The Role of Performance Appraisal System in HRD

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ABSTRACT *This study has attempt to PAS and HRD.The success of any organization will therefore depend on its ability to measure accurately the performance of the employees and utilized better by providing a healthy climate, then the organization would have an appraisal system that attempts to identify, and utilize the potential and capabilities of its employees. Identification of the Key Performance Areas (KPAs) and target setting and simple statistical tool like Analysis of variance (ANOVA) one and two way classification was used, the results of study, the type of Performance Appraisal System adopted in SBI have been effective and it tries to thrive the organizational capabilities to serve better in future.*

INTRODUCTION

The success of any organization will therefore depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as vital resource. If the organization believes that every individual has potential and strengths and that human capabilities can be sharpened, developed and utilized better by providing a healthy climate, then the organization would have an appraisal system that attempts to identify, sharpen, develop and utilize the potential and capabilities of its employees.

In order to achieve these objectives the appraisal format should have the following components.

1. Identification of the Key Performance Areas (KPAs) and target setting through periodic discussion between each employee and his boss.
2. Identification of Qualities required for the present and future jobs.
3. Self Appraisal by the appraise

REVIEW OF LITERATURE

Dayal (1976) in his study on "Cultural factors in designing Performance appraisal system" described the theoretical aspects of Performance appraisal system as a device in certain cultural contexts. Hence developing an effective PAS requires that the peculiar cultural aspects needed to be considered.

Omen Bin Sayeed and P.V. Bhide (2003) have stated in their work "Performance Appraisal Effectiveness: An Empirical Assessment" that the effectiveness of performance appraisal system if established, is more likely to indicate development of employees, team orientation and attainment of defined goals and objectives at the group level and also shows that the post appraisal effectiveness survey clearly pointed out acceptability of PAS design and its process and indicated greater satisfaction of managers and employees with design and implementation of the programme.

Performance Appraisal System in State Bank of India

1. Before the beginning of each year, preferably along with the budget settlement discussion, the appraisee and the appraiser will identify the Key Performance Areas (KPAs) for the year as also specific, quantified/observable objectives under each of the identified KPAs. The identified and agreed KPAs and objectives will be recorded in a settlement from, induplicate, and signed by both the appraisee and the appraiser. A copy of this form will be retained by the appraiser, the original being given to the appraisee.

Scope and importance of the Study:

The performance Appraisal System have many objectives, it is beyond the purview of the researcher to analyse, as to whether all or any of the objective have been fulfilled or not. On the other hand, it is aimed at analyzing as to whether PAS adopted in SBI have facilitated towards the HRD activity in the SBI or not.

Objectives of Study

1. To study the effectiveness of performance appraisal system in State Bank of India.
2. To study the role of performance appraisal system in HRD in State bank of India

Methodology:

It is not possible for the small study of this nature, to study about the population and also to select the sample from various parts of the country and hence the researcher has confined herself to select the sample from Supervisory and Non-Supervisory staff employed in SBI, Pondicherry main branch and also four branches located in and around Pondicherry. For this purpose of collection of the data, a questionnaire was administered aimed at soliciting their views on various factors like perception about the basis of PAS, effects of PAS in HRD etc.,

In all 120 respondents were identified and a questionnaire were distributed but however only, 100 (45 supervisory staff and 55 non-supervisory staff) responded. Apart from this data, the researcher had many rounds discussions with the Chief Personnel Manager and other dealing with the personnel.

Statistical Analysis:

For carrying out such study based upon the simple statistical tool like Analysis of variance (ANOVA) one and two way classification was used.

Analysis and discussion

AGE

The first and foremost analysis is carried out with the age wise classification of the employees of the SBI is presented in Table .1

Age wise classification

Age Group	cadre		Total
	Supervisory	Non-Supervisory	
30-35	5 (11)	15 (27.27)	20 (20)
35-40	10 (22)	22 (40)	32 (32)
40-45	10 (22)	8 (14.54)	18 (18)

4 5 - 50&more	20 (44)	10 (18.18)	30 (30)
Total	45	55	100

Source: Primary data collected from the employees of SBI (Figures in the bracket are the percentages shares)

The observation of the table leads to the conclusion that young people are more in non-supervisory cadre than in supervisory cadre. Aged 45-50 &above are more in supervisory cadre, so experience plays an vital role in promotion.

Experience
As age wise classification, the experiences of the employees are also considered to be one of the major factors which may lead to achieve the organizational goals. Table. 2

Experience wise classification

Experience	Cadre supervisory	Non-Supervisory	Total
0-10	0 (0)	20 (36.36)	20 (20)
10-15	10 (22)	10 (18.18)	20 (20)
15-20	15 (33.33)	20 (36.36)	35 (35)
20-25	20 (44.44)	5 (9.09)	25 (25)
Total	45	55	100

Source: Primary data collected from the employees of SBI (Figures in the bracket are the percentage shares)

Out of the 55 non-supervisory staff, 54.54 percent of the employees were having experience ranging between 0-15 years. Out of the remaining 36.36 percent and another 36.36 percent of then were in the experience category of 0 to 10 years. This shows that more in experienced and frustrated people are in the Non-Supervisory cadre.

Table . 3
Employees Perception about the basis of Performance (Target assigned)

Opinion of employees	cadre Supervisory	Non-supervisory	Total
yes	20 (44.44)	9 (16.36)	29 (29)
Partially	18 (40)	10 (18.18)	28 (28)
Not at all	7 (15.56)	36 (65.45)	43 (43)
Total	45	55	100

Source: Primary data collected from the employees of SBI (Figures in bracket are the percentage share)

The basis of performance appraisal is target assigned, it is accepted by both supervisory and non-supervisory staff to the extent 60.08 percent and the basis of performance appraisal is not at all target assigned, have accepted by more than 65.45 percent of the non-supervisory staff. This reveals that for supervisory staff, basis of performance appraisal is target assigned, but for non-supervisory staff, target assigned is also one of the basis for performance appraisal i.e., some other factors like quality of performance, seniority etc., may also be the basis.

Table.4 Objectivity in implementing the PAS
Ho: There is no significant difference in the opinions between the supervisory and non-supervisory staff with regard to objectivity in implementing the performance appraisal system.

The processed ANOVA result is presented in the table .4

Objectivity in implementing PAS- ANOVA (one way)

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	16.66667	1	16.66667	0.146628	0.721258	7.70865
Within Groups	454.6667	4	113.6667			
Total	471.3333	5				

The analysis of the table reveals that for (1, 5) degrees of freedom the critical value of 'F' being 7.70865 and calculated F value being (0.146628) less. The null hypothesis is accepted. This leads to the conclusion that there is no significant difference in the opinion among the employees with regard to the objectivity in implementing the performance appraisal system

Impartiality of the Appraiser Table .5

Opinion of Employees	cadre		Total
	Supervisory	Non-supervisory	
Very much Impartial	5 (11.11)	9 (16.36)	14 (14)
Moderately Impartial	28 (62.22)	33 (60)	61 (61)
Not at all	12 (26.66)	13 (23.64)	25 (25)
Total	45	55	100

Source: Primary data collected from the employees of SBI (Figures in bracket are the percentage share)

This leads to the conclusion that out of 100 samples, 75 percent accept that the appraisers were either very much or moderately, impartial of the appraiser. Only 25 percent felt that they were not at all impartial. This shows that there is impartiality while doing performance appraisal of the employees in the SBI.

Reward System Table.6
Types of Reward System implemented in Bank (SBI)
Ho: there is no significant differences in the opinion of the employees about and the different types of reward system. The processed ANOVA result is presented in Table . 6

Types of Reward System – ANOVA (Two way)

Source of Variation	SS	Df	MS	F	P-value	F crit
Rows	308.3333	2	154.1667	37	0.026316	19.00003
Columns	16.66667	1	16.66667	4	0.183503	18.51276
Error	8.333333	2	4.166667		w	
Total	333.3333	5				

In case of between group (i.e.) different types of reward system,. The calculated "F' value (37) being more than the critical value of 'F' (i.e.) 19.0003, the null hypothesis is rejected, leading to the conclusion that there is significant difference among the type of reward system followed in SBI i.e. the employees do not take all the reward system alike. They have more preference for some method of reward system and not that much for other methods.

Non-Monetary Reward System Table.7
Type of Non-Monetary Reward system adopted in Bank (SBI)
Source: Primary data collected from the employees of SBI (Figures in bracket are the percentage share)
Comparing the supervisory and non-supervisory staff, out of

100 respondents 51 percent felt that promotion is the non-monetary reward system adopted/followed in SBI; 29 percent felt that important assignment based on performance is the non-monetary reward system; 20 percent felt, recommended for award is the non-monetary reward system followed in the SBI. This leads to the conclusion that majority of the employees felt that the promotion based on performance is the primary non-monetary reward system.

Levels of satisfaction on the petrformance and reward Table.8
To evaluate further as to whether there is any significant differences in the opinions of supervisory and non-supervisory staff with regard to satisfaction of reward system in SBI, a simple statistical tool ANOVA was used. For this purpose a null hypothesis is formulated.

Ho: There is no significant difference of opinion among the employees with regard to levels of satisfaction on performance and reward system.The processed ANOVA value is presented in Table. (15-A)

Levels of Satisfaction on the Performance and Reward System- ANOVA (One way)

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	16.666	1	16.66667	0.093545	0.774974	7.70865
Within Groups	712.66	4	178.1667			
Total	729.33	5				

The analysis of the ANOVA table reveals that for (1,5) degrees of freedom the critical value of 'F' is 7.70865 and the calculated value of 'F' is less than the F critical vale, hence the null hypothesis is accepted, leading to the conclusion that there is no significant difference among the employees with regard to levels of satisfaction on performance and reward system.

Quality of Work life
The calculated ANOVA result is presented in table .9

Ho: There is no difference of opinion among the employees with regard to the perception about the quality of work life.

Perception about Quality of Work life – ANOVA (one way)

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	16.66667	1	16.66667	0.084746	0.785437	7.70865
Within Groups	786.6667	4	196.6667			
Total	803.3333	5				

The analysis of the ANOVA table reveals that for (1,5) degrees of freedom F critical value is 7.70865 and the F calculated value is less than the F critical vale, hence null hypothesis is accepted, leading to the conclusion that there is no difference of opinion among g the employees with regard to perception about quality of work life.

Effects of Pas in HRD The calculated ANOVA result is presented in Table .10

Ho: There is no difference in the perception of the employees about the effects of PAS in HRD.Effects of PAS in HRD – ANOVA (one way)

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	16.66667	1	16.66667	0.118483	0.74802	7.70865
Within Groups	562.6667	4	140.6667			
Total	579.3333	5				

From the above table it can be understood that, the calculated value of F (0.118483) being less than the table value of F (1, 5) 7.70865. The null hypothesis is accepted at 5% level of significance i.e. there is no significant difference in the perception of the employees regarding the effects of PAS in HRD. This leads to the conclusion that the performance appraisal system plays an important role in the human resource development in the SBI.

Conclusion
In State Bank of India, experienced employees are there in Supervisory Cadre; young and energetic people are in the Non-Supervisory cadre. Target assigned with reference to Key Performance Area is the basis of Performance appraisal system. Most important use of PAS is to identify the training needs. Most of the employees of SBI have accepted that there is a link between the effort and work; and also have accepted that performance, reward and satisfaction are also related. The level of satisfaction of the employees leads to motivation. This motivation enriches the knowledge of the employees through career planning and career development. The motivation to perform better make the employees to go in for acquiring additional qualification. This additional qualification in the perception of the employees (Supervisory and Non-Supervisory) have enabled them to do the job in a better way leading to higher level of satisfaction By and large this showed that the type of Performance Appraisal System adopted in SBI have been effective and it tries to thrive the organizational capabilities to serve better in future.

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