

Impact of Performance Appraisal on Productivity of Employees In New Private Sector Banks on Coimbatore, Tamil Nadu



Management

KEYWORDS : Productivity; Performance Appraisal, New Private sector Banks, Coimbatore.

H.Ajitha

Research Scholar, Karpagam University, Coimbatore.

Dr.N.Panchanatham

Professor & Head-Department of Business Administration, Annamalai University.

ABSTRACT

Performance Appraisal is a commonly used powerful Human Resource tool used in the organization for attaining its objective. The major objective of the management is to motivate and encourage employees to improve their performance and productivity, which helps in the overall development of the organization. The study aims to explore the impact that Performance Appraisal has on the productivity of the employees in New Private Sector Banks in Coimbatore city,India. Structured questionnaire was used to collect data from the respondents. Using Performance Appraisal as a motivational tool for the employees helps to increase employee satisfaction with Performance Appraisal leading to increase in their productivity, which helps the organization to achieve its goals.

1. INTRODUCTION:

Performance Appraisal is considered as a system used to control the overall organization. The major problem for the use of Performance Appraisal in the organization is the purpose for which it is used. The major objective of the management is to motivate and encourage employees to improve their performance. Hence, Performance Appraisal plays an indispensable role in identifying, encouraging, evaluating, developing and rewarding employees to improve their productivity. Banking services is one sector where Performance Appraisal is widely used and a great degree of attention is being paid to it. According to Kyra Sheahan (2014), productivity is the driving force behind a company's growth and profitability.

2. PROBLEM STATEMENT:

Banking sector is undergoing enormous changes in the past few years. Hence, to meet the needs of the changing global market, it has become very essential to use the powerful HR tool, Performance Appraisal to improve the productivity of employees. Performance Appraisal has both positive as well as negative effect if it is not implemented properly. Hence, this study is conducted to find how Performance Appraisal can be used as a tool to enhance the productivity of employees in private sector banks in Coimbatore city.

3. OBJECTIVE:

The study aims to explore the impact of performance appraisal on productivity of employees in new private sector banks. This research also helps to determine the effect of effective Performance Appraisal and implementation on productivity.

4. PRIVATE SECTOR BANKS:

There are two categories of the private-sector banks, old and new. The old private-sector banks are 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 system. Nirali prakashan. pp. 2.1-2.2).

5. REVIEW OF LITERATURE:

5.1. PERFORMANCE APPRAISAL FOR ORGANIZATIONAL DEVELOPMENT:

According to Drucker (1994) and Barney (1995), Performance appraisal is a potential way to align all the efforts of the employees with organizational aims. The studies of DeCarlo & Leigh 1996; Jaworksi & Kohli 1991, suggest that performance appraisal is a tool which helps in improving the performance of the employees and helps them to build their job satisfaction and organizational commitment which is essential for the success of the organization.

5.5. PERFORMANCE APPRAISAL AND ITS IMPACT ON EMPLOYEE'S PRODUCTIVITY:

In this competitive global market, companies need high performance to survive. Achieving organizational success depends largely on the performance of employees in their jobs (Hemenan and Shwabs, 1982). Effective Performance Appraisal helps to determine training needs of the employees for improving the productivity of an organization (Walsh and Fisher,2005). According to Silberman (2003), effective Performance Management programs help to retain valued high performers, by increasing productivity and morale of employees in the organization. Some Human Resource professionals feel organizational performance as a sum of the employee's performance. An appraisal provides employee satisfaction in addition to direct benefits to the organization, which in turn leads to improved performance.

6. RESEARCH DESIGN:

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

6.1. SAMPLING:

Convenient sampling was used in the study to select samples from the large population of employees in new private sector banks in Coimbatore, India. Fifty samples were selected from seven new private sector banks in Coimbatore which includes Axis, HDFC, ICICI, Kotak Mahindra, Indus Ind, Yes banks.

6.2. TYPES OF DATA:

Primary and secondary data were used for this study. The main tool used for data collection was questionnaire. The secondary data used for the study were collected from books, journals and internet.

7. INTERPRETATION:

7.7. OPINION ABOUT FEATURES OF PA:

Table -1

SA-Strongly Agree A-Agree U-Uncertain DA-Disagree SDA-Strongly Disagree

	Particulars	SA	A	U	DA	SDA	TOT
1.	Performance Appraisal feedback helps me to improve my job performance.	3	8	9	4	1	25
		12	32	36	16	4	100
2.	Performance Appraisal followed in the organization motivates me to work better.	4	6	8	5	2	25
		16	24	32	20	8	100
3.	Performance Appraisal is used in the organization for the development of the employees	2	7	9	4	3	25
		8	28	36	16	12	100

4.	I am satisfied with the Performance Appraisal system.	3	7	8	5	2	25
		12	28	32	20	8	100
5.	There is a positive correlation between Performance Appraisal and my productivity.	6	8	8	2	1	25
		24	32	32	8	4	100

Larson (1984) emphasizes the importance of evaluation and its impact on the effectiveness of the organization and states that feedback is one of the critical portions of organizational control system. It is found from the study that 32% of the respondents agree that Performance Appraisal feedback helps them to improve their job performance. But majority of the respondents are uncertain about that, while 12% of them strongly agree and 4% of the respondents strongly disagree with that.

Work productivity is affected by motivation, where the highly motivated employee will tend to be more productive, and vice versa (ibid). 24% of the respondents agree and 16% of the respondents strongly agree with the statement that Performance Appraisal motivates them to work better while 20% of the respondents disagree and 8% of them strongly disagree with it.

The focus of research has moved away from a narrow evaluation issues to developmental performance appraisal as suggested by Fletcher (2001), Levy, and Williams (2004). The study explored that 28% of the respondents agree that Performance Appraisal is used for the development of the employees, 8% of them strongly agree, 16% of the respondents disagree and 12% of them strongly disagree the same, while 36% of the respondents are uncertain about that.

According to Meysam Fakharyan, Mohammad Reza Jalilvand, Behrooz Dini and Ebrahim Dehafarin(2012), the existence of suitable Performance Appraisal system and the use of various motivational mechanisms in the appraisal system will result in employee satisfaction with the appraisal system. It is found that 28% of the respondents are satisfied with the Performance Appraisal followed in the organization and 12% of them strongly agree with it. It is also found that 20% of the respondents disagree with the statement that they are satisfied with the Performance Appraisal system and 8% of them strongly disagree. 32% of the respondents are uncertain about their satisfactory level of Performance Appraisal followed in the organization.

As said by Khazen (2008), the organization's productivity is directly correlated to the effectiveness of the employee Performance Appraisal. 32% of the respondents agree and 24% strongly agree while 8% disagree and 4% strongly disagree with the statement that there is a positive correlation between Performance Appraisal and productivity and at the same time, 32% of the respondents are uncertain about that.

7.8. EMPLOYEE RELATED ACTIVITIES BASED ON PA RESULTS:

In the organization, based on my Performance Appraisal results

	Particulars	Always	Seldom	Never	Total
1.	Training and development programs are undertaken.	6	10	9	25
		24	40	36	100
2.	Salary increments, bonus and other benefits are given.	19	5	1	25
		76	20	4	100
3.	Promotions and transfers are fixed.	18	6	1	25
		72	24	4	100

Performance Appraisal helps to determine the training needs of the employees for the productivity of the organization (Walsh and Fisher, 2005). It is found from the study that 24% of the respondents feel that training and development programs are un-

dertaken always based on their Performance Appraisal results, while 40% of the respondents rarely and 36% of them never feel that.

According to Randell (1994), if good performance is recognized and rewarded, it increases the chance of repeating it, at the same time the poor performers are discouraged to decrease the chance of repeating the same.76% of the respondents feel that based on their Performance Appraisal results salary increments, bonus and other benefits are given, while 20% of them rarely feel that and 4% of do not feel so. It was also found from the study that majority of the respondents believe that based on Performance Appraisal results promotions and transfers are fixed while 24% of the respondents rarely feel so and very less percentage of about 4% of the respondents never feel so.

8. FINDINGS:

Majority of the respondents were uncertain about factors related to Performance Appraisal like feedback, motivation, development, satisfaction and productivity. Many respondents agree with that while some respondents also disagree with the same. Nearly half of the respondents were satisfied with accuracy, fairness and independency of appraisal process.

It was also found from the study that majority of the respondents feel that salary increments, bonus and other benefits and promotion & transfers are always decided by the organization based on Performance Appraisal results, while many respondents seldom and never feel that training & development programs are undertaken based on PA results.

9. CONCLUSION:

Performance Appraisal is a tool that helps to improve the performance of employees and helps to increase the Job satisfaction and commitment of the employees (De Carlo and Leigh, 1996), ultimately leading to increase in productivity of the employees and the organization at large. This is essential for the new private sector banks to survive in the industry, competing with already established government and other banks.

Implementation of effective feedback mechanism in the organization with employee development as the main aim helps to build employee confidence on Performance Appraisal and ultimately affects their performance and productivity in a positive way. Performance Appraisal should be used as a motivational tool of the employees, which will help to reap the benefits of Performance Appraisal to the maximum by increasing their satisfaction with it and there by increasing their productivity and helping the organization to reach its goals. This would help the new private sector banks to meet the competition existing in the current global banking industry.

REFERENCE

- Banniste,B.D.,& Balkin, D. B. (1990). Performance evaluation and compensation feedback messages an Integrated model. *Journal of Occupational Psychology*, Vol 63,June, British Psychological Society. | | Bhatti, K. K., & Qureshi, T. M. (2007). Impact Of Employee Participation On Job Satisfaction, Employee Commitment And Employee Productivity. *International Review of Business Research Papers*, 3, 54 –68. | | C. Fletcher and R. Williams (1996). Performance management, job satisfaction and organizational commitment. *British Journal of Management*, 7:169-179. | | Khan. A (2007). Performance Appraisal s Relation with Productivity and Job satisfaction. *Journal of Managerial Sciences* 1 (2):100-114. | | McAfee, R.B.&Champagne, P. J. (1993). Performance management: A strategy for improving employee performance and productivity. *Journal of Managerial Psychology*, 8(5), 24-32. | | Murphy, R.T., & Cleveland, J.N. (1991). *Performance appraisal: An organizational perspective*. Boston, MA : Allyn and Bacon. | | Poon, J.M.L. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Pers. Rev.*, 33: 322-334. | | Roberts, G. E. (2002). *Employee performance appraisal system participation: A technique that works*. *Public Personnel Management*, 31, 333-342. | | Smither J. W. (1998). *Performance appraisals: A state of the art in practice* San Francisco: Josey-Bass, (pp. 132-162). | | Thomas C. Alewine(1982). *Performance Appraisals and Performance Standards*. *Personnel Journal*, 61 (3), p. 213.