



IMPACT OF PERFORMANCE APPRAISAL ON ATTITUDE OF EMPLOYEES IN NEW PRIVATE SECTOR BANKS IN KARUR, TAMIL NADU

KEYWORDS

Performance Appraisal, Employee Attitude, New Private sector Banks, Karur.

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ABSTRACT Performance Appraisal is one of the most widely researched topics and most commonly used management tool in the organizations. Employee attitude towards Performance Appraisal is one of the most important factors affecting employee satisfaction of Performance Appraisal. This study investigated the impact that Performance Appraisal has on attitude of employees in New Private Sector banks in Karur town, Tamil Nadu. Data were obtained from forty respondents in six branches of three new private sector banks which include Axis bank, ICICI and HDFC bank through questionnaire.

The findings of the study indicated the respondent's satisfaction with the formats and contents of Performance Appraisal system and their confidence on appraiser. The respondents indicated their relative dissatisfaction with feedback system and the openness, fairness and accuracy of Performance Appraisal used.

1. INTRODUCTION:

Performance Appraisal is one of the most widely researched topics. Various researches have been conducted on different aspects of Performance Appraisal. Great degree of attention is paid to Performance Appraisal in banking sector. This study focuses on how Performance Appraisal and its implementation affect the attitude of employees. The study has been confined to New Private Sector Banks in Karur, Tamil Nadu. Forty respondents were selected from six branches of three New Private Sector banks which include HDFC, ICICI and Axis bank.

2. PROBLEM STATEMENT:

Performance appraisal system (PAS) has been viewed as an effective tool for human resource management but effective PAS remains a practical challenge to managers and employees Kofi Osei Akuoko(2012). Inaccuracies in appraisal can de-motivate employees (Coens and Jenkins 2000), this can lead to negative attitude of employees affecting the employee loyalty and commitment and affect the organizational performance as a whole.

3. OBJECTIVE:

This study investigated the attitude and reactions of employees towards the overall performance appraisal system and its major components such as setting standards and objectives, procedures, methods and tools of appraisal and feedback mechanisms in private sector banks in the city of Coimbatore, India. This study also identifies how effective performance appraisal and its implementation leads to positive attitude of employees and helps in the sustainable development of the organization.

4. INTRODUCTION TO PRIVATE SECTOR BANKS:

Private sector banks are all those banks where greater parts of stake or equity are held by the private shareholders and not by government. There are two categories of the private-sector banks, old and new. The old private-sector banks have been operating since a long time and may be referred to those banks, which are in operation from before 1991 and all those banks that have commenced their business after 1991 are called as new private sector banks (Dr. Mukund mahajan, Indian banking sys-

tem. Nirali prakashan. pp. 2.1-2.2).

5. REVIEW OF LITERATURE:

5.1. PERFORMANCE APPRAISAL DEFINITION:

According to Moorhead and Griffin (1992), Performance Appraisal is the process of evaluating work behaviors of employees by measuring and comparing it to previously established standards, recording the results, and communicating them back to the employee.

5.2. ATTITUDE DEFINITION:

Prominent psychologist Gordon Allport (1935) described attitudes as the most distinctive and indispensable concept in contemporary social psychology. It is basically like an evaluative statement that is either positive or negative depending on the degree of like or dislike for the matter.

5.3. PERFORMANCE APPRAISAL AND ITS IMPACT ON EMPLOYEE'S ATTITUDE:

Attitudes are not static and it can be changed and may be influenced by a manager. One of the powerful tools for initiating the change in attitude of employees is Performance Appraisal. Employee participation and perceived clarity of goals (Roberts and Reed, 1996) enhance performance appraisal satisfaction which leads to positive attitude of employees; it may also be positively related to affective commitment.

According to Levy and Williams (2004) developmental performance appraisal is about increasing employees' perceptions of being valued and being part of an organizational team. Developmental feedback helps employees to better understand how they can improve within the organization (Gaines, 1994; Martin, 1992; Stein, 1996; Yaney, 1988). Employees who perceive development in performance appraisal may view this as a signal of their value in organization and future with the company, resulting in positive affect associated with this feedback, which influence their attitude in a positive way.

Employees' perception regarding the Performance Appraisal seem likely to extend to employees' perception toward the person appraising them ie, the appraiser. As

stated by Tang & Sarsfield-Baldwin (1996) perceptions of justice of performance appraisal system are positive predictors of employees' attitude toward the appraisal process. If employees do not perceive the performance appraisal system to be fair, the sources to be credible, or the feedback to be accurate then they are more likely to ignore feedback they receive Levy and Williams (2004), which ultimately affects employees' attitude.

6. RESEARCH DESIGN:

The research design used is descriptive in nature. Descriptive Research is a scientific method used in observing and describing the behavior of a subject without influencing it.

6.1. SAMPLING:

The sampling technique used was convenient sampling, to select the samples from the large population of employees in private sector banks in Coimbatore, India. Fifty samples were collected from six private sector banks selected randomly. Questionnaire was used as a main tool for primary data collection and the data collected were analyzed quantitatively.

6.2. TYPES OF DATA:

Primary and secondary data were used for this study. The secondary data used for the study are collected from books, journals and internet. The main tool used for data collection was questionnaire. In order to permit accurate comparison of responses of the respondents, closed ended questions were used in the questionnaire.

7. FINDINGS:

Table - 1

Particulars	Options					Total
1.Satisfaction with current appraisal system	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	
no. of respondents	7	20	15	6	2	50
percentage	14	40	30	12	4	100
2. Purpose for which performance appraisal is used in the organization	To undertake training and development programs.	To fix salary increments, bonus etc.	To find out weak performers to punish them.	To select suitable person for the job.	To decide on promotions and transfers.	
no. of respondents	5	30	4	3	8	50
percentage	10	60	8	6	16	100
3. Satisfactory level of employees with openness, fairness and accuracy of pa used	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	
no. of respondents	5	17	17	11	Nil	50
percentage	10	34	34	22	Nil	100
4.Continuous feedback about performance evaluation:	Always	Sometimes	Never			
no. of respondents	20	30	Nil			50
percentage	40	60	Nil			100
5.Employee confidence on skills and capabilities of the appraisers	Fully confident	partially	Not confident			
no. of respondents	25	20	5			50
Percentage	50	40	10			100

As stated by Meysam Fakharyan, Mohammad Reza Jalilvand, Behrooz Dini and Ebrahim Dehafarin(2012), the use of motivational mechanisms in the appraisal system and existence of suitable system of performance appraisal itself will result in employees satisfaction with the appraisal system. The respondents had mixed feeling about the satisfaction with the current appraisal system. It was found that about 40% of the employees were satisfied with the performance appraisal system, and 14% of them were highly satisfied, while 30% of the respondents were neither satisfied nor dissatisfied with it. 12% of them were dissatisfied and 4% of them were highly dissatisfied with the appraisal system followed in their organization.

According to Dexter a. Hansen (May, 1984), the purpose for which performance appraisal is used is one of its major problem. More than half of the respondents feel that Performance Appraisal is used for fixing salary increments, bonus etc., while 16% of the respondents feel that Performance Appraisal is used for deciding promotions and transfers. 10% of the respondents believe that Performance Appraisal is undertaken for providing training and development programs, 8% of them feel that it is used for finding out weak performers to punish them. Very less percentage of the respondents feels that PA is used to select suitable person for the job.

Winston and Creamer (1997) also explained that an effective appraisal system should address clarity, openness and fairness. It was found from the study that 34% of the respondents were satisfied with openness, accuracy and fairness of the appraisal system. 10% of them were highly satisfied while 34% of the respondents were neither satisfied nor dissatisfied and the rest 22% of the respondents were

dissatisfied with it.

According to Latham and Wexley (1981), there must be always formal and informal ongoing performance feedback. This will affect the attitude of employees towards evaluation system in a positive way. According to this study it was found that 40% of the respondents get continuous communication and feedback about performance evaluation, but nearly 60% of the employees feel that they only sometimes get communication and feedback about performance evaluation.

Jurjen J.A. and Kamphorst Otto H. Swank (2012) found in their research that the effect of appraisal on the employee's future performance depends on their perception of the manager's ability to assess the performance. From the study it was found that more than half of the respondents were fully confident and 40% of the respondents were partially confident and only 10% of the respondents were not confident on the skills and capabilities of the appraiser.

Interpretation:

The finding of the study indicated that most of the employees were satisfied with the formats and contents of the PAS and had good confidence on the appraiser. Most of the respondents have the opinion that Performance Appraisal is used for fixing salary increments, bonus etc. It was also found that the employees were not much satisfied with the openness, fairness and accuracy of PAS used in the organization and the feedback mechanism used, which may affect their attitude towards performance appraisal in a negative way.

8. CONCLUSION:

Blau, 1964; Meyer et al., 1965 has stated that evaluation is often perceived negatively while development is perceived positively because of its futuristic and helpful focus. Cudzie jazyky –Angličtina has suggested that appraiser should describe performance appraisal process to the appraisee not as an opportunity to criticize him, but as a method used to explain what and how he could do to improve his performance in future.

It can be stated that if the employees perceive performance appraisal system as developmental approach it will lead to positive attitude of the employees. The feedback mechanisms followed should be effective to motivate the employees to enhance their performance. Employee's involvement in performance appraisal process will help to increase the morale of the employees and ultimately results in positive attitude of employees. It is very essential for the management to take effective steps to influence the attitude of employees in a positive way, which will pave way for the success of the organization.

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