The past research studies are narrowly focused either on process or on content of the performance appraisal systems and also were focused on appraisee reactions. Few researchers have focused on the process variables only (Fulk et al. 1985; Russel and Goode, 1988; Pooyan and Eberhardt 1989; Roberts 1995; Tziner and Murphy 1999; Lee & Shin 2000; Brown, 2005; & Elicker 2006). Few studies have been focused on the developmental aspects only (Luthans & Peterson, 2003; Bard kuvaas, 2006 ;). In some of the studies independent variables have not been defined (Greenberg, 1986, Giles and Mossholder, 1990; I.M Jawahar 2005). Few researchers have taken small sample size which may not be the true representative of the population (Clayton & Ayres 1997; Tziner & Murphy; 1999; Manisha Agarwal 2001, Tziner et al; 2001, Wang 2002). In some studies sample features has not been defined (Mehta 1996; Henessey and Bernardin 2003). In some studies data has been collected from the different firms making it impossible to control for the variability among these organizations' performance appraisal systems (Mufeed, 1999, Tziner et al, 2001; Sinclair and Zairi 1995). Few of the past research studies are poorly designed or there is a lack of empirical work (Shagufta Jabeen 1997; Krishnavani and Chandy 2003; Sayeed & Bhide 2003). In some research studies there has been exclusion of variable (Dobbins, Cardy & Platz ,1990; Giles and Mossholder, 1990; Goodson & McGee, 1991). Some research studies have a single company approach which means that sample is not the true representative of the population. Perceptual difference between appraisers and appraisees were found to exist by some authors, which might lead to inappropriate inference and actions (Carson, Cardy & Dobbins, 1991). In some of the studies little flexibility has been given to the respondents with respect to the response format (Ebrahim Soltani, 2002).

As is evident, there is a little research which examines both the evaluative and developmental roles of the performance appraisals which focuses on the design, process and outcome components of performance appraisal systems and which examine the significance of the organizational context to the design and implementation of performance appraisal system.

However in the present research work an attempt was made to cover all the related variables of all the our categories of variables i.e., (a) Design component (b) Process component (c) outcome component and (d) organizational content, and assess the appropriateness of the methods and sources of assessment. In addition majority of studies have taken either only managers or clerical staff into consideration. The studies have focused on the role of managers as appraisers only. But present study attempted to take managers as well as clerical staff into consideration to see the perception of both the managerial and clerical staff towards existing PAS practices in these banking organizations. Additionally an attempt was made to consider the perception of managers both as appraisees as well as appraisers. Both the sample study organizations taken for the present research study are the banking organizations keeping in view the fact that if the organizations taken for the study are similar then the possibility of variability is very less because more or less employees are assessed on the same variables. In the present study emphasis

has been made not to ignore any aspect which would hinder to achieve the laid down research objectives. Therefore the present study is an attempt to ascertain the perception reactions of both managers, appraisers and appraisees and workers towards the existing performance appraisal systems in two sample study organizations viz. State Bank of India (SBI) and Jammu & Kashmir (J&K) Bank Ltd.

SELECTION OF SAMPLE STUDY ORGANIZATION:

The selection of the study units i.e. the Jammu and Kashmir Bank Ltd and State bank of India (SBI) Ltd. has been made on the basis of their being large and foremost banking organizations in this state. The Jammu & Kashmir Bank (J&K Bank) Ltd is one of the oldest and biggest organizations. The J&K Bank Ltd. has been ranked among the top the best banks of the country in the survey conducted by business today –KPMG a leading international combine on banks and 5th among all the banks including foreign banks press release (Dec. 10,2002) on the stock exchange the banks stock has been doing very well as compared to other. The detailed description of J&K Bank and its operations has been given in chapter 4. The State Bank of India is the largest bank in India in terms of profits, assets, deposits, branches & Employees. It has a network of over 900 branches in India and 51 foreign offices in 32 countries. The bank commands about one fifty of the total deposits and loans in all scheduled commercial banks in the country. The available literature on PAS reveals that as far as India is concerned the term HRD was introduced for the first time in the State Bank of India in (1972) though the term came into use only in the early 70's, it is believed that the concept of HRD has not been imported in India. It was the State Bank of India which has introduced performance appraisal systems for the first time for their employees which includes both managers and clerical staff.

Keeping in view the paramount significance of the aforesaid sample study banking organizations, large in their size, nature of ownership, operations and control in the country in general and J&K state in particular, it would be a learning experience to know the satisfaction level of employees with the existing PAS of the aforesaid large banking organizations.. It was found that there is an interest among employees to have a well -designed and result- oriented performance appraisal system to be free from biases and prejudices. However it may be mentioned that some amount of dissatisfaction among employees has been seen regarding the existing performance appraisal system in the recent past years.

OBJECTIVES OF THE PRESENT STUDY:

In the light of the domain for research identified so far, the following objectives have been set for the present study:

- 1) to see the satisfaction level of employees, towards the existing performance appraisal system in the sample study organizations viz. SBI & J&K Bank Ltd.
- 2) to find out the factors that are responsible for the dissatisfaction of managers towards PAS in the respective organizations

HYPOTHESIS:

In view of the above stated objectives, and the existing review of literature available on PAS and its effectiveness, the following hypothesis has been laid down for the present study purpose:

On the basis of past research evidence, and pilot study conducted, it is hypothesized that the level of satisfaction of employees with the existing performance appraisal system of sample study organizations is far from satisfactory.

RESEARCH METHODOLOGY:

In order to elicit the required information from the employees of sample study organizations regarding their overall satisfaction with the HRD mechanism namely PAS in the respective organizations was collected by framing a systematic and pre-tested questionnaire. The study involved a questionnaire survey of managers at appraiser and appraisee level and of clerical staff. All the questionnaires contained various questions in each set relevant to important dimensions of perceived characteristics of appraisal system in terms of Design, Process, Outcome variables and Organization content which influence satisfaction with the performance appraisal system.

The questionnaire has been developed based on the past research studies of some similar nature (Mufeed,

1998; Srinivasan, 1994; Rao 1990,). The questionnaire has two sections. The first section “section A” is about Design, Process, Outcome and Organizational content variables and “ section B” sought some personal information like Name, Designation, Years of experience etc. which was for analytical purposes. Secondary sources of data like internet, past literature, books and magazines were also used for the collection of information.

EMPIRICAL RESEARCH EVIDENCES OF THE PRESENT STUDY:

The data collected from various sources/ quarters for the present study purpose has been gathered from both the primary as well as secondary sources, which has later on statistically analyzed. The method of summary statistics, such as, mean scores and standard deviations, percentage comparisons were arrived at through the application of simple formulas. Similarly, mean differences and perception co-efficient was obtained by application of Rank differences, method of correlation, wherever needed. T-test values and z-test values were applied in order to ascertain the level of significance of differences relationships in mean scores. The perceptual data thus generated was statistically processed, tabulated and analyzed manually as well as with the help of computer packages ‘SPSS’ and ‘Minitab’.

Table 5.1 and 5.2 are indicative of mean scores, standard deviations, percentage of mean scores of variables, Z-values and P-values of variables used in the present study which go a long way in determining the overall perception of managerial and non- managerial staff towards the performance appraisal system existing in the two sample study organizations viz J& K Bank and SBI.

Table 5.1 and 5.2: These tables present an over all view of the performance appraisal system in the sample study organization viz. J&K Bank and SBI on 50 statements concerning the various dimensions of performance appraisal system. The scores for each item vary from 1 to 4 where the score value 1.00 shows extremely poor performance appraisal system and the score of 5.00 the extremely good performance appraisal system. Mean score of 2.6 indicates an average performance appraisal system, while the score value of 2 shows a poor performance appraisal system and 3 a good performance appraisal system.

The tables under reference reveal that the mean scores range between 2.07 and 3.14 in J&K Bank. The highest mean score in this banking organization has been shown by performance planning, statement No.2. The performance planning is followed by ‘scope for self appraisal and reflection’ with mean score (2.95), ‘scope for superior- subordinate communication’ (2.9), ‘administrative purpose of P.A report’ (2.96). The lowest score is marked for ‘Support variable’ (2.07), followed by ‘Implementation’ (2.2) & ‘Reward mechanism’ with mean score (2.29). Like J&K Bank, The highest mean score in SBI Ltd, is marked by the variable ‘performance planning’(3.4), followed by ‘clarity of performance objectives’ with mean score (3.23), ‘communication character’ (3.14). The lowest mean score is marked by the variable ‘Participation’ (2.4), followed by ‘Developmental use of P.A report’ (2.43). In SBI, most of the statements have recorded above the average score i.e. 2.6. Only a few variables have recorded below the average value, which include ‘Grievance Redressal’ (2.55), Implementation (2.48), Feedback, Support (2.55).

On the whole the J&K Bank has performed below average on most of the variables and the over all mean score in case of J&K Bank is 2.59(64.75%). In case of SBI, most of the variables have scored above average and overall mean score is 2.79 (69.75%).

Z-test has been made concerning the 48 statement to assess the employees’ perception on the existing performance appraisal system in the sample study organization. The hypothesis laid down has been tested using the technique of z-test. For the present study in order to check the validity of the laid down hypothesis in relation to the objectives of the present study Ho (null hypothesis) and Ha (alternative hypothesis) stands for:

Ho: The satisfaction level of employees with the existing performance appraisal system of the sample study organizations is satisfactory.

Ha: The satisfaction level of employees with the existing performance appraisal system of the sample study organizations is not satisfactory.

Table 5.1: Percieved Views of Employees (Managerial & Non-Managerial) towards the Overall Performance Appraisal System in J & K Bank Ltd.

S.No	STATEMENTS	N=200				
		M.S	S.D	% age to M.S	Z-Value	Sig.
1.	Employees have a clear understanding of what is expected from them regarding their performance in this banking organization	2.79	0.84	69.75	3.2	1.00
2.	Performance appraisal system helps in planning employee's performance well.	3.14	0.63	78.5	12.03	1.00
3.	Performance appraisal system provides an opportunity for supportive superior-subordinate communication to facilitate the employee's job performance.	2.87	0.69	71.75	5.6	1.00
4.	The Performance appraisal system provides scope for self-appraisal and reflection to the employees	2.95	0.73	73.75	6.7	1.00
5.	The objectives of Performance appraisal system are clear to both superior and subordinate.	2.7	0.75	67.5	1.2	0.96
6.	The Performance appraisal system encourages common understanding between the superior and the subordinate of the factors affecting the employees performance.	2.74	0.76	68.5	2.6	0.99
7.	Performance appraisal system provides an opportunity for discussing the expectations, achievements, failures, constraints and improvements needed between superiors and subordinates.	2.9	0.72	72.5	5.9	1.00
8.	Performance appraisal system provides scope for reflection and assessment of the employee's personality factors and attributes required for their job performance.	2.77	0.67	69.25	3.7	1.00
9.	Performance appraisal system encourages open communication between superior and subordinate through performance review discussions.	2.5	0.71	62.5	-1.87	.0
10.	Performance appraisal system provides scope for employee's expression on their developmental needs.	2.86	0.75	71.5	4.97	1.00
11.	Performance appraisal system provides an opportunity for the redressal of employees grievances.	2.52	0.81	63	-1.3	0.08
12.	Performance appraisal system aims at strengthening mutual understanding and relationship between superiors and subordinates.	2.63	0.77	65.75	0.64	0.74
13.	Performance appraisal system helps employees to gain insights into their strengths and weaknesses.	2.86	0.65	71.5	5.72	1.00

S.No.	STATEMENTS	M.S	S.D	% age	Z-Value	Sig .
14.	Performance appraisal system helps employees in discovering their potential for preparing themselves to take up future likely roles of higher level.	2.81	0.77	70.25	3.94	1.00
15.	Performance appraisal system provides scope for communicating the overall business goals and plans to the employees.	2.47	0.79	61.75	-2.24	0.013
16.	Periodic orientation programs on performance appraisal system are conducted.	2.2	0.89	55	-6.25	0.00
17.	The performance appraisal system works the way it is designed to work.	2.42	0.81	60.5	-3.03	0.00
18.	Superior spends time and discusses subordinates performance.	2.37	0.95	59.25	-3.34	0.00
19.	Superiors help their subordinates in planning subordinates performance in the beginning of the performance period.	2.39	0.92	59.75	-3.14	0.00
20.	Performance review discussions on KPAS/ KRAS/Tasks/Targets are educative to both superiors and subordinates. Superiors take performance appraisal seriously.	2.59	0.77	64.75	-0.09	.001
21.	Employees work through a self- appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance.	2.66	0.69	66.5	1.21	0.46
22.	Superiors take special efforts to be objective and unbiased while making their comments on subordinates performance.	2.5	0.93	62.5	-1.43	0.89
23.	Superiors devote sufficient time to performance review discussions.	2.39	0.89	59.75	-3.31	0.00
24.	Performance review discussions are of high quality and conducted with care.	2.46	0.8	61.5	-2.36	0.076
25.	Employees take active part in performance review discussions.	2.36	0.84	59	-3.93	0.00
26.	The P.A report in this bank is used for administrative purposes.	2.96	0.6	74	8.54	.0005
27.	The P.A report in this bank is used for developmental purposes.	2.39	0.62	59.75	-4.75	.009
28.	Superiors and subordinates take corrective actions for improvement based on the outcome of performance.	2.52	0.77	63	-1.38	.0001
29.	HRM/HRD/Personnel Department does follow up work on training needs as identified through appraisals.	2.58	0.84	64.5	-0.25	1.00
						0.00
						.085
						0.40

S.No	STATEMENTS	M.S	S.D	%age	Z-Value	Sig.
30.	Performance appraisal is a useful tool for weeding out the poor performance in this bank.	2.84	0.83	71	4.16	1.00
31.	HRM/HRD/Personnel Department as well as supervisors overcome their personal biases	2.47	0.8	61.75	-2.29	.011
32.	Appraisal data are used for recognizing and encouraging high performance and desirable behavior.	2.58	0.78	64.5	-0.36	0.36
33.	Performance appraisal system facilitates growth and learning of both superiors and subordinates in this banking organization.	2.62	0.79	65.5	0.35	0.64
34.	Employees tasks are clearly defined.	2.57	0.68	64.25	-0.52	0.30
35.	Employees tasks are such that their performance can be clearly defined and measured.	2.54	0.72	63.5	-1.18	0.12
36.	Rewards and encouragements outweighs the threats and criticism in this bank.	2.46	0.79	61.5	2.51	.006
37.	People are rewarded in proportion to the excellence of their job performance.	2.29	0.85	57.25	-5.17	0.00
38.	Management makes an effort to talk with employees about their career aspirations within the company.	2.07	0.8	51.75	-9.26	0.00
39.	The Philosophy of management emphasizes the human factor, how people feel etc.	2.46	0.75	61.5	-2.64	.004
40.	There is a great deal of criticism in this banking organization.	2.57	0.66	64.25	-0.64	0.26
41.	The standards of performance are very high in this bank.	2.78	0.79	69.5	3.32	1.00
42.	The superior knows and understands the problems faced by the employees.	2.31	0.81	57.75	-5.05	0.00
43.	The superiors show confidence and trust in employees.	2.57	0.78	64.25	-0.54	0.29
44.	The superiors show supportive behavior towards employees.	2.43	0.79	60.75	-2.97	.0017
45.	The superiors share information with the employees to high extent.	2.45	0.75	61.25	-2.71	.0036
46.	The superiors seek information and inputs from employees towards achieving organization's objectives.	2.56	0.83	64	-0.68	0.25

S.No	STATEMENTS	M.S	S.D	% age	Z-Value	Sig.
47.	The employees have confidence and trust in the superior.	2.74	0.75	68.5	2.63	0.99
48.	The Banking organization makes an effort to communicate about the organizational policies and practices	2.53	0.68	63.25	-1.34	.091
	Overall satisfaction across all the above statements	2.59	0.39	64.75	-0.43	0.30

Notes

- 1) Scoring Scale. 4=Strongly Agree, 3=Agree, 2=Disagree, 1=Strongly Disagree.
- 2) Higher mean score indicates to more favorable perception of employees towards the overall performance appraisal system in J&K Bank Ltd. & lower mean score indicates vice versa.
- 3) M.S=Mean Score, SD=Standard Deviations, Sig. =Significance. for onward references as well.
- 4) The bold figures indicate the highest and lowest mean scores recorded against the given statements.

Table 5.2: Percieved Views of Employees (Managerial & Non-Managerial) Towards The Overall Performance Appraisal System In Sbi Ltd.

S.No	STATEMENTS	N=130				
		M.S	S.D	% age to M.S	Z-Value	Sig.
1.	Employees have a clear understanding of what is expected from them regarding their performance in this banking organization	3.23	0.73	80.75	9.83	1.00
2.	Performance appraisal system helps in planning employee's performance well.	3.4	0.6	85	15.08	1.00
3.	Performance appraisal system provides an opportunity for supportive superior-subordinate communication to facilitate the employee's job performance.	3.03	0.76	75.75	6.4	1.00
4.	The Performance appraisal system provides scope for self-appraisal and reflection to the employees	3.04	0.7	76	7.05	1.00
5.	The objectives of Performance appraisal system are clear to both superior and subordinate.	3.07	0.66	76.75	8.16	1.00
6.	The Performance appraisal system encourages common understanding between the superior and the subordinate of the factors affecting the employees' performance.	2.98	0.66	74.5	6.65	1.00
7.	Performance appraisal system provides an opportunity for discussing the expectations, achievements, failures, constraints and improvements needed between superiors and subordinates.	2.96	0.59	74	7.06	1.00
8.	Performance appraisal system provides scope for reflection and assessment of the employee's personality factors and attributes required for their job performance.	3.07	0.59	76.75	9.18	1.00
9.	Performance appraisal system encourages open communication between superior and subordinate through performance review discussions.	2.9	0.66	72.5	5.3	1.00
10.	Performance appraisal system provides scope for employee's expression on their developmental needs.	3	0.71	75	6.4	1.00
	Performance appraisal system provides an opportunity for the redressal of employees' grievances.	2.55	0.65	63.75	-0.8	0.19

11.	Performance appraisal system aims at strengthening mutual understanding and relationship between superiors and subordinates.	2.84	0.75	71	3.73	0.99
12.	Performance appraisal system helps employees to gain insights into their strengths and weaknesses.	3	0.69	75	6.58	1.00
13.	Performance appraisal system helps employees in discovering their potential for preparing themselves to take up future likely roles of higher level.	3.03	0.83	75.75	6.82	0.00
14.						
S.No	STATEMENTS	MS	SD	% age to M.S	Z-Value	Sig.
15.	Performance appraisal system provides scope for communicating the overall business goals and plans to the employees.	2.95	0.89	73.75	4.54	1.00
16.	Periodic orientation programs on performance appraisal system are conducted.	2.48	0.85	62	-1.53	0.055
17.	The performance appraisal system works the way it is designed to work.	2.56	0.76	64	-0.57	0.27
18.	Superior spends time and discusses subordinates performance.	2.58	0.88	64.5	-0.2	0.39
19.	Superiors help their subordinates in planning subordinates performance in the beginning of the performance period.	2.76	0.85	69	2.16	0.98
20.	Performance review discussions on KPAS/ KRAS/Tasks/Targets are educative to both superiors and subordinates. Superiors take performance appraisal seriously.	2.86	0.73	71.5	4.06	1.00
21.	Employees work through a self- appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance.	2.79	0.64	69.75	3.41	1.00
22.	Superiors take special efforts to be objective and unbiased while making their comments on subordinates performance.	2.73	0.9	68.25	1.75	0.94
23.	Superiors devote sufficient time to performance review discussions.	2.55	0.69	63.75	-0.76	0.20
24.	Performance review discussions are of high quality and conducted with care.	2.65	0.66	66.25	0.92	0.80
25.	Employees take active part in performance review discussions.	2.4	0.69	60	-3.31	0.00
26.	The P.A report in this bank is used for administrative purposes.	2.97	0.54	74.25	7.78	1.00
27.	The P.A report in this bank is used for developmental purposes.	2.43	0.6	60.75	-3.23	0.00
28.	Superiors and subordinates take corrective actions for improvement based on the outcome of performance.	2.79	0.7	69.75	3.13	1.00
29.	HRM/HRD/Personnel Department does follow up work on training needs as identified through appraisals.	2.65	0.66	66.25	0.92	0.8
30.	Performance appraisal is a useful tool for weeding out the poor performance in this bank.	2.86	0.72	71.5	4.12	1.00
31.	HRM/HRD/Personnel Department as well as supervisors overcome their personal biases	2.57	0.71	64.25	-0.37	0.31

S.No	STATEMENTS	M.S	S.D	% age to M.S	Z-Value	Sig.
32.	Appraisal data are used for recognizing and encouraging high performance and desirable behavior.	2.83	0.66	70.75	3.98	1.00
33.	Performance appraisal system facilitates growth and learning of both superiors and subordinates in this banking organization.	2.79	0.66	69.75	3.28	1.00
34.	Employees tasks are clearly defined.	2.77	0.72	69.25	2.81	0.99
35.	Employees tasks are such that their performance can be clearly defined and measured.	2.67	0.75	66.75	1.17	0.85
36.	Rewards and encouragements outweighs the threats and criticism in this bank.	2.66	0.76	66.5	0.92	0.81
37.	People are rewarded in proportion to the excellence of their job performance.	2.61	0.85	65.25	0.21	0.55
38.	Management makes an effort to talk with employees about their career aspirations within the company.	2.56	0.75	64	-0.58	0.27
39.	The Philosophy of management emphasizes the human factor, how people feel etc.	2.63	0.69	65.75	0.63	0.68
40.	There is a great deal of criticism in this banking organization.	2.55	0.73	63.75	-0.71	0.21
41.	The standards of performance are very high in this bank.	2.74	0.76	68.5	2.19	0.98
42.	The superior knows and understands the problems faced by the employees.	2.65	0.74	66.25	0.82	0.77
43.	The superiors show confidence and trust in employees.	2.79	0.77	69.75	2.83	0.99
44.	The superiors show supportive behavior towards employees.	2.71	0.75	67.75	1.75	0.95
45.	The superiors share information with the employees to high extent.	2.64	0.71	66	0.74	0.73
46.	The superiors seek information and inputs from employees towards achieving organization's objectives.	2.82	0.8	70.5	3.17	0.99
47.	The employees have confidence and trust in the superior.	2.73	0.7	68.25	2.12	0.98
48.	The Banking organization makes an effort to communicate about the organizational policies and practices.	3.14	0.7	78.5	8.75	1.00
	Overall satisfaction across all the above statements	2.79	0.39	69.75	5.77	1.00

Notes

1) Scoring Scale. 4=Strongly Agree, 3=Agree, 2=Disagree, 1=Strongly Disagree.

2) Higher mean score indicates to more favorable perception of employees towards the overall performance appraisal system in J&K Bank Ltd. & lower mean score indicates vice versa.

3) M.S=Mean Score, SD=Standard Deviations, Sig. =Significance. for onward references as well.4) The bold figures indicate the highest and lowest mean scores recorded against the given statements.

The Z-values recorded against 17 statements in the table 5.1 are below -1.645 which means that 17 statements have recorded dissatisfaction level in case of J&K Bank. The highest Z-value (12.03) is recorded for 'Performance Planning' showing high satisfaction level and the lowest Z- value recorded in case of J&K Bank is -9.26 showing high dissatisfaction. The overall Z-value is -0.43, which falls in the acceptance region at 0.05% level of significance, therefore the null hypothesis (Ho) is accepted and subsequently alternative hypothesis (Ha) suggesting that, the satisfaction level of employees with the performance appraisal system in the sample study organizations is far from satisfactory, is rejected. In case of SBI only 3 statements have a Z-value below -1.64 showing dissatisfaction. The overall Z-value is 5.77 which falls in the acceptance region at 0.05% level of significance, which is indicative of the acceptance of null hypothesis and rejection of alternative hypothesis. This is also indicative of the fact that SBI employees both at the managerial and clerical level have shown higher level of satisfaction than the J&K Bank employees towards existing performance appraisal system.

CONCLUSION:

The main finding of the research supports the view that performance appraisal system should be HRD oriented. Besides being a base for making administrative and developmental decisions, performance appraisal can be useful instrument for a) building a good relationship with employees, b) planning employee performance, c) discovering employee potential and improving organizational effectiveness.

The present study shows that employees of the sample study organizations feel less threatened when they have a prior knowledge of assessment criteria. Various sources of employee appraisal have been suggested by the researchers to minimize the rater bias. Organizations are increasingly implementing the self-appraisal and 360 degree appraisal instead of traditional top-down appraisal in hopes of improving satisfaction towards PA practices. This study suggests that 360 degree appraisal system including multiple appraisal and developmental value based appraisal system can overcome the threat of personal bias. The developmental oriented PAS is expected more likely to produce positive and less likely to produce negative outcomes than the existing PAS in both the sample study organizations that are used for control and administration purposes. This developmental-oriented PAS if implemented effectively is expected to improve the performance appraisal climate which will have a positive impact on overall organizational climate and job satisfaction of banking human resources. The need to improve the human resources of this service sector to face the emerging challenges and high competition arising out of present techno economic scenario can be met only through the implementation of development-oriented and free from human errors 360 degree performance appraisal system. The present study reveals that overall mean values across the given statements in case of JK Bank is 2.59 and in case of SBI 2.79. The higher mean score across the statements indicates that performance appraisal system is perceived to be superior and effective system and lower mean scores across the statements means that employees have a poor opinion on the effectiveness of appraisal system practices. Therefore it becomes evident that SBI employees have expressed more satisfaction with the existing performance appraisal practices than JK Bank employees. It is evidenced by the present study that performance appraisal climate is comparatively better in SBI than in JK Bank.

SUGGESTIONS AND POLICY IMPLICATIONS:

The main implication of this research is that the management should involve manager appraisees & appraisers and non-managerial staff in overall performance planning and review processes. The survey results of both manager appraisers & appraisees including non-managerial staff feel that PAS should have an important role and accomplish a number of objectives vital to the organizational effectiveness. The research also shows that performance appraisal system is an important tool in the management of human resources, which facilitates overall organizational effectiveness by defining performance tasks and goals, by providing avenues for the quality of informal and formal feedback, appraisal participation and grievance redressal mechanism, by setting clear performance standards and distributing rewards and other personnel and developmental decisions fairly and equitably with respect to the status of employees regarding their promotion, transfer, career planning, employee training and developmental needs, salary increases, termination or demotion. Therefore, PAS should be a key link in overall human resource management climate, strategy and its policies.

REFERENCES:

- [1] Spriegal W.R. and Mumma E.W. (1961), "Merit Rating of Supervisors and Executives, Panle Study No. 14". Bureau of Business Research, University of Texas.
- [2] Rudrabasvaraj, M.N., (1969), "Personnel Administration Practices in India", Poona VM NICM.
- [3] Monappa, A., (1974), "Performance Appraisal", Case Material, Indian Institute of Management, Ahmedabad, IOB: 135.
- [4] Levinson (1970), "Appraisal of what performance?" Harvard Business Review, 54 (4): 30-32.
- [5] Carrol S.J., Schneier C.E. (1982), "Performance Appraisal and Review System", Glenview III Scott, Foreman.
- [6] Mufeed, S., (1995), "Employee Performance Appraisal System", The Business Review, Vol.1, No. 1.
- [7] Roberts, Garry, E., (1995), "Performance appraisals in Fortune 1300", in Fimburn, Charles et al. (ed.) Strategic Human Resource Management, New York, Wiley.
- [8] Saiyadain, Mirza, S., (1985), "Elements of Performance Appraisal: A Case on P and IR" Indian Institute of Management, Ahmedabad (169): 113-141.
- [9] Carrol S.J., Schneier G.E. (1990), "Performance appraisal and review systems", Glenview III: Scott, Foresman.,
- [10] Gomez-Mejia, (1989), "Improving the effectiveness of performance appraisal", Personnel Journal, 360 (1), 74-82
- [11] Landy F.J., & Farr, J.L. (1983), "The measurement of work performance: Methods, theory and applications", New York: Academic Press.

- [12] DeNisi, A. S., Cafferty, T., & Meglino, B. (1984). A cognitive view of the performance appraisal process: A model and research propositions. *Organizational Behavior and Human Performance*, 33, 360–396.
- [13] Feldman J. (1981), Beyond attribution theory: Cognitive processes in performance appraisal, *Journal of Applied Psychology*.
- [14] Ilgen, D.R., and Feldman, J.M., (1983), “Performance Appraisal: A Process Focus”. In Cummings, L., and Straw, B., (Eds.), *Research in Organizational Behaviour*, vol.5, Greenwich, CT: JAI Press.
- [15] Latham, G.P. & Wexley, K.N. (1982), “Increasing Productivity through Performance Appraisal”, Reading Massachusetts; Addison-Wexley, Publishing company, London.
- [16] Rao, T.V., (1990), “ The HRD Missionary”, Oxford and IBH Publishing Company Pvt. Ltd, New Delhi.
- [17] Thathachary, V.G.K., (1981), “Managerial Appraisal: An Indian Experience”, *Indian Management*, 20 (1), Jan 17.
- [18] Landy F.J., & Farr, J.L. (1983), “The measurement of work performance: Methods, theory and applications”, New York: Academic Press.
- [19] De Nisi , A.S., (1997), “A Cognitive Approach to Performance Appraisal: A Program of Research. London: Routledge. In press.
- [20] Cascio , W.F., (1995), “ Whither industrial and organizational psychology in a changing world of work”, *Personnel Psychology*, 50 (11): 928-39.
- [21] Fletcher C. (1994), “Performance appraisal in context: organizational changes and their impact on practice”, *International Journal of Selection and Assessment*, 3(3)
- [22] Cardy R.L., Dobbins G.H. (1994), “Performance Appraisal: Alternative Perspectives. Cincinnati, OH: Southwest.
- [23] Coleman, V.I. and Borman, W.C. (2000), “Investigating the Underlying Structure of the Citizenship Performance Domain”, *Human Resource Management Review*, 10, No.1, 2000, pp. 25-44
- [24] Rotundo, M. and Sackett, P.R., “The Relative Importance of Task, Citizenship and Counterproductive Performance to Global Ratings of Job Performance: A Policy-capturing Approach”, *Journal of Applied Psychology*, 87, No. 1, 2002, pp. 66-80.
- [25] Van Scotter (2000), “Evidence that Task Performance should be distinguished from Contextual Performance”, *Journal of Applied Psychology*, 79, PP. 475-480
- [26] Pugh, D., “Service with a Smile: Emotional Contagion in Service Encounters”, *Academy of Management Journal*, 44, 2001, pp. 1018-1027.
- [27] Harris M.M., Smith D.E., Champagne D. (1995), “A field study of performance appraisal purpose”, *Personnel Psychology* 48(1).
- [28] Yang H., Sackett, Arvey R.D. (1996), “Statistical Power and cost in training evaluation”, *Personnel Psychology* 49 (3).
- [29] Boswell R. & Boudreau W. (2002), “Separating the Developmental and Evaluative Performance Appraisal Uses”, *Journal of Business and Psychology*, 16(3)
- [30] Dinesh, D. and Palmer, E. (1998), “Management by objectives and the Balanced Scorecard: will Rome fall again? *Management Decision*, 36/6, 363-369.
- [31] Drexler A. Beehr A. Stetz A. (2001), “Peer Appraisals: Differentiation of Individual Performance on Group Tasks”, *Human Resource Management*, 40 (4).
- [32] Bracken W. Timmerick W. Fleenor W. (2001), “360 Feedback from Another Angle”, *Human Resource Management*, 40(1).
- [33] Atwater E. Waldman A. & Joan F. (2002), “Understanding and Optimizing Multisource Feedback”, *Human Resource Management*, 41(2)
- [34] Beatrice, M., Heijden, V., and Nijhof, H.J., (2004), “The value of subjectivity: problems and prospects for 360-degree appraisal systems.
- [35] Austin J.T. & Villanova P. (1992), “The Criterion Problem- 1917-1992”, *Journal of Applied Psychology*, 77 (6).
- [36] Hennessey H.W & Bernardin H.J. (2003), “The Relationship between Performance Appraisal Criterion Specificity and Statistical Evidence of Discrimination.” *Human Resource Management*, 42(2).
- [37] Curtis B. & Harvey D. (2005), “Sources of Political Distortions in Performance Appraisals”, *Group and Organization Management*, 30(1).
- [38] London M. & Edward M. (2004), “Performance Management and Assessment”, *Human Resource Management*, 43(4).
- [39] Oppler S.H., Campbell J.P., Borman W.C. (1992), “Three approaches to investigation of subgroup bias in performance measurement: review, results and conclusions”, *Journal of Applied Psychology*, 77(2).
- [40] Mayer & French (1965), “Split Roles in Performance Appraisal”, *Harvard Business Review* 43(1)
- [41] Latham, G.P. & Wexley, K.N. (1982), “Increasing Productivity through Performance Appraisal”, Reading

- Massachusetts; Addison-Wexley, Publishing company, London.
- [42] Fulk, J., Brief, P., and Barr, S., (1985), “ Trust in supervisor and perceived fairness and accuracy of performance evaluations”, *Journal of Business Research*, 13: 30, 1-13.
 - [43] Russell, J., and Goode, D., (1988), “An Analysis of Manager’s Actions to their own Performance Appraisal Feedback”, *Journal of Applied Psychology*, 73 (1) : 63-67.
 - [44] Pooyan, A., and Elberhardt, B., (1989), “Correlates of performance appraisal satisfaction among supervisory and non-supervisory employees”, *Journal of Business Research*, 19: 215-226.
 - [45] Roberts, Garry, E., (1995), “Performance appraisals in Fortune 1300”, in Fimburn, Charles et al. (ed.) *Strategic Human Resource Management*, New York, Wiley.
 - [46] Tziner, A., and Murphy, K., (1999), “Additional evidences of attitudinal influences in performance appraisal”, *Journal of Business and Psychology*, Vol.13, No. 3.
 - [47] Brown, M., and Benson, J., (2005), “ Managing to Overload: Work Overload and Performance Appraisal Processes”, *Group and Organization Management*, Vol 30, No. 1.
 - [48] Lee, M., and Shin, W., (2000), “Is there any positive effect of offering no performance appraisal feedback”, *Journal of Human Values*, 6 (1).
 - [49] Elicker, J.D., Levy, P.E., Rosalie, J.H., (2006), “ The role of leader-member exchange in performance appraisal process”, *Journal of Management*, Vol.32, No. 4.
 - [50] Bard Kuvaas (2006), “ Performance appraisal satisfaction and employee outcomes”, *International Journal of Human Resource Management*, Vol. 17 No. 3.
 - [51] Luthans F. & Peterson J. (2003), “360-Degree Feedback with Systematic Coaching: Empirical Analysis Suggests A Winning Combination”, *Human Resource Management*, 42(3).
 - [52] Greenberg, J., (1986), “Determinants of perceived fairness of performance evaluations”. *Journal of Applied Psychology*, 71, 340-342.
 - [53] Giles W.F., & Mossholder K.W., (1990), “Employee reactions to contextual and session components of performance appraisal”, *Journal of Applied Psychology*, 75 (4), 371-377.
 - [54] Jawahar, I.M.,(2005), “ Do raters consider the influence of situational factors on observed performance when evaluating performance? Evidence from three experiments”, *Group and Organizational Management*, vol. 30, No.1.
 - [55] Clayton, P., and Ayres, H., (1997), “ Performance appraisal or performance development? A tale of two schemes”, *Australian Journal of Public Administration*, Vol. 55, No. 1.
 - [56] Manisha, A., (2001), “Designing effective performance appraisal systems: Issues and challenges for organizations”, *IJTD*, Vol. 5 , No. 1
 - [57] Tziner, A., and Murphy, K., Cleveland, J., (2001), “ Relationship between attitudes towards organizations & PAS and rating behaviour”, *International Journal of Selection and Assessment*, Vol. 9, No. 3
 - [58] Wang, X., (2002), “Perception and reality in developing an outcome performance measurement system”, *Journal of Public Administration*, 25(6), 805-829.
 - [59] Mehta, V.R., (1996), “ Challenge of sustaining performance appraisal systems”, *Tata Mc Graw Hill Publishing Company Limited*, New Delhi.
 - [60] Hennessey H.W & Bernardin H.J. (2003), “The Relationship between Performance Appraisal Criterion Specificity and Statistical Evidence of Discrimination.” *Human Resource Management*, 42(2).
 - [61] Mufeed, S., (1995), “Employee Performance Appraisal System”, *The Business Review*, Vol.1, No. 1.
 - [62] Shagufta, J., (1997), “ Satisfaction of performance appraisal in private and public organizations”, *HRD Newsletter*, July-September.
 - [63] Sayeed, O.B., and Bhide, P.V., (2003), “Performance appraisal effectiveness: An empirical assessment”, *IJIR*, Vol.39, No.2.
 - [64] Dobbins, G.H., Cardy, R.L., & Platz-Vieno, S.J., (1990), “Social context of performance evaluation decisions”. *Academy of Management Journal*, 36, 80-105.
 - [65] Giles W.F., & Mossholder K.W., (1990), “Employee reactions to contextual and session components of performance appraisal”, *Journal of Applied Psychology*, 75 (4), 371-377.
 - [66] Goodson, R., and McGee, G., (1991), “Enhancing individual perceptions of objectivity in performance appraisals”, *Journal of Business Research*, 22(4): 293-303.
 - [67] Cardy R.L., Dobbins G.H. (1994), “Performance Appraisal: Alternative Perspectives. Cincinnati, OH: Southwest.
 - [68] Ebrahim, S., (2002), “ Towards a TQM driven HR performance evaluation”, *Employee Relations*, Vol. 25 No. 4.
